ENTREPRENEURSHIP DEVELOPMENT

B. Tech (MECHANICAL ENGINEERING) III year-I semester
Study Material

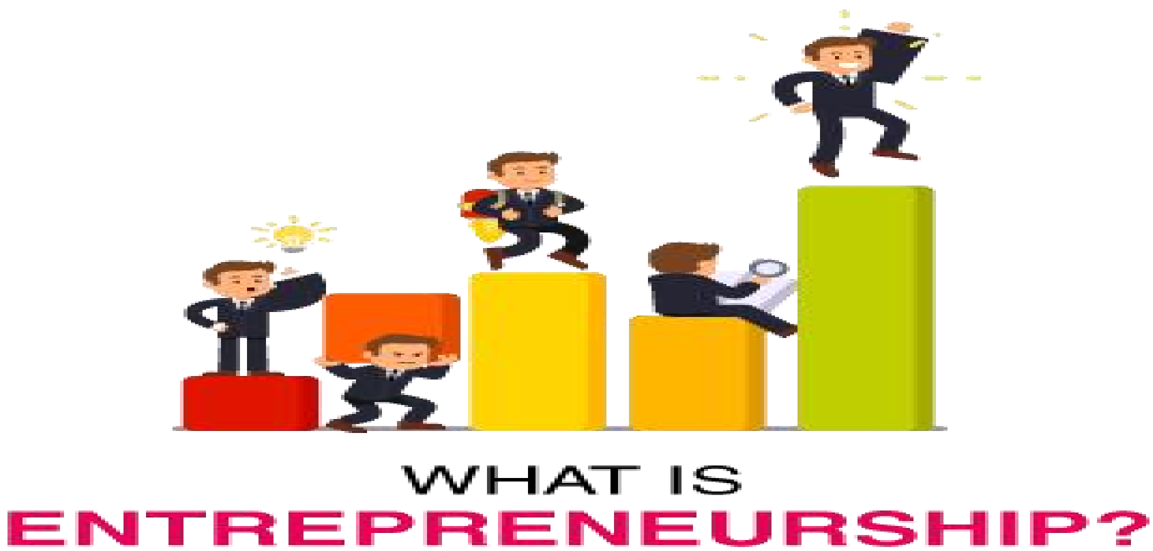
CH.VENKATESWARLU-ASSISTANT PROFESSOR-AITS-MBA-DEPT

UNIT-1

ENTREPRENEURSHIP

CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.



In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Meaning of Entrepreneur

The entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovators, and bring new ideas in the market by replacing old with a new invention.

It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur makes are with a combination of land, natural resources, labour and capital.

In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

What is the introduction to entrepreneurship?

Entrepreneurship is **the art of starting a business, basically a startup company offering creative product, process or service**. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance.

What is entrepreneurship development?

Entrepreneurship development is **the means of enhancing the knowledge and skill of entrepreneurs through several classroom coaching and programs, and training**. The main point of the development process is to strengthen and increase the number of entrepreneurs

What is Entrepreneurship Development?

Entrepreneurship Development is defined as a process of enhancing the skill set and knowledge of entrepreneurs regarding the development, management and organization of a business venture while keeping in mind the risks associated with it. This is carried out through training programs and sessions which are aimed at accentuating entrepreneurial acumen. Pursuing this field as a career, you will be working towards facilitating **skill development** amongst budding entrepreneurs and assisting them to tackle their struggles with building their businesses.

What are the 4 Types of Entrepreneurship?

It is classified into the following types:

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Scalable Startup Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., builds pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organizations either buy innovation enterprises or attempt to construct the product internally.

Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

1. **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
2. **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
3. **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
4. **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilized the situation and expanded massively during this time.
5. **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
6. **Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Importance of Entrepreneurship:

1. **Creation of Employment-** Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.
2. **Innovation-** It is the hub of innovation that provides new product ventures, market, technology and quality of goods, etc., and increases the standard of living of people.
3. **Impact on Society and Community Development-** A society becomes greater if the employment base is large and diversified. It brings about changes in society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organization towards a more stable and high quality of community life.

4. **Increase Standard of Living-** Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the consumption of various goods and services by a household for a particular period.
5. **Supports research and development-** New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

Types of Entrepreneurship Development

The types of entrepreneurship development programs depend on the types of entrepreneurs. As per research, different types of entrepreneurship have been identified. All types of entrepreneurship are catalysts for economic development.

Business author Clarence Danhof classified entrepreneurs on the basis of economic development and risk-taking. He put them into four categories:

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 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.

Entrepreneurs can also be classified on the basis of some other markers:

Based on the type of business:

Agricultural Entrepreneur: An individual involved in the business of agriculture and any of the related activities such as cultivation, irrigation, agricultural technology, etc.

Manufacturing Entrepreneur: An entrepreneur, who identifies market gaps, researches the resources and raw materials to fulfill the gap, finds the technology and produces the finished product.

Trading Entrepreneur: All manufacturers do not engage in marketing their products themselves. They look for trading partners who can increase the reach of their products to businesses and consumers. These trading entrepreneurs are the links between the manufacturer, the wholesaler, the retailer and the consumer.

Based on technology use:

1. Technical Entrepreneurs: These entrepreneurs are intrigued by new technology and start businesses in the field of science and technology. They offer products and services related to technology.

2. Non-technical Entrepreneurs: These entrepreneurs do not concern themselves with the technological aspects of products and services they produce. They develop marketing and promotional strategies for their products and services.

Other Types Of Entrepreneurs:

1. Women Entrepreneurs:

While entrepreneurship has been on the rise, development of women entrepreneurship has gathered steam only in recent years. This is especially true in India. With more women having access to education and technology, they can explore their creative sides to actually create profitable businesses. As per the Indian government, an enterprise that gives 51% stake to women, including 51% of the employment generated to women, is considered a women entrepreneurship enterprise. The Government of India is giving a fillip to the development of women entrepreneurship by providing vocational and skill-building courses at minimal or no cost and by providing loans and help for women to set up their own businesses.

2. First-generation Entrepreneurs:

These are individuals who do not belong to business families and have started their businesses without any family support or backing. Deregulation has helped many individuals set up their own businesses. Innovative entrepreneurs are often first-generation entrepreneurs.

Since all the above categories display distinct characteristics, the types of entrepreneurship development programs for each of these categories must be focused and different.

6Cs that motivate entrepreneurs to establish their own business are as follows −

1. **Change** − Entrepreneurs frequently want change, not only change, they also want to be the bearers of change. They are solution givers and want to interrupt the status quo. They have a vision like "I want to assemble the world's information" or "I want to put an AC at every desk" and they take an attempt to make this change. In this attempt, some succeed and some fail.
2. **Challenge** − some people love challenges and they opt for starting a new business as it is very challenging to handle big problems. These people find typical job in a big corporate as boring and not challenging enough.
3. **Creativity** − Running one’s own business is all about being more creative and having the independence to make new discoveries. For example, testing a new website design, launching a new marketing scheme, creating inventive items that solve a known issue in a different way, creating new advertising campaigns, etc. One needs to have an infinite room to welcome and introduce creativity in a small business.
4. **Control** − some people tend to start a business because they don't want to be pushed around and work for a product/company in which they have no way to shape their destiny. They want to be their own boss having their own time, own pace, location of their choice, employees of their choice and have a progressive role in deciding the direction of the company.
5. **Curiosity** − Successful entrepreneurs are always anxious and ask − "what if we do X this way?” They want to have more than one option to do a work and choose the best one from them. They want to understand the customer's perceptions, point of views, markets and

competitors. They are frequently anxious to see how their particular theory like "people want to do A with B" works. In this aspect, they can't be differentiated from a scientist who is trying to prove his theorem.

6. **Cash** − the last but not the least part is the cash. Money says it all. Many no entrepreneurs have a misconception that cash comes first for entrepreneurs but this is never really true. If this would be the case, then there is no reason for an Ellison or Gates to keep expanding their business aggressively after they have made more than billion dollars. However, money is not the primary motivation.

Introduction to Entrepreneurship

Entrepreneurship - Concept, knowledge and skills requirement - Characteristics of successful entrepreneurs - Entrepreneurship process - Factors impacting emergence of entrepreneurship - Differences between Entrepreneur and Entrepreneur - Understanding individual entrepreneurial mindset and personality - Recent trends in Entrepreneurship.

Introduction to Entrepreneurship

Entrepreneurship is the art of starting a business, basically a startup company offering creative product, process or service. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance.

An entrepreneur is a creator or a designer who designs new ideas and business processes according to the market requirements and his/her own passion. To be a successful entrepreneur, it is very important to have managerial skill and strong team building abilities. Leadership attributes are a sign of successful entrepreneurs. Some political economists regard leadership, management ability, and team building skills to be the essential qualities of an entrepreneur.

n entrepreneur is an innovator or a creator who introduces something new to the firm or economy. It can be a new method of production, a new product, a new source of material, a new market or any other similar innovation. Thus, an entrepreneur is an innovator, creator, borrower, purchaser, etc. Some famous entrepreneurs are Azim Premji, Lakshmi Mittal, and Ekta Kapoor.

What entrepreneurship really means?

Entrepreneurship is **the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit**. The most prominent example of entrepreneurship is the starting of new businesses.

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEUR

1. Capacity to take risk
2. Capacity to work hand
3. Above average intelligence and wide knowledge
4. Self-Motivation
5. Vision and foresight
6. Willingness to defer consumption

7. Imagination initiative and emulation
8. Incentive ability and sound judgment
9. Flexibility and sociability
10. Desire to take personal responsibility.
11. Desire to seek and use feedback
12. Persistence in the face of adversity
13. Innovativeness and future orientation
14. Mobility and drive
15. Creative Thinking.
16. Strong need for achievement
17. Ability to Marshall resources
18. High degree of ambition
19. Will to conquer & impulse to fight.
20. Will to prove superior to others.

2. **Knowledge and Skills of Entrepreneur**

1. 1 Idea generation & scanning of the best suitable idea
2. Determination of the business objective
3. Product analysis and market research
4. Determination of form of ownership
5. Completion of promotional formalities
6. Raising necessary funds
7. Procuring machine & material
8. Recruitment of men
9. Undertaking the business operations

QUALITIES OF ENTREPRENEUR

Being an entrepreneur is about more than just starting a business or two, it is about having attitude and the drive to succeed in business. All successful Entrepreneurs have a similar way of thinking and possess several key personal qualities that make them so successful in business. Successful entrepreneurs like the ambitious Richard Branson have an inner drive to succeed and grow their business, rather than having a Harvard Business degree or technical knowledge in a particular field.

All successful entrepreneurs have the following qualities:

Inner Drive to Succeed

Entrepreneurs are driven to succeed and expand their business. They see the bigger picture and are often very ambitious. Entrepreneurs set massive goals for themselves and stay committed to achieving them regardless of the obstacles that get in the way.

Strong Belief in themselves

Successful entrepreneurs have a healthy opinion of themselves and often have a strong and assertive personality. They are focused and determined to achieve their goals and believe completely in their ability to achieve them. Their self-optimism can often been seen by others as flamboyance or arrogance but entrepreneurs are just too focused to spend too much time thinking about un-constructive criticism.

Search for New Ideas and Innovation

All entrepreneurs have a passionate desire to do things better and to improve their products or service. They are constantly looking for ways to improve. They're creative, innovative and resourceful.

Openness to Change

If something is not working for them they simply change. Entrepreneurs know the importance of keeping on top of their industry and the only way to being number one is to evolve and change with the times. They're up to date with the latest technology or service techniques and are always ready to change if they see a new opportunity arise.

Competitive by Nature

Successful entrepreneurs thrive on competition. The only way to reach their goals and live up to their self imposed high standards is to compete with other successful businesses.

Highly Motivated and Energetic

Entrepreneurs are always on the move, full of energy and highly motivated. They are driven to succeed and have an abundance of self motivation. The high standards and ambition of many entrepreneurs demand that they have to be motivated!

Accepting of Constructive Criticism and Rejection

Innovative entrepreneurs are often at the forefront of their industry so they hear the words "it can't be done" quite a bit. They readjust their path if the criticism is constructive and useful to their overall plan, otherwise they will simply disregard the comments as pessimism. Also, the best entrepreneurs know that rejection and obstacles are a part of any leading business and they deal with them appropriately.

True entrepreneurs are resourceful, passionate and driven to succeed and improve. They're pioneers and are comfortable fighting on the frontline The great ones are ready to be laughed at and criticized in the beginning because they can see their path ahead and are too busy working towards their dream.

ENTREPRENEURIAL PROCESS

Definition: The **Entrepreneur** is a change agent that acts as an industrialist and undertakes the risk associated with forming the business for commercial use. An entrepreneur has an unusual foresight to identify the potential demand for the goods and services.

The entrepreneurship is a continuous process that needs to be followed by an entrepreneur to plan and launch the new ventures more efficiently.

Entrepreneurial Process

1. **Discovery:** An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities. The identification and the evaluation of opportunities is a difficult task; an entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity. Once the opportunity has been decided upon, the next step is to evaluate it.

An entrepreneur can evaluate the efficiency of an opportunity by continuously asking certain questions to himself, such as, whether the opportunity is worth investing in, is it sufficiently attractive, are the proposed solutions feasible, is there any competitive advantage, what are the risk associated with it. Above all, an entrepreneur must analyze his personal skills and hobbies, whether these coincides with the entrepreneurial goals or not.

2. **Developing a Business Plan:** Once the opportunity is identified, an entrepreneur needs to create a comprehensive business plan. A business plan is critical to the success of any new venture

since it acts as a benchmark and the evaluation criteria to see if the organization is moving towards its set goals.

An entrepreneur must dedicate his sufficient time towards its creation, the major components of a business plan are mission and vision statement, goals and objectives, capital requirement, a description of products and services, etc.

3. **Resourcing:** The third step in the entrepreneurial process is resourcing, wherein the entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.
4. **Managing the company:** Once the funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. First of all, an entrepreneur must decide the management structure or the hierarchy that is required to solve the operational problems when they arise.
5. **Harvesting:** The final step in the entrepreneurial process is harvesting wherein, an entrepreneur decides on the future prospects of the business, i.e. its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur.

The entrepreneurial process is to be followed, again and again, whenever any new venture is taken up by an entrepreneur, therefore, its an ever ending process.

Factors Influencing Entrepreneurship Development

Entrepreneurs are visionary, creative, confident, opportunity seeker, relation builder, and risktaker individuals who decided to ditch the nine-to-five lifestyle to set up their own businesses, taking on financial risks in the hope for profit. But what is the making of such individuals? What factors play behind the scenes to produce them? Entrepreneurship, in fact, is a complex phenomenon influenced by the interplay of many distinct factors.

Economic Factors

The economic environment exercises the most direct and immediate influence on entrepreneurship. This is likely because people become entrepreneurs due to necessity when there are no jobs. “In countries where the economy is poorer, or where unemployment rates are high, citizens turn to starting their own small businesses where they see opportunity,” Trilby Rajna of Approved Index said. Economic factors impacting entrepreneurship include:

1. **Capital**

   Capital is one of the most important factors, yet one of the biggest barriers when launching a new business. Entrepreneurs require capital to start risky ventures and also require instant capital to scale up the business quickly if the idea is found to be successful. There are however numerous ways to fund a new venture including bank loans, crowdfunding, and bootstrapping.
2. **Labor**

   The availability of labor impacts entrepreneurship. Nevertheless, the quality rather than the quantity of labor influences the emergence and growth of entrepreneurship.
3. **Raw Materials**

   The necessity of raw materials consisting of natural resources hardly needs any emphasis for establishing any industrial activity and the emergence of entrepreneurship. The absence of raw materials adversely affects the entrepreneurial development.

Psychological Factors

They say entrepreneurship is not for the faint of heart. But then for whom is it! What does it take for an individual to become an entrepreneur? While there isn't a single "ideal" entrepreneurial personality, one thing remains constant: an entrepreneurial spirit. This type of spirit entails many traits and characters that make 400 million entrepreneurs out of 7 billion people worldwide.(1)

1. **Passion**

   Starting up a new business is not an easy task to pull off and a consistent and constant commitment to the idea and the long hours it will require to turn it to a success is essential. Passion is the fuel of this commitment that motivates entrepreneurs to rise early in the morning and put their blood, sweat, and tears into their business.

2. **Need for Achievement**

   Entrepreneurs are self-starters with a need to achieve. This achievement motivation isn't necessarily driven by the incentives of financial gain only but also by the satisfaction gain. To add, entrepreneurs' motivation extends to reach their employees and partners to keep them on the same page and drive them to achieve as well.

3. **Resilience**

   Resilience comes with the package of the entrepreneurial spirit to help entrepreneurs stay determined in the face of any defeat they might encounter throughout the process. Failure is then a mere lesson to learn from and continue instead of giving up.

Social Factors

Social factors can go a long way in boosting entrepreneurship. In fact, it was the highly helpful society that made the industrial revolution a glorious success in Europe. Such factors strongly affect the entrepreneurial behavior, which contributes to entrepreneurial growth. The main components of the social environment include:

1. **Family Background**

   Family background including the size, type, and economic status can influence entrepreneurs and; therefore, entrepreneurship. Nonetheless, the entrepreneurial spirit does not necessarily run in the family. According to some sources, 51.9% of all entrepreneurs were the first to launch a business in their family.(2) Furthermore, less than 1% of all entrepreneurs come from extremely rich or extremely poor families.

2. **Education**

   Studies state that 95.1% of all entrepreneurs hold a bachelor degree, 47% of those have advanced in their education and acquired masters, Ph.D. or the like.(2) This is a well enough indicator of the importance of education to the development of entrepreneurship.

3. **Social Networks**

   Interacting with the surrounding society and forming a reliable network is essential. Social networks facilitate access to information and influence the quality, quantity, and speed of information reception thus help identify opportunities.

Differences between Entrepreneur and Intrapreneur

1. **Dependency**

   a. Entrepreneur: He is independent in his operations. He is fully independent. He does not work for others and his own boss.

   b. Intrapreneur: But, an intrapreneur is dependent on the entrepreneur, i.e., the owner. He depends on corporate owner. He works for corporation under defined rules and regulations.

2. **Core objective**
   a. Entrepreneur: To innovate something new of socio economic value
   b. Intrapreneur: To increase competitive strength and market sustainability of the organization
3. **Capital/ Investment**
   a. Entrepreneur: He manages required capital himself. He raises fund for new business.
   b. Intrapreneur: He does not need to manage required fund because corporation raises capital for the business.
4. **Risk Bearing**
   a. Entrepreneur: he bears the risk involved in the business. He bears 100% business risk. He risks own money.
   b. Intrapreneur: He does not fully bear the risk involved in the enterprise. He does not bear full risk of the business, He risks others money.
5. **Primary Motive**
   a. Entrepreneur: Primary motive of entrepreneur is to be independent, self-satisfaction and earn monetary reward.
   b. Intrapreneur: He has the motive of advancement and promotion with fixed salary.
6. **Time Bound**
   a. Entrepreneur: He does not follow strict timetable. It may take several years for the growth of the business.
   b. Intrapreneur: He is bounded by the corporate timetable.
7. **Mind-set**

   a.Entrepreneur: He is guided by the principle of ‘Problems provide opportunities’.

   b.Intrapreneur: He thinks that the problems are threats for him and his corporation.

What Is the Entrepreneurial Mindset?

1. Determination

The refusal to fear failure keeps entrepreneurs going. As setbacks happen, entrepreneurs seek solutions instead of focusing on the negative.

2. Focus

Entrepreneurs rarely allow distractions to take their minds off matters at hand. It’s a quality that many UAGC students develop in college. As busy students, most are required to balance school with the responsibilities of work and family.

3. Drive

Entrepreneurs are driven to make their ideas work, so much so that they develop daily habits in order to remain on track.

4. Decisiveness

When you’re the head of an entrepreneurial venture, everything falls on you. Time is money, so the ability to make rational decisions quickly can help an entrepreneur avoid wasteful thoughts and actions.

5. Independence

Though networking plays a big part in sharing ideas and gaining perspective, entrepreneurs are very comfortable taking matters into their own hands. The need for independence is one of the reasons why a person who has already enjoyed a long career in business may break from their company to strike out on their own.

6. Authenticity

There is a genuineness to entrepreneurs; they're not phonies. Even if people don't always believe in their ideas, you cannot question their passion for what they are hoping to create.

