

WELCOME

ENTREPRENEURSHIP



INTRODUCTION



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Chapter-1

Concept of Entrepreneurship



Meaning of Entrepreneurship

- q Entrepreneurship plays a crucial role in the growth of our economy. In India a large number of people are seeking entrepreneurship as a career option.
- q Increasing number of unemployed youth are getting attracted to entrepreneurship and are planning to setup their business ventures. Entrepreneurship development is considered as a vital factor for the development of the country.

Meaning of Entrepreneur:

The word 'Entrepreneur' is derived from the French word 'Entreprendre' which means to 'undertake' that is **person who undertake the risk of new enterprise**. It described only those who created their own business.

- v Entrepreneur means a person who set up his own business or industrial undertaking with a view to make profit.
- v He is the originator of a business venture. An entrepreneur is a person who initiates and establishes an enterprise. Entrepreneurs are responsible for economic decision such as what to produce? When he produce? Where to produce? Why to produce? Whom to produce? And how much to produce? He combines land, labour, capital and enterprise for the achievement of specified goals.

Definitions of Entrepreneurship

Entrepreneurship can be defined as

“Creating of value by people working together to implement an idea through the application of drive and a willingness to take risk.

- q **According to A.H.Cole:** Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or earn profit by production or distribution of economic goods and services.

Definitions of an Entrepreneur

- q **According to Cole:** Entrepreneur as an individual who undertakes 'to initiate, maintain or profit oriented business unit for production or distribution of economic goods and services.

ENTREPRENEURSHIP

STARTING YOUR BUSINESS

- 
- Idea**
 - Plan**
 - Do it!**

Five Core Elements of Entrepreneurship:

Primarily consists of five main elements;

- 1) **Creativity and Innovation:** Key part of entrepreneurship is to identify opportunities.
- 2) **Ability to apply the Creativity:** The entrepreneurs have an ability to apply the creativity to business problems and ability to get things done.
- 3) **Take Risk:** Entrepreneurs always take risk.
- 4) **Focus on Creating Value:** Thus entrepreneurs focus on creating economic value by doing things in a cheaper, better and faster manner.
- 5) **Drive and Passion:** With their drive and passion to achieve success they change the way things are being performed.

Nature and Importance of Entrepreneur:

- q Entrepreneurs play a vital role in economic development.
 - q Economic development is essentially a process to increase the national income and per capita income of the country over a period of time.
 - q Entrepreneurs serve as catalysts in the process of industrialisation and economic growth. The rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. Thus, entrepreneurs are main key to the creation of enterprises.
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In the context of employment generation, the three terms i.e., entrepreneurship, self-employment, income generation are often used interchangeably. All entrepreneurs are self-employed and income generating persons. But all self-employed and income generating persons may not be entrepreneurs.

- 1) Entrepreneurship:** It refers to identification of innovative ideas, setting up of a new enterprise. Entrepreneur is a person who creates an enterprise. The process of creation is called as entrepreneurship.
 - 2) Self-employment:** Whereas, self-employment refers to full time involvement in one's own occupation. One may or may not be bearing the risk, mobilizing inputs, organizing production and marketing the products or service.
 - 3) Income Generation Activities:** On the other hand are part-time, casual and practiced with a view of raising additional income.
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Creativity and Innovation

- q **Creativity** is a mental process involving the generation of new ideas or concepts or new associations between existing ideas or concepts. Successful new products are usually associated with 'idea-centric' creativity. Creativity in product design and in business processes is growing increasingly important. The root of all the activities like resource creation, change made through economic development, establishments of new enterprises, etc., is the creativity. **Creativity relates to the ability to create an idea for new product, service, methods or process.** Creativity is the act of turning new and imaginative ideas into reality. Creativity involves two processes: thinking, then producing. Creativity can be used to make products, processes and services better and it can be used to create them in the first place.
- q **Innovation** is the process of doing new things. Innovation is the production or implementation of ideas. The society has accepted the innovations of such entrepreneurs as Gillette, Wright Brothers and Henry Ford. The innovations of these great entrepreneurs of the history has revolutionized the life style of people in the society.

Salient Features of Entrepreneurship:

- 1) Entrepreneur as Innovator:** The innovation i.e., introduction of new combination of factors of production. Schumpeter also made a distinction between an **inventor** and an **innovator**. An inventor is one who discovers new methods and new materials. And, an innovator utilizes inventions and discoveries in order to make new combinations. Innovation is an invention that is replicated and commercially used at large-scale to solve a particular problem. The main objective of any business enterprise is to earn profits and create wealth. Entrepreneurs are essential drivers of innovation and progress. Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganize the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved and people look forward to change and improvement.
- 2) Entrepreneurship as Career Option:** An educated person has broadly two career options. One is called salary employment, wherein people are employed in government service, public and private sectors and get fixed salary. The other career option is entrepreneurial employment under which people set up their new ventures.
- 3) Employment Generation:** Enterprises grow providing direct and indirect employment to many more. Thus, entrepreneurship is the best way to fight the evil of unemployment.

Chapter-2

Functions of an Entrepreneur



Some of the important managerial functions of an entrepreneur are supposed to perform the following functions.

1. Innovative Function: The word entrepreneur is associated with innovation. Innovation means “doing new things or the doing of things that is already being done in a new way”. Innovation includes production of new products, creation of new markets, introduction of new method of production, discovery of new and better channels of supply of raw materials and creation of new organisational structure.

Innovation should be different from research and invention. Research gives us the knowledge, innovation results in the application of knowledge to produce the objects.

Innovation is also different from invention. Invention implies discovery of new ideas, new articles and new methods, whereas, innovation means the application of inventions and discovery to make new and desired products and services that can be successfully sold in the market.

2. Risk Bearing: Entrepreneurs in the game of business wherein risks and rewards are plenty will be ready to accept them. He is an enterprising person willing to assume the risks involved in inventions, new ventures and expansions.

3. Organisation and Management: Organisation and Management of the enterprise is the main function of an entrepreneur. Entrepreneur also undertakes the managerial functions like formulation of production plans, organisation of sales and human resource management.

4. Decision- making: Another important function discharged by entrepreneur is the decision making. He has to take decisions regarding the activities of the enterprise. He is expected to take a number of decisions on running and maintenance of the business concern.

