

Unit-4

Support Agencies and Incubators

4.1 State & National Level Support agencies and Current Promotional Schemes for new Enterprise

India (National level) and Gujarat (State level) have several support agencies Promotional schemes that provide assistance, mentorship, and resources to new enterprises.

1. **Startup India:** An initiative by the Government of India to build a strong ecosystem for nurturing innovation and startups in the country. It provides various benefits including tax exemptions, self-certification compliance, and funding support for startups.
2. **Atal Innovation Mission (AIM):** AIM is a flagship initiative by the NITI Aayog to promote innovation and entrepreneurship across the length and breadth of the country. It provides financial support and mentorship to startups.
3. **Small Industries Development Bank of India (SIDBI):** SIDBI provides financial and non-financial support to small-scale industries and enterprises. It offers various loan schemes and developmental programs.
4. **National Small Industries Corporation (NSIC):** NSIC provides a wide range of services to small and medium businesses, including financial support, marketing assistance, and technology support.
5. **Khadi and Village Industries Commission (KVIC):** KVIC promotes and develops khadi and village industries in rural areas. It provides financial assistance, training, and marketing support to entrepreneurs.
6. **Technology Development Board (TDB):** TDB provides financial assistance and support for the commercialization of indigenous technology. It helps in bridging the gap between research and commercialization.
7. **Pradhan Mantri Mudra Yojana (PMMY):** A scheme offering loans to non-corporate, non-farm small/micro enterprises. It provides financial support for startups and small businesses.
8. **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** A scheme facilitating collateral-free credit to micro and small enterprises. It encourages banks and financial institutions to provide loans without demanding collateral security. [1]
9. **Stand-Up India:** This scheme aims to promote entrepreneurship among women, SC, and ST communities. It provides loans for greenfield enterprises in the trading, manufacturing, and services sectors.
10. **Skill India:** An initiative to skill the youth of India. Entrepreneurs can benefit from the skilled workforce produced by this initiative.
11. **CED (Centre for Entrepreneurship Development), Gujarat:** Focuses on skill development in urban and rural areas of Gujarat, promoting entrepreneurship

through various schemes. At the national level The **Entrepreneurship Development Institute of India (EDII), Gandhinagar** is a renowned institution focused on enhancing the spirit of entrepreneurship and skill levels of **Entrepreneurship Development, Training and Skill Enhancement, and Financial Support.**

12. **iNDEXTb, Gujarat:** The **Industrial Extension Bureau** is a Government of Gujarat organization established to promote and facilitate investments in the state. It acts as an investment promotion and investor facilitation agency, serving as a single window for various types of investors, including local and foreign direct investors (FDIs).
13. **iHub** is an initiative launched by the Government of Gujarat to support startups and entrepreneurs. They offer a comprehensive incubation program called Startup Grow. This program scouts, engages, and nurtures startups across various domains and regions, helping them flourish and grow, further indicating the expansion and development of their support infrastructure for startup incubation.
14. **SSIP (Student Startup and Innovation Policy) Gujarat** is an initiative by the Government of Gujarat to promote startups and innovation among students. This policy provides assistance and incentives to individuals or groups of individuals, particularly students, for innovative ideas and startups. The policy framework includes schemes like the Gujarat Venture Fund Limited (GVFL), assistance schemes for startups, state-funded incubation facilities, and initiatives such as hackathons, innovation boot camps, and innovation festivals at the state and regional levels. SSIP Gujarat also offers incentives to student innovators and startups for participation in innovation-related programs at the national and international levels.

These agencies play a vital role in fostering the growth of new enterprises in India by providing essential support and resources.

