**I. Sustainable growth of enterprises**

**Sustainable growth** is among the biggest challenges any business leader / entrepreneur faces.

Entrepreneurs are risk-takers. They are continually assessing the world around them, seeking to identify problems in need of a solution. (SWOT) They work hard to address these problems, and transform them into opportunities to improve their world. However, in their haste to identify and seize those opportunities, many entrepreneurs rush into their businesses and forget to establish a long-term vision. The history of the business world has many examples of failed startups that were unable to sustain their business model. Many of these businesses were started by well-intentioned entrepreneurs but were not able to transform their visions into a sustainable business model that was capable of withstanding the ups and downs of the external environment. In order to build and lead a successful company, an entrepreneur must create a sustainable business. A sustainable business is one that can overcome negative market conditions and can take advantage of strong market conditions. Creating a long-term vision for your business is essential for future growth. Sustainability is in part dependent upon the development of a vision that is used to guide the company to becoming a viable business. Maintaining a long-term vision will make the leader less susceptible to the changes that impact the business on a daily basis.

Features of Entrepreneurs who create sustainable businesses

1. Vision - The vision creates a plan for where the company is going and what activities the members of the organization will engage in. It becomes a set of guidelines that the members of the organization use to navigate the external environment on a day-to-day basis.
2. Flexibility - Look at key issues based on different sets of time frames before making critical decisions. Key decisions that have both short-term and long-term impact on the business will arise all the time. These critical decisions can affect issues such as cash flow as well as reputation and liability. In order to create a sustainable business, you must consider multiple time frames simultaneously. Making decisions based upon a single time frame may impact the long-term sustainability of the business.
3. Transferability - Believe that they are stewards and caretakers who are responsible for the continuation of the business after their tenure. Businesses are entities unto themselves. They are capable of being turned over to others to manage their operations. They have a life beyond those individuals listed as shareholders. A significant part of their value is in passing ownership from one shareholder to another. Creating a long-term vision for the business allows entrepreneurs, founders and owners to be able to see beyond their involvement to the point where they can hand off the organization to the next generation of owners. The business becomes sustainable as it is passed from one owner to the next.

In the early history of mankind, before the advent of GPS and other technological advances, sailors would depend on the stars to guide them. The North Star became the fixed and guiding point in the sky that would help steer early explorers back to their course in the event of a storm. Without the North Star as a point of reference, there would have been no way to re-orient the ship after the storm passed. When founding and leading a business, leaders should expect storms. Despite their best efforts, unexpected events will occur, which will make navigation temporarily impossible. Leaders are compelled to focus on the immediate conditions in order to navigate the external environment safely. Once the storm has cleared, the business leader must have a vision that they can use to re-orient the business. The long-term vision repositions the business and helps bring it back to its original destination. It allows for sustainability in the roughest of times.

**II. Time management**

**Time management** is the creation of tools and processes that allow individuals and organizations to accomplish the tasks and goals effectively. While time management is critical to success for all individuals, it is critically important to entrepreneurs. This is because entrepreneurs are typically faced with several challenges each day and quickly compile massive "To Do" lists.

Concepts of good time management

1. Time scheduling - This will help an entrepreneur to arrange activities to be performed within a given time through use of diaries and time charts. This will help in avoiding over-scheduling and scheduling every minute of the day and leading to possibility of achieving as an entrepreneur.  
2. Prioritizing of activities - This helps an entrepreneur to arrange tasks with their importance and urgency and evaluate your work items in order of importance and picking out only the important issues

and the ones that need to be accomplished immediately and handle the first set reasonable priorities for each work period and stick to them.

3. Time consciousness - An entrepreneur should avoid wasting any time because time once lost is never recovered.

4. Keeping specifications - A good entrepreneur should handle a specific task within a given time limit by setting deadlines and adhere strictly to them. Avoid postponing activities because procrastination is the greatest thief of time.

5. Do not procrastinate - If a task is genuinely urgent in your business entity and important, get on with it, however, if you find yourself making excuses about a business action, ask yourself why. Maybe you are concerned about ethics or you don’t think it’s the best option.

Time management techniques

1. Use of deadlines - This will help an entrepreneur to arrange activities to be performed within a given time through use of diaries and time charts. This will help in avoiding over-scheduling and scheduling every minute of the day and leading to possibility of achieving as an entrepreneur.