5. Project Function: A project is a one time, time-bound and objective oriented major effort involving the coordination of various skills and resources. A potential entrepreneur can gather a number of project opportunities from the wide variety of sources.

6. Business Planning / Production Planning: The entrepreneur must provide a logical and scientific basis for planning the business operations, need of raw materials and men, production schedules, sales inventory, advertising, budgetary allocation, customer needs, competitors strength and weaknesses etc. For a systematic business planning, the entrepreneur must be able to formulate goals, policies, procedures, programmes and budgets.

7. Marketing Functions: The marketing functions of an entrepreneur necessary to determine consumer wants, needs, tastes and fashions to supply goods and services.

8. Financial Functions: The investment decision relates to the selection of assets in which funds will be invested by an entrepreneur. The aspect of the financial decision is the determination of an appropriate capital structure.

9. Technological Functions: According to recent developments in technology the entrepreneur must identify the changing needs, tastes and fashions of consumers. As per the consumers demand the product is upgraded. Various techniques are used for the production of goods. As per the technology changes the product techniques are also changed, by the invention of computers new product techniques are taking place in the industry. So the entrepreneur is also introducing the new product techniques for his products.

10. Public Relations Functions: Public relations of an entrepreneur are in the form of dealing with public bureaucracy and customer and supplier relations.

11. Controlling Functions: Controlling functions of an entrepreneur is control over inputs, output, policies, line of products and control over research & development etc.

12. Motivate Functions: The entrepreneur is capable of inspiring confidence in people and has the ability to motivate them to work with him in fulfilling the economic goals set by him.

13. Profit Functions: Profit is a measure of operational efficiency of the enterprise. Profit reflect the income-earning capacity of the enterprise.

Summary of Entrepreneurial Functions:

The major entrepreneurial functions include risk, bearing organizing, and innovation.

1. Managerial functions: The management functions performed by entrepreneur are classified into the following five types

- ✓ **Planning:** It is pre-determined course of action to accomplish the set of objectives.
- ✓ **Organizing:** Organized effort to implement a business plan.
- ✓ **Staffing / HRM:** Staffing involves human resource planning and human resource management.
- ✓ **Directing:** Under the directing function, the entrepreneur guides, counsels, teaches, stimulates and activates his/her employees to work efficiently to accomplish the set objectives.
- ✓ **Controlling:** It means to see whether the activities have been performed in conformity with the plans or not.

2. Promotional Functions:

- o Identification and selection of business idea
- o Preparation of business plan or project report
- o Requirement for finance

3. Commercial Functions:

- q Production / manufacturing
- q Marketing
- q Accounting

Chapter-3

Characteristics of Entrepreneur



ENTREPRENEURSHIP



- 1) **Innovativeness:** The word entrepreneur is associated with innovation. Innovation means “doing new things or the doing of things that is already being done in a new way”. Entrepreneurs deal with the changes. He does not continue with the old ideas.
- 2) **Risk Taking:** Any new business poses risks for entrepreneurs. They may succeed or fail. An entrepreneur takes risks. The Japanese proverb applies to him; “Fall seven times, stand up eight”.
- 3) **Self Confidence:** Entrepreneurs believe in themselves. They firmly believe that they can beat anyone in the field. They have the confidence that they can change the existing position.
- 4) **Self-reliance and Independence:** Entrepreneur is found to be self-reliant by acting as his own master and making him responsible for all his decisions. A successful entrepreneur wants to follow his own policies and procedures.
- 5) **Hard Work:** Entrepreneurs are hard workers. Few people in our society work harder than entrepreneurs. Driven by their desire to excel entrepreneurs they put in longer hours of work.
- 6) **Goal Setting:** Entrepreneurs may not always achieve those goals. What is more important for an entrepreneur is that of setting a meaningful goal.

7. Leadership: Leadership is the important aspect of entrepreneurship. The entrepreneur must possess good leadership qualities to become successful entrepreneur.

8. Managerial Skills: Managerial skills are the most important facets of an entrepreneurship. The entrepreneur requires the managerial skills for achieving the goals of the enterprise.

9. Keen Foresight: An entrepreneur must have keen foresight to predict the future business environment. He has the capacity to visualise the likely changes to take place in the market, technology developments, customer's attitude etc., and take timely actions accordingly.

10. Secrecy Maintenance: A successful entrepreneur must be capable of maintaining and guarding all his business secrets.

11. Maintenance of public Relations: The extent of maintenance of public relations or human relations has a vital role to play on the success or failure of an entrepreneur. A successful entrepreneur must have cordial relations with his customers to gain their continued patronage.

12. Communication Skills: Communication skill is the 'secret of the success' of most entrepreneurs.

13. Achievement Motivation: The achievement motivation is the most important characteristic of an entrepreneur. He must have a strong desire to achieve high goals in business.

14. Highly Optimistic: Successful entrepreneur is always optimistic about his future and he is never disturbed by the present problems.

Concept

Quality

Success

Creativity

Strategy

Finance

Audit

Global

Consumer

Develop

Entrepreneurship

Goals

Vision

SEO

Social

Internet

Innovation

Economics

Inspire

People

Marketing

Customers

Sales

Entrepreneurial Skills

The Skills Needed:

- q Management skills – the ability to manage time and people successfully
- q The ability to work under pressure
- q Perseverance
- q Able to research effectively (e.g. available markets, suppliers, customers and the competition)
- q Self-motivated and disciplined
- q An Innovative and creative thinker
- q The ability to multi-task
- q Financial literacy
- q Willingness to take risks
- q Able to take responsibility and make decisions
- q Adaptable
- q Competitiveness
- q Communication skills (e.g. the ability to sell a new product ideas and persuade others)
- q The ability to work both as part of a team and independently
- q Able to plan, coordinate and organise effectively
- q Ability to network and make contacts
- q Financial skills, such as book-keeping and calculating tax
- q Awareness of intellectual property and possibly patent law

Entrepreneurial Competencies

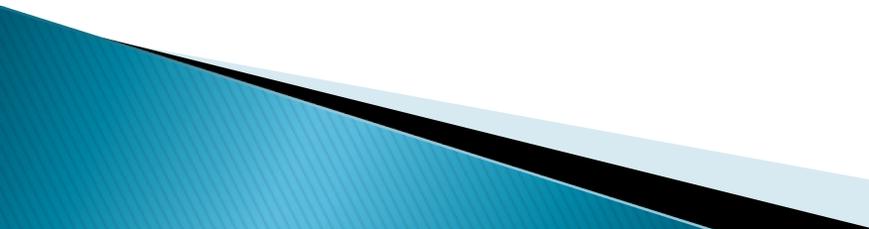
An entrepreneur may possess certain competencies and at the same time it is possible to develop these through training, experience and guidance. Various competencies required for superior performance were identified are as under.