7. Flexibility

9-to-5 is not really an option for entrepreneurs. They're thinking about their ideas 24/7, and have no qualms about getting down to work at any time of the day or night. It's a trait they share with UAGC students who are perfectly comfortable finishing a paper after the kids have gone to bed, or reading the chapter of a book on their phones during their lunch breaks.

8**. A Thirst for Knowledge**

Entrepreneurs have a natural desire to learn, and this is what often drives them to earn their degrees. They have ideas, but they recognize that much more information is needed to bring those ideas to life.

9. Creativity

The ability to think outside the box and improvise when necessary is an essential element of the entrepreneurial mindset. Entrepreneurs can see how something is done and imagine how it can be done better.

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Entrepreneurial personality, a matter of mindset?

Entrepreneurial personality:

The definition of an entrepreneurial attitude consists of three parts.

1. **Seeing opportunities**

The first part is **seeing opportunities**. **Everyone sees opportunities.** For example, you walk past an empty building, and you fantasize about what you could start there. However, you can also observe an opportunity within an entrepreneurial venture or public organization. For example, a CEO or receptionist envisions another approach that saves the company a lot of money. However, if you don't take action, it's nothing more than dreaming and fantasizing.

2. **Seizing opportunities**

The second part follows the first part, which is really **starting to do something with the opportunity**. Or at least investigate whether it makes sense to implement the perceived probability. Is it financially feasible? Are you the right person to take that opportunity? Do you have the entrepreneurial personality and personal qualities to realize the opportunity?

3. **Creating value**

The third and last part is the creation of value. Even if you exploit the opportunity, meaning the approach that you have devised for the organization where you work actually saves money, the question remains if it is sufficient. Can you make enough money with the business you started in the vacant building? And value is of course, **much more than just money.**

Value can also mean freedom, to be able to do what you really like and what makes your customers happy. Or social entrepreneurship, where you help solve societies' problems with a new business. You generate not only value for yourself (income, freedom, proactivity) but also value for others (making customers happy and working towards a better world).

So, the definition of an entrepreneurial personality is:

An entrepreneurial personality sees opportunities and exploits them by creating value for themselves and others, sustainably.*(Dr. Martijn Driessen)*

The personality aspects of a true entrepreneur are someone who:

- Uses His Manipulating Power.
- Gives His Opinion Without Being Asked.
- Creates A Vision And A Novel Idea For A Competitive Advantage
- Works Focused And Shows Conscientiousness.
- Likes To Organize And Manage Things; Call It Execution Power (Entrepreneur Vs Manager).
- Keeps An Open Mind.
- Has A Different Perception And Sees Problems As An Opportunity.
- Takes Criticism Personally.
- Does Well Around Others.
- Wants To Be The Leader Of A Team.
- Knows How To Make Others Enthusiastic.
- Is At His Best When Things Run Smoothly And Orderly.
- Is A Pain In The Ass When Things Don't Run (At All).
- Thinks Constantly About The Goals And Entrepreneurial Strategies.

ENTREPRENEURSHIP TRENDS TO WATCH IN 2022 AND 2023

1. Working from home and hybrid work

Remote work was once seen as an option for a select few industries. The pandemic revealed that many people could work successfully from home, especially those in IT-related businesses.

These days, lots of entrepreneurs work exclusively or mostly from home, as do many entrepreneurial ventures with small workforces. This is a benefit for many startups. After all, it eliminates a major expense by not having to pay for office space.

That being said, many organizations are trying to shift their employees back to the office. Not every employee or business owner wants remote work as a long-term option. Nor is remote work a suitable option for every kind of organization either.

This is why we will likely see most businesses embrace a hybrid work model. Employees and contractors will retain the flexibility of working in a remote location. It will also encourage in-person collaboration for more exploratory or hands-on work. Potentially providing the benefits of both remote and in-person, while removing the drawbacks.

2. Mobile optimization

According to a study by Google, 50% of shopping apps installed on a smartphone are used at least weekly. It's also anticipated that global consumer mobile spending will reach $728 billion by 2025.

Companies that want to succeed online need to begin or increase investment in mobile optimization. The mobile version of their online stores must be easy to navigate. It should reflect the capabilities of the desktop version, and ideally, work consistently between the two.

Just remember that being present and optimized for mobile is only one part of the overall equation. You need to be optimized and consider user experience anywhere.

3. Increased diversity in the workforce

Diversity is increasing in the workforce like never before. No longer is the professional and entrepreneurial sphere relegated to men, for example. Women make up a large proportion of working-class professionals and even entrepreneurial leaders. In large part thanks to major societal shifts.

Furthermore, many entrepreneurial companies employ diverse workforces of people from many races, creeds, and religious faiths. This is a great thing, and it ties into profits at the same time. Millennials are more likely to shop at places they know are appropriately diverse and dedicated to social justice.

There is undeniably a revitalized focus on diversity, especially from the consumer perspective. However, there's still a struggle to make businesses and their respective hiring practices more diverse as well. Businesses that truly embrace it will:

- Develop more well-rounded teams.
- Have a better chance of hiring the best employees.
- Ideally, help make the business landscape truly diverse.

But those that fain diversity or ignore it entirely in favor of outdated biases will become left behind.

4. Niche market service

At the same time, many companies are specializing in offering increasingly niche market services. Why? Simply put, lots of people want to be unique.

Therefore, companies are changing their brand identities, taglines, and even offering products to provide niche, specialized things for their target audiences. You can even see this at fast-food companies that claim that customers can order food "their way."

Bespoke options are now the name of the game. Especially for eCommerce businesses or online markets such as Etsy. Simple things like adjusting your email marketing message with a personalizing a greeting are just the baseline.

Having options to create a personalized product or even add a name or color can be incredibly worthwhile. Consumers want something unique that most people will never get their hands on.

5. The rise of the gig economy

It's no surprise that the gig economy has risen in tandem with all these other trends. The gig economy relies on front-line or working-class employees. People constantly moving from gig to gig, always chasing another payday and working for clients on a per-job basis.

Businesses like Uber and DoorDash have proven the profitability of this business model. One where they technically don't employ anyone but which connect independent contractors with customers.

Whether this is a good thing is up for debate, of course. But there's no denying the influence the gig economy has had on the workforce. Freelance websites such as Upwork are just the start. They now allow individuals with in-demand skills to advertise themselves, build brands, and essentially run their own businesses.

As more and more workers feel empowered to pursue new endeavors, the need for gig economy platforms will continue to grow. However, the expectations from those that leverage them for work will also increase. There's an increased willingness to step away from poor working conditions. This means current and emerging gig-economy services will need to step up in how they treat contract workers.

6. Long-term cash planning

More entrepreneurs are looking into long-term cash planning for their budgets. Rising inflation alone is pushing entrepreneurs to ensure their cash remains solvent and stable. This includes investing in long-term growth initiatives or commodities associated with your business. While it may be an upfront cost, it encourages long-term stability and insures against rising expenses.

It's similar to taking out a life insurance policy. Which requires individuals to pay more initially but save money as they get older. To that end, lots of entrepreneurial companies are investing in their employees, retirement packages, and so on. As a bonus, this is also ideal for attracting top talent across industries.

7. Subscription-based businesses

Subscription-based businesses have exploded due to the pandemic. As lockdowns began in 2020, many people turned to these online purchases initially for safety. According to a recent study by McKinsey, 49% of shoppers currently use a subscriptions service. However, the added convenience is expected to continue stimulating continued growth.

With these businesses, clients rarely purchase or outright own the products or services they use. However, they get constant management support, tech help, and other benefits by subscribing to the ongoing oversight of a company. For items that they do own, they're locked into a monthly membership that may include exclusive items, discounts, etc.

These can be broken down into three types of subscriptions: replenishment, curation, and access. It involves the likes of streaming services, SaaS companies, and more traditional physical retail items like food, beauty, and apparel.

Adapting a subscription-based business model is a major focus for most established businesses moving forward. Consistent revenue, better engagement and brand loyalty, and increased customer value are all major benefits. However, it will take investing in excellent service and online infrastructure to be truly effective.

8. Eco-friendly business practices and products

Millennials and younger shoppers are increasingly concerned with the health of the planet. They tend to shop with brands that make a show of being eco-friendly or practice green product manufacturing standards.

Entrepreneurs are paying attention to these business trends and are dedicated to reinventing their companies to be more eco-friendly. That may require changes such as:

- Auditing and adjusting business partnerships.
- Investing in green initiatives for the office like solar panels or emission standards.
- Donating a portion of profits to green initiatives and non-profits.
- Providing incentives to employees for participating.

Keep in mind, that you don't need to make all of these changes overnight. However, it's worth outlining how to integrate these practices into your business within the next five years. Consumers are beginning to care more and eco-friendly practices are here to stay.

9. Social commerce

Social commerce is where a business sells products directly on social media, and it has risen into an $89.4 billion market. Product or brand discovery, exploration, potentially engaging with micro-influencers and finally purchasing. It's all done on social media platforms.

It’s designed to remove friction with your customers and be present where they are most engaged. However, there are often specific requirements to participate meaning you’ll need to grow your social following. This may require you to focus more on social media as part of your digital marketing strategy.

Thankfully, it’s an investment that will likely pay off. This market is expected to grow past $735 billion in sales by 2025. More and more people are using social for product research. Plus, if you want to attract a younger audience—social media is the place to be.

If you’re not or barely using social, now is the time to start. You’ll likely be surprised by how cost-effective it is and how well it integrates with other business operations.

10. Crypto acceptance

Cryptocurrency has evolved far beyond a short-term fad. Bitcoin and other crypto coins are now incredibly popular thanks to the ease of selling and buying them. Now, more companies than ever are accepting cryptocurrencies at their online stores.

This has several important benefits, including:

- The ability to accept money from anywhere in the world
- The ability to hold currencies that aren’t overseen by a national government or bank system
- The ability to accept more customers at one’s online store

All of these benefits may make crypto tokens very attractive for eCommerce enterprises. Businesses generally make more money as they offer more payment methods. So this trend will likely continue, with more options emerging, for some years to come. The only major drawback to consider is increased government scrutiny over this payment model, which may hamper adoption.

Take advantage of these trends for entrepreneurs

Some of these trends may feel familiar. Things like mobile optimization, working from home, and environmental considerations have been brewing for years. Others, like subscription services and crypto acceptance, have seen new life due to the pandemic. Regardless, it’s becoming natural for consistent entrepreneurial trends to take hold and see consistent growth for years at a time.

UNIT II
STARTING A NEW VENTURE

An enterprise also means an undertaking, a business firm or venture. Here is a step-by-step approach for starting a new venture. These can be divided into three stages:

Step-by-step approach for starting a new venture

1. Pre-launch Stage
2. Launch Stage
3. Post launch Stage

1. Pre launch Stage

The following steps are involved in a Pre-launch stage in starting of a new venture.

1. Identify, Analyze and decide on the business idea.
2. Analysis of strengths, weaknesses, opportunities and threats.
3. Analyze competition and select the positioning strategy.
4. Estimate and forecast the market size, growth and marketing feasibility which involvemeasurement of demand - supply gap.
5. Whether to be an ancillary unit.
6. Understand the technology, process and selection of the idea.
7. Decide on the size of the enterprise in terms of production capacity, employees.
8. Decide on the location of the venture.
9. Identify the incentives given by the Government to promote the small and mediumindustries.
10. Understand the relevant laws which are applicable for the business.
11. Analyse the business idea as opportunity in terms of Profit, costs, expenditure, income,sales, market share.
12. Estimation of manpower requirements.

Pre-Launch Stage of a new venture involves collection of information through primary and secondary sources of data. It is a critical stage. The skills that are required are entrepreneurial skillsof business opportunity identification and analytical skills.

The functional areas of marketing and finance dominate this stage. Forecasting skills are also required in this stage.

2. Launch Stage

1. Selection of the Name of the enterprise.
2. Hiring or construction of building
3. Deciding on the ownership pattern — sole proprietor, partnership, private or public limitedcompany and limited liability partnership.
4. Registration of the firm. If it is a partnership firm, then agreements has to be signed. Theregistration processes of SMEs have been streamlined.
5. Now provisional registration certificate can be obtained online with District IndustriesCentre.
6. Preparation of business plan and project report.
7. Deciding on the product mix and markets to serve.
8. Application for loan to banks. If private or public, issue of shares.
9. Raising of finance.

10. Ordering and installation of machinery.
11. Recruitment of people.
12. Deciding on the channel of distribution.
13. Sources of raw materials to be finalized and purchases made.
14. Production started.
15. Products to be made available in the market.

In Launch stage of a new venture, operational actions and decisions are taken. It requires managerial skills of coordination with the various agencies. Project management skills are required.There is lead time from planning to implementation stage. Close monitoring has to be made to see that the launch is as per the plan. Delay will increase the cost and have impact on thefinances of the firm.

3. Post Launch

1. Teething problems to be solved.
2. Systems to be developed in all the areas of management
3. Feedback on the product
4. Changes if needed to be introduced.
5. Expansion decisions.

After launch of the business, the gestation period varies from one to three years. The provisional certificate is valid for a year. After commencement of business, permanent certificate is to be obtained from District Industries Centre.

An entrepreneur has to plan and prepare for this critical period. The profits will start flowing once the business settles down. All the businesses may not succeed, so mental preparation for failure and exit route should also be a part of the business plan

SOURCES OF NEW IDEAS FOR ENTREPRENEURS

The entrepreneurial idea is a feasible, financially sound, technically possible, and sociallyacceptable idea of a project or product that may have utility lo perspective customers.

No one can come up with an idea and, in the very first instance, convert it into a business opportunity and start a small business on that basis. The majority of good business opportunities do not come suddenly. It comes from an established mechanism to generate many ideas so that at least one idea has the potential for a business opportunity. It requires a series of steps to finalize it into a profitable business. This is the first step in idea generation and evaluation.

Entrepreneurs throughout the world use the following sources to tap to identify good ideas:

1. **Customers :**Prospective customers know best what they want and the habits/tastes that will be popular shortly.

2. **Existing organization:**Competing products and services of existing organizations andevaluation thereof is a successful source of new ideas.

3. **Distribution channels:**Member of the distribution channels; intermediaries,

transientcustomer preference, and possible expectations may be a good business idea.

4. **Government:**The government can be a source of new product ideas in many ways.

1. First, the files of the Patent Office contain numerous new product possibilities. They cansuggest other more marketable new product ideas.
2. Secondly, new product ideas can respond to government regulations, industrial policy,investment guidelines, annual plan, Five-year plan, etc.
3. Thirdly, several government agencies nowadays assist entrepreneurs in discovering evaluating business ideas.
4. Fourthly, government publications on trade and industry can also help set new ventureideas.
5. **Financial institutions and Development Agencies**

These organizations also provide ready projects and offer suggestions to potential entrepreneurs who help identify promising projects.

Community Development Financial Institutions Fund, Small Business Administration, Office of Advocacy, United States Chamber of Commerce, Economic Development Administration, Small Business and Entrepreneurship Council, House Committee on Small Business, and many other bodies in the USA are working to improve entrepreneurship and small businesses.

6. **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 theprivate premises.

METHODS OF IDEA GENERATION

1. **Focus Groups**

Focus groups are good sources of product ideas.

A moderator leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit participant response; for a new product area, the moderator focuses thegroup’s discussion in either a directive or a nondirective manner.

2. **Brainstorming**

The brainstorming method for generating new product ideas is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organized group experiences.

This method would be effective if the effort focuses on a specific product or market area. The following four rules should be followed when using this method:

1. No criticism is allowed by anyone in the group – no negative comments.

2. Freewheeling is encouraged- the wilder the idea, the better.
3. Quantity of ideas is desired- the greater the number of ideas, the greater the likelihood ofuseful ideas emerging.
4. Combinations and improvements of ideas are encouraged – ideas of others can still produceanother new idea.

The brainstorming session should be fun, with no one dominating or instituting the discussion.

3. Collective Notebook Method

In the collective notebook method, a small notebook that easily it's in a pocket, containing a statement of the problem, blank pages, and any pertinent background data, is distributed.

4. Heuristics Method

Heuristics relies on the entrepreneur's ability to discover through a progression of thoughts,

5. Synectics Method

Synectics is a creative process that forced individuals to solve problems through four analogy mechanisms: ' personal, direct, symbolic, and fantasy. A group works through a two-step process.

The first step is to make the strange familiar.

Through generalizations or models, this involves consciously reversing the order of things and putting the problem into a readily acceptable or familiar perspective, thereby eliminating the strangeness.

Once the strangeness is eliminated, participants engage in the second step, making the familiar strange through personal, direct, or—symbolic analogy, which ideally results in a unique solutionbeing developed.

6. Checklist Method

A new idea is developed through a lot of related issues or suggestions.

The entrepreneur can use the list of questions or statements to guide the direction of developing entirely new ideas or concentrating on specific "idea" areas. The checklist may take any form andbe of any length.

7. Dream Approach

The big dream approach to coming up with a new idea requires that the entrepreneur dreams aboutthe problem and. Its solution- thinking big.

8. Market Gap Analysis

Market gap analysis is a powerful method used to uncover areas in the market in which the needsand wants far exceed the supply.

This method has a hopper or gathering effect of converting everyday information into bunches of lucrative product and service gaps that few have thought of before.

9.Life-style analysis Method

ntrepreneurs can use lifestyle analysis effusively for product-service ideas. Lifestyle is a person's pattern of living expressed in his or her psychographics

10. Reverse brainstorming

While the process of brainstorming is the generation of ideas to identify problem-solving methods, reverse brainstorming starts with thinking about the causes of that problem. Focusing on the causes of the problem may sometimes be more efficient than focusing on the solution. By finding potential causes, you can work proactively to resolve or prevent the cause of the problem. Often, teams usereverse brainstorming to improve products and services.

11. Brain writing

A brainwriting activity is typically most effective in a group setting. Start by writing a topic on a piece of paper. Then, pass the paper around the group so that everyone has a turn to write on it and contribute their ideas to the central topic or question. The ideas of one group member can inspire the ideas of another, or someone may choose to improve upon an existing one.

12. Brain netting

Brain netting involves the use of cloud-based documents or programs for groups to share and collaborate. This form of brainstorming can be quite interactive with the addition of links, videos and images to provide visual representations and context. Using an online program also works when working with a team either live or remotely, which could be beneficial for those collaboratingwithin different time zones.

13. Forced relationships

The forced relationships method introduces two random and seemingly unrelated items and forces you to create a connection between them. This technique encourages innovative thinking in order to build those relationships and possibly develop a new product. You can conduct forced relationship activities in group settings or individually.

14. Role-storming

Role-storming is brainstorming with the added element of role-playing. To bring out new perspectives and different ideas, participants could imagine that they're in a different role in relation to the brainstorming goal. They could pretend they're a client or manager assessing the same goal and ask themselves what improvements to implement.

15. Storyboarding

Develop a storyboard by finding pictures, quotes and other visual information associated with the focus of your brainstorming. Then, you could arrange these items to create a narrative and add notes to help explain the progression of the ideas. Storyboarding can be a more interactive method when searching for physical items to add to the board. The physical aspect of seeking and buildingcan allow your brain to process the visual information in front of you at a faster rate.

16. Five whys

This method often begins with a real or hypothetical problem that you could address with your team. You would ask them why a problem happens or is happening. After the initial round of responses and forming an answer, a facilitator asks again and again until the fifth time. The reason for asking the same question five times is to find deeper answers, as the first response is typicallymore shallow.

17. Six thinking hats

You can use this technique with groups of at least six people. Each participant represents a "thinking hat," or different thought focuses, such as benefits, emotions, facts, ideas, judgment and planning. With these mindsets, each person addresses the topic or problem from that standpoint.

18. S.C.A.M.P.E.R.

S.C.A.M.P.E.R. stands for substitute, combine, adapt, modify, put to another use, eliminate and reverse. This acronym is essentially a question checklist to prompt your ideas. It asks you to consider factors like substituting a variable for another, combining one with another or adapting a variable to a different context. This method helps you think critically and consider creative approaches from several angles.

19. S.W.O.T. analysis

S.W.O.T. is an acronym for strengths, weaknesses, opportunities and threats. You can usually use this method individually or with a team to assess the worth of proposed projects. You could ask what the strengths, weaknesses, opportunities and threats are for a particular project to help decideif you should proceed with it.