2. Delegation of responsibilities- This is by allowing others to do part of your work in a business entity especially in a partnership business plan.

3. Prioritization – the tasks should be arranged in the order of priority. It is important to identify tasks with are most urgent and critical in nature. Any delay in such activities can have serious impact on the overall functioning of the organization.

4.Reducing paper work - This is by using the 80/20 rule which states that work will always extend and increase to fill time available meaning that achieving perfection is impossible and it is perfectly in order to do a job up to a reasonably acceptable level in order to save time and accomplish other tasks as well.  
  
5. Make a list - This helps by wanting to set reminders on your phone and computer and the list should have the probability of being attainable, personal, home and work.

6. No blame game of circumstances - The best way to do time management is to immediately accept our faults rather than blaming others and shifting the reason from course of action. This helps to focus on priorities.

7. Action plan - List all the things that you have to do for the entire week. However, don’t put too many things as it may not be possible to accomplish everything which leads to disappointment.

8. Defined Goal setting - Once tasks are prioritized go about setting a clear goal i.e. a particular task has to be completed for that day and within the stipulated time. Perseverance is one of the most important qualities that one requires to achieve something regardless of the odds against you.  
Time management is important especially to an entrepreneur since they are venturing into an alien environment with so many unforeseen events. In such cases, their methods of work priorities and job requirements undergo changes which enable them to manage their time in a better way without trouble and delays. In the initial stages of owning a business, entrepreneurs must engage in proper planning and follow up. Because,

\* It helps entrepreneurs to fix priorities in their work thus approaching tasks of their businesses systematically.  
\* Good time management helps entrepreneurs to be in a position to make a follow up which might result in changes in priorities.

\* Entrepreneurs are able to do enough preparation for different activities in their planned and preferred list of tasks.

Entrepreneurs may be in a position to decide the work which they do themselves and work which may be performed by subordinates or fellow employees and enable them delegate activities.  
Good time management enables entrepreneurs to anticipate the pros and cons of some of the activities which may require more time, better planning and higher allocation of other resources.  
\* It helps in creating good morals among your workers resulting to better business planning of the enterprise.  
\* There is quick decision thus benefiting overall working of your business enterprise.  
\* It reduces stress which might result from mismanagement of time in the business.

# III. Factors affecting Entrepreneurship Development

Entrepreneurship is influenced by four distinct factors: economic development, culture, technological development and education. In areas where these factors are present, you can expect to see strong and consistent entrepreneurial growth. These conditions may have both positive and negative influences on the emergence of entrepreneurship. Positive influences constitute facilitative and conducive conditions for the emergence of entrepreneurship, whereas negative influences create inhibiting milieu to the emergence of entrepreneurship.

## Economic Factors

Economic environment exercises the most direct and immediate influence on entrepreneurship. This is likely because often people become entrepreneurs due to necessity when there are no other jobs or because of opportunity.

The economic factors that affect the growth of entrepreneurship are the following:

**1. Capital**

Capital is one of the most important factors of production for the establishment of an enterprise. Increase in capital investment in viable projects results in increase in profits which help in accelerating the process of capital formation. Entrepreneurship activity too gets a boost with the easy availability of funds for investment. Availability of capital facilitates for the entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. Capital is therefore, regarded as lubricant to the process of production. France and Russia exemplify how the lack of capital for industrial pursuits impeded the process of entrepreneurship and an adequate supply of capital promoted it.

**2. Labor**

Easy availability of right type of workers also effect entrepreneurship. The quality rather than quantity of labor influences the emergence and growth of entrepreneurship. The problem of labor immobility can be solved by providing infrastructural facilities including efficient transportation. The quality rather than quantity of labor is another factor which influences the emergence of entrepreneurship. Most less developed countries are labor rich nations owing to a dense and even increasing population. But entrepreneurship is encouraged if there is a mobile and flexible labor force. And, the potential advantages of low-cost labor are regulated by the deleterious effects of labor immobility. The considerations of economic and emotional security inhibit labor mobility. Entrepreneurs, therefore, often find difficulty to secure sufficient labor.