- q **Initiatives:** It is an inner urge in an individual to do or initiative something. There is popular saying “Well begun is half done”.
- q **Looking for opportunity:** An entrepreneur is always on the lookout or searching for opportunity.
- q **Persistence:** An entrepreneur is never disheartened by failures.
- q **Information Seeker:** A successful entrepreneur always keep his eyes and ear open and is receptive to new ideas which can help him in realising his goals.
- q **Quality Consciousness:** Successful entrepreneur set high quality standards for themselves and then put in their best for achieving these standards.
- q **Commitment to Work:** Successful entrepreneurs are prepared to make all sacrifices for honouring the commitments they have made.
- q **Commitment to Efficiency:** Top performers are always keen to devise new methods aimed at promoting efficiency.
- q **Proper Planning:** Successful entrepreneurs develop or evolve future course of action keeping in mind the goals to be realised.
- q **Problem Solver:** Successful entrepreneur take problem as a challenge and put in their best for finding out the most appropriate solution for the same.
- q **Self Confidence:** Top performance is not cowed down by difficulties as they believe in their own abilities and strengths.
- q **Assertive:** An assertive person knows what to say, when to say, how to say and whom to say.
- q **Persuasive:** A successful entrepreneur through his sound arguments and logical reasoning is in a position to convince others to do the works the way he wants them to do.
- q **Effective Monitoring:** Top performers ensure that everything is carried out in their organisations as per their wishes.
- q **Employee Welfare:** Future of the organisation depends on its employees. A successful entrepreneur tries to promote organisation's interests through promotion of interests of the employees.
- q **Effective Strategies:** A successful entrepreneur possesses the ability to evolve relevant strategy, aimed at safeguarding or promoting organisation's interests.

Qualities of an Entrepreneur

A true entrepreneur besides possessing functional qualities, must also possess a broad personality which help in developing initiative and drive to accomplish great tasks.

The personal qualities that contribute to the success of an entrepreneur are as follows:

- 1) Entrepreneur is an enterprising individual, is energetic, hardworking, resourceful, aware of new opportunities and able to adjust himself to changing conditions with ease and willing to assume risks involved in change.
 - 2) Entrepreneur is interested in advancing technologically and in improving the quality of his product or service.
 - 3) Entrepreneur is interested in expanding the scale of his operations by reinvesting his earnings.
 - 4) Entrepreneur visualizes changes and adapts to changing conditions.
 - 5) Entrepreneur is a firm believer in planning and systematic work
 - 6) Entrepreneur works for the society at large and for the good of his fellow-beings.
 - 7) A successful entrepreneur should be a good administrator.
 - 8) An entrepreneur should have creative thinking and be able to engage in the analysis of various problems and situation in order to deal with them.
 - 9) An entrepreneur should have clear objective as to the exact nature of the business.
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Entrepreneurial Traits

- 1) Entrepreneurial traits and motivation are an indispensable function of management. Entrepreneur is human being who has his dignity, self-respect, values, sentiments, aspirations, dreams apart from economic status. Indeed, economic betterment and social upliftment motivates a person to distinguish from others. The entrepreneurs have some basic values and responsibilities.
- 2) The right attitude is a winning combination of taking initiative, taking right decision at right time, being passionate about one's work, being innovative, analytical, focused, be professional and intelligent with impeccable behaviour, be a positive thinker, perseverance, hard working as well as creative. Thus, in order to achieve success in any venture a person must possess a judicious combination of knowledge, skill and motive.

Chapter-4

Difference between Entrepreneur and Intrapreneur



Intrapreneurial Activities:

Intrapreneurial activities move beyond new business venturing and include four key elements:

- 1) Corporate venturing
- 2) Innovativeness
- 3) Self-renewal
- 4) Pro-activeness

Intrapreneurial Culture:

Intrapreneurial culture is quite different from the traditional corporate culture. Here employees are motivated to be flexible and independent. Creativity and risk taking behaviour is encouraged. Intrapreneurs are flexible and open to change. A person capable of establishing a new venture in an existing company has to be a visionary leader. He ought to have great dreams to be converted into reality.



Difference between Entrepreneur and Intrapreneur

Entrepreneur	Intrapreneur
1. Entrepreneur is the owner of the business	1. Intrapreneur works for the business
2. Entrepreneur is independent	2. Intrapreneur is semi-independent
3. Entrepreneur raises the requisite capital himself	3. Intrapreneur does not raise any capital
4. Entrepreneur guarantees the money to suppliers	4. No such guarantee is required to be given by the Intrapreneur
5. Entrepreneurs is one who bears full risks of his business	5. Intrapreneur does not bear any risks of business
6. Entrepreneurs operate from outside an organisation	6. Intrapreneur operates from within the organisation. He is an organisation man.
7. Entrepreneur converts the ideas of Intrapreneur into reality	7. Intrapreneur creates new ideas.

Difference between Entrepreneur and Professional Manager

Entrepreneurs are persons who initiate, organise, manage and control the affairs of a business unit that combines the factors of production to supply goods and services.

A professional manager is one who specializes in the fields of planning, organising, directing, leading and controlling the efforts of others by the systematic knowledge. Normally a professional manager acquires knowledge through formal education i.e., possessing of degree or diploma certificates.

Some of the entrepreneurs may be self-made, without formal education they have become great entrepreneurs by virtue of their personal and cultural qualities. Some of the entrepreneurs act as managers also i.e., two in one.