20. Group sketching

In this method, each group member passes around a piece of paper to sketch something related to a central concept or related to another sketch on the paper. Once the entire group has completed sketching, discuss the images and form connections between them. Visually thinking and creating can give a form to the group's ideas in a way that they can then interpret a plan or design.

OPPORTUNITY RECOGNITION AND EVALUATION

Creativity and Idea Generation

Entrepreneurial creativity is regarded as the driving element behind the present-day vibrant business environment and socio-economic growth

Preparation: This stage entails investigation and information gathering. Preparation involves leveraging on (a) work experience and learning; (b) information seeking from social networks; and (c) alertness and opportunity identification. The tacit knowledge acquired through work experience and education broadens intellectual space of entrepreneurs. It helps entrepreneurs to understand the need and a possible solution, and discover opportunities. The entrepreneurs use social networks to enlarge their information pool and by remaining alert to the environment, use these pieces of disparate information to connect them to opportunities.

Incubation: This stage is characterised by processing the information gathered in the preparation phase and is typically referred to as "connecting the dots". In what is essentially a mental process, entrepreneurs study the related and unrelated information and connect the dots to identify the available opportunity.

Idea experience: This phase marks the discovery of an idea, which is sometimes perceived as the only component in the creativity process. Here new ideas often emerge through a slow and gradual process. Idea generation may not always result in the discovery of intended workable solutions, but often results in discovering solutions for unintended outcomes.

Evaluation and implementation: This stage requires entrepreneurial action to evaluate and implement the new idea and is characterised by uncertainties and difficulties necessitating self-discipline, courage and steadfastness. Many entrepreneurs fail several times before successfully implementing their new ideas, or transform their ideas and give them a new direction during the implementation process. Sometimes they abandon them completely. Evaluation of ideas before implementation constitutes another important activity in this phase.

Opportunities and Ideas

(a) perceiving a possibility to create new businesses, or

(b) significantly improving the position of an existing business, in both cases resulting in newprofit potential".

Opportunities are chances to do something different and better (Wickham, 2006). Entrepreneurial opportunities refer to favourable business circumstances for the introduction of new products, services or a combination of both, new processes, new production techniques, new marketing techniques, entry to new markets and acquiring of new resources. Innovation is at the core of entrepreneurial opportunities

FEASIBILITY STUDY

Project management is the process of planning, organizing, and managing resources to bring about the successful completion of specific project goals and objectives. A feasibility study is a preliminary exploration of a proposed project or undertaking to determine its merits and viability. A feasibility study aims to provide an independent assessment that examines all aspects of a proposed project, including technical, economic, financial, legal, and environmental considerations. This information then helps decision-makers determine whether or not to proceedwith the project.

The feasibility study results can also be used to create a realistic project plan and budget. Without a feasibility study, it cannot be easy to know whether or not a proposed project is worth pursuing.

Types of feasibility:

A feasibility analysis evaluates the project's potential for success; therefore, perceived objectivity is an essential factor in the credibility of the study for potential investors and lending institutions.There are five types of feasibility study:

1. 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. As an exaggerated example, an organization wouldn't want to try to put Star Trek's transporters in their building—currently, this project is not technically feasible.

2. 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 organizationthat the proposed project will provide.

3. 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. That organization has just saved considerable time and effort by learning that their project was not feasible right from the beginning.

4. Operational Feasibility

This assessment involves undertaking a study to analyze and determine whether—and how well— the organization's needs can be met by completing the project. Operational feasibility studies also examine how a project plan satisfies the requirements identified in the requirements analysis phaseof system development.

5. Scheduling Feasibility

This assessment is the most important for project success; after all, a project will fail if not completed on time. In scheduling feasibility, an organization estimates how much time the projectwill take to complete.

Importance of Feasibility Study

The importance of a feasibility study is based on organizational desire to "get it right" before committing resources, time, or budget. A feasibility study might uncover new ideas that could completely change a project's scope. It's best to make these determinations in advance, rather than to jump in and to learn that the project won't work. Conducting a feasibility study is always beneficial to the project as it gives you and other stakeholders a clear picture of the proposed project.

Benefits of conducting feasibility study:

- 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

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.

1. Write an executive summary

This is the first page of your business plan. Think of it as your elevator pitch. It should include a mission statement, a brief description of the products or services offered, and a broad summary ofyour financial growth plans.

Though the executive summary is the first thing your investors will read, it can be easier to write it last. That way, you can highlight information you've identified while writing other sections thatgo into more detail.

2. Describe your company

Company description should contain information like:

- Your business's registered name.
- Address of your business location.
- Names of key people in the business. Make sure to highlight unique skills or technical expertiseamong members of your team.

Your company description should also define your business structure — such as a sole proprietorship, partnership or corporation — and include the percent ownership that each owner has and the extent of each owner's involvement in the company.

3. State your business goals

The third part of a business plan is an objective statement. This section spells out exactly what you'd like to accomplish, both in the near term and over the long term.

If you're looking for a business loan or outside investment, you can use this section to explain why you have a clear need for the funds, how the financing will help your business grow, and how you plan to achieve your growth targets. The key is to provide a clear explanation of the opportunity presented and how the loan or investment will grow your company.

4. Describe your products and services

Go into detail about the products or services you offer or plan to offer. The following shouldbe included:

- An explanation of how your product or service works.
- The pricing model for your product or service.
- The typical customers you serve.
- Your supply chain and order fulfillment strategy.
- Your sales strategy.
- Your distribution strategy.

You can also discuss current or pending trademarks and patents associated with your product or service.

5. Do your market research

Lenders and investors will want to know what sets your product apart from your competition. In your market analysis section, explain who your competitors are. Discuss what they do well, and point out what you can do better. If you're serving a different or underserved market,explain that.

6. Outline your marketing and sales plan

Here, you can address how you plan to persuade customers to buy your products or services, or how you will develop customer loyalty that will lead to repeat business.

7. Perform a business financial analysis

If you're a startup, you may not have much information on your business financials yet. However, if you're an existing business, you'll want to include income or profit-and-loss statements, a balance sheet that lists your assets and debts, and a cash flow statement that shows how cash comes into and goes out of the company. You may also include metrics such as:

- Net profit margin: the percentage of revenue you keep as net income.
- Current ratio: the measurement of your liquidity and ability to repay debts.
- Accounts receivable turnover ratio**:** a measurement of how frequently you collect on receivables per year.

8. Make financial projections

This is a critical part of your business plan if you're seeking financing or investors. It outlines how your business will generate enough profit to repay the loan or how you will earn a decent return for investors.

Here, you'll provide your business's monthly or quarterly sales, expenses and profit estimates over at least a three-year period — with the future numbers assuming you've obtained a new loan.

9. Add additional information to an appendix

List any supporting information or additional materials that you couldn't fit in elsewhere, such as resumes of key employees, licenses, equipment leases, permits, patents, receipts, bank statements, contracts and personal and business credit history. If the appendix is long, you may want to consider adding a table of contents at the beginning of this section.

UNIT III

FINANCIAL ASPECTS OF PROMOTIONSOURCES OF FINANCE

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 sourceof 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 thatmay 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 offwith 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.

Share issue - 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 voteon 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 highunemployment. These do not usually need to be paid back.

The advantages and disadvantages of the different sources of finance

Source of finance	**Advantages**	**Disadvantages**
Owners capital	quick and convenient doesn't require borrowing money no interest payments to make	the owner might not have enough savings or may need the cash for personal use once the money is gone, it's gone
Source of finance	**Advantages**	**Disadvantages**
Retained profits	quick and convenienteasy access to the money no interest payments to make	once the money is gone, it is not available for any future unforeseen problems the business might face
Selling assets	can create space for more profitable uses can be quick raise money from unused equipment	might not get the full market value of the assets or even be able to sell them at all might need the assets in the future

Family and friends	low interest money may not need to be paidback	money may be lost if the business fails arguments may occur between family members
Bank loan	easy and quick to access can get a significant amount ofmoney at one time	have to pay interest difficult for a new business to access
Overdraft	quick access allows emergency purchases	high interest rates is only a short term solution
Venture capitalists and business angels	gain money quickly potential to raise huge amountof money they may offer advice and help	owner must give away part of the business they may have a different vision for thebusiness than the owner does
New partners	easy way to gain money potential to raise huge amountof money they may offer advice and help	owner must give away part of the business they may have a different vision for thebusiness than the owner does
Share issue	can gain lots of money quickly no interest payable	give away part of the business leaves a business open to takeovers
Source of finance	**Advantages**	**Disadvantages**
		shareholders receive dividends
Trade credit	access to supplies without immediate payment no interest	short term, must be paid off quicklyusually small amounts

Leasing	no large upfront payments leasing company may be responsible for repairs and maintenance	over time it can be a more expensive wayto obtain assets assets aren't owned by the business
Hire purchase	expensive assets can be purchased and paid back over time	interest is charged on hire purchase items equipment is not owned until the final payment is made
Government grants	does not need to be paid back available to small businesses	business needs to meet certain criteria it is time-consuming to apply for grantsand to complete the paperwork

Long-Term Sources of Finance

- 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 of Finance

- 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.

According to Ownership and Control:

- Sources of finances are classified based on ownership and control over the business. These two parameters are an important consideration while selecting a source of funds for the business. Whenever we bring in capital, there are two types of costs – one is the interest and another is sharing ownership and control. Some entrepreneurs may not like to dilute their ownership rights in the business and others may believe in sharing the risk.

Owned Capital

- Equity
- Preference
- Retained Earnings
- Convertible Debentures
- Venture Fund or Private Equity

Borrowed Capital

Borrowed or debt capital is the finance arranged from outside sources. These sources of debt financing include the following:

- Financial institutions,
- Commercial banks or
- The general public in case of debentures
- There is no dilution in ownership and control of the business.
- The cost of borrowed funds is low since it is a deductible expense for taxation purpose which ends up saving on taxes for the company.
- It gives the business the benefit of leverage.

According to source of generation:

Internal Sources

The internal source of capital is the one which is generated internally by the business. These areas follows:

- Retained profits
- Reduction or controlling of working capital
- Sale of assets etc.

External Sources

An external source of finance is the capital generated from outside the business. Apart fromthe internal sources of funds, all the sources are external sources.

Deciding the right source of funds is a crucial business decision taken by top-level financemanagers.

Classification on various bases:

1. On the Basis of Period:

- **Long-term**: The long term sources fulfil the financial requirement of an enterprise for a period exceeding 5 years. It includes sources such as shares and debentures, long term borrowing and loans from a financial institution.

- **Medium-term:** When funds are required for more than 1 year but less than 5 years then the company opt for medium-term finance options. These sources include borrowings from commercial banks, public deposits etc.
- **Short-term**: Short-term funds are those which are required for a period not exceeding one year. Trade credits, loans from commercial banks and commercial papers are some examples of short-term funds.

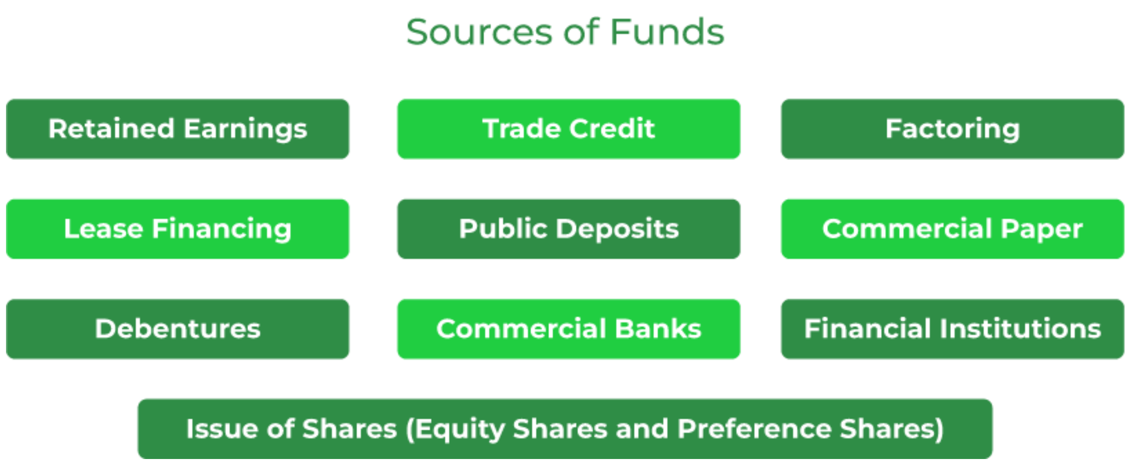
2. On the Basis of Ownership:

- **Owner's Fund:** Those funds which are provided by the owner of the enterprise are called Owner's Fund. Shares and retained earnings are some examples of the Owner's Fund.
- **Borrowed Fund:** Those funds which are borrowed from the outsiders as loans or borrowings are called Borrowed Funds.

3. On the Basis of Source of Generation:

- **Internal Source:** Those funds which are generated from inside the business are called Internal Sources of Fund. Collection of receivables, disposing of surplus inventories are some examples of internal sources.
- **External Source:** External Sources of funds include those sources that lie outside the organization such as suppliers, lenders and investors.

There is not a single best source of funds for all organizations. Depending on the situation, purpose, cost and associated risk, a choice may be made about the source to be used. We willsee them one by one:



1. Retained Earnings: A portion of profit or earnings which wasn't distributed to the shareholders as dividends and retained in the business is called Retained Earnings. It is a source of internal financing or self-financing or 'ploughing back of profits. The company can use its retained earnings as a source of finance.

2. Trade Credit: Trade Credit is a short-term finance option in which credit is extended by one trader to another for the purchase of goods and services. It facilitates the purchase of goods or services without immediate payment. The volume and period of credit are extended depending on factors such as the reputation of the purchasing firm, the financial position of the seller, volume of the purchase, record of the payment and degree of risk and competition prevailing in the market.

3. Factoring: Factoring is a financial service in which a business sells its account receivables to a third party (Factor) at a certain discount before the maturity date to meet its immediate and present cash needs. The factor provides the funds at that time and collects them from the firm's debtors on the date of maturity.

4. Lease Financing: A contractual agreement in which the right to use any asset is given by one party i.e. the owner of the assets to the other party in return for a periodic payment. The owner of the assets is called the "lessor" and the user of the assets is called the "lessee". It can also be called renting an asset for a specified period. Generally, fixed assets are leased.

5. Public Deposits: The money that is directly raised from the public is called Public Deposits. The interest rates offered on public deposits are generally higher than bank deposits. It can be used to raise the medium and short-term requirements of a business. Any person who is interested in depositing money in an organization can do so by filling up a prescribed form. The organization in return issues a deposit receipt as an acknowledgement of the receipt.

6. Commercial Paper: Commercial Paper is an unsecured promissory note issued by a firm to raise funds for a short period, varying from 90 days to 364 days. It can be issued by any firm to other business firms, insurance companies, pension funds and banks. The amount raised by Commercial Paper is generally very large. As the debt is unsecured, the firm having a good creditrating can only issue Commercial Paper.

7. Issue of Shares: The smallest unit of a firm's capital is called a share. The firm's capital is divided into small units and issued as shares to the public. The capital obtained by Issue of Shares is called 'Share Capital'. It is a type of Owner's Fund. Two types of shares can be issued:

- **Equity Shares**: Equity Shares are those types of shares in which there is no fixed dividend but have ownership and voting rights. The equity shareholders of the company are called Owner of the company. They do not get a fixed dividend but are paid based on the earnings of the company.
- **Preference Shares:** Preference shares are those types of shares that have a little preference over equity shares. Preference Shareholders get a fixed rate of dividend and have the right to get their capital before the equity shareholders at the time of liquidation. Although, they don't have any voting right in the management of the company.

8. Debentures: Debenture is a type of financial instrument with a fixed rate of interest. It is a type of long term debt capital issued by a company as an acknowledgement that the company has borrowed a certain amount of money. Interest can be paid half-yearly or yearly on debentures.

9. Commercial Banks: Commercial Banks are very vital in providing funds as they provide funds for different purposes and different periods. Banks provide loans to firms in many ways, like, cash credits, overdrafts, term loans, discounting of bills and issue of letters of credit. The rate of interest charged on such credits varies from bank to bank as well as the nature, amount and period of that loan.

10. Financial Institutions: There are several financial institutions established by Government in the country to provide finance to business organisations. They provide both owned capital and loan capital for the long and medium-term requirements. As these institutions aim at promoting the industrial development of a country, these are also called 'Development Banks'. In addition to providing financial assistance, these institutions also conduct surveys and provide technical assistance and managerial services to organisations.

International Financing:

With the opening up of the economy and the operations of the business organisation, apart from the sources mentioned above, organisations can raise funds internationally. Various international sources from which funds may be generated include;

1. Commercial Banks: Commercial Banks are all over the world, they extend foreign currency loans for a different purposes to organisations worldwide.

2. International Agencies and Development Banks: Several international agencies and development banks at national, regional and international levels have emerged over the years to finance international trade and business. These institutions provide long and medium-term loans and grants to promote the development of economically weaker countries as well as economically weaker areas.

3. International Capital Market: Just like the domestic capital market, companies can get funds from international capital markets as well. Prominent financial instruments used for this
are Global Depository Receipts (GDRs) and American Depository Receipts (ADRs) and Foreign Currency Convertible Bonds (FCCBs)

Factors Affecting the Choice of the Source of Funds:

Different types of businesses have different types of financial needs. Therefore, business firms resort to different types of sources of funds. As no source of funds is free from risk and certain limitations, companies opt to use a combination of sources rather than relying on a single source.Several factors affect the choice of this combination, we will see them one by one:

1. Cost: The cost of procurement of funds as well as the cost of utilising the funds are taken into consideration while deciding about the choice of funds that will be used by an organisation.

2. Financial Strength and Stability of Operations: Company's financial strength and position is key element to take into account. Funds need to be repaid to the source it has been generated from, so for this, a business should be financially stable. When the earning position of the business is not stable, fixed charged funds like preference share and debentures shouldn't be taken.

3. Form of Organization and Legal Status: The legal entity (i.e. sole proprietorship, partnership or company) of a business allows or prohibits
choosing from various options of funds. Like only a public company can issue equity shares to raise money from the market, not the partnership business or even private company.

4. Purpose & Period: The purpose and period are important factors that affect the choice. Short-term use of funds has different sources where a company can choose from whereas Long-term use of funds has different sources.

5. Risk Profile: The risk factor associated with a different type of source of finance varies from each other. For example, there is the least risk inequity as the share capital has to be repaid only at the time of winding up and dividends need not be paid if there is no profit but in debentures are opposite in terms of payment of interest.

6. Control: If a company wants to generate fund from issuing equity shares then it has to sacrifice a bit of ownership and control to the public whereas by issuing debt funds like debentures or taking a loan, a company doesn't have to compromise with the ownership and control.

7. Effect on Credit Worthiness: Credit Worthiness is the company's power or ability to repay the debts. Some source of funds affects the creditworthiness of a company negatively; a companymay choose not to consider those options while selecting the source of finance.

8. Flexibility and Ease: Generally, those options which are more flexible and easy are preferable rather than those which have restrictive provisions, detailed investigation and documentation.

9. Tax Benefits: Various sources offer different tax benefits to the organization, while the dividend on preference shares is not deductible, interest paid on debentures and loan is tax-deductible.

COMMERCIAL BANKS

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:

The functions of commercial banks are classified into two main divisions.

(a) 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.

(b) Secondary functions

Discounting bills of exchange: It is a written agreement acknowledging the amount of money to be paid against the goods purchased at a given point of time in the future. The amount can alsobe cleared before the quoted time through a discounting method of a commercial bank.
Overdraft facility: It is an advance given to a customer by keeping the current account to overdraw up to the given limit.
Purchasing and selling of the securities: The bank offers you with the facility of selling and buying the securities.

Locker facilities: A bank provides locker facilities to the customers to keep their valuables or documents safely. The banks charge a minimum of an annual fee for this service.
Paying and gathering the credit : It uses different instruments like a promissory note, cheques,and bill of exchange.