**3. Raw Materials**

The necessity of raw materials hardly needs any emphasis for establishing any industrial activity and its influence in the emergence of entrepreneurship. It is one of the basic ingredients required for production. Shortage of raw material can adversely affect entrepreneurial environment. Without adequate supply of raw materials no industry can function properly and emergence of entrepreneurship to is adversely affected. In fact, the supply of raw materials is not influenced by themselves but becomes influential depending upon other opportunity conditions. The more favorable these conditions are, the more likely is the raw material to have its influence of entrepreneurial emergence.

**4. Market**

The role of market and marketing is very important for the growth of entrepreneurship. In modern competitive world no entrepreneur can think of surviving in the absence of latest knowledge about market and various marketing techniques. The potential of the market constitutes the major determinant of probable rewards from entrepreneurial function. The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in a market becomes more influential for entrepreneurship than a competitive market. However, the disadvantage of a competitive market can be reduced to some extent by improvement in transportation system, facilitating the movement of raw material and finished goods, and increasing the demand for producer goods.

**5. Infrastructure**

Expansion of entrepreneurship presupposes properly developed communication and transportation facilities. It not only helps to enlarge the market, but expand the horizons of business too. Apart from these, institutions like trade/ business associations, business schools, libraries, etc. also make valuable contribution towards promoting and sustaining entrepreneurship in the economy.

## Social Factors

Social factors strongly affect the entrepreneurial behavior, which contribute to entrepreneurial growth. Social setting in which the people grow, shapes their beliefs, values and norms.

The main components of social environment are as follows:

**1. Caste Factor**

There are certain cultural practices and values in every society which influence the actions of individuals. These practices and value have evolved over hundred of years. For instance, caste system (the varna system) among the Hindus in India has divided the population into four division. The Brahmana (priest), the Kshatriya (warrior), the Vaishya (trade) and the Shudra (artisan): It has also defined limits to the social mobility of individuals. By social mobility we mean the freedom to move from one caste to another. The caste system does not permit an individual who is born a Shudra to move to a higher caste. Thus, commercial activities were the monopoly of the Vaishyas. Members of the three other Hindu Varnas did not become interested in trade and commence, even when India had extensive commercial inter-relations with many foreign countries. Dominance of certain ethnic groups in entrepreneurship is a global phenomenon

**2. Family Background**

This factor includes size of family, type of family and economic status of family. In a study it has been revealed that Zamindar family helped to gain access to political power and exhibit higher level of entrepreneurship. Background of a family in manufacturing provided a source of industrial entrepreneurship. Occupational and social status of the family influenced mobility.

**3. Education**

Education enables one to understand the outside world and equips him with the basic knowledge and skills to deal with day-to-day problems. In any society, the system of education has a significant role to play in inculcating entrepreneurial values. In India, the system of education prior to the 20th century was based on religion. In this rigid system, critical and questioning attitudes towards society were discouraged. The caste system and the resultant occupational structure were reinforced by such education. It promoted the idea that business is not a respectable occupation. Later, when the British came to our country, they introduced an education system, primarily to produce clerks and accountants for the East India Company, The base of such a system, as you can well see, is very anti-entrepreneurial. Our educational methods have not changed much even today. The emphasis is till on preparing students for standard jobs, rather than marking them capable enough to stand on their feet.

**4. Attitude of the Society**

A related aspect to these is the attitude of the society towards entrepreneurship. Certain societies encourage innovations and novelties, and thus approve entrepreneurs’ actions and rewards like profits. Certain others do not tolerate changes and do not support entrepreneurial entures. Similarly, some societies have an inherent dislike for any money-making activity. It is said, that in Russia, in the nineteenth century, the upper classes did not like entrepreneurs. For them, cultivating the land meant a good life. They believed that rand belongs to God and the produce of the land was nothing but god’s blessing. Russian folk-tales, proverbs and songs during this period carried the message that making wealth through business was not right.

**5. Cultural Value**

Motives impel men to action. Entrepreneurial growth requires proper motives like profit-making, acquisition of prestige and attainment of social status. Ambitious and talented men would take risks and innovate if these motives are strong. The strength of these motives depends upon the culture of the society. If the culture is economically or monetarily oriented, entrepreneurship would be applauded and praised; wealth accumulation as a way of life would be appreciated. In the less developed countries, people are not economically motivated. Monetary incentives have relatively less attraction. People have ample opportunities of attaining social distinction by non-economic pursuits. Men with organizational abilities are, therefore, not dragged into business. They use their talents for non-economic end.