An entrepreneur is different from a manager in the following cases;

- 1) **Ownership:** Entrepreneur is the owner of the business and self-employed whereas professional manager is a paid employee and not independent.
- 2) **Innovation:** Entrepreneur works to change in accordance with his personal vision. Entrepreneur innovates the things, changes the factors of production and thereby increases productivity and profit, whereas, professional manager deals with day-to-day affairs of a going concern. He keeps running a business on established lines.
- 3) **Business:** While an entrepreneur launches a new business, a manager operates an existing business.
- 4) **Risk Bearing:** Entrepreneurs is a careful person. He takes a calculated risk and faces uncertainty whereas a manager does not share business risks. Manager is less tolerant of uncertainty of new venture.
- 5) **Profit:** Entrepreneur works for profits; often they are uncertain and even negative. But a manager on the contrary gets a fixed salary and can never be negative.
- 6) **Qualifications:** Entrepreneur does not require any formal qualifications from any University or institution. He needs intuition, innovation, creative thinking etc., whereas a manger needs to have basic academic qualifications.



Difference between Entrepreneur and Businessman

Entrepreneurs and business people and have many similarities. However, they are not the same kind of people. The following are 10 differences between an entrepreneur and a businessman:

Entrepreneur	Businessman and Business Person
1. Starts a business from his own unique idea or concept	1. Starts a business from an existing idea or concept
2. His business rival is himself	2. Has many business rivals
3. Focuses on cooperation	3. Focuses on competition
4. Is only busy in preparing his new enterprise	4. Is always busy on his business "busy-ness"
5. Have a lot of time for his family and personal life	5. Don't have enough time for his family and personal life
6. He gives life to his business	6. His business gives him a living
7. Innovative and revolutionary	7. Traditional
8. Risk taker and accountable	8. Stays safe
9. Excited	9. Worried
10. People (i.e., employee, customer, public) oriented	10. Profit oriented
11. Has a passive income or profit	11. Has an active income or profit
12. Hire people to give them productivity	12. Hire people to increase business productivity
13. A market leader	13. A market player
14. Has achieved financial freedom	14. Has not yet achieved financial freedom
15. Gives importance to the business world as a whole (holistic)	15. Only gives importance to a part of the business world (atomistic)

Chapter-5

Classification of Entrepreneurs



Classification of Entrepreneurs

In a study of American Agriculture, Danhof has classified entrepreneurs into four categories they are;

- 1) Innovating Entrepreneurs:** Entrepreneur introduces new products, new methods of production and opens new markets.
- 2) Adoptive or Imitative Entrepreneur:** This type of entrepreneurs instead of innovating new things they just adopt the successful innovations innovated by others. In such cases the imitative innovators may make some changes in the innovations made by the innovative entrepreneur so as to suit their requirements.
- 3) Fabian Entrepreneur:** These entrepreneurs are rigid and fundamental in approach. They follow the foot-steps of the successors. They are shy to introduce new methods and ideas. Fabian entrepreneurs are no risk takers.
- 4) Drone Entrepreneur:** These entrepreneurs are those entrepreneurs who are not interested in adopting changes and even though they are ready to close their businesses. So they are more rigid and they resist changes.

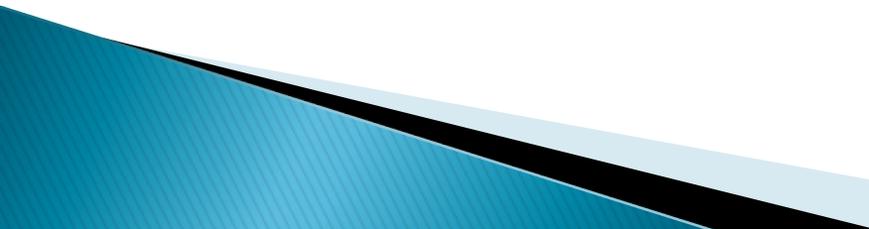
Other Categories of Entrepreneurs:

- 1. Individual Entrepreneurs:** These are found in small scale business firms. When an individual setup an enterprise, arranges finance, bear the risk and adopt the latest techniques in the business with an intention to earn profits, he is called as an individual entrepreneur.
 - 2. Institutional Entrepreneurs:** In this case of business organisations where complex decisions are required to be taken, group entrepreneurs or institutional entrepreneurs emerge to arrange finance, bear the risk and adopt latest technological changes with an intention to earn profits.
 - 3. Inherited Entrepreneurs:** Inherited entrepreneurs are those entrepreneurs who inherit the business of the family through succession. Since these entrepreneurs pass the business from one generation to another generation of family. Generally this type of entrepreneurs is found in India.
 - 4. Forced Entrepreneurs:** Circumstances force people to become entrepreneurs.
 - 5. Business Entrepreneurs:** These entrepreneurs conceive an idea for a new product or service and then create a business to materialise their idea into reality.
 - 6. Trading Entrepreneurs:** These entrepreneurs identify market opportunities and stimulate demand for their products. They do not engage themselves in manufacturing activity. Trading may be national or international.
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- 1) **Industrial Entrepreneurs:** Industrial entrepreneur through research or otherwise estimates customer needs and wants and manufactures the products to cater to their needs. He is essentially a manufacturer.
- 2) **Corporate Entrepreneurs:** Corporate entrepreneur is one who promotes a corporation. A corporate undertaking is formed and registered under a statute which gives a separate legal entity.
- 3) **Agricultural Entrepreneurs:** Agricultural entrepreneurs are normally engaged in the activity of raising crops and marketing crops, fertilisers and other inputs of agriculture. They are also engaged in allied agricultural activity.
- 4) **Agri-preneurship** means developing entrepreneurship in agricultural sector which is also termed as 'agri-business'. Agri-business includes activities relating to production, propagation and distribution of products and services relating to agriculture, floriculture, food processing, horticulture, sericulture, aquaculture and animal husbandry.
- 5) **Pure Entrepreneurs:** Pure entrepreneur is one who undertakes any activity to satisfy his ego. He is motivated to achieve or prove his excellence. He is status conscious and wants recognition. Pure Entrepreneurs are ones who create a venture from the raw material of their own ideas and hard work. It is the pure and real entrepreneurs who are treated as the celebrities. Dheerubhai Ambani of Reliance and Narayana Murthy of Infosys are modern Celebrities. Others who take-over the business after founders retire, die or sell out and continue to build and innovate, qualify as entrepreneurs. For example Ratan Tata of TATA Group, Mukesh Ambani of Reliance Industries.