Types of Commercial Banks:
There are three different types of commercial banks.
Private bank –: It is a type of commercial banks where private individuals and businesses own a majority of the share capital. All private banks are recorded as companies with limited liability. Such as Housing Development Finance Corporation (HDFC) Bank, Industrial Credit and Investment Corporation of India (ICICI) Bank, Yes Bank, and more such banks.
Public bank –: It is a type of bank that is nationalised, and the government holds a significant stake. For example, Bank of Baroda, State Bank of India (SBI), Dena Bank, Corporation Bank,and Punjab National Bank.
Foreign bank –: These banks are established in foreign countries and have branches in other countries. For instance, American Express Bank, Hong Kong and Shanghai Banking Corporation(HSBC), Standard & Chartered Bank, Citibank, and more such banks.

Examples of Commercial Banks
Few examples of commercial banks in India are as follows:
1. State Bank of India (SBI)
2. Housing Development Finance Corporation (HDFC) Bank
3. Industrial Credit and Investment Corporation of India (ICICI) Bank
4. Dena Bank
5. Corporation Bank

Role & Importance of Commercial banks in India:

Commercial banks in India are the backbone of all major economic activities in the country, whether it is for the citizens to keep their hard-earned money safely or get loans whenever they need funds for important things like a home, wedding, a car or for business. It won't be an analogy to say that banks and businesses run hand in hand, as without adequate credit support, businessesfind it hard to flourish, and vice versa.

Scheduled and Non-scheduled Banks:

Scheduled banks are those banks which are listed in the second schedule of the RBI Act 1934. These banks are licensed after they fulfil certain statutory conditions such as a paid-up capital of minimum ₹ 50 Lakh and must satisfy the CRAR norms as prescribed by the RBI.

On the other side, **non-scheduled banks** are mainly the local area banks, and there are very few of them. These banks are not under any obligation to fulfil CRAR norms or keep reserves. They work on the lines of a cooperative society and help people in need with mutual aspirations. A few local area banks are: **Coastal Local Area Bank Ltd (Vijayawada), Capital Local Area Bank Ltd (Phagwara), Subhadra Local Area Bank Ltd (Kolhapur)** and a few others.

Now, if we talk about the major categories that fall under the commercial bank, here are a few details regarding the same;

Public Sector Banks

These banks are the nationalized banks undertaken by the Government of India in a way or the other. Many people can relate to these as state-run banks. Nationalized banks account for over 75% of the overall business transactions that happen in the country. Out of all these public sector banks, we all know the State Bank of India, which is now amongst the top 50 banks in the world. As per the recent reports, after the amalgamation of smaller banks with larger banks, there are 12public sector banks in India as of now. The names of these banks are:

State Bank of India	Punjab National Bank	Bank of Baroda	Bank of India
Bank of Maharashtra	Union Bank of India	Canara Bank	Central Bank of India
Indian Bank	Indian Overseas Bank	Punjab & Sindh Bank	UCO Bank

Private Sector Banks

Private sector banks are the ones that work on similar lines as the nationalized banks do, the only difference is that the majority stakes in these banks are privately owned, as in the major stakes in the equity are owned by private stakeholders or business houses. These banks majorly work on the lines of profit-making by keeping deposits providing loans and other products related to financialactivities.

The major private sector banks in the country are:

HDFC Bank	Kotak Mahindra Bank	ICICI Bank
IndusInd Bank	IDFC Bank	YES Bank
South Indian Bank	Bandhan Bank	Laxmi Vilas Bank

The banks mentioned above might account for a lesser share in the overall banking operations in the country but they excel in terms of customer engagements and overall standards of service.

Foreign Banks

A foreign bank is a bank having its head-quarter outside the country but run its offices as a private entity at any other location outside the country. The bank may have as many branches and offices they find suitable, they are under an obligation to operate under the regulations provided by the central bank of the country as well as the rule prescribed by the parent organization located outsideIndia.

Some major foreign bank that operates in India are as given below:

HSBC Bank	CitiBank	Standard Chartered Bank
American Express Banking Corporation	DBS Bank India Limited	FirstRand Bank
Credit Suisse	JP Morgan Chase Bank	SBer Bank

Regional Rural Banks

These banks also fall under the category of scheduled commercial banks of small scale, the main objective behind the formation of such banks is to provide credit support to economically weaker sections of the society like labourers, farmers, rural traders and small business owners. Most of these banks are regional as the name suggests, means these banks operate in particular regions andmight have branches in the metropolitans as well.

Payments bank

Payment bank is a relatively Indian new model of banks. Conceptualised and regulated by the Reserve Bank of India (RBI), payments banks can accept a restricted deposit up to Rs. 1 lakh per customer. Payments Banks can offer services like debit/credit cards, net-banking and mobile- banking services.

Primary functions of Commercial banks –

The primary function of a commercial bank is to serve the public with the right intentions. As a list, the primary functions would be:

- Accepting deposits
- Advancing loans

Secondary functions of Commercial banks –

The secondary functions of commercial banks can be described as the following:

- Overdraft Facility
- Discounting bills of exchange
- Agency functions
- General utility functions

Bottom line

Commercial banks do play an important role in fulfilling the short-term and mid-term credit requirements in an economy. However, they do not provide long-term credit for over 15 years or more, so that liquidity of assets can easily be maintained. The funds parked at the commercial banks belong to the general public and are withdrawn at a short notice; therefore, commercial banks prefer to provide credit for a short period of time backed by tangible and easily marketablesecurities.

INSTITUTIONAL FINANCE: MAJOR INSTITUTIONS PROVIDING FUNDS FOR ENTREPRENEURS

1. Industrial Development Bank of India:

The IDBI was established on July 1, 1964 by the Government of India under an Act of Parliament as the principal financial institution in the country.

Main Functions of IDBI

(a) The IDB1 provides assistance to the small scale sector through its scheme of refinance and bills rediscounting scheme.

(b) The financial assistance has been indirect in the form of refinancing of loans and the State Financial Corporations (SFCs).

(c) In order to assist the small scale sector, the IDBI has set up Small Industries Development Fund (SIDF) in May 1986. This fund basically aims at providing a focal point to co-ordinate financialand non-financial inputs required for growth of small industries sector.

(d) In association with Government of India, IDB1 has constituted National Equity Fund

(NEF) to prevail equity type of support to tiny and small scale units which are engaged in manufacturingactivities. The scheme is administered by IDB1 through nationalized banks.

(e) The IDBI has also introduced the single window assistance ‘scheme for grant of term loans and working capital assistance to tiny, small and medium scale enterprises.

(f) The IDB1 has also set up a Voluntary Executive Corporation Cell (VECC) to use the services of experts, professionals for counselling small units and for providing consultancy support in specified areas.

2. Industrial Finance Corporation of India Ltd.:

The Industrial Finance Corporation of India was set up by the Government of India under IFC1 Act in July 1948. It is an important financial institution which gives financial assistance to the entrepreneurs through rupee and foreign currency loans, underwriting, direct subscriptions to shares, debentures and guarantees. It also extends other financial facilities like equipment procurement, equipment finance, buyer’s and supplier’s credit, equipment leasing and finance toleasing and hire-purchase companies.

The IFCI has devised new promotional schemes such as

(a) Consultancy fees, subsidy schemes for assisting small scale entrepreneurs in marketingsector.

(b) Interest subsidy schemes for women entrepreneurs.

(c) Pollution control in small and medium scale enterprises.

(d) Encouraging the modernisation of tiny, small and medium scale industries

3. Industrial Credit and Investment Corporation of India Ltd. (ICICI):

The ICICI was established by the Government of India under the Companies Act 1956, with the objective of providing financial assistance to the small and medium scale sectors. The main functions of ICIC1 are as follows

(a) Financial assistance is extended by way of rupee and foreign currency loans, underwritingand direct subscriptions to shares, debentures and guarantees.

(b) Financial facilities such as deferred credit, leasing credit, instalment sale, asset credit andventure capital are given by ICICI.

(c) It also guarantees loans from other private investment sources, small scale units are themajor beneficiary of the ICICI assistance.

4. Life Insurance Corporation of India (LIC):

The LIC was established under the L1C Act in 1956. It offers many insurance policies to give social security to various segments of society. As per its investment policy, LIC invests 75% and above in Central and State Government’s securities including government-guaranteed marketable securities and in the socially-oriented sector. The LIC gives loans for activities like housing, rural electrification, modernisation of industry, expansion, diversification of industrial ventures, water supply and sanitation etc.

5. Unit Trust of India (UTI):

The UTI was set up by the Government of India in 1964 under an Act of Parliament. The chief objectives of UTI are to mobilise savings of small investors through sale of units and to channelise these savings towards corporate investment. The UTI has introduced many schemes which aimed at common investors. These schemes are mainly Primary Equity Fund, Retirement Benefit Plan, Grihalaxmi Unit Plan, Unit Scheme 1995 and Columbus India Fund. The UTI also provides financial assistance to corporate sector in the form of term loans and underwriting directsubscriptions to shares and debentures.

6. Small Industries Development Bank of India (SIDBI):
SIDBI was established in 1989 as a subsidiary of IDBI under a Special Act. The main functions of SIDBI are the promotion and development of small scale industries by way of financing. It commenced its operations from 2 April, 1980 with its head office at Lucknow. The initial authorisedcapital of SIDBI was 25 crore, which can be .extended upto 1,000 crores.

The functions of SIDBI are as follows :

- To promote small scale industries in semi-urban areas to create more employment opportunities.
- To undertake technological up gradation and modernization of existing small scaleindustries.
- To expand the channels for marketing the products of SSI sector on both domestic and international markets.
- To extend seed capital or soft loan assistance under National Equity Fund Scheme / Mahila Udyam Nidhi Scheme.

- To great direct assistance and refinance for exports of small scale sector.
- To provide financial assistance to SFCs, SIDCs, Commercial Banks, RRBs throughexisting credit delivery system.
- To provide factoring and leasing service.
- To provide financial assistance to the institutes, organisations for undertakingEDPs.
- Special emphasis and the new schemes of assistance for marketing support to the small scale sector.

7. Industrial Reconstruction Bank of India (IRBI):
The IRCI was set up in 1971 under the Companies Act to act as an agency to rehabilitate the sick units. But, in the year 1984, the Government of India renamed the IRCI as Industrial

Reconstruction Bank of India (IRBI) by an Act of Parliament.

It acts as an agency of State Government, Union Government and other financial institutions as per the authorisation of the Government.

(1) It provides consultancy and merchant banking services for reconstruction and developmentof industrial units.
(2) It also helps in providing infrastructural facilities, raw materials, machineries and other toolson the basis of hire-purchase and lease schemes.

8. State Financial Corporations (SFCs):
IFCI provides financial assistance only to large sized industrial undertakings. In order to cater to the needs of the small scale units, the Government of India passed the State Financial Corporations Act in 1951 under which the State Financial Corporations (SFCs) were set up.

The first SFC was set up in Punjab in 1953. Today, there are 18 SFCs functioning in the country. State Financial Corporations are managed by a Managing Director, Board of Directors and the ExecutiveCommittee is headed by a chairman.

The functions of SFCs are as follows

(a) To advance term loans to small scale and medium scale industrial units.
(b) It underwrites the issue of stocks, shares, debentures and bonds of industrial units.
(c) It grants loans to the industrial concerns which is repayable within a period not more than20 years.
(d) It subscribes to debentures floated by industrial concerns.
(e) It provides financial assistance to small road transport operators, tour operators, hoteliers, hospitals, nursing homes, etc.

9. National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India for all rural credit having headquarters based in Mumbai (Maharashtra) and other branches are all over the country. The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD), set up by the Reserve Bank of India (RBI) under the Chairmanship of Shri B. Sivaraman, conceived and recommended the establishment of the National Bank for Agriculture and Rural Development (NABARD). It was established on 12 July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture & rural non farm sector and completed its 25 years on 12 July 2007. It has been accredited with “matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India”. RBI sold its stake in NABARD to the Government of India, which now holds 99% stake. It is active in developing financial inclusion policy and is a member of the Alliance for Financial Inclusion.

Objectives of NABARD

NABARD was established in terms of the Preamble to the Act, “for providing credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting IRDP and securing prosperity of rural areas and for matters connected therewith in incidental thereto”.

The main objectives of the NABARD as stated in the statement of objectives while placingthe bill before the Lok Sabha were categorized as under

(1) The National Bank will be an apex organization in respect of all matters relating to policy, planning operational aspects in the field of credit for promotion of Agriculture, Small Scale Industries, Cottage and Village Industries, Handicrafts and other rural crafts and other allied economic activities in rural areas.
(2) The Bank will serve as a refinancing institution for institutional credit such as long-term, short-term for the promotion of activities in the rural areas.
(3) The Bank will also provide direct lending to any institution as may be approved by the CentralGovernment.
(4) The Bank will have organic links with the Reserve Bank and maintain a close link with in.

Role and Functions of NABARD

NABARD is the apex institution in the country which looks after the development of the cottage industry, small industry and village industry, and other rural industries. NABARD also reaches out to allied economies and supports and promotes integrated development. And to help NABARD discharge its duty, it has been given certain roles as follows:

(1) Serves as an apex financing agency for the institutions providing investment and productioncredit for promoting the various developmental activities in rural areas
(2) Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
(3) Co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation
(4) Undertakes monitoring and evaluation of projects refinanced by it.
(5) NABARD refinances the financial institutions which finances the rural sector.

OTHER INSTITUTIONS

1. Small industries development organization (SIDO)

SIDO was established in October 1973 now under Ministry of Trade, Industry and Marketing. SIDO is an apex body at Central level for formulating policy for the development of Small Scale Industries in the country,headed by the Additional Secretary & Development Commissioner(Small Scale Industries)under Ministry of Small Scale Industries Govt. of India. SIDO is playing a very constructive role for strengthening this vital sector, which has proved to be one of the strong pillars of the economy of the
country. SIDO also provides extended support through Comprehensive plan for promotion of rural entrepreneurship.

2. Management development Institute(MDI)

MDI is located at Gurgaon(Haryana).It was established in 1973 and is sponsored by Industrial Finance Corporation Of India,with objectives of improving managerial effectiveness in the industry.It conducts management development programs in various fields.In also includes the programmes for the officers of IAS,IES,BHEL,ONGC and many other leading PSU’s.

3. Entrepreneurship development institute of India (EDI)

Entrepreneurship Development Institute of India (EDI), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions – the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). EDI has helped set up twelve state-level exclusive entrepreneurship development centres and institutes. One of the satisfying achievements, however, was taking entrepreneurship to a large number of schools, colleges, science and technology institutions and management schools in several states by including entrepreneurship inputs in their curricula. In the international arena, efforts to develop entrepreneurship by way of sharing resources and organizing training programmes, have helped EDI earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies. EDI has also set up Entrepreneurship Development Centre at Cambodia, Lao PDR, Myanmar and Vietnam and is in the process of setting up such centres at Uzbekistan and five African countries.

4. All India Small Scale Industries Board(AISSIB)

The Small Scale Industries Board (SSI Board) is the apex advisory body constituted to render advise to the Government on all issues pertaining to the small scale sector.It determines the policies and programmes for the development of small industries with a Central Government Minister as its president and the representatives of various organization i.e. Central Government,StateGovernment,National Small Industries Corporations,State Financial Corporation,Reserve Bank of India,State Bank of India,Indian Small Industries Board,Non government members such as Public Service Commission,Trade and Industries Members.

5. National Institution of Entrepreneurship and Small Business Development(NIESBUD),New Delhi

It was established in 1983 by the Government of India.It is an apex body to supervise the activities of various agencies in the entrepreneurial development programmes.It is a society under Government of India Society Act of 1860.The major activities of institute are:

i) To make effective strategies and methods

ii) To standardize model syllabus for training

iii) To develop training aids,tools and manuals

iv) To conduct workshops,seminars and conferences.

v) To evaluate the benefits of EDPs and promote the process of Entrepreneurial Development.

vi) To help support government and other agencies in executing entrepreneur development programmes.

vii) To undertake research and development in the field of EDPs.

6. National Institute of Small Industries Extension Training

It was established in 1960 with its headquarters at Hyderabad.The main objectives of national Institute of Small Industries Extension Training are:

i) Directing and Coordinating syllabi for training of small entrepreneurs.

ii) Advising managerial and technical aspects.

iii) Organizing seminars for small entrepreneurs and managers.

iv) Providing services regarding research and documentation.

7. National Small Industries Corporation Ltd. (NSIC)

The NSIC was established in 1995 by the Central Government with the objective of assisting the small industries in the Government purchase Programmes.The Corporation provides a vast-market for the products of small industries through its marketing network.It also assists the small units in exporting their products in foreign countries.

NON-BANKING FINANCIAL COMPANIES (NBFCS)

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

Earlier, small businesses looked to banks to get loans. However, NBFCs are stepping up their presence in the lending department. MSMEs have turned away from taking loans from banks because of:

- Tight and stringent regulatory norms
- Humongous paperwork
- Need for collateral to secure loans.

The benefits that come with applying for loans through NBFCs are:

- NBFCS can provide loans and credit facilities and can trade in money market instruments.
- Recently, Finance Minister Nirmala Seetharaman stated that NBFCs can use Aadhar based KYC to avoid repeating the KYC process for customers. This increases customer convenience as they will not have to undergo the KYC process when applying for loans with NBFCS (if they have already got their KYC done at a bank)
- NBFCs are faster than banks with regard to approving loan applications forborrowers.
- 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:

1. Bajaj Finserv:

Bajaj Finserv is a financial services company that helps small businesses meet their financial requirements in a timely, easy way with their MSME Business loan.

The NBFC provides collateral-free loans and loan amounts up to 30 lakhs for businesses that are looking to expand.

Along with an attractive interest rate, the loan offers a unique Flexi loan facility and approval in just 24 hours.

Tenor: Ranges between 12 months – 60 months, depending on the businesses budget.

2. Ziploan:

ZipLoan is an RBI registered NBFC that offers unsecured business loans of up to Rs. 1-5 lakh. The NBFC requires a minimal list of documents and disburse the business loan within a few working days.

Your small business can apply for an unsecured business loan online on their website or through their app. Ziploan will process your loan in a few hours.

Tenor: Collateral free loans can be repaid over a period of 12-24 months in easy monthly instalments.

The Different Types of Business Loans Without Collateral Offered by ZipLoan: **Machinery Loan**: For businesses to expand operations or to upgrade to a better version. **Working Capital Loan:** Unsecured working capital loan for small businesses which have high seasonality and rely on working capital loans to cover wages, accounts payable, andother related finances.

Term Loan: ZipLoan also offers a term loan of up to INR 1-5 Lacs at very easy terms and conditions. The business can apply for a business loan online.

Flexi Business Loan: This loan is for unexpected cash requirements. The business owners can use the cash to meet their unexpected cash requirements.

3. Lendingkart:

Lendingkart is a non-deposit taking NBFC that provides working capital loans for small businesses in India.The company offers loans at a fair interest rate for new as well as existing businesses.

Lendingkart's loan application process can be completed online in just 15 minutes. Lendingkart customizes your cost structure around the profit margins of your business and helps you get funds quickly. The NBFC offers business loans from INR 50,000 up to INR 2 Crore to eligible SMEs.

How NBFCs Help in Small Business Expansion:

Non-Banking Financial Companies are financial institutions that function with the motto of helping small business enterprises grow and boost their business. NBFCs prove to be a game-changer in the field of finance. They provide small business loans to entrepreneurs and contribute to the economic progress of the nation. The unbiased eligibility criteria and lower business loan interest rate maintained by the NBFCs, encourage more and more people to start their dream business. Lakhs of Indians can availof the financial facilities offered by NBFCs.

NBFCs have made it possible for people to easily be their own boss, and live their life on their terms. The all-inclusive nature of NBFCs support people with their dreams and help them live sustainably. The minimal involvement of paperwork and better processes make NBFCs a dependable and reliable source for a small business loan. The application procedure for taking loans is much simpler with NBFCs as compared to traditional banks. The flexible repayment nature of NBFCs along with a lower business loan interest rate are supportive ways to take care of small-scale entrepreneurs' needs.

Positive features of NBFCs :

NBFCs follow a multidimensional and all-inclusive approach and reach out to the poor masses

Traditional banks fail to provide financial assistance to these masses due to several eligibility requirements. NBFCs could reach out to the most impoverished masses in the country. The unbiased eligibility criteria and practical procedures followed by NBFCs have proven to be a reliable source of financial assistance. The multi-dimensional and all- inclusive approach widens the hopes of several business-minded individuals who always wanted to convert their dreams into a business. Entrepreneurs can function with lesser worries in mind because of the lower business loan interest rate involved.