## Psychological Factors

Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate especially upon psychological factors. These are as follows :

**1. Need Achievement**

The most important psychological theories of entrepreneurship was put forward in the early 1960s by David McClelland. According to McClelland ‘need achievement’ is a social motive to excel that tends to characterise successful entrepreneurs, especially when reinforced by cultural factors. He found that certain kinds of people, especially those who became entrepreneurs, had this characteristic. Moreover, some societies tend to reproduce a larger percentage of people with high ‘need achievement’ than other societies. McClelland attributed this to sociological factors. Differences among societies and individuals accounted for ‘need achievement’ being greater in some societies and less in certain others. The theory states that people with high need-achievement are distinctive in several ways. They like to take risks and these risks stimulate them to greater effort. The theory identifies the factors that produce such people. Initially, McClelland attributed the role of parents, specially the mother, in mustering her son or daughter to be masterful and self-reliant. Later he put less emphasis on the parent-child relationship and gave more importance to social and cultural factors. He concluded that the ‘need achievement’ is conditioned more by social and cultural reinforcement rather than by parental influence and such related factors.

**2. Withdrawal of Status Respect**

There are several other researchers who have tried to understand the psychological roots of entrepreneurship. One such individual is Everett Hagen who stresses the psychological consequences of social change. Hagen says, at some point many social groups experience a radical loss of status. Hagen attributed the withdrawal of status respect of a group to the genesis of entrepreneurship.

Hagen believes that the initial condition leading to eventual entrepreneurial behavior is the loss of status by a group. He postulates that four types of events can produce status withdrawal:

i. The group may be displaced by force;

ii. It may have its valued symbols denigrated;

iii. It may drift into a situation of status inconsistency; and

iv. It may not be accepted with the expected status on migration in a new society.

**3. Motives**

Other psychological theories of entrepreneurship stress the motives or goals of the entrepreneur. Cole is of the opinion that besides wealth, entrepreneurs seek power, prestige, security and service to society. Stepanek points particularly to non-monetary aspects such as independence, persons’ self-esteem, power and regard of the society.

On the same subject, Evans distinguishes motive by three kinds of entrepreneurs

1. Managing entrepreneurs whose chief motive is security.
2. Innovating entrepreneurs, who are interested only in excitement.
3. Controlling entrepreneurs, who above all otter motives, want power and authority.

Finally, Rostow has examined inter gradational changes in the families of entrepreneurs. He believes that the first generation seeks wealth, the second prestige and the third art and beauty.

**4. Others**

Thomas Begley and David P. Boyd studied in detail the psychological roots of entrepreneurship in the mid-1980s. They came to the conclusion that entrepreneurial attitudes based on psychological considerations have five dimensions:

1. First came ‘need-achievement’ as described by McClelland. In all studies of successful entrepreneurs a high achievement orientation is invariably present.
2. The second dimension that Begley and Boyd call ‘locus of control’ This means that the entrepreneur follows the idea that he can control his own life and is not influenced by factors like luck, fate and so on. Need-achievement logically implies that people can control their own lives and are not influenced by external forces.
3. The third dimension is the willingness to take risks. These two researchers have come to the conclusion that entrepreneurs who take moderate risks earn higher returns on their assets than those who take no risks at all or who take extravagant risks.
4. Tolerance is the next dimension of this study. Very few decisions are made with complete information. So all business executives must, have a certain amount of tolerance for ambiguity.
5. Finally, here is what psychologists call ‘Type A’ behavior. This is nothing but “a chronic, incessant struggle to achieve more and more in less and less of time” Entrepreneurs are characterize by the presence of ‘Type A’ behavior in all their endeavors.

**IV. Negotiation**

**Negotiation** is a process where two or more parties with different needs and goals discuss an issue to find a mutually acceptable solution. In business, negotiation skills are important in both informal day-to-day interactions and formal transactions such as negotiating conditions of sale, lease, service delivery, and other legal contracts.

A negotiation is a strategic discussion that resolves an issue in a way that both parties find acceptable. In a negotiation, each party tries to persuade the other to agree with his or her point of view.

In advance of the negotiation, participants learn as much as possible about the other party's position, what the strengths and weaknesses of that position are, and how to prepare to defend their positions and counter the arguments the other party will likely make.