- 1) **Induced / Motivated Entrepreneurs:** These are induced or motivated by Government and Non-Government agencies which may be providing financial and other assistance, concessions, subsidies, training etc.
- 2) **Spontaneous Entrepreneurs:** Spontaneous entrepreneurs are in quite contrast with induced entrepreneurs. They commence their business out of their confidence and talent. They are not induced by other agencies.
- 3) **Technical Entrepreneurs:** Technical Entrepreneurs are more of a producer rather than a marketer. They develop new goods and services out of their specialisation and skills.
- 4) **Non-technical Entrepreneurs:** Non-technical entrepreneurs are not concerned with the product development. Their target is not to change the production techniques but to increase the demand for the product by alternate course of actions.
- 5) **Professional Entrepreneurs:** Professional entrepreneurs make it as a profession in commencing a business. They develop a business and sell it to somebody and start another business only to sell it to others. They are not interested in managing or operating a business which is establishing by them.
- 6) **First Generation Entrepreneurs:** These entrepreneurs do not possess any entrepreneurial background. They start an industrial unit by means of their own innovative skills.

- 1) **Classical Entrepreneurs:** He is a stereotype entrepreneur whose main is to maximise his economic returns at a level consistent with the survival of the unit but with or without an element of growth.
 - 2) **Rural Entrepreneurs:** Rural entrepreneur is who undertakes his venture in rural areas. It creates opportunities for fuller and additional productive employment in rural areas.
 - 3) **Motivated Entrepreneurs:** these entrepreneurs are motivated by their desire to make use of their technical and professional expertise and skills.
 - 4) **Tourism Entrepreneurs:** A tourism entrepreneur is defined as a person or a group of persons producing and managing tourism products. The composition of tourism products involves transportation, accommodation, catering, natural resources, entertainment and other facilities and services such as shops and banks and other tour operators.
 - 5) **Women Entrepreneurs:** Women entrepreneurs are one, who initiates, organise and operate a business enterprise.
 - 6) **Young Entrepreneurs:** Young entrepreneurs are those entrepreneurs who initiate, organise and operate a business enterprise by them under the age group of 18-30.
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- 1) International entrepreneurs:** International Entrepreneurs are those entrepreneurs who set up their business enterprise at international level.
 - 2) Other Entrepreneurs:** Entrepreneurs on the basis of gender and age may be classified as man entrepreneur, old entrepreneur, middle aged entrepreneur etc. on the basis of scale of operation of the unit; entrepreneurs may be classified as large scale industry entrepreneur, medium scale industry entrepreneur, small scale industry entrepreneur and micro industry entrepreneur.
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THANK YOU....



THE END

INTRODUCTION



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I). Incorporation of Sole Proprietorship:

It is one of the easiest and simplest forms of business entity to register and maintain in India. There is no formal registration to start a business. Simple formalities are required to be completed by the sole proprietor. The sole proprietorship business can be established only through opening a bank account in the name of the proprietorship firm and by obtaining a license for conducting the business. The following formalities need to be attended by sole proprietor in registering the firm:

- a) PAN Card:** The PAN Card of the proprietor will be used for opening bank account, obtaining license, filing IT returns for the sole proprietorship firm. Hence, obtaining PAN Card is the first step for the proprietor in establishing sole proprietorship firm.
- b) VAT/GST Registration:** Any person involved in manufacturing or trading must obtain VAT registration to conduct business irrespective of type of business entity. VAT/GST tax return must be filed by proprietor every year.
- c) MSME Registration:** The Micro, Small and Medium Enterprises get a registration under the MSME Act. This registration can be obtained easily in the State capital which can also be used to prove the existence of a sole proprietorship business.
- d) ESI Registration:** As per ESI Act, the registration is compulsory for those undertakings which employ 20 or more persons.
- e) Professional Body License:** Trade association of organised profession like accounting, law, medicine etc., certifies successful completion of its requirements and thereupon awards a license.

II). Incorporation of Partnership Firms:

To avail the privileges provided by the Partnership Act, 1932 the firm must be registered with the registration of firms of the State. The registration of firm merely certifies the existence of the firm.

a. Filing an Application for Registration: A prescribed application form for registering the firm is to be filled by giving the following information:

- i. Name of the firm
- ii. Principal place of business
- iii. Names of any other places where the firm carries on business
- iv. Names and addresses of each of the partners and the dates on which they joined the firm.
- v. Duration of the firm
- vi. Specific objectives of the firm, if it is started to achieve it.

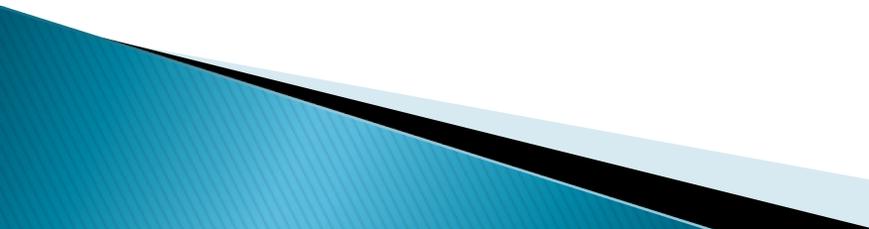
b. Certificate: After the application is filed with registrar, he will verify the contents of the application and see whether all legal formalities are properly complied with or not. Therefore, the firm is deemed as registered firm.

c. Consequences of Non-Registration: The Indian Partnership Act not only encourages the partnership firm but makes it compulsory as it imposes several disabilities on an unregistered firm. A partner of unregistered firm cannot file a suit against the firm or its other partners to enforce his rights. The unregistered firm cannot file a case or take a legal action against the partners of the firm.



III). Incorporation of Co-operative Society:

The procedure for incorporation of co-operative Society is as follows:

- i. At least 10 members who are desirous to form society should come together.
 - ii. A provisional committee is formed and the chief promoter should be elected as its president.
 - iii. The name of the society should be determined
 - iv. An application has to be made to the Registration Authority for reserving the name of society.
 - v. The entry fee and share capital has to be collected from the prospective members.
 - vi. A bank account in the name of society should be opened and the entire initial amount received from prospective members has to be deposited in it.
 - vii. The registration fee has to be deposited with RBI and receipt thereof to be obtained.
 - viii. An application for registration of society should be submitted to the Registrar of Societies.
 - ix. The registrar will enter particulars in the Register of Applications maintained in Form-B.
 - x. On registration, the Registrar will notify the registration of the society in the official gazette and issue registration certificate.
 - xi. Thus, these ten steps have to be completed to get registration of cooperative society in our country.
- 



IV). Incorporation of Joint Stock Company

A company is an artificial person created by law. It comes into existence only after it is registered with Registrar of Companies. It is necessary to file necessary documents to the Registrar for obtaining certificate of incorporation.