NBFCs contribute to reducing the financial inequality within the country

So far, we are clear on the point that NBFCs provide financial assistance to people in a holistic and unbiased manner. The reason for this is that NBFCs are considerate of the income inequality ratios that exist in the country along with status quo biases. Personal finance had been stopping several ambitious individuals from living the life of their dreams. The flexibility that NBFCs have provided in terms of eligibility criteria for funding small business loans contribute to reducing the financial inequality with the success of these businesses.

NBFCs contribute not only to financial growth but also to the happiness of people

NBFCs are said to be the pillars of the Indian economy. The all-inclusive approach of the NBFCs motivates people to be their own boss. NBFCs generate a positive spirit of entrepreneurship by keeping a lower business loan interest rate to raise capital. Therefore, more and more people are being encouraged to start their own business. The provisions of NBFCs have made living an independent and sustainable life like a dream come true for many. Hence it is true that NBFCs contribute not only to financial growth but also to the happiness of people.

Technology-based application procedures of NBFCs are time and energy savers.

An online loan application process is followed by the NBFCs as opposed to the tedious traditional patterns**.** Small business loans are available easily and quickly to the public.

- The applicants do not have to run from one counter to the other for taking a loan
- Minimal paperwork is involved, which means the applicants do not have to fill long application forms
- The applicants do not have to stand in long queues to take the loan
- A small business loan can be acquired from the comfort of your home.

Therefore, the online procedure saves a lot of time and energy for the loan applicants.

Technology-based assessments and transparency of NBFCs are noteworthy. Artificial Intelligence is used to assess loan applications. The innovative strategy and technology-based assessment make the loan process smooth and hassle-free.

NBFCs are known to follow a transparent selection process.

The credibility of the customers is checked in the best possible ways through online channels. This makes NBFCs a transparent and reliable source for a small business loan.

A faster mode of acquiring small business loans is offered

As loan applications are processed quickly, the loan gets credited at a faster rate. The technology-driven assessment makes funding the loan possible within a few hours. The waiting time is reduced tremendously, thus making NBFCs the most popular sources for a small business loan.

NBFCs are living up to current expectations.

Technology has taken over the world to make things faster and easier. NBFCs are keeping up with the spirit of the modern world and living up to the expectations of their customers. NBFCs upgrade their systems regularly to live up to the current expectations. Innovative strategies are regularly devised to suit the needs of the customers.

Flexible rules and regulations of NBFCs help applicants

NBFCs are lenient and flexible when it comes to the repayment of loans. There are a wide variety of choices given to the customers for repaying loans such as weekly, monthly and so on. The fine on late repayment of the loan is waivered easily. NBFCs are known to function on mediums of trust, honesty, and credibility of their customers, unlike every other financial institutions which work with strict rules and regulations. Therefore, entrepreneurs approach NBFCs for finding a small business loan with ease.

Lower business loan interest rate is a boon

Loans are available at the NBFCs at low-interest rates. This helps entrepreneurs to opt for a small business loan without worrying about interest charges. Higher interest rates put an unnecessary financial burden on entrepreneurs that demotivates them from starting their own business. NBFCs are a boon for the public as they maintain a lower business loan interest rate.

A lower business loan interest rate, speedy and hassle-free process, transparency, and flexible terms and conditions of NBFCs are undoubtedly the best means to accelerate the economic growth and progress. Small business enterprises must make the best use of NBFCs to boost their business which in return helps in the overall development of the economy

STATE FINANCIAL CORPORATIONS (SFC)

The State Finance Corporations (SFCs) are an integral part of institutional finance structure of a country. Where SEC promotes small and medium industries of the states. Besides, SFC help in ensuring balanced regional development, higher investment,
More employment generation and broad ownership of various industries.

SFC – State Finance Corporation

At present in India, there are 18 state finance corporations (out of which 17 SFCs were established under the SFC Act 1951). Tamil Nadu Industrial Investment Corporation Ltd. which is established under the Company Act, 1949, is also working as state finance corporation.

Organization and Management

A Board of ten directors manages the State Finance Corporations. The State Government appoints the managing director generally in consultation with the RBI and nominates the name of three other directors. All insurance companies, scheduled banks, investment trusts, co-operative banks, and other financial institutions elect three directors. Thus, the state government and quasi-government institutions nominate the majority of the directors.

Functions of State Finance Corporations

The various important functions of State Finance Corporations are:

(i) The SFCs provides loans mainly for the acquisition of fixed assets like land, building, plant, and machinery.

(ii) 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).

(iii) The SFCs underwrite new stocks, shares, debentures etc., of industrial units.

(iv) 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.

Working of SFCs

The Indian government passed the State Financial Corporation Act in 1951. It is applicable to all the States.The authorized Capital of a State Financial Corporation should be within the minimum and maximum limits of Rs. 50 lakhs and Rs. 5 crores which are fixed by the State government. It is divided into shares of equal value which were acquired by the respective State Governments, the Reserve Bank of India, scheduled banks, co- operative banks, other financial institutions such as insurance companies, investment trusts, and private parties.

The State Government guarantees the shares of SFCs. The SFCs can augment its fund through issue and sale of bonds and debentures also, which should not exceed five times the capital and reserves at Rs. 10 Lakh.

Problems of State Financial Corporations

1. No Independent Organization

All SFCs are dependent upon the rules and regulations made by the state government. SFCs' problem is that all decision of these institutions is dependent on the political environment of the state. Due to this, the loan is not available at the right time for the rightperson.

2. Corruption:

Like other government offices of our country, we can also see the evil of corruption in state financial corporation.Hoarding of wealth and money, SFCs' officer object has become to earn by a good or bad way.That is the problem that these institutions have no proper transparency like banks.

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPS) IN INDIA

It will not be less than correct to say that India got the political freedom on 15th August 1947, but not the economic freedom. And attainment of economic freedom i.e., emancipation frompoverty and unemployment was the biggest challenge before the country.

This programme was designed to unleash the talent of potential entrepreneurs and some selected entrepreneurs. Special emphasis was given on three aspects:

(i) Establishment of small-scale enterprises,

(ii) Its management, and

(iii) To earn profits out of it. By the latter half of 1970s', the news of GIIC's EDP spread to theother parts of the country also.

(i) Local organization to initiate and support potential entrepreneurs till the break-even stage,
(ii) Inter-disciplinary approach,

(iii) Strong information support,

(iv) Training as an important intervention for entrepreneurial development, monitoring and evaluation, and

(v) Institutional financing.

ENTREPRENEURIAL PROGRAMMES IN INDIA(EDP)

What is EDP ?

Introduction :

Entrepreneurial Development Programme (EDP) refers to a programme which is formulated to assist the individuals in reinforcing their entrepreneurial motives, and attaining competencies and skills which is essential for performing an entrepreneurial role successfully.

Meaning and Definition of Entrepreneurial Development Programme (EDP) :

According to N. P. Singh :

"Entrepreneurship Development Programme is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. is necessary to promote this understanding of motives and their impact on entrepreneurial values and behavior for this purpose".

EDP can also be defined as a pre-defined process that recognizes, inculcates, designs and refines the skills and proficiencies of an individual to establish his own enterprise. In recent times, EDP has become a professional task which extensively encourages the development of funded and private businesses. The programme is meant to grow entrepreneurial aptitudes among people.

Objectives of EDPs :

To make people learn compliance with law.

To develop and fortify entrepreneurial quality, i.e., motivation or need for achievement.

To develop small and medium scale enterprises in order to generate employment and widen the scope of industrial ownership.

To industrialize rural and backward sections of the society.

To understand the merits and demerits of becoming an entrepreneur.

To investigate the environmental set-up relating to small industries and small businesses.

To design project for manufacturing a product.

To increase the supply of entrepreneurs for quick industrial development.

To prepare individuals to accept the uncertainty involved in running a business.

To develop managerial skills among small entrepreneurs for improving the performance of small-scale industries.

To offer profitable employment opportunities to educated young men and women.

To expand the sources of entrepreneurship.

Phases of Entrepreneurial Development Programme (EDP) :

All the EDPs mainly consist of three phases, which are illustrated as below:

1) Pre-Training Phase :
2) Training Phase
3) Post Training phase

Developing a venture can be an exciting and active experience. It is also a lot of hard work, which can be equally rewarding and enjoyable. Here we present the entrepreneurial journey as seven specific steps, or experiences, which you will encounter along the road to becoming an entrepreneur. You'll find more information about the entrepreneurial journey in other chapters inthis book.

- 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 thisventure work?
- Step 5: Business Plan – What type of business structure and business model will yourventure have?
- Step 6: Navigation – In what direction will you take your venture? Where will you go forguidance?
- Step 7: Launch – When and how will you launch your venture?

As you work through each step of the entrepreneurial journey you should prepare for significant aspects of this experience. You will meet with rewards and challenges, the consequences that result from the decisions made at various points along your journey. To visualize the steps of the entrepreneurial

UNIT-4

Women Entrepreneur: Nature, Definition, Features and inIndian perspectives

Heading: Women Entrepreneurship

Women Entrepreneur: meaning-

Women Entrepreneurs means 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

In the advanced countries of the world, there is a phenomenal increase in the numberof self-employed women after the World War II.

Need:

They have made their mark in business for the following reasons:

(i) They want new challenges and opportunities for self-fulfillment.
(ii) They want to prove their determination in innovative and competitive jobs.
(iii) They want the change to control the balance between their family responsibilities andtheir business lives.

Nature:

The term “women entrepreneur” deals with that section of the female population who venture out into industrial activities i.e. manufacturing, assembling, job works, repairs/servicing and other businesses.

The Government of India has treated women entrepreneurs of a different criteria-level of women participation in equity and employment position of the enterprise.

Women entrepreneurs have taken initiative in promoting and running an enterprise by having a controlling interest in that particular enterprise.

Definition:

“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

“Women who innovate initiate or adopt business actively are called women entrepreneurs.”

-J.Schumpeter

“Women entrepreneurship is based on women participation in equity and employment of a business enterprise.”

-Ruhani J. Alice

Features:

- Accept challenges
- Ambitious
- Hard work
- Patience
- Motivator
- Adventurous
- Conscious
- Educated
- Intelligent

1. They should be educated and skillful.
2. Must have professional education to become better entrepreneur.
3. She should be capable enough to do innovations and be able to bear risks and uncertainties.
4. Able to make utilisation of various schemes, and aids given by government.
5. She should be capable enough to face male competitors and should possess guts to move ahead.
6. She should be capable enough to make autonomous investment.
7. She must possess some ethics and egoism and should be egotist as well.

WOMEN ENTREPRENEUR- IN INDIAN PERSPECTIVES:

Women entrepreneurs can be broadly categorized into five categories:-

1) Affluent entrepreneurs – These are daughters and wives of wealthy businessmen. These women have the financial aid and the necessary resources to start a new enterprise and take business risks.
2) Pull factors – These are educated women living in urban areas with or without work experience who take the risk of a new enterprise with the help of financial institutions and commercial banks. These women take up a new business as a challenge in order to be financially independent.
3) Push factors – These women take up some business activity in order to overcome financial difficulties. Generally widows and single women manage an existing family business or develop a new business due to difficult family situations.
4) Rural entrepreneurs – These women belong to rural areas and choose a business suiting their resources and knowledge. Business carried out involves low investment, minimum risk and does not require any special skills.
5) Self-employed entrepreneurs – They are uneducated women who fall below the poverty line. They choose tiny and small enterprise which are convenient to manage and adequate for the sustenance of her family.

Importance:

In modern days, women entrepreneurs are playing a very important role in business, trade or industry. Their entry into business is of recent origin. Women have already shown their vital role in other spheres like politics, administration, medical and engineering, technical and technological, social and educational services. This is true in advanced countries and now in recent years, they have been entering into these fields in our country. Their entry into business is a recent phenomenon in India.

The role or importance of women entrepreneurs may be ascertained from the study of the functions they perform. These functions are as under:

a) Exploring the prospects of starting new enterprises.
b) Undertaking risks and handling economic uncertainties.
c) Introducing innovations.
d) Co-ordinating administration and control.
e) Routine supervision.

Generally, the following three types of business are suitable to the women entrepreneurs:

a) Manufacturing a product for direct sale in the market.
b) Manufacturing a product or a part of the product to meet the short term or long-term order of a large industrial company, and
c) Operating purely as a sub-contractor of raw materials supplied by the customers. Generally, the last two types industry or business are known as ancillaries. The women entrepreneurs prefer to deal in consumer goods which have always a demand in the market. They prefer to deal in intermediate goods which are used in the production of other productsand mostly they are manufactured to the orders of large companies.

Main Entrepreneurial Traits of Women Entrepreneurs:

Following are main entrepreneurial traits of women entrepreneurs:

(i) Imagination:

It refers to the imaginative approach or original ideas with competitive market. Well planned approach is needed to examine the existing situation and to identify the entrepreneurial opportunities. It further implies that women entrepreneurs have association with knowledgeable people and contracting the right organisations offering support and services.

(ii) Attribute to Work Hard:

Enterprising women have further ability to work hard. The imaginative ideas have to come toa fair play. Hard work is needed to build up an enterprise.

(iii) Persistence:

Women entrepreneurs must have an intention to fulfil their dreams. They have to make a dream translated into an enterprise. Studies show that successful women have worked hard. They persisted in getting loan from financial institutions and other inputs. They have persisted in adverse circumstances and in adversity.

(iv) Ability and Desire to Take Risk:

The desire refers to the willingness to take risk and ability to the proficiency in planning, making forecast, estimates and calculations. Profits are the reward of risk. Enterprising women take risk but the risk is well calculated. It offers challenges where chances of survival and failure are on equal footing.

Scope of Opportunities for Women Entrepreneurs:

The modern world women has been able to overcome the hurdle of society's perception of considering them to the confined to the four walls of the house or viewing them as weak entrepreneurs caught up in limited business area such as papad making, pickle preparation food items, paintings, handicrafts, etc.

Factors Influencing Women Entrepreneurship:

i. Push Factors:

a. Death of bread winner
b. Permanent inadequacy in income of the family
c. Sudden fall in family income

ii. Pull Factors:

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

There are four motivating factors which influence a woman entrepreneur:

1. Recognition:

A woman entrepreneur is motivated by recognition in respect of admiration, regard, esteem and celebrity. It is communication tools that reinforces and rewards the most important outcomes entrepreneurs create for the business.

2. Influence:

It is the capacity or power of a person to be a compelling force on or produce effects on the actions, behavior, opinions, etc., of others.

3. Internal:

It is the main factor which motivates businesswomen. It is the internal factors which are very much important for the motivation. It includes creativity, respect, and happiness of other people.

4. Profit:

It is not the true motivation which influences an entrepreneur. Welfare of the employees, payment of tax to the government, is indirectly improving the living conditions of the entrepreneur. Thus the real motivation for Apple to create and sell popular products like ipod, iPhone and ipad is probably not money, but the interest.

Emergence:

This is a dynamic world and it is changing at a greater speed. Changes have accrued in all spheres of human activity including in their profession and vocation. Liberalisation has further accelerated the pace of changes. The results of change are tangible and apparent. It has contributed to the emergence of various classes of entrepreneurs including women whose entry was insignificant and difficult once upon a time. This is a boon for sustainedeconomic development and social progress.

The reasons attributed to this include the following;

i. Spread of Education and awareness
ii. Social transformation
iii. Technical and professional degrees
iv. Training programs
v. Government support, legal backup
vi. Aid from financial institutions
vii. Marketing support

Role of Woman Entrepreneurs in Society:

According to Pandit Jawaharlal Nehru, "When women moves forward, the family moves, the village moves, and the nation moves."

The role of women entrepreneurs is explained in the following points:

i. Employment Generation:

It implies that women entrepreneurs not only establish their enterprise, but provide job to others. Women entrepreneurship is about women's position in the society and their role as entrepreneurs in the same society. It can be understood in two ways, namely, at the individual level (number of self-employed) and at the firm level (number of firms owned by women and their economic impact). In this way, woman entrepreneurs have an important impact on the economy in terms of their ability to create jobs for themselves as well as for others.

ii. Economic Development:

It signifies that women entrepreneurs contribute to the gross domestic product of the country by establishing enterprises and producing goods and services. Due to their entrepreneurial activity, women entrepreneurs bring dynamism in market. In this way, they also help in increasing the national income of the country.

iii. Better Utilization of Resources:

It implies that the involvement of women in industrial development ensure the effective utilization of all available resources (labor, raw materials, capital). The issue of women in the industrialization process has been emphasized only in the last decade when the 'Declaration of Mexico in July 1975', the equality of womanhood and their contribution to individual development became the center of attention.

iv. Improved Quality of Life:

It implies that women entrepreneurs are now economically independent and take decisions independently. They are now capable of upbringing their children according to their wish. They are providing quality education to their children and a better living standard to their family members. They not only improve their living standards, but also the living standardsof others by providing them the means of earning.

Factors Responsible for Increasing Female Entrepreneurship in India

In spite of the growing number of female entrepreneurs, the share of female entrepreneurs is still significantly low when compared to their participation rate.

Several factors responsible for increasing the level of female entrepreneurship in India:

1. Nature of Entrepreneurship:

Women enter into entrepreneurial activity because regular employment does not provide them with the flexibility, control or challenge offered by business ownership.

2. Empowerment:

Indian women are becoming more empowered now-a-days. Legislations are being progressively drafted to offer them more opportunities at various levels.

3. Social Conditions:

For women, in particular, the relatively high involvement in necessary entrepreneurship indicates that self-employment is used as a way to circumvent institutional and cultural constraints with respect to female employment, as well as a way to provide supplemental family income.

4. Literacy and Education:

Increased levels of education have played a crucial role in initiating the process of entrepreneurship. It is not only the illiterate that are starting the businesses but those with education and skills are also exploiting profit opportunities.

5. Multitask Oriented:

Women are known for juggling many tasks at the same time and still producing excellent results. A woman can talk on the phone, open and read her email and schedule what else she needs to finish for the rest of the day all at the same time. Men have more trouble with this multitasking thing; therefore sometimes they miss many opportunities.

6. Being Patient with the Process:

This is an extremely important attribute for entrepreneurs to have. Too often we hear of visionary entrepreneurs who tried to start their businesses and after a few months gave up. Very often we find these entrepreneurs gave up on their dreams too soon. They became impatient with the process. Women know naturally that you must wait in order to receive positive outcomes.

7. Branding and Marketing Themselves:

Women are natural marketers. They are so passionate and enthusiastic about what they choose to do that they just do not stop talking about it. They don’t forget to emphasize the benefits of their services to their potential customers. They understand how to emphasize the positive.

8. Collaborator:

Women entrepreneurs are becoming more and more successful because they are natural collaborators and love doing project together. When they find likeminded women whom they like and think they can accomplish something with by combining their talents they do it. A collaborative spirit and attitude reigns with women a competitive attitude is rarely seen and considered unsavory when witnessed. Women do work they love to do and they feel great when they can do it with other women.

9. Structural Shift:

One of the primary drivers is a structural shift. Women are now a greater part of the economic make-up of society; there are more women in the workforce. They are resourceful, leaving the workforce to stay home and raise a family, re-entering when the kids are grown or working a flex schedule when their kids go to school.

10. It's the Blend:

One of the biggest reasons women entrepreneurs are now in the forefront is their desire to blend career and life ambitions. Their personal goals are oftentimes meshed with career goals. They put their passions into practice and it shines through in entrepreneurial endeavors. For them it's not just a job, it's a significant part of who they are.

11. Relating to Customers' Needs:

One of the biggest reasons women entrepreneurs are so successful is they are more conscious of their customers' needs. Men for the most part are not customers they're consumers. It is the big difference. As a woman they shop for price of course, but what is just as important is the buying experience. If the service is poor or they can't relate to the employees then it doesn't matter what it costs. It's all about word of mouth and customer loyalty.

12. Integrity of Relationships:

Women's ability to nurture the whole relationship is what makes them great as entrepreneurs. They naturally listen to understand, so they can connect across business boundaries to give solid integrity to relationships. Whether they are talking to a major account, negotiating with a vendor or coaching an employee, it's more than just about that one issue. Their want of making a wide and deep relationship is one thing of many that makes them great entrepreneurs.

13. Resourcefulness of Women:

There are a growing number of work-at-home moms starting a business from their homes while taking care of their families. Most do it to augment the income of their families, without leaving their homes. Others want to do something economically and financially productive with their time if a corporate career is out of the question at this point. Still others have stumbled upon an opportunity that can be done while staying at home to be with their children.