➤ **Area of Assistance of various Support agencies**

Area of Assistance	Institutions available
Selection of Project	DIC (District Industrial Centre), ITC (Indian Investment Centre, SFC (State Finance Corporation)
Registration	NSIC (National Small Industrial Corporation CCIE (Chief Controller of Import and Export) STC (State Trading Corporation)
Finance	SFC (State Finance Corporation). IIC, IDC (Industrial Development Corporation) IDBI (Industrial Development Bank of India etc.)
Technical know how	DDCA (Directorate of Drug Control Association) CIPET (Central Institute of Plastic and Engineer Tool)

Training	EDI (Entrepreneurship Development Institution of India) NISIET (National Institute of small Industry Extension Training)
Infrastructure facility	DIC (District Industries Centre), EB (Electricity Board) LA (Local Authority)
Raw Material	MDC (Mineral Development Corporation) MMTC (Mineral and Metal Trading Corporation) STC (Small Industrial Corporation etc.)
Plant and Machinery	SFC (State Finance Corporation) CCIE (Chief Controller of Import and Export)
Marketing information	TCO (Technical Consultancy Organisation) DEP (Directorate of Export Promotion)
Product Standardisation and Quality of Mark	ISI (India Standards Institute), RT (Register of Trade Mark)

4.2 Start-up Incubation and Modalities

Startup incubation refers to the process of nurturing early-stage startups by providing them with various resources, mentorship, office space, and networking opportunities. Here's an overview of the modalities involved in startup incubation:

- Application Process:** Startups apply to join an incubator, detailing their business idea, team, and potential market. Rigorous selection processes are often in place.
- Mentorship:** Incubators provide startups with experienced mentors who offer guidance, industry insights, and networking opportunities.
- Funding:** Some incubators offer initial funding, either in the form of grants or investments. This financial support helps startups develop their products or services.
- Workspace:** Incubators typically provide office space, meeting rooms, and infrastructure, reducing overhead costs for startups.
- Networking:** Startups gain access to a network of entrepreneurs, investors, and industry experts, fostering collaboration and potential partnerships.
- Training and Workshops:** Incubators conduct training sessions and workshops on various aspects of business development, marketing, finance, and legal compliance.
- Legal and Administrative Support:** Assistance with legal processes, intellectual property protection, and administrative tasks is often provided.
- Demo Days:** Incubators organize demo days where startups pitch their ideas to a gathering of investors and potential partners.

- 9. Duration:** Incubation periods vary but usually last from six months to a few years, allowing startups time to develop and scale their businesses.
- 10. Graduation and Scaling:** Successful startups "graduate" from the incubator, equipped with the skills, funding, and networks needed to scale their businesses independently.
- 11. Post-Incubation Support:** Some incubators offer continued support after graduation, helping startups navigate the challenges of scaling up.

Remember, each incubator may have its unique modalities and offerings, so startups should carefully research and choose an incubator that aligns with their specific needs and goals.

4.3 Communication of Ideas to potential investors – Investor Pitch

Effectively communicating your startup idea to potential investors is crucial for securing funding. Here's a concise guide or way to pitch your idea to investor:

- 1. Tell a Compelling Story:** Craft a narrative around your idea. Investors are drawn to stories that highlight the problem, solution, and the impact your startup can make.
- 2. Define the Problem:** Clearly outline the problem your product or service solves. Explain the pain points in the market and how your solution addresses them uniquely.
- 3. Practice and Rehearse:** Practice your pitch repeatedly. Be concise, engaging, and confident. Anticipate questions and prepare thoughtful answers.
- 4. Visual Presentation:** Create a visually appealing and informative presentation. Use graphics, charts, and prototypes to illustrate your idea effectively.
- 5. Business Model:** Clearly explain your revenue model, market size, and the strategy for scaling the business. Investors want to know how their investment will generate returns.
- 6. Target Market:** Define your target audience and market. Investors need to see that you understand your customer base and have a plan to reach and engage them.
- 7. Competitive Analysis:** Showcase your knowledge of the competition. Explain what sets you apart and why your solution is superior.
- 8. Financial Projections:** Provide realistic financial projections. Investors want to see your growth potential and how their investment will contribute to the company's success.
- 9. Be Passionate and Authentic:** Let your passion for the idea shine through. Investors invest in not just the idea but also in the entrepreneur behind it.
- 10. Handle Rejections Gracefully:** Not every pitch will result in funding. Learn from rejections, seek feedback, and refine your pitch for the next opportunity.

Remember, communication is not just about what you say but how you say it. Confidence, clarity, and conviction can make a significant impact on potential investors.