Before an application submitted to the Registrar, the following steps have to be taken up:

- a. Approval of Name of the Company:** The primary step in getting the company incorporated is obtaining the approval of name of the company from Registrar of Companies. Keeping in view the provisions of Emblems and Names Act, 1950 name for the company may be adopted which is not identical with or closely resemble the name of company which is already registered.
 - b. Memorandum of Association:** Memorandum of Association (MOA) is the constitution of a company which describes the objectives, scope and its relation with outside world.
 - c. Preparing Articles of Association:** Articles of Association (AOA) contains the rules and regulations relating to the internal management of the company.
 - d. Consent of Directors:** The consent of directors is required to be obtained their consenting letters must be filed with Registrar.
- 

- e. Power of Attorney:** Promoters of the company shall have to execute a power of attorney in favour of one of the promoters.
 - f. Notice of address of Registered Office:** Notice of address of registered office must be filed with the registrar of companies.
 - g. Name of first Directors:** If the company names its first directors in its Articles, the particulars of such persons must be filed with Registrar.
 - h. Statutory Declaration:** A declaration by an Advocate or an Attorney, or a Chartered Accountant or a person named in Articles as Directors or Secretary stating that all the formalities of the Act have been complied with is to be filed with Registrar of companies.
 - i. Preliminary Contracts:** Information regarding the preliminary contracts entered by the promoters on behalf of the company must also be filed with Registrar.
 - j. Payment of Fees:** For getting an incorporation certificate, the promoters shall have to pay the prescribed registration fees.
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Chapter-7

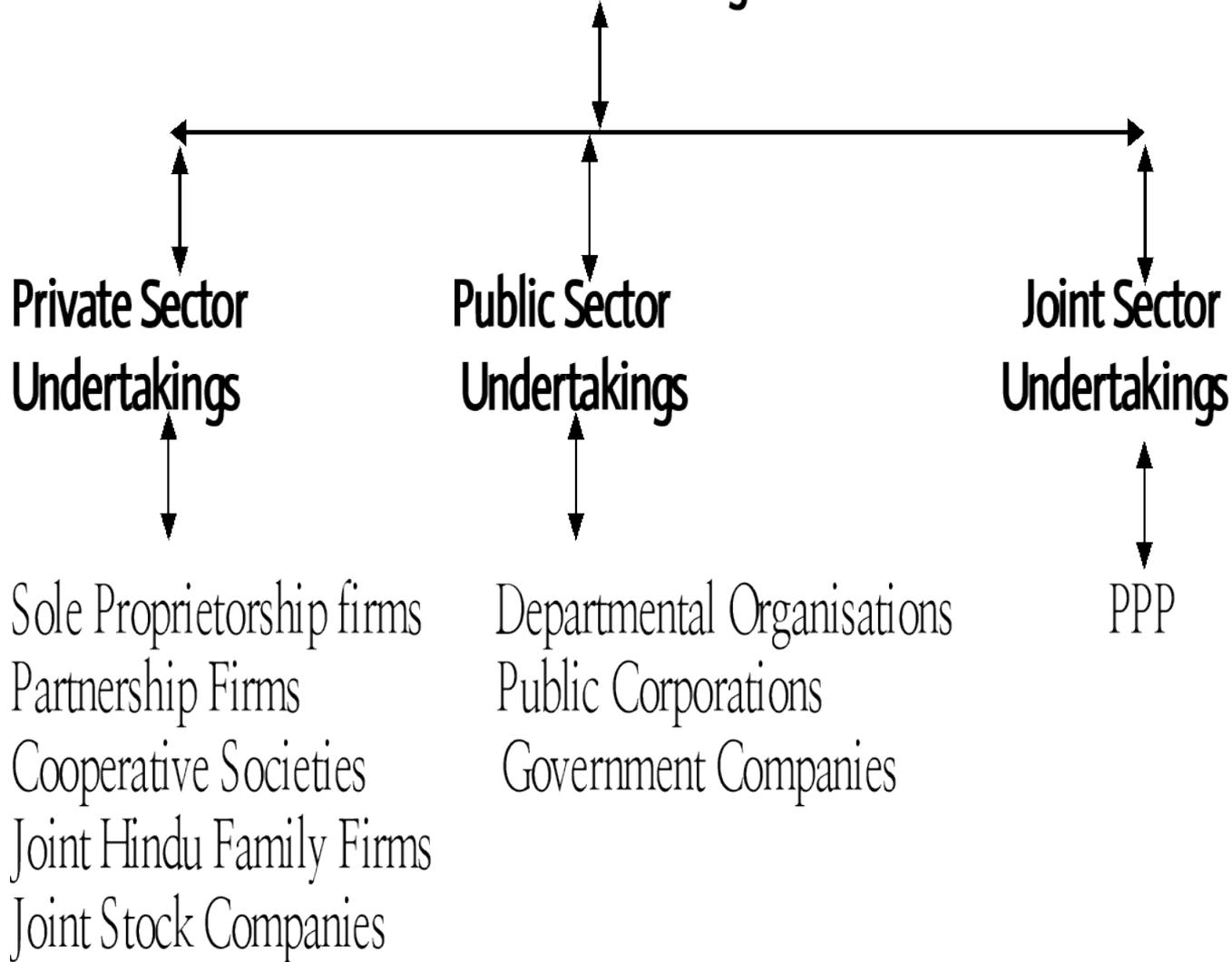
Forms of Business Organisations & Characteristics of Business Organisations

Characteristics of Business Organisation

The characteristics of business organisation are as follows;

- 1) **Exchange of Goods and Services:** A business organisation facilitates exchange of goods and Services.
 - 2) **Deals with Goods and Services:** All the business organisations deal with consumer and industrial goods.
 - 3) **Profit Motive:** All the business organisations are run with a profit motive.
 - 4) **Continuity of Transactions:** The business activities of the business organisations are continuous and regular.
 - 5) **Risk and Uncertainty:** All the business undertakings are exposed to risk and uncertainty. Business is very much influenced by unexpected and unforeseen events like price fluctuations, changes in demand, consumer fashions, market competitors, fire, earth quakes, strikes, riots etc.
 - 6) **Social Responsibility:** All the business undertaking has to accept the social responsibility. Hence, accepting social responsibility has become mandatory.
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Forms of Business Organisations



A). Private Sector Undertakings

The business undertakings which are owned and operated by private people or institutions are known as private undertakings. Minimum number of member to form is 2, maximum limit is 50 members. A private limited company is required to add the words private limited at the end its name, restricts the right to members to transfer shares. A private company must have its own articles of association. Prohibits any invitation to the public to subscribe for its shares or debentures. Private enterprise refers to all types of individual or corporate enterprises, domestic and foreign, in any field productive activity. Private sector companies are characterized by ownership and management in private hands, personal initiative and profit motive.