14. Women are Social:

Entrepreneurs now have to be engaged in social media to be successful. By nature, women are social. They can leverage social media in ways that can help jumpstart new businesses quickly and cheaply. Whether it is engaging customers via Twitter, blog, forum or Facebook, they are good at gathering people and starting conversations.

Segments of Women Entrepreneurs:

Four segments of women entrepreneurs exist, Self-help groups; those who are well served and mentored by microfinance institutions.

1. 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.

They are hungry for formal skills and training and can clearly articulate what they want to learn that will help them earn more. Domestic family, support, financial support and better infrastructure and mechanisation is what they ask for.

2. 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. Fairly well supported by the family, their biggest need is for know-how to take the 'quality of their business' to the next level. However, they do not want to scale too much, because to them, there is an optimal level beyond which, they believe their children will get neglected.

3. 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.

Association of Women Entrepreneurs:

One significant development that has taken place, in recent years, is the excellent role played by the various Associations of Women Entrepreneurs. Normally, their main object is to protect and promote the interests of women entrepreneurs. They try to help women enterprisers in expediting procedures and formalities required for getting license, if necessary.

The prominent Women Entrepreneurs Associations in the country are as under:

1. Women Entrepreneurs Association of Maharashtra. (WIMA)
2. Women's Wing of National Alliance of Young Entrepreneurs.

Women entrepreneurs are generally found in the following area of activity:

a. Agro-business industries.
b. Providing services such as running a canteen or even a petrol pump.
c. Undertake travel and tourism work.
d. Working as sub-contractor for providing raw material or for providing some services or spare parts to the large scale business unit.
e. Undertake specific sales and marketing work.

Financial Assistance:

Women face difficulties in getting loans from Bank and Financial Institutions for starting their business ventures. To overcome this difficulty Financial Institutions and banks have specialised schemes where in finance is available to women entrepreneurs on concessional terms. Two of such important schemes are Mahila Udyog Nidhi (MUN) scheme of Small Industries Development Bank of India and Stree Shakti Package of State Bank of India.

Mahila Udyog Nidhi:

This is a special scheme for the purpose of meeting the gap in the equity when women with inadequate resources venture come out to set their units. The scheme is re-finance scheme operated through State Financial Corporations and Scheduled Commercial Banks.

Stree Shakti Package:

It is a unique scheme run by State Bank of India, aimed at supporting entrepreneurship among women. It is available to enterprises where women own more than 50 percent of the share capital.

The following concessions are offered under stree shakti package:

1. The margin is lowered by 5 percent as applicable to that type of industrial unit.
2. When the loan amount exceeds Rs. 2 lakhs the interest rate is lowered by 0.5 percent.
3. In case of tiny sector units no security is required for loan up to Rs. 5 lakhs.

In addition women entrepreneurs receiving assistance under this package are also eligible to get financial assistance by way of interest free loans under the Equity Fund Scheme of SBI to fully meet their share of equity.

Institutions Assisting Women Entrepreneurs:

In India, large numbers of institutions have been setup for the purpose of promoting women entrepreneurs. They initiated different programmes for the development of women with the partial or full support from the central government and state governments.

They are:

Association of Women Entrepreneurs of Karnataka (AWAKE):

AWAKE was established in 1983. The main objective of its establishment was to help women to start their own business. It is one of the premier institutions in India which is working in the areas of training and helping the women to become entrepreneurs. The basic idea of this association is to empower women and join them in the economic mainstream. AWAKE is focusing its attention on both rural and urban women who have social and economic backwardness to make them self-reliant AWAKE designs EDPs.

1. **Federation of Indian Women Entrepreneurs (FIWE):**

This was founded in the year 1993 on the eve of 4th International Conference of Women

Entrepreneurs held at Hyderabad. The objective of it is to interact with various women associations of the country through its network to help the members in different activities.

Functions of FIWE:

a. It provides network facilities to women entrepreneurs in the country and abroad to develop their ventures.

b. It provides facilities to member associations in the field of marketing, quality control, exportmanagement, standardisation etc.

c. It helps the member associations to participate in national and international seminars, trade fairs, exhibitions to offer new exposure.

d. It helps member organization a better access to different business opportunities.

e. It helps member organizations to expand their business.

2. Self-Help Groups (SHGs):

A self-help group is a voluntary association of women in rural or urban areas formed to take care of group welfare. The group with the help of commercial banks and other NGOs get its needs satisfied. Each member of the group, according to byelaw, contributes little amount to cover seed money. The other part of Fund' will be taken care off by a financial institution or NGOs. Sometimes, governments also undertake to provide finance through financial institutions. In Karnataka, "Stree Shakti Sangh" scheme become very popular. It is providing funds to women entrepreneurs through financial institutions.

3. Mahila Udyog Nidhi (MUN):

Mahila Udyog Nidhi and Mahila Vikas Nidhi (MVN) of SIDBI have been assisting women entrepreneurs. MUN is an exclusive scheme for providing equity (i.e. seed capital) and MUN offers developmental assistance for pursuit of income generating activities to women. SIDBI has also taken a step to setup an informal channel for credit needs on liberal terms giving special emphasis to women.

4. The Trade Related Entrepreneurship Assistance and Development (TREAD):

This is a scheme envisaged by Ministry of small scale industries, Government of India. It helps women entrepreneurs to become economically strong. To achieve this objective, it provides trade related training, information, counselling and extension activities related to trades, products, services etc.

5. Bank of India's Priyadarshini Yojana:

Under this scheme the banks provides long term and working capital assistance under various categories.

6. Swarna Jayanthi Gram Swarojar Yojana:

This scheme has been in operation since April, 1999. The main objective of this scheme is to provide proper self- employment opportunities to rural women who are living below poverty line. The idea behind this is to improve the social and economic standard of rural women.
Under this programme, forming a group of 10-15 women was adopted and encouraged them to take up an economic activity accounting to their skills and locally available resources.

7. Rashtriya Mahila Kosha:

This fund was setup on March 30, 1993 to facilitate credit support to poor women for uplifting their socio-economic status. The Support is being extended through NGOs, Women Development Corporations, Dairy Federations, Municipal Councils etc., Rashtriya Mahila Kosh is planned to extend loan facilities through these organisations at 8 percent per annum interest. The financial assistance from this fund is totally security free and it doesn't insist for any kind of collateral security from organisations taking loan from it.

7. Other Schemes:

In addition to the above assistance, women entrepreneurs are also Untitled to financing under other government sponsored schemes where capital subsidy is available and the rate of interest is much lower.

They are:

(a) Indian Mahila Kendra
(b) Mahila Samiti Yojana
(c) Mahila Vikasnidhi
(d) Indira Mahila Yoj ana
(e) Working Women's Forum
(f) Women's Development Corporations
(g) Marketing of Non-Farm Products of Rural Women
(h) Assistance to Rural Women in Non-Farm Development Schemes
(i) Prime Minister's Rozgar Yojana (PMRY)
(j) Self-Employment Programme for Urban Poor (SEPUP)
(k) Integrated Rural Development Programme (IRDP)

Key Policy Recommendations:

The key policy recommendations to help the women to participate in entrepreneurial activity are as follows:

1. Ensuring the availability of affordable child care and equal treatment at the work place to increase the ability of women to participate in the labor force
2. Improving the position of women in society and promoting entrepreneurship by makingeasy access of women to finance
3. Creating government offices for women's business ownership with the responsibilities of providing women's business centers, organizing information seminars and meetings, and providing web-based information to those wanting to start and grow a business.
4. Incorporating a women's entrepreneurial dimension in the formation of all SME-relatedpolicies
5. Promoting the development of women entrepreneur networks
6. Evaluating periodically the impact of SME-related policies on the success of women-ownedbusinesses and the extent to which such businesses take advantage of them
7. Improving the factual and analytical supporting of our understanding of the role of womene– **Project Planning for Women Entrepreneurs**

Project planning can be done by female entrepreneurs for which they may take the help of the experts, depending on the type of project they are engaged in and in accordance with the guidelines issued.

Development of Women Entrepreneurs:

Women entrepreneurs in India have been playing a very important role in business or industry since their entry into this section. The Government of India has been giving increasing attention to them to improve their performance and play a significant role in the economic development of the country through self-employment and industrial ventures.

Several policies and programmes have been formulated by the Government to develop women entrepreneurs in India.

a) Women Entrepreneurial Development Programmes (WEDPs)
b) Marketing Development Fund for Women Entrepreneurs (MDFWE)
c) Mahila Udyam Nidhi (MUN)
d) Mahila Vikas Nidhi (MVN)
e) Micro Credit Scheme (MCS)

i) Industrial Estate for Women Entrepreneurs – There has been an insistent demand for setting up industrial estates particularly for women entrepreneurs. The Andhra Pradesh State Government has supported for setting up industrial estates exclusively for women in three districts.

These industrial estates are meant for (a) setting up electronics, garments, food processing, printing, bio-technology, handmade paper, small engineering units, accessories etc. (b) export- oriented units like mushroom processing, computer hardware and software etc, and (c) software Technology Park for women within the industrial estate.

2) Consortium of Women Entrepreneurs of India (CWEI) – It is a common platform to help the women entrepreneurs in finding innovate techniques of production, marketing and finance in the context of the opening up of the economy and the need for upgradation of technology. It consists of (a) NGOs, (b) Voluntary Organisations, (c) Self-help Groups, (d) Institutions and (e) Individual Enterprises from urban and rural areas.

3) Mahila Vikas Nidhi – Under this scheme, a cumulative help of Rs. 80.4 million has been sanctioned during the period of 1999-2001 to 155 NGOs/Agencies benefitting around 21,350 women entrepreneurs, for providing training and employment opportunities to women in rural areas. The training centres set up by NGOs mostly relate to activities such as sericulture, spinning, weaving, block printing, handicrafts, handloom products etc.

4) Micro Credit Scheme – This scheme of Rs. 810.50 million has been sanctioned by SIDBI i.e. Small Industries Development Bank of India to 169 MFIs benefitting over 4,42,000 poor women since the inception of this scheme.

5) Prime Minister's Rozgar Yojana – Under this scheme, Women-oriented schemes of IDBI, SFCs (State Finance Corporations, KVIC etc. have been introduced for the benefit of women entrepreneurs by granting loans.

6) Rastriya Mahila Kash – This was set up in 1993 for providing micro credit poor women who have no access to financial institutions at reasonable or fair rates of interest.

7) Training Programmes – Various training programmes have been started by the Government of India exclusively meant for women for self-employment. The training programmes include Support for Training and Employment Programme of Women (STEP), Development of Women and Children in Rural Areas (DWCRA) and setting up of Training-cum-Employment-cum- Production Units (NORAD).

8) District Industries Centres (DICs) – These centres have arranged various lectures, seminars etc. in girls colleges and technical institutions.

9) University Grants Commission (UGC) – The UGC has introduced the subject of entrepreneurship as a compulsory subject in the curriculum in the colleges of all universities in India.

Thus, various measures have been implemented by the Central Government and State Governments and other associations and organistions for the development of women entrepreneurs.

Following are the few suggestions for the development of women entrepreneurs:

1. Women should be considered as a specific target group for all developments.
2. Government should provide better educational facilities and schemes.
3. More Governmental schemes should be launched to motivate women entrepreneurs to engage in small scale and large-scale business ventures.
4. Adequate training programme has to be conducted for the women entrepreneur.
5. Continuous monitoring and improvement of training programmes is essential for grooming women entrepreneurs.
6. Making provision of marketing and sales assistance from government part.
7. To encourage more passive women entrepreneurs the Women training programme should be organised that taught to recognize psychological needs and express them.
8. The financial institutions should provide more working capital assistance both for smallscale venture and large scale ventures.

Motivational and Empowerment Factors for Women Entrepreneurship:

Following are few suggestions for development of women entrepreneurs:

1. Encourage women's participation in decision making.
2. Training in professional competence.
3. Counseling through the aid of committed NGOs.
4. Continuous monitoring.
5. Women entrepreneurship guidance cell system.
6. Better educational facilities and schemes should be extended to women.
7. Consider women as specific target group for all developmental programme.
8. Adequate training programme on management skills to be provided to women community.

Progress: few known women entrepreneurs:

Entrepreneur Dr. Kiran Mazumdar-Shaw, Chairman and Managing Director of Biocon Ltd. – The business and managerial skills of Dr. Kiran Mazumdar-Shaw has made her one of the richest business entrepreneurs in India. She ranks among the elite ranks of the Indian business fraternity and is a member of premier business organizations like CII, MM Bangalore and others.

Ekta Kapoor, creative head of Balaji Telefilms – The daughter of star actor Jeetendra and sister
of Tushar Kapoor, Ekta Kapoor is known in almost all Indian households for her K series serials. She is one of the front runners of Indian television industry and has been responsible for the huge profits of her company Balaji Telefilms. Balaji has made crores of

profit under her.

Sunita Narain, an environmentalist and political activist – A renowned social activist fighting for the importance of the Green concept of sustainable development, Sunita Narain has made India proud. She has been currently chosen as the director of the Society for Environmental Communications. She was also awarded the prestigious Padma Shri award in 2005.

Neelam Dhawan, Microsoft India managing director – A major name in the Indian business scene, Neelam Dhawan is the managing director of the Microsoft's sales and marketing operations. She is well known for implementing business strategies which have earned enormous profits for Microsoft.

Naina Lai Kidwai – Naina Lai Kidwai was listed by Fortune magazine as the World's Top 50 Corporate Women. She is the first Indian woman to crack the prestigious Harvard Business School. She is one of the top ten business women and the first woman to head the operations I of HSBC in India was awarded the Padma Shri award for her work.

Sulajja Firodia Motwani – Sulajja Firodia Motwani, a known name in Indian business is currently the Joint Managing Director of Kinetic Engineering Ltd and manages the overall operations and business development strategies. She has been nominated as the business 'Face of the Millennium' by magazine India Today and also as the 'Global Leader of Tomorrow' bythe World Economic Forum."

Mallika Srinivasan, Director of TAFE India – Named as the one of the top ten business women of the year in 2006, Mallika Srinivasan is the director of TAFE India. Her skills and strategies have helped the company earn profits from a meagre Rs. 85 core to a mammoth Rs. 2,900 cores. She is also a leading figure in social services.

Dr. Jatinder Kaur Arora – Dr. Jatinder Kaur Arora has made India proud through her scientific research for development of women. Presently serving the prestigious post of a joint director in the Punjab State Council for Science and Technology, she was honoured with the national award for her brilliant works.

Zia Mody, Senior Partner – Zia Mody was listed as one of the top 25 most powerful business women by Business Today. Her strategies have helped AZB and Partners earn great profits. She has also been awarded as the Best Knowledge Manager by Financial Express.

Ritu Nanda, CEO, Escolife – The daughter of ace film personality, Raj Kapoor, Ritu Nanda has made her presence felt as one of the prominent business women of India. Currently serving as the CEO of Escolife, she was awarded the Best Insurance Advisor and entered the Guinness Book of Records for selling 17,000 pension policies in a day.

How to Develop Women Entrepreneurs? (With Efforts):

Right efforts in all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities.

Women Entrepreneurship in National Perspective:

Women entrepreneurs are the women who explore the prospects of opening a new enterprise; undertake risks, bring about innovations, coordinate administration and control of business and provide effective leadership in all aspects of business. They have curved out a commendable position in the traditionally male dominated arena of business. According to the Census of India 2011, female population of India is 586,469,174 which constitute 48.5 percent of the total population.

Comparison between Women and Men Entrepreneurs:

Women Entrepreneurs:

1. Occupational Background:
i. Housewife
ii. Service related occupational background

2. Sources of Funds:
i. Family and personal funds
ii. Personal loans

3. Reasons for becoming an Entrepreneur:
i. Earning extra money for the family
ii. Keeping oneself gainfully occupied
iii. Inability to seek wage employment
iv. Lack of growth in the present job.

4. Motivation:
i. Flexibility in working hours
ii. To be independent
iii. Achievement – accomplishment of a goal

5. Personality:
i. Flexible and Tolerant
ii. Goal oriented
iii. Adequate self confidence
iv. Enthusiastic and energetic
v. Creative and realistic

6. Support Group:
i. Close friends
ii. Family and husband
iii. Women organisations.

Men Entrepreneurs:

1. Occupational Background:
i. Experience in line of work
ii. Competence in managing business

2. Sources of Funds:
i. Personal savings
ii. Bank finance
iii. Investors.

3. Reasons for becoming an Entrepreneur:

i. Job frustration

ii. Side activity of present job

iii. Grabbing an opportunity

4. Motivation:

i. Self-image as it relates to status

ii. Desire to grow faster

iii. Achievement – strive to make things happen.

5. Personality:

i. Goal oriented

ii. High level of self confidence

iii. Enthusiastic and energetic

iv. Innovative and idealistic.

6. Support Group:

i. Professionals

ii. Family

iii. Business associates.

Barriers in the Path of Women Entrepreneurs:

There are many barriers or constraints that restrict the expansion of women entrepreneurship.

The major barriers in the path of women entrepreneurs are as follows:

1. Financial Problem:

It refers to the major problem of women entrepreneurs that arise due to the lack of access to funds. It is really difficult for them to arrange the requisite fund as they may not possess any tangible security and credit in the market. Generally, the family members of women entrepreneurs do not have confidence in their capability of running the business successfully. Women entrepreneurs even face problems in financing day-to-day operations of enterprises, including purchasing of raw materials and paying wages to labors. The lack of access to funds makes the condition of women entrepreneurs extremely vulnerable. The complexities and the complications in the process of obtaining bank loans usually deter women from establishing enterprises.

2. Production Problem:

Production problem act as a main problem that discourages women to be entrepreneurs. The data shows that the participation of women entrepreneurs in the production is minimal due to complications involved in the production process. In a manufacturing enterprise, production involves the coordination of a number of activities. Improper coordination and delay in execution of any activity cause problems in production. This may become difficult for women entrepreneurs to coordinate and control all the production activities.

3. Marketing Problem:

Marketing problem refers to the problems of women entrepreneurs in marketing their products or services. Lack of mobility and heavy competition in the market makes the women entrepreneurs dependent on middlemen. Middlemen take a huge amount of money to market the products. Women entrepreneurs lack information on changing market and find it difficult to capture the market and make their products popular.

4. Socio-Cultural Barriers:

Socio-cultural barriers refer to the constraints and barriers imposed on women entrepreneurs by the society. In conventional countries, such as India, the major role of a woman is acknowledged towards her family. She has to perform primarily her family duties irrespective of her career as a working woman or an entrepreneur. A woman entrepreneur has to bear double responsibilities, she has to manage her family as well as her business.

In our society, more importance is given to educating a male child than a female child. This results in lack of education and vocational training of women. Lack of education and technical skills becomes the root cause of lack of awareness of opportunities available by women entrepreneurs. Our society even gives more preference to male labor than to female labor. A male labor is paid more wages than a female labor. It is ascertained that male labor force are generally reluctant to work under a female boss.

5. Lack of Confidence:

It refers to the personal problem of women entrepreneurs. Women have been dependent on their family members for a long time. They have been always protected and guided by the male members of their family. Right from taking any decision to going anywhere they are accompanied by male. This makes women feel less confident even about their own capabilities.

Despite these all barriers women entrepreneurs have proved themselves in all the walks of industrial activities. They are successfully performing and managing their roles at work and home. They have made a great level of adjustment and tuning between two roles of a woman. They are confident, creative, and are very much capable of running an enterprise, regardless of all the barriers in their path. They are equally talented as men and need a congenial environment to grow themselves.

Entrepreneurship does not depend upon man or woman. It is an attitude of mind and requires suitable motivation duly supported by cordial external conditions. Therefore, women entrepreneurs need to be supported by congenial environment to develop the risk-taking and decision-making qualities.

Operational Problems Faced by Women Entrepreneurs:

Women as entrepreneurs may face certain problems while working that could demoralize them completely at the outset.