Good negotiations contribute significantly to business success, as they:

* help you build better relationships
* deliver lasting, quality solutions - rather than poor short-term solutions that do not satisfy the needs of either party
* help you avoid future problems and conflicts.

Negotiating requires give and take. You should aim to create a courteous and constructive interaction that is a win-win for both parties. Ideally a successful negotiation is where you can make concessions that mean little to you, while giving something to the other party that means a lot to them. Your approach should foster goodwill, regardless of the differences in party interests.

A good negotiation leaves each party satisfied and ready to do business with each other again.

# Negotiation skills

Strong negotiators master written, verbal and non-verbal communication. They adopt a conscious, assertive approach to their communication.

Good negotiators are: flexible, creative, aware of themselves and others, good planners, honest, win-win oriented, good communicators.

During a negotiation, you may choose to use a passive, aggressive or assertive communication style. Using an assertive style will help increase your chances of negotiating successful outcomes for your business.

Passive communicators are inclined to use ambiguous language, adopt under-confident body language, and give in to demands too easily.

Aggressive communicators take a confrontational approach that tends to alienate other parties and destroy negotiations.

Assertive communicators, however, are both confident and considerate. These communicators are more likely to keep discussion going and facilitate mutually beneficial outcomes. They adopt a strong, steady tone of voice. They are factual, rather than emotional or critical. They describe their views, starting sentences with 'I', rather than direct criticisms starting with 'you'.

models of negotiation:

1. Win Win Model **-** In this model, each and every individual involved in negotiation wins. No body is at loss in this model and every one is benefited out of the negotiation. This is the most accepted model of negotiation.

Example: Rajesh wanted to buy a laptop but it was an expensive model. He went to the outlet and negotiated with the shopkeeper to lower the price. Initially the shopkeeper was reluctant but after several rounds of discussions and persuasion, he quoted a price best suited to him as well as Rajesh. Raesh was extremely satisfied as he could now purchase the laptop without burning a hole in his pocket. The negotiation also benefited the store owner as he could earn his profits and also gained a loyal customer who would come again in future.

1. Win Lose Model - In this model one party wins and the other party loses. In such a model, after several rounds of discussions and negotiations, one party benefits while the party remains dissatisfied.

In the above example, both Rajesh and the store owner were benefited out of the deal. Let us suppose Rajesh could not even afford the price quoted by the storeowner and requests him to further lower the price. If the store owner further lowers the price, he would not be able to earn his profits but Rajesh would be very happy. Thus after the negotiation, Rajesh would be satisfied but the shopkeeper wouldn’t. In a win lose model, both the two parties are not satisfied, only one of the two walks away with the benefit.

1. Lose Lose Model **-** As the name suggests, in this model, the outcome of negotiation is zero. No party is benefited out of this model.

Had Rajesh not purchased the laptop after several rounds of negotiation, neither he nor the store owner would have got anything out of the deal. Rajesh would return empty handed and the store owner would obviously not earn anything. In this model, generally the two parties are not willing to accept each other’s views and are reluctant to compromise. No discussions help.

1. RADPAC Model of Negotiation - RADPAC Model of Negotiation is a widely used model of negotiation in corporates.

**R – Rapport:** As the name suggests, it signifies the relation between parties involved in negotiation. The parties involved in negotiation ideally should be comfortable with each other and share a good rapport with each other.

**A – Analysis:** One party must understand the second party well. It is important that the individual understand each other’s needs and interest. The shopkeeper must understand the customer’s needs and pocket, in the same way the customer mustn’t ignore the shopkeeper’s profits as well. People must listen to each other attentively.

**D – Debate:** Nothing can be achieved without discussions. This round includes discussing issues among the parties involved in negotiation. The pros and cons of an idea are evaluated in this round. People debate with each other and each one tries to convince the other. One must not lose his temper in this round but remain calm and composed.

**P – Propose:** Each individual proposes his best idea in this round. Each one tries his level best to come up with the best possible idea and reach to a conclusion acceptable by all.

**A – Agreement:** Individuals come to a conclusion at this stage and agree to the best possible alternative.

**C - Close:** The negotiation is complete and individuals return back satisfied.

**V. Mergers & Acquisitions and Joint Ventures**

Mergers and acquisitions are defined as the consolidation of companies. These are modes by which different business entities combine. Joint ventures, on the other hand, are the way for two business entities to build a contractual arrangement and work together to achieve the common goal of growth and profits.