The various forms of private sector undertakings are as follows:

- i). **Sole Proprietorship firms:** It is that form of business undertaking which is owned, controlled by a single individual, who receives all the profits and risks all of his property in the success or failure of the enterprise.
- ii). **Partnership Firms:** Partnership refers to the relationship between persons who agree to carry on business in common with a view to private gain. This form of business undertaking is an association of two or more persons. The business is carried on by all the partners or by one partner acting on behalf of all the partners.

iii). Co-operative Societies: The Co-operative form of organisation is a democratic setup run by its members for serving their own interests. The philosophy of the co-operative organisation is all for each and each for all. The Indian Co-operative Society Act, 1912 defines Co-operatives as a society which has its objectives, the promotion of economic interest of its members in accordance with co-operative principle. The co-operative business organisation is a voluntary association of persons who are free to join or withdraw from it. A registered society acquires a corporate status and enjoys separate legal existence, perpetual succession and common seal.

iv). Joint Hindu Family Firms: Another form of business organisation which is operative in India is Joint Hindu Family Firm (JHF). It is governed by the Hindu Law. The unmodified Hindu Law consists of two schools i.e., Mitakshara and Dayabhaga. It is managed by the senior male member of the family who is called as 'Karta'. JHF business is a continuous and death of one member does not bring the firm to an end. A minor in the family is also considered as a member of JHF.

v). Joint Stock Companies: A company is a voluntary association or an organisation of many persons who contribute money or money's worth to a common stock and employ it for a common purpose. The common stock so contributed is denoted in money and is the capital of the company. The persons who contribute it are members or shareholders. The capital of this type of enterprises is divided into shares of small denomination. The proportion of capital to which each member is entitled is his share. Shares are always transferable, although the right to transfer them is often more or less restricted.



B) Public Sector Undertakings

The business undertakings which are owned and operated by public authorities are known as public sector or state undertakings. In these organisations, either whole or most of the investment is made by the government.

i). Departmental Organisations : In this form of business organisation, an enterprise works as a part of government and its management is laid down in the hands of civil servants. This form of organisation is highly suitable for public utility services and strategic industries like railways, postal and telegrams, radio and television etc.

ii). Public Corporations: This type of business organisations are created by a special statute of a State or Central governments. There must be at least 7 members while the maximum is the unlimited. Its shares are freely transferable. It can invite public to its shares or debentures. In India, RBI, NABARD, IFC, SBI etc., which are created by special Acts of Parliament.

iii). Government Companies: A business organisation is which the government i.e., state or central or both holds 51 per cent or more the shares. The government companies are registered both as public limited and private limited companies, but management remains with government only. Some of the government companies in India are Steel Authority of India Ltd., Coal Mines Authority Ltd., State Trading Corporation of India, Jute Corporation of India etc.



C). Joint Undertakings

The joint sector form of business organisation is a partnership between private sector and the government. It is a form of partnership between the Government and the private business houses. Eg. After independence Air India International was set up by Tata's and the Central Government. The real start of these companies began only after Industrial Policy Resolution of 1956. A number of joint enterprises were set up in different parts of the country with government collaboration with private sector by sharing ownership, management and control. Eg. Madras Fertilizers, Cochin Refineries, Gujarat Fertilizers., SIDI,, SIICs, etc.

PPP: Public-private partnerships involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects, such as public transportation networks, parks, and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner or make it a possibility in the first place. Public-private partnerships often involve concessions of tax or other operating revenue, protection from liability, or partial ownership rights over nominally public services and property to private sector, for-profit entities.

Chapter-8

Role of Entrepreneurship in Economic Development



ENTREPRENEURSHIP

**Role of Entrepreneur's in Economic
Development**



Role of Entrepreneurship in Economic Development

- q Economic development of the country is determined by human resources, natural resources and financial resources. Economic development of every country is depending on human resources. Human resources alone are not put economic development but it requires dynamic entrepreneurs. They look for opportunities, identify opportunities and seize opportunities for maximizing profit.
 - q Entrepreneurs play a vital role in economic development. Economic development is essentially a process to increase the national income and per capita income of the country over a period of time. Entrepreneurs serve as catalysts in the process of industrialisation and economic growth. The rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. Thus, entrepreneurs are key role to the creation of enterprises.
 - q In the modern world of globalisation entrepreneur plays an important role in economic development of the country.
- 



Entrepreneurs play a vital role for the economic development of country in the following ways.

- 1) **Capital Mobilisation:** A large capital stock should enable to secure a large output. The entrepreneur is a middleman that he raises the capital from various investors. The same is used to set up a business venture for the creation of goods and services. High growth rate of capital formation is an index of rapid economic development of a country.
- 2) **Higher Income Levels:** Income level of people increased by the activities of entrepreneurs.
- 3) **Export of Products & Services:** Entrepreneurs help the nation in the balance of payments. They also generate the foreign capital resources.
- 4) **Balanced Regional Development:** The Central and State governments offer of concessions and subsidies to the entrepreneurs results in balanced regional development. This helps in the development of the backward areas.
- 5) **Generates Employment:** Entrepreneurs help in generating employment directly and indirectly. If a hundred persons become entrepreneurs they not only create a hundred jobs for themselves but also provide employment to many more.
- 6) **Creation of Markets:** Entrepreneur may also create the new markets. An entrepreneur occupies new areas and new consumers for his products or services. He captures high market share in the business.

7. Improvement of Per Capita Income: Entrepreneurs have the skills of locating and identifying the opportunities to establish their own enterprises. This will result in increase in the per capita income, national income and wealth of a nation.