4.4 Legal Issues

Entrepreneurs face a many of legal challenges in their business activities:

4.4.1 Contracts

- Entrepreneurs must create and manage contracts for employees, clients, and partners, ensuring clear terms and agreements
- Legally Binding Agreement between Two Parties
- Entrepreneur's Contract with Vendors, Landlords, & Clients etc

- Written Contracts must be preferred over Verbal Ones.
- Benefits of Written Contracts: termed as Valid & Legally Enforceable
- Examples:
 - Outsourcing Production (Apple, Samsung, Nike)
 - Employees Sign a Bond with Firm

In case of Not Availing a Lawyer, Entrepreneur must take care of following essential items:

1. All Involved Parties shall be Named along with their Roles (Buyer & Seller, Licensee & Licensor etc)
2. Detailed Transaction (Exact Location, Date and Time & Place of Delivery etc.)
3. Exact Value of Transaction
4. Involved Persons' Signatures must be obtained in the Deal.

4.4.2 Copyrights

- Protecting original works of authorship such as writings, music, and art is vital. Copyrights safeguard intellectual property rights.
- Protects Works of Authorship, such as WRITINGS, MUSIC, and WORKS OF ART that have been Tangibly Expressed.
- Stop others from Printing, Copying, or Publishing
- Does not protect the Idea itself, others can use the Idea/Concept in a Different Manner
- Term of Copyrights is the life of the Author plus 50 Years & 75 Years for an Institute.
- For Example: Gone with the Wind, Harry Potter (the book and the film), Beatles Recordings, Computer Software, and Video Games.
- Books, Scripts, Articles, Poems, Songs, Sculptures, Models, Maps, Blueprints, Collages, Printed Material, Data and music all be copyrighted.



4.4.3 Insurance

- Entrepreneurs should consider various insurances like liability, property, and health insurance to mitigate risks and protect their assets
- A cover against any unexpected Miss-hap
- Managing Risk in the New Business+
- Type of Insurance to Purchase depends upon the Nature of the Business/Industry.
- Dramatic Increase in Purchase of Insurance in Pakistan after the Post Violence of Benazir's Assassination in Country
- For Example:
 - Staff Safety is more of concern in Chemical Industry than Banks
 - International Marketing Personnel/Sales Managers Travel more frequently than Financial Executives – Need Company's Insurance Coverage
- Types of Insurance:
 - 1) **Property:** Fire, Burglary, Robbery & Business Interruption (All/Banks/Goldsmith)
 - 2) **Casualty:** Physical Injury or Property Damage (Fuel Stations /Superstores /Shops)
 - 3) **Life:** Protects the Business Continuity (Partnership & JSC)
 - 4) **Worker's Compensation:** on-job Injury (chemical/manufacturing industry)
 - 5) **Bonding:** Employee Theft OR Tender Not meets Deadline (Contractors)

4.4.4 IPR (Intellectual Property Rights)

- Understanding and protecting intellectual property, including patents, copyrights, trademarks, and trade secrets, are crucial for preventing unauthorized use and ensuring market competitiveness.
- IP is an Asset for the Entrepreneur, It must be protected from Un-authorized use.
- Any Innovation, Commercial or Artistic, or any Unique Name, Symbol, Logo or Design
- There are four ways to protect IP
 1. Patents on Inventions
 2. Trademarks on Branding Devices
 3. Copyrights on Music, Videos, Patterns, Forms of Expression
 4. Trade Secrets for Methods/Formulas with Economic Value

4.4.5 Licensing

- Entrepreneurs may license their intellectual property to others for a fee, ensuring legal protection and revenue generation.
 - Arrangement between Two Parties i.e. Proprietary Right Owner/Patentee and the Licensee
 - The patent owner may give permission to, or license, other parties to use the invention on mutually agreed terms
 - Licensee pays Royalty/Fees against the Right to use IP
 - Licensing is done to either expand a Business or to Start a New Venture.
 - Inexperience or Lack Resources
 - If there is an existing patent that might involve infringement, licensing may be considered.
- Licenses are Issued to make PROFITS and REACH wider span of Public
- Patent License Agreement:
Either just market a Product OR Manufacture and Sell Also
Examples:
Telecommunication Companies, Fuel Stations, Food Franchises & Drugs Stores etc.
 - Copyright License Agreement:
Copy Books, Software, Music, Photographs, & Plays etc
Examples: Indian Idol, X-Factor, Sports Team's Merchandising, KFC gifting Coca Cola Glasses etc.