However, with little grit, perseverance, and devotion they could overcome most of challenges and emerge stronger.

i. Product Choice:

First problem, albeit not unique to gender, is the choice of the product or service. Ability to choose and decide to undertake a manufacturing or trading activity with an inclination to take calculated, moderate risks have to be cultivated among women like any other entrepreneur.

ii. Identity:

Some aspiring women could face a mental block regarding their identity. In a deeply patriarchal society they are often identified as wife, daughter, and mother, which eclipses their individuality. Seldom are they confident of their abilities and skills. Once this block is overcome, they can become successful entrepreneurs and create an independent identity for themselves and their products or service.

iii. Marketing:

A majority of women entrepreneurs face marketing problems. Since some play multiple roles in their respective enterprises, they have to prioritize their duties which more often than not results in giving less importance to marketing.

iv. Accounts and Finance:

The general perception is that women are good at maintaining records and are very calculative in their financial matters. But this alone does not help them significantly. Most entrepreneurs do not have adequate knowledge about accounting, and are also ignorant about banking terminologies and procedures. This may be because they might have given more significance to production and sales. Although accountancy and financial management are separate subjects altogether, women should familiarize themselves with elementary knowledge of the same.

v. Motivation:

Not all women are fortunate to have cooperative and understanding family members in the event of failures. Initiative, independence, self-confidence, positive thinking are among the qualities that should be nurtured to make a positive impact on the business.

vi. Problem-Solving:

Most women in spite of their abilities face stress and strain when problems arise. This again may stem from the dual responsibility on the domestic and professional front, which are mostof the time in conflict.

vii. Life Style:

The life style of a woman entrepreneur distinctly differs from that of '9 a.m. to 5 p.m.' executives and could entail keeping uncertain working hours.

All these aspects must be fully understood by those interested in promotion of women entrepreneurship.

Suggestions for Increasing Women Entrepreneurs

The women entrepreneurs are less in India than any other developed countries, since they face social, cultural, economic, technical problems. Venture means a small enterprise and it will become an enterprise which deals with comparatively large scale units and will become an entrepreneur in the end.

There is a need of entrepreneurs and it can be gapped to some extent if women entrepreneurs also increase in number.

Several women conferences have concluded to encourage women entrepreneurship:

1. Female fetus should not be aborted and given preference.
2. Girls should be imparted education and be given equal rights in nutrition, education, training and skill building activities and in employment.
3. Along with the fact that they should be given equal right in employment they should be paid equally for equal work done.
4. Women should be given freedom to invest in properties and sharing of income.

5. Private agencies and firms should provide them loans without any partiality and on lowerrates, if possible, after legal formalities and search for authenticity.

Measures to Strengthen Women Entrepreneurship:

To strengthen women's entrepreneurship, all the present development programmes and policies should be planned properly and implemented effectively in order to attain self-sufficiency and self-reliance.

"Women constitute half of the world's population, accomplish about two thirds of its work hours receive one-tenth (1/10) of the world's income." — Union Commission on status of Women

The following measures can strengthen self-employment, which will generate additional income leading to economic independence of women:

1. Identification and organization of innovative and high income generating activities suitable for woman.
2. Development of entrepreneurship abilities of women by organizing special types oftraining.
3. Encouraging women through formal and non-formal education to involve themselves in the entrepreneurship effective planning at the micro level.
4. Adequate representation of women experts in case of women related developmentplanning.
5. Central and state Govt. to place more emphasis on untouched areas to involve women.

Growth and Future Challenges:

1. Women's entrepreneurship as an untapped source of economic growth;
2. Women have a lower participation rate in entrepreneurship than men;
3. Women choose different industries than men do;
4. Such industries are perceived as being less important to economic growth anddevelopment;
5. Mainstream government policies and programmes do not take into account specific needs of women entrepreneurs.

DIFFERENT SEGMENTS OF ENTREPRENEURIAL ENVIRONMENT:

Introduction

- Entrepreneurship environment refers to the various facets within which enterprises-big, medium, small and other have to operate. The environment therefore, influences the enterprise. By and large, an environment created by political, social, economic, national, legal forces, etc influences entrepreneurship.
- Entrepreneurial environment is broadly classified into six important segments, namely, (1) Political environment, (2) Economic environment, (3) Social environment, (4) Technological environment, (5) Legal environment, and (6) Cultural

environment

Environment

- **Political-**Political Atmosphere, Quality of Leadership
- **Economic-**Economic Policies, Labour, Trade, Tariffs, Incentives, Subsidies
- **Social-**Consumer, Labour, Attitudes, Opinions, Motives
- **Technological-**Competition And Risk, Efficiency, Productivity, Profitability
- **Legal-**Rules, Regulations
- **Cultural-**Structure, Aspirations And Values

Private Enterprise and Development

The existence of uncertainty in the economic call for the attention of entrepreneurs to play a leading role in the growth process.
Individual entrepreneurs such as farmers and small businessmen and individual enterprises
.

Entrepreneurial Urge

Entrepreneurship is the creative 'elan' of industrial development, which for historical reasons is feeble in backward areas. It is not feasible to expect entrepreneurial urge among people wholive in poverty, illiteracy and ignorance

Significance of Entrepreneurial Environment

A study of socio-political and economic environment has a great social and economic significance to the growth of entrepreneurship. Modern business is treated as a social and economic institution and is affected by the political, social and economic forces. The political environment, industrial policy, licensing policy, foreign exchange regulations, backing policy, technological development and social change form the framework within which an enterprise
has to work. It is for these reasons that all business plans must be based on the immediate

Infrastructural Network

It has been argued that the development of industries be preceded by development of agriculture which introduces certain economic changes that culminate in industrial activities. "
protection and quantitative restriction should be directed at the types of product and technique which cater for a highly unequal income distribution and reflect entrenched vested interests" (Paul Streeten: "Industrialization in a United Development Strategy," World Development, January, 1975). Actually the production of simple goods depends on the character and potential of a particular backward areas; and the essential infrastructure so development that it would be capable of sustaining active linkages between the subsidiary units in the villages and the central unit.

Environmental Analysis

- Identify the beneficiaries or target group

- Analyse the environment for immediate feasible enterprises in an integrated manner;
- Delineate the linkage and institutional arrangement;
- Recommend appropriate organizational structures to provide necessary promotional support.

What tax and monetary benefits are available for women entrepreneurs in india?

To encourage women entrepreneurs, the Indian government offers them certain tax and monetary benefits. These include property tax rebate, stamp duty concession, low interest rates on home loans, credit subsidy for houses etc.

Stamp duty concession on registration of property

Stamp duty concession is offered by some states if a property is registered under the name of a woman. According to the Delhi government's official website, stamp duty rate (payable at the time of registration of property if it is acquired by sale deed/conveyance deed/gift deed) for a male is 6% and for a female is 4%.

Property tax rebate

Some municipal corporations also offer rebate on property tax. Here also, the rates vary from one municipal corporation to another within a state. So, women must look for these conditions before getting their property registered.

To encourage women, certain tax and monetary benefits are offered to women by the Indian government.

Lower rate of interest

Apart from concession on stamp duty and rebate on property tax, women are also offered lower rate of interest on home loans by banks for property registered under a woman's name. State bank of India offers a concession of five basis points or 0.05% (1 bps=0.01%) for home loans to women.

Credit subsidy on purchase of house

Under the 'housing for all' Programme, the house for which subsidy is availed under the pradhan mantri awas yojana (pmay) should either be co-owned by a woman or the woman should be applicant of the subsidy.

Income tax slabs

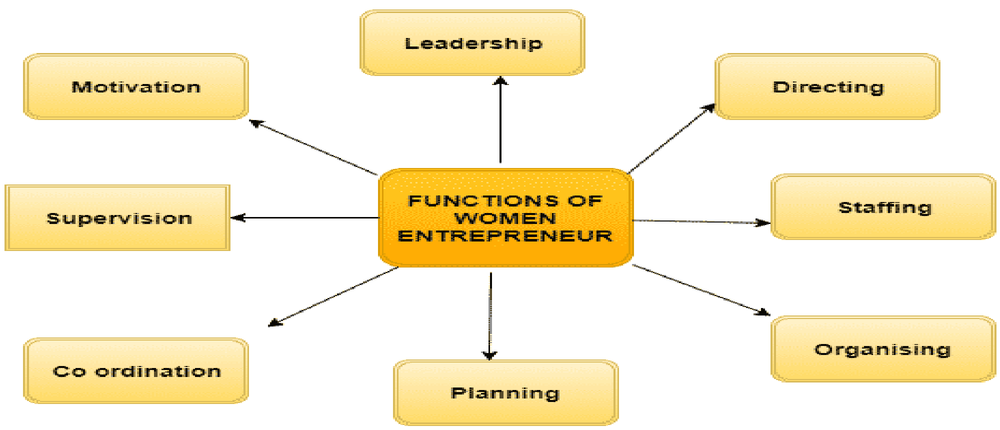
Tax slabs for ay 2022-23

Existing tax regime		**New tax regime u/s 115bac**
Income tax slab	**Income tax rate**	**Income tax rate**

Up to ₹ 5,00,000	**Nil**	**Nil**
₹ 5,00,001 - ₹ 10,00,000	**20% above ₹ 5,00,000**	**5% above ₹ 2,50,000**
Above ₹ 10,00,000	**₹ 1,00,000 + 30% above ₹ 10,00,000**	**₹ 12,500 + 10% above ₹ 5,00,000**

Functions of Women Entrepreneur in Entrepreneurship Development

<u>Functions of woman entrepreneurs</u>



1. Planning

Planning is the basic managerial function of a woman entrepreneur. It helps in determining the course of action for achieving various entrepreneurial objectives like what to do when to do, how to do and who will do a particular task.

2. Organizing

Every woman entrepreneur needs personnel to look at the different aspects of the enterprise. She sets up the objectives, goals to be achieved by its personnel. The function of organizing is to arrange, guide, coordinate, direct and control the activities of other factors of production i.e. men, materials, money, and machines so as to accomplish the objectives of the enterprise.

3. Staffing:

Every woman entrepreneur has to perform the function of staffing which includes manpower planning, recruitment, selection, and training, placement of manpower, development, promotion, transfer, and appraisal, and determination of employee remuneration.

4. Directing

Directing is concerned with carrying out the desired plans. It initiates organized and planned activities and ensures effective performance by subordinates towards the accomplishment of group activities.

5. Leadership

A woman entrepreneur has to issue various orders, instructions and guide her subordinates in their work to improve their performance and achieve enterprise objectives. It is the ability to build up confidence and zeal among people and to create an urge in them to be a successful leader, she must possess the qualities of foresight, drive, initiative, self-confidence, and personal integrity.

6. Motivation

A woman entrepreneur has to provide some personal incentive to the subordinates to motivate, persuade and inspire them for contributing their best towards the achievement of enterprise objectives.

7. Supervision:

After giving instructions, the woman entrepreneur has to see that the given instructions are carried by subordinates at work to get the required and directed work done and to correct the subordinates whenever they go wrong.

8. Coordination

Coordination is one of the most important functions. It creates a team spirit and helps in achieving goals through collective efforts to provide unity of action in the pursuit of common objectives.

9. Controlling

Controlling is the process that enables to get its policies implemented and take corrective actions if the performance is not according to the pre-determined standards.

Importance of Women Entrepreneurs

- She wanted to be the boss.
- She had a lot of ideas.
- She wanted to change the world.

Creating Economic Impact

In 1980, only half of women participated in the workforce compared to nearly 80% of men and only 15% of women held bachelor's degrees.[2] Today, women make up the majority (56%) of college students,[3] and account for 47% of the total workforce in the U.S.[4] In addition, women are founding companies at a historic rate, with more than 9 million women-owned businesses in the United States today.[5]

Creating Diversity and Social Impact

The women-owned movement has brought immense diversity to the business world and has made it stronger than ever. Rose Leadem from Entrepreneur Magazine, once wrote: “Female entrepreneurs and executives are creating new models of leadership and providing organizations with valuable insights and solutions.”

1. Funding

When Congress passed The Women’s Business Ownership Act in 1988, it legally ended discrimination in financial lending and eliminated state laws that required married women to have a husband co-sign for all loans. Lenders were quick to recognize this as a great opportunity and by the early to mid-1990s, we saw a significant increase in the launch of financing initiatives to help aspiring women entrepreneurs. Wondering whether or not these legislative and lending initiatives made an impact? You bet they did! A study performed by American Express found that, from “1997 to 2013, the number of women-owned companies increased by 59 percent, while revenues from those companies grew by 63 percent.” Not to mention that today, one in five U.S. businesses with revenues of $1 million or more is women-owned.[7]

2. Mentorship

We recognize that starting a business can be a frightening journey for anyone, but remember, it was not until 1988 that women could obtain a loan without a co-signer. So while men have been entrepreneurs for centuries, this is still relatively new to most women. That is why having a trusted mentor can be instrumental to success.

3. Experience

We also need to continue supporting programs that give women the education and experience required to tackle the entrepreneurial world. Currently, there are groups at a more local level, like the Center for Women & Enterprise (CWE), that help women, as well as minorities and veterans, get the training, assistance and mentoring that they need to attain success. In addition to partnering with fellow WBEs and serving on The Women’s Enterprise Forum, Polaris Direct continues to be involved in our regional WBENC chapter. Our CEO and co-founder, Judith Maloy, serves on the New Hampshire CWE Advisory Board—promoting and supporting women entrepreneurs at all levels.

Driving Change

Let’s not forget those female entrepreneurs are also the key to shaping the next generation. When it comes to motivating young women, they are leading by example; influencing their attitudes and ambitions. While high-level female role-models, like Cheryl Sandberg and Sara Blakely, are incredibly inspiring, don’t discount the value of local-level women in business.

A survey shows the following reasons for women to become the entrepreneur

- Lack of job opportunity
- The increasing cost of living
- Due to high education, they are entering into entrepreneurial activities
- A lot of opportunities in a market
- Family background of having business

In India women, entrepreneurs are classified as follows

1. Women with adequate education & professional qualification get engaged in the business
2. Middle-class women who have an education but lack training
3. Women who take up a business enterprise who face financial difficulties

Government Of India has made certain efforts through industrial policies

- **7-5 year plan**

This plan has included a special provision for the development of women.1991 industrial policy highlights a special training programme to develop women entrepreneur. The objective of these plans was to increase the number of women in the field of small industry & to create self-employment

- **8-5 years plan**

This plan gave importance to the development of the SSI sector. Before the implementation of this plan, the percentage of women entrepreneur was 9 % & was targeted to 20%

In 1996 the Department of SSI under the ministry of industry had taken initiative to train lakh women entrepreneurs. Through various schemes like

1. Mahila Gramudyog Scheme
2. Jawahar Rojagar Uyojaga Scheme
3. Ibis Mahila Udyog Vidhi
4. Urban Poverty Education Programme
5. Scheme Of Nabard
6. Shakti Package for Women's
7. Schemes of SBI

These were to stimulate growth among women

There is a federation of the society of women entrepreneur which also supports women entrepreneur. Besides this at state level also various programs are conducted

For Eg –women Industrialist Association of Maharastra was set up in 1985

CHALLENGES AND PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA WHILE STARTING A BUSINESS

PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA

Here are the 15 common challenges and problems that every women entrepreneur faces while starting a business in India and how to overcome them:-

1. Fewer sectors are Women friendly
2. Lack of Social and Institutional Support
3. Poor Funding Prospects
4. Lack of Access to Professional Networks
5. Pressure to Stick to Traditional Gender Roles
6. Lack of an Entrepreneurial Environment
7. Limited Mobility
8. Lack of Education
9. Low Risk-Bearing Ability
10. Balancing Responsibilities between Family & Business
11. Stiff Competition
12. Limited Industry Knowledge
13. Missing Role Models
14. Social Construct
15. Safety Concerns

1. Fewer sectors are Women friendly

Despite the policies and measures to promote gender equality, men still dominate India's entrepreneurial ecosystem. According to a recent report, most women-owned businesses in the country operate in low-revenue sectors, while men control the more profitable sectors like manufacturing, construction, and the like.

The male-centric nature of many industries also forces women entrepreneurs to operate in sectors that are historically called "women-friendly", such as education, apparel, and beauty care, among others. It limits their experience, opportunities, and capabilities to a significant extent.

2. Lack of Social and Institutional Support

Most women business owners don't get the social support they require to kick start their business from families, peers, and immediate ecosystems. Lack of mentorship from the business community is also one of the main challenges faced by women entrepreneurs in the country.

The case is no different when it comes to institutional support. Though there are schemes for promoting female entrepreneurship, many women don't receive timely guidance or help from authorities. The absence of a proper support network adversely impacts their confidence and ability to take risks.

3. Poor Funding Prospects

As unfair as it might sound, the funding scene in India has massive gender biases. Women-led businesses in the country lack access to capital due to the prejudices of investors and other factors. According to a report by Innoven Capital, of all the companies that received funding in 2019, only 12% had at least one female founder.

Many VC firms and angel investors are reluctant to invest in women-led businesses, while banks and financial institutions consider women less credit-worthy. Moreover, many Indian women don't have property or assets in their name, which comes up as a problem while applying for collateral loans or private financing.

4. Lack of Access to Professional Networks

Limited access to professional networks is another one of the basic problems of women entrepreneurs in India. According to the Google-Bain survey, female business owners are less integrated with formal and informal networks. The survey further indicates that over 45% of urban small business owners suffer due to insufficient avenues of network development.

Studies also show that most of the existing professional networks are dominated by men, making it difficult for women to access or navigate such spaces. Consequently, they miss out on opportunities to grow their business, find collaborators and vendors, and build social capital.

5. Pressure to Stick to Traditional Gender Roles

Patriarchy conditions both men and women to play certain defined gender roles. Women are expected to cook, do domestic chores, raise kids, care for the elderly, and the like. Juggling familial and professional responsibilities is a challenge in itself, and even more so when you set out to build a brand.

The pressure to stick to traditional gender roles is among the main challenges faced by women entrepreneurs. Often, they are asked to give up entrepreneurship and take up an “easy” profession that helps them focus more on family and kids. What’s more, a woman who chooses her career over other things is looked down upon.

6. Lack of an Entrepreneurial Environment

Entrepreneurship is a long journey that involves a lot of learning, un-learning, and upskilling. An environment that exudes a strong entrepreneurial spirit is crucial for a person to become a successful business owner. However, many women often suffer from the lack of such a productive environment.

To begin with, many women are forced to manage their businesses from home due to familial responsibilities. Consequently, they lose out on opportunities to go out, interact with the business community, and build their market access. It also impedes their learning opportunities, access to resources and mentors, and more.

7. Limited Mobility

Limited mobility is one of the basic problems of women entrepreneurs in India. They cannot travel alone or stay at hotels for business purposes without worrying about safety. What’s more, many hotels in India still don’t allow women to check-in unless accompanied by a man!

Though many financially independent women have started investing in vehicles, the number of women owning motorized vehicles in India is still fewer than men. All these factors come together to restrict the mobility of female business owners.

8. Lack of Education

One of the biggest credentials for a modern entrepreneur is having prior experience in running a successful business. To supplement the lack of experience in running a business the entrepreneur should have professional experience of working in the relevant industry or a business management degree. Unfortunately in India, the education of women does not get its due importance. This results in many budding female entrepreneurs lacking the education required for running a successful business. As women are getting access to higher education, they are leveling the playing field.

9. Low Risk-Bearing Ability

In order to invest in and run a successful business, the entrepreneur needs to be able to bear some inherent risk. Women often do not have financial freedom and do not have practice in making independent decisions. They also lack confidence in their own decisions, which makes them risk-averse. This is gradually changing as with each passing generation women are taking charge of their finances and mitigating the risks.

10. Balancing Responsibilities between Family & Business

Family is often seen as an extension of women. It is expected from married women to enter motherhood within a certain age and also play a major role in rearing their children. This also leads to the young mothers having to take a break from their careers and prioritize their families. Running a business is a demanding task that often puts women in conflict with their family commitments and even makes them feel guilty about prioritizing their business.

11. Stiff Competition

The modern economic environment and market conditions have made the competition between businesses fierce. They face challenges from their competitors as well as competition within their business for leadership. They need to prove their worthiness every step of the way to their colleagues and investors to gain their confidence. They also need to manage a lot of output while using limited resources for the survival of their business.

12. Limited Industry Knowledge

Many industry sectors such as manufacturing are still seen as men’s forte. Women do not have access to the industry contacts, mechanisms, and know-how that are necessary for running the business successfully. Despite the gradual breaking of stereotypes, there is still a general lack of exposure in these areas. Being educated in STEM disciplines (science, technology, engineering, and mathematics) can bridge the gap that woman entrepreneurs currently face. Digital literacy has also brought the revolution in empowering women to gain the right tools in gaining the right knowledge.