8. Improvement of Standard of Living: The initiative taken by entrepreneurs to set up industries helps in removing scarcity of essential commodities. Thus, the efforts of entrepreneurs to set up large scale and small scale industries, offer goods at lower price to the consumers and increase variety in their consumption. Entrepreneur's efforts improve the living standard of people.

9. National Self-reliance: Entrepreneurs are very much required for national self-reliance. They substitute imports and promote exports by producing goods and services in the country. Hence, the country will become self-reliant.

10. Improved Production: All the factors of production i.e., land, labour, capital and enterprise are brought together to get the desired production. By the introduction of newer methods of production and processes quality of products is improved.

11. Backward and Forward Linkages: Always the entrepreneur initiative change and tries to maximise his profits by innovations. Setting up of an enterprise in accordance with the changing technology, has several backward and forward linkages. For example, the establishment of textile unit generates several ancillary units and expands demand for cotton, chemicals, dyes, spinning mills etc.

12. Better Utilization of Natural Resources: Natural resources are effectively used by entrepreneurs for the creation of economic value. For the better utilisation of resources entrepreneurs set up business ventures.

13. Dispersal by Economic Power: Industrial development may lead to concentration of economic power in few hands. The concentration of economic power can be identified in terms of producers of several products. Now-a-day government is encouraging more number of individuals to set up business venture for the utilisation of local resources.

Chapter-9

Start-ups

STARTUP

idea

hard
work

launch

growth



Start-Ups

*“A hand up not a handout.
It is neither top down nor bottom up.
Rather, it is insider out.” -Hugh Jackman*

- q Modi's stated that, “We want to enable startups to make India number one in the field “Startup India and standup India”.
- q A start-up company is an entrepreneurial venture typically describing newly emerged.
- q A start-up is a young company that is just beginning to develop.
- q Start-ups are usually small and initially financed and operated by a handful of founders or one individual.
- q Start-up refers to a company or a partnership or an organisation designed to rapidly develop scalable business model.
- q The start-up companies deploy advanced technologies such as internet, communication etc.
- q These companies are generally involved in the design and implementation of innovation processes of the development, validation and research for the target markets.



BUSINESS VISA CANADA

Definitions:

The US Small Business Administration:

It described starts up as the business that is typically technology oriented and has high growth potential.



Functions of Start-up Companies: The start-up companies perform various functions which are detailed below;

- 1) Maintaining Relations:** The Start-up maintains good relations with different stakeholders i.e., customers, employees, investors, co-founder etc.
 - 2) Deploy Advanced Technologies:** Start-up is that it deploys advanced technologies such as internet, new communication techniques etc. Start-up are typically technology oriented which has high growth potential.
 - 3) Searches for Rare Ideas:** The entrepreneurs search for one of the rare ideas that generate rapid growth of enterprise and industry.
 - 4) Develops Positive Outlook:** The optimistic view of the start-ups makes the entrepreneurs to search for opportunities and capitalize them.
 - 5) Listens to Feedback:** The entrepreneurs also receive feedback from within the company. The feedback received along with start-up own ideas should be reviewed constantly to change the company's policies and programmes.
 - 6) Learns Quickly:** As a founder company, it should go for continuous testing and learning.
- 



7. Maintain Integrity: The start-up have an internal sense of doing things the right way. The start-up companies have to work with integrity to benefit all the stakeholders of the enterprise.

8. Carry Business with Restricted Funds: It is evident that most of the start-up less funding through venture capitalists and angel investors. With the available resources, they put in efforts to undertake entrepreneurial activities successfully.

9. Starts with a Small Market: The start-up at the beginning start with market and reach the large market subsequently to turn into large company.

10. Focussing on User Needs: The start-up company's important function is to focus on its end users. This gives an opportunity to the start-up company to design the programmes according to the needs of customers.



A Start-up is Funded Differently:

While both a start-up and small business will likely start with funding from the founder's savings, friends and family, or a bank loan; if a start-up is successful, it will receive additional series of funding from angel investors, venture capitalist and eventually, an initial public offering. With each series of funding, the start-up founder's equity is eroded, while ownership of the company diversifies.

Start-ups Culture:

The emergence of campus start-ups is a significant change. New initiatives including tax including tax incentives of the current government are going to accelerate the trend. The government funded research parks and incubation centres have to be spread fast around the country. This start-up culture needs to be replicated not only in IITs and IIMs but in Universities and Colleges across the country.

Prime Minister Narendra Modi unveiled his government's start-up India policy in New Delhi on 16th January 2016. The 19 point action plan aims to take forward the start-up culture, making it easier for young, aspiring Indians to build on their business ideas.



Writing a Business Plan in a Start-up

Many potential start-up businesses are daunted by the prospect of writing a business plan. The business plan will clarify business idea and define long-term objectives. It provides a blueprint for running the business.

Business plan is like a road map to long term success. A business plan is simply the strategy to achieve the objectives of the proprietors of the business.

Venture capital is capital typically provided by outside investors for financing of new, growing or struggling businesses.

A complete business plan for a start-up company is best organised according to the logical development of the business and is comprised of at least 12 basic components.

- 1) **Executive Summary:** By definition, to summarise the elements of business.
- 2) **Company Description:** For identification, to introduce company and business concept.
- 3) **Industrial Analysis:** To provide a picture of industry and of the position of business within the large framework.
- 4) **Market and Competition:** While some business plans proponents separate market and competition, and market share.
- 5) **Strategic and Goals:** To analyse the market and competition in order to determine how and where company or products or services fit and to maximize position with target market.
- 6) **Products or Services:** To describe products or services and how they match findings and strategies and goals.



- 7. Marketing and Sales:** To market product or services with the best positioning and to forecast sales based on the findings of categories four, five and six, in that order.
 - 8. Management and Organisation:** To present the management and employees who will run the show. This section can be separated into two sections for more complex companies.
 - 9. Operations:** To explain how the business is run.
 - 10. Financial Pro Forma:** To forecast successful financial performance for all activities.
 - 10. Financial Requirements:** To present the type and amount of financing needed based on the previous sections, to accomplish the whole plan.
 - 11. Exhibits:** By definition, to close the plan and separate any supporting materials that would otherwise interrupt the flow of the story.
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THANK YOU....



THE END