4.4.6 Patents

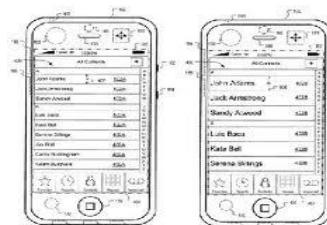
- Entrepreneurs can patent their inventions, granting exclusive rights to produce and sell their innovations, preventing others from using the same ideas.
- A Contract Between Government & Inventor in Exchange for disclosure of Invention
- Grants the inventor EXCLUSIVITY to Make, Use & Sell the Invention for
 - ✓ Specified Amount of Time
 - ✓ Territorial
- Holder Obtains MONOPOLY for certain period and after that it passes into Public Domain
- Patents can be obtained in widely varying Technical Subject Matters - "almost anything under the sun made by man".
- Holds the Right to issue Licenses to Others
- An Idea/Thought cannot be Patented
- Modifications in Existing Products can also be Patented (e.g. Galaxy Tab)

- Term of Protection should be a minimum of 20 Years



1 UTILITY PATENTS

- Protect Useful Processes, Machines, Articles of Manufacture, and Compositions of Matter.
- Some Examples: Fiber Optics, Computer Hardware etc



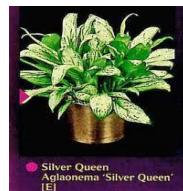
2 DESIGN PATENTS

- Guards the Unauthorized Use of New, Original, and Ornamental designs for Articles of Manufacture.
- The look of an Athletic Shoe, a Bicycle Helmet, the *Star Wars* Characters are all protected by Design Patents.



2.3 PLANT PATENTS

- The way we Protect Invented or Discovered plant varieties.
- For Example: Hybrid Tea Roses, Silver Queen Corn, Better Boy Tomatoes are all types of plant patents.

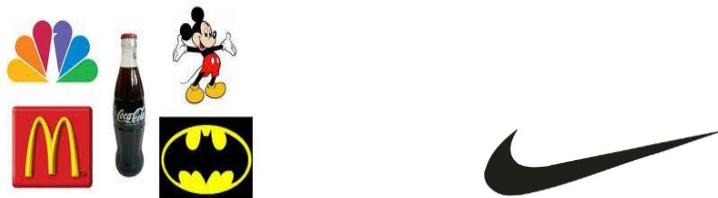


4.4.7 Trade Secrets

- Protection of confidential business information, processes, and formulas that provide a competitive advantage is essential. Trade secrets are safeguarded through non-disclosure agreements and other legal measures
- The information that companies keep secret from Public/Competitors to give them an advantage over their competitors.
- The formula for *Coca-Cola* is the most famous trade secret.

4.4.8 Trademarks

- Registering unique symbols, names, and slogans used to identify goods and services in the market is crucial. Trademarks protect brand identity and prevent confusion among consumers.
- Protects Words, Names, Symbols, Sounds, or Colors that distinguish goods and services.
- Trademarks, unlike Patents, can be renewed FORVER as long as they are being used in business.
- The roar of the *MGM* lion, the pink of the *Owens-Corning* insulation, and the shape of a *Coca-Cola* bottle.



Four Categories of TMs:

- i. **Coined Marks:** Denote NO Relationship b/w Mark & Good (e.g. Kodak)
- ii. **Arbitrary Mark:** Common Word used in Meaningless Context (e.g. Apple, Dollar)
- iii. **Suggestive Mark:** suggests certain Features, Qualities, Ingredients, or Characteristics of a Product or Service (Clean & Clear, Fair & Lovely, Skin White Products)
- iv. **Descriptive Mark:** with a dictionary meaning which is used in connection with products or services directly related to that meaning (e.g. Shoe Plant, EBH)