13. Missing Role Models

One of the big challenges that budding women entrepreneurs face is that they do not have enough positive role models. Because of the lack of role models, it is difficult for them to visualize how would success look like. They also have difficulty finding women mentors and coaches who can groom them and provide meaningful feedback. They also struggle to find insightful articles and literature that can provide insights into their professional and personal challenges.

14. Social Construct

Due to the long-standing patriarchal tradition in the country, gender roles have been stringently designed. The women have been confined to a supportive role and it is not expected from them to take a lead in the business and professional world. Although this view is changing, it still causes frequent conflicts and rifts in the social life of budding women entrepreneurs. There are still persisting negative stereotypes that women are not fit for leadership roles, which need to be broken.

15. Safety Concerns

The poor state of law and order has given rise to crime against women. The hostile and risky environment poses serious challenges for women entrepreneurs who need mobility to manage their business ventures. This limits the women from reaching many locations on their own and sometimes necessitates the company of a man for simply their safety. With important law reforms, vigilant law enforcement, and an effective judicial system, the situation can be sufficiently improved to create a safer environment for women attempting to enter entrepreneurial roles.

Motivating Factors of Increasing Women Entrepreneurs in India

In this age in India, we can proclaim proudly that women entrepreneurs in our country is not an uncertain phenomenon. While Indra Nooyi, Kiran Mazumdar Shaw, and the likes paved path for women to step forward and conformed their spots in the boardrooms, a couple of decades ago, women in our country have adopted entrepreneurship in small and medium scale from ancient times though most of it began with a compulsion to manage their families and homes.

Women Empowerment

The contemporary Indian woman is no more in a want-based environment significantly. Taking the forefront in entrepreneurship is now a matter of preference and women are no more restricting themselves to specific sectors but their ingenuity and skill span across sectors – starting from traditional sectors such as handicrafts and textiles, agro-products, food processing, women entrepreneurs are currently venturing across sectors such as agro-products, hospitality, BFSI, real estate development, ITES, Pharmaceuticals, tourism, etc.

Export Oriented Units 100% EOU Incentives Fiscal and Special Package for Star Export House.

EOU Incentives

- 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.

Attractive Policy Provisions for EOUs :

- EOU can also import second hand capital goods without any age limit.
- 50% of physical exports can be sold in domestic market on payment of concessional duty.
- EOUs can process and export rice (Basmati & Non-Basmati).
- EOUs including Gem & Jewellery units are permitted to sub-contract upto 50% of their production (or) production process in DTA / other EOUs.
- EOUs are allowed to utilize plant and machinery for job work DTA units provided the goods are exported directly from the EOU premises.
- EOUs in Agriculture and allied sectors and in granite sector may transfer the capital goods and

UNIT V: START-UPS AND INCUBATION

Startup defined: A startup is a young company established by one or more entrepreneurs to create unique and irreplaceable products or services. It aims at bringing innovation and building ideas quickly.

Types of Start-ups

1. **Scalable startups:** Companies in a tech niche often belong to this group. Since technology companies often have great potential, they can easily access the global market. Tech businesses can receive financial support from investors and grow into international companies. Examples of such startups include Google, Uber, Facebook, and Twitter. These startups hire the best workers and search for investors to boost the development of their ideas and scale.
2. **Small business startups:** These businesses are created by regular people and are self-funded. They grow at their own pace and usually have a good site but don't have an app. Grocery stores, hairdressers, bakers, and travel agents are the perfect examples.
3. **Lifestyle startups:** People who have hobbies and are eager to work on their passion can create a lifestyle startup. They can make a living by doing what they love. We can see a lot of examples of lifestyle startups. Let's take dancers, for instance. They actively open online dance schools to teach children and adults to dance and earn money this way.
4. **Buyable startups:** In the technology and software industry, some people design a startup from scratch to sell it to a bigger company later. Giants like Amazon and Uber buy small startups to develop them over time and receive benefits.
5. **Big business startups:** Large companies have a finite lifespan since customers' preferences, technologies, and competitors change over time. That's why businesses should be ready to adapt to new conditions. As a result, they design innovative products that can satisfy the needs of modern customers.
6. **Social startups:** These startups exist despite the general belief that the main aim of all startups is to earn money. There are still companies designed to do good for other people, and they are called social startups. Examples include charities and non-profit organizations that exist thanks to donations.

The role of start-ups in the growth of the Indian economy

- **Employment Creation:** India has 112 million working-age people between the ages of 20 and 24, compared to China's 94 million. In the absence of government jobs, this demographic dividend is accelerating the country's startup culture. As of August 29, 2022, India had emerged as the world's third-largest startup ecosystem, with over 77,000 DPIIT-recognized startups spread throughout 656 districts. These startups are simultaneously enabling more jobs than large companies or enterprises in the same industry. Therefore curbing the unemployment problems in developing nations like India.

- **New Investments:** Many multinational corporations are now outsourcing their tasks to small businesses in order to focus on their core competencies. As a result of this trend, not only Indian venture capitalists but also many multinational corporations are closely monitoring the progress of Indian start-ups to invest their money. For example, Accenture gave 1.35 million dollars worth of business to startups within the last year, giving startups an opportunity to make a significant impact on both the Indian and global markets.

- **Research and Development:** Start-ups heavily subsidize Research and Development (R&D) in countries like India as they frequently have to deal with high-tech and knowledge-based services. The startup's R&D team acts as an innovation seeker and keeps the company updated. Start-ups, therefore, encourage a pragmatic approach or independent research at the academic establishment. This motivates students or researchers to put their ideas into practice by collaborating with the start-up, which more importantly helps develop means of economic expansion.

- **Better GDP:** Despite elevated inflation pressures owing to rising global food and fuel prices, Indian Gross domestic product (GDP) is expected to grow by 6.9% in the fiscal year (FY) 2022-23 and 6.2% in FY 2023-24. As GDP plays an important role in a country's economic development, it will become feasible to increase revenue domestically and consumer capital can also circulate throughout the nation if we keep promoting and supporting more start-up initiatives.

- **Democratizing the Technology Benefits:** Many startups not only drive innovation and technology, but also demonstrate how their benefits reach the most remote customers. Fintech start-ups are now reaching out to remote areas with their solutions and making financial solutions easily accessible in tier 2 and tier 3 cities. Hesa, a Fintech and Agritech startup is one solution for all rural problems by bridging the rural-urban divide with technology and labour. It is successfully facilitating banking transactions, managing supply chains, and increasing the visibility of farmers' rural products. Similarly, e-commerce start-ups such as Zypp uses EV technology to make last-mile delivery sustainable and emission-free. Due to these innovative startups, it has become easier for local entrepreneurs operating in rural areas to market and sell their products. Local entrepreneurship is no longer limited to a particular region but is capable of competing on a global scale, assisting India in becoming a stronger economy.

Government initiatives to promote startup entrepreneurship in India

The government of India is on a mission to build a strong startup ecosystem. For the support and benefit of entrepreneurs, the government has created a ministry that is dedicated to assisting new businesses and providing them with valuable expertise and other facilities in order to grow. The Indian government has launched various plans and programs in recent years with the goal of assisting startups and promoting the 'culture' of entrepreneurship among Indians.

Indian government initiatives to encourage startups

Atma Nirbhar Bharat App Innovation Challenge

Of all the **government initiatives in India,** this scheme was meant to challenge young Indian tech developers to come up with innovative apps that would benefit Indians and people across the world. The tech community of the country came together to develop apps that help with a number of things such as work from home, learning languages, translation apps, news, health and wellness, entertainment as well as business to name a few areas.

SAMRIDH Scheme

This stands for the Startup Accelerators of MeitY for Product Innovation and Growth and was launched by the then minister of electronics information and technology. This scheme is designed especially to provide funding to startups along with helping them grow and become successful by bringing skill sets together.

Startup India Seed Fund

Worth Rs.1000 crores, this scheme has been introduced to enable startups to grow without the worry of capital shortage and support ideas from aspiring entrepreneurs. As per the union budget for the year 2022, this provides **government funding for startups in India** and the allocation of funds for startup funding is 283.5 crores for the year 2022.

Startup India Initiative

The idea of this scheme is to increase wealth and employability to those wishing to start their own businesses but not having the means to do so. This is a long term project and the overall age for a startup to be eligible for this aid has been increased from two years to seven years. This is one of the best government sponsored schemes that has enabled numerous entrepreneurs to make their business dreams a reality.

Startup Leadership Program

This is a government sponsored leadership program that empowers outstanding innovators and founders. It was launched in 2016 in India and has a world class 6 month training program and lifeline network.

Aspire

This is a scheme that is designed to improve the social and economic aspects of life in the rural areas and is one of the most important schemes sanctioned by the Indian government. Launched in 2015, its main purpose was to offer proper knowledge to entrepreneurs to start their business and emerge as employers. Through empowering people the ASPIRE scheme aims mainly at increasing employment, reducing poverty and encouraging innovation in rural parts of the country. The main idea is to promote the agribusiness industry.

Chunauti

This is a pandemic influenced scheme and a government of India initiative to invite startups to develop solutions for problems during the pandemic. The challenge invites applications from startups that are working in domains related to software development, startups registered with DPIIT and individual academicians or researchers, educators, entrepreneurs are also welcome to apply.

Qualcomm Semiconductor Mentorship Program

The mobile chipset manufacturing giant, Qualcomm has partnered with the Center for Development of Advanced Computing and to conduct a mentorship program for startups that are working in the semiconductor space and provide them with valuable guidance that will help them grow.

ATAL Innovation Mission

In order to create a promotional platform for academicians and draw upon national and international experiences to encourage the development of a culture of innovation, research and development, the ATAL Mission was founded and a substantial amount of funds were allocated to the same.

Funding Options For Startups

1. Angel investors

Angel investors are individual investors that invest in startups at an early stage, i.e. seed stage. Having a deep understanding of the pain points of entrepreneurs and finding opportunities in startups, these investors invest a lesser amount than venture capitalists and expect higher returns. Angel investors, in some cases, are experienced entrepreneurs who have been through the process of starting and growing a business. They also act as mentors to young and budding entrepreneurs.Before choosing a startup to invest in, angel investors screen the startup, research, and see how much the founder is passionate and invested in the startup. Once convinced, angel investors give funding in exchange for convertible debt or equity ownership in the startup.

Ex: Sanjay Mehta, Anupam Mittal, Kunal Bahl, Kunal Shah, and Sachin Bansal are some popular Indian angel investors.

3. Angel Networks & Platforms

Through these networks and platforms, angel investors pool their capital to invest in businesses, providing larger investments to startups. The platform receives equity ownership in the startup and benefits if it succeeds. As startup investing is risky, angel networks & platforms enable angel investors to hedge risks and provide larger funds.

Ex: AngelList, Venture Catalysts, and LetsVenture are some popular angel networks & platforms.

3. Venture Capital Funds

Venture Capital Funds are provided by venture capital firms. These are financing firms that provide capital to startups and emerging companies. Unlike angel investors, **VC funds** provide large amounts of capital to startups, helping them grow and expand. In return, they get equity or equity-linked instruments. Fueling the vision of thousands of entrepreneurs, these VcCfirms exit when the startup releases an IPO or is acquired.

Some prominent Indian VC Firms are 100X.VC, Mumbai Angels Network, Kalaari Capital and Blume Ventures.

4. Corporate Venture Capital

Corporate Venture Capital refers to the investment made by large organisations directly into a private enterprise or a startup. Through **corporate venturing**, startups get resources like funding, marketing expertise, or strategic direction. Depending on the deal, organisations can get equity in return, or they can use the resources of the startup like proprietary technology**,** in-demand product, etc.
Ex: Reliance Ventures, Mahindra Partners, and Brand Capital are some popular CVC firms.

5. Venture Debt Funds

Though most common, equity is an expensive source of finance for entrepreneurs. That is why non-banking financial companies (NBFCs) provide an alternate form of debt funding to VC-backed startups under a hybrid scheme known as venture debt funds.

Venture debt funds lend money in exchange for non-convertible debentures (NCDs) and equity warrants. These funds are gaining prominence, and last year Indian startups raised about Rs 4,500 crore ($600 million) of venture debt.
Some firms that provide venture debt financing to Indian businesses are Trifecta Capital, InnoVen Capital India, Alteria Capital and Stride Ventures.

6. Accelerators & Incubators

Accelerators and incubators help startups grow by providing necessary resources like management training, networking with highly specialised professionals, office space, equipment, etc. Generally found in major cities, accelerators and incubators run programs for four to eight months, providing entrepreneurs with funding assistance, mentors, and a platform to connect with investors and other startups. In return, they take an equity stake.

Ex: GSF Accelerator, Microsoft Accelerator, Google Launchpad Accelerator, and Y Combinator are some of the popular accelerator programmes for Indian startups.
7. Revenue Based Financing
This kind of financing allows investors to provide capital to a startup in exchange for a certain percentage of the company’s ongoing total gross revenues.

Revenue-Based Financing is becoming quite popular among the stakeholders, and India has seen the emergence of various revenue-based lending organisations..
Ex: Klub, GetVantage and Velocit are some revenue-based financing firms for Indian startups.
8. Government Grants & Funds
The Government of India, through its several initiatives and schemes, is backing the Indian startup ecosystem and providing them with the support they need. Aiming to build a robust startup

ecosystem, the Government's Startup India program offers an 80% rebate on patent costs and income tax exemption to startups registered under the scheme for the first three years.

In 2021, the government also launched the **Startup India Seed Fund scheme**, which provides funding support to early-stage startups. The government has allocated Rs 1,000 crore for the Fund of Funds for Startups this year, as well as Rs 283.5 crore for the Startup India Seed Fund Scheme (SISFS).

9. Crowdfunding

It is a less popular startup funding alternative in which funding is raised from a large number of people. This method of raising funds is easy compared to bank loans, venture capital, and angel investors, which involve complicated procedures. Equity crowdfunding is another option, but its legality in India is debatable.

Ex: SeedInvest Technology, GripInvest, StartEngine, GoFundMe, and Indiegogo are some of the notable crowd-funding platforms for startups.

10. Banks and NBFCs

As the startup ecosystem is flourishing, banks provide loans for all stages of business, but the terms differ. Startups can opt for bank loans for their different business needs like equipment loans, working capital loans and startup business loans.Banks require higher collateral for an idea-stage startup, but for equipment loans, there may be no need for collateral.

Ex: Bajaj Finserv, J&K Bank, HDFC Bank and Lendingkart are popular NBFCs and Banks that offer loans to Indian startups.

INCUBATION

Definition of Business Incubator: An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.

Sherman and Chappell have defined "Business incubator as an economic development tool primarily designed to help create and new businesses in a community. Business incubators help emerging businesses by providing various support services, such as assistance in developing business and marketing plans, building management teams, obtaining capital, and access to a range of more specialized professional services. They also provide flexible space, shared equipment, and administrative services".

The formal concept of business incubation began in the USA in 1959 when Joseph Mancuso opened the Batavia Industrial Center in a Batavia, New York, warehouse. Incubation expanded in the U.S. in the 1980s and spread to the UK and Europe through various related forms. The U.S.based International Business Innovation Association estimates that, there are about 7,000 incubators worldwide.Incubation activity has not been limited to developed countries; incubation environments are now being implemented in developing countries and raising interest for financial support from organizations such as UNIDO and the World Bank.

Business incubation programs are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities. Their goal is to help create and grow young businesses by providing them with necessary support and financial and technical services.

Incubators provide numerous benefits to owners of startup businesses. Their office and manufacturing space is offered at below-market rates, and their staff supplies advice and much-needed expertise in developing business and marketing plans as well as helping to fund fledgling businesses. Companies typically spend an average of two years in a business incubator, during which time they often share telephone, secretarial office, and production equipment expenses with other startup companies, in an effort to reduce everyone's overhead and operational costs.

Benefits of incubation

- Business and Technical Assistance
- Affordable/Flexible Lease Space
- A Network of Relationships with other Business Owners
- Ability to Adjust Business Model to Market Conditions
- Financial Assistance and Advice
- Preservation of Working Capital

The Different Stages of Incubation for Startups

1. The pre incubation stage: Preparing for incubation

The pre-incubation stage is a critical and often overlooked step in the process of launching a successful business. It is the period of time before entering an incubator program, when entrepreneurs focus on building the necessary foundations for their business idea. During this stage, entrepreneurs must take the necessary steps to prepare for incubation, ensure their business concept is viable and create a comprehensive business plan that outlines their goals and strategies.

Pre-incubation requires hard work and dedication, but it is also an invaluable opportunity to refine your business idea and make sure you have a good understanding of the market, your customer base and the competitive landscape. It's also a great chance to get feedback from experienced entrepreneurs and mentors who can provide invaluable advice on how to make your business successful.

The first step in pre-incubation is to identify your target market and create a customer profile. Its important to understand who you are selling to and what their needs are as this will inform all aspects of your business plan. Once you have gathered all the necessary data, you can start refining your idea and building your business plan.

When developing your business plan, be sure to include detailed descriptions of your product or service, the competitive landscape, pricing information, customer acquisition strategies and long-term goals. Make sure that you have clearly defined your competitive advantages and how you will differentiate yourself from other businesses in the market. Additionally, its important to conduct market research to understand current trends in the industry and how they might affect your product or service.

Once your business plan is complete, you should also create an executive summary that outlines the main points of the plan. This document can be used as a presentation tool when pitching to potential investors or incubators. Additionally, its important to create financial projections that outline the anticipated costs associated with launching and running your business. Having accurate financial projections will help investors determine whether or not they should invest in your venture.

Pre-incubation is a critical stage for any aspiring entrepreneur. **By taking the time** to develop a comprehensive business plan, conduct market research and create financial projections during this stage, entrepreneurs can ensure that their venture is well prepared for success when entering an incubator program.

2. The early incubation stage : The beginning of the journey

The early incubation stage of a business is a time of great excitement and anticipation. As the entrepreneur begins to form their idea, they also begin the fundamental steps of building the infrastructure of their business, such as: deciding on a business model and name, identifying key customers and partners, and researching markets and competitors. The early incubation stage is essential for the success of any business, as it lays the foundation for the company's future growth, direction, and profitability.

The early incubation stage is all about testing the market and developing an initial business plan. Its important to be creative and flexible at this stage, as you want to explore different avenues and consider different approaches to your business. You may need to adjust your original ideas depending on feedback from potential customers or even the market itself.

During the early incubation stage, entrepreneurs should focus on validating their idea by doing extensive market research and validating their assumptions with customers. This process involves testing your product or service with potential customers to see if theyre willing to buy it or use it and identifying any gaps in the market that your product or service can fill. By taking time to properly validate your concept, you can be sure that you're creating something that people actually need or want.

During this stage, entrepreneurs should also focus on developing a business model. This involves defining how you will make money from your product or service, including pricing strategies and identifying target customers. An important part of this process involves understanding your competitors, what sets you apart from them, and how you can differentiate yourself in order to attract customers.. It's important to find people who are passionate about the project, who share your vision, and who are willing to put in the hard work required to make it a reality.

Finally, once all these pieces are in place, you'll need to create a plan for funding your business. Depending on your goals, this could involve seeking investment from venture capitalists or angel investors, obtaining bank loans or grants, or bootstrapping your own funds through personal savings or family contributions.

3. The post incubation stage: launching your startup

Once you've reached the post-incubation stage, your startup is ready to launch. This is a crucial part of the process, as its when you'll be able to start making money and spreading the word about your product or service.

The first step in launching your startup is to create a business plan. This should include your mission statement, goals, budget, target market, marketing strategy, and other details about your business. Once you have your business plan in place, you'll need to decide on a name for your startup. It's important to choose something that reflects the purpose and values of your company.

When it comes to pricing your products or services, it's important to do your research and find out what your competitors are charging for similar products or services. You don't want to price yourself too low or too high aim for something in the middle that will attract customers without putting you at a financial disadvantage.

Finally, you'll need to consider how youll manage customer service and technical support after launch. This includes responding to customer inquiries quickly, resolving customer issues promptly, and providing helpful advice when needed. Having good customer service is key to building customer loyalty and trust in your business.

Launching a startup can be an exciting and challenging process, but if done correctly it can be incredibly rewarding. By taking the time to go through each stage of incubation thoroughly and carefully executing your launch plan, you can ensure that your startup has the best chance of success.