## Primary Difference:

* The merger is a union of two or more entities to form one entity. The Mergers and Acquisitions may be a result of the accumulation of assets and liabilities of the entities with a view to forming one business with the uniform objectives, finances, access to technologies and shared market base.
* The acquisition is a takeover by one entity by controlling the share capital, assets and/or liabilities of the target or acquired entity.
* Joint Ventures are coming together of two or more businesses for a purpose such as entering into a new business and/or new expertise, or for investments, which may or may not be for a limited duration.

## Reasons for Companies Taking Steps for Mergers and Acquisitions

1. Two separate companies together create more value compared to being on an individual stand.
2. The objective of wealth maximization
3. Financial synergy for lower cost of capital
4. It is always expected from a combination of the companies to involve lower expenses and cost of capital and yield higher revenues.
5. One of the best ways of restructuring structure of corporate units giving a new life to the existing companies.
6. Improving company’s performance and accelerate growth
7. Economies of scale
8. Diversification for higher growth products or markets
9. Acquisition of technologies
10. To increase market share and positioning giving broader market access
11. Strategic realignment and technological change
12. Tax considerations
13. Undervalued target
14. Diversification of risk
15. Enabling exploration of new portfolios or business sectors for the said entities
16. M&A also results in market leadership when between entities of same/similar industries.

## Reasons for Entering Into a Joint Venture

* The various reasons for creating a joint venture include the ability to combine assets, capital, expertise, technology, strengths, and knowhow of separate businesses with an added advantage of the sharing of prospective risks.
* Joint Venture aids the entities that wish to enter a foreign market with which they are not familiar. It allows the parties to undertake potentially high-risk investments without the exposure to unlimited liability.
* The parties to a joint venture can define at the outset of the project, the extent to which the parties shall be for costs which ensures flexibility with respect to the flexibility in operations of the business activity.
* A joint venture may be entered into with a potential competitor may reduce or eliminate competition in the market.

## Mergers and Amalgamations

The term ‘merger’ was not defined under the Companies Act, 1956 (“CA 1956”), and under Income Tax Act, 1961 (“ITA”). The Companies Act, 2013 (“CA 2013”) without providing a definition of the term has explained the concept. According to the Act, a ‘merger’ is a combination of two or more entities into one single entity. The resultant entity is not just the accumulation of assets and liabilities of the distinct entities, but the organization of the two entities into one single business. In a merger, one or more parties to the Mergers and Acquisitions cease to exist and merge into one single entity that survives, i.e. one of the parties to the merger survives and retains its identity.

The Income Tax Act defines a similar term ‘amalgamation’ as the fusion of one or more companies to form another entity. Thus, in amalgamation, two or more companies Mergers and Acquisitions into a third new company while the existing companies lose their existence.

The Companies Act 1956 in Sections 390 to 394 and The Companies Act 2013 in Sections 230 to 234 deal with the schemes of arrangement or compromise between a company, its shareholders and/or its creditors. Depending on the requirements of the merging entities, several different types of mergers have been identified:

* Horizontal Mergers also referred to as a ‘horizontal integration’. It takes place between entities engaged in competing businesses with an objective of eliminating the competition and moving closer to a monopoly in the market. It occurs between companies producing similar products, goods and offering similar services. These forms of the merger are thoroughly scanned by the competition commission.
* Vertical Mergers are a combination of entities which are at different stages of the industrial, production or technical process. The entities have businesses which are complementary to each other. It has the objective of moving towards greater independence and self-sufficiency.
* Cogeneric Mergers is a type where the merging entities are in related markets but are not offering the same products. In such merger, the entities share similar sales and distribution channels and merge with an object to increase the customer base.
* Conglomerate Mergers is a merger between two entities which belong to unrelated industries. The objective of the merger can range from the utilization of financial resources to enlargement of debt capacity or add value to the outstanding shares by increased net earnings per share etc. It helps to diversify the business without having to incur large initial investment.
* Cash Merger is a form where the Shareholders of one entity receive cash instead of shares in the resulting merged entity. It forms an effective an exit for the cashed out shareholders.
* Triangular Merger is the type resorted to, for regulatory and tax reasons and is a tripartite agreement.
* Reverse Merger is where the private company acquires the majority shares of a public company in its own name. It serves as a shot for the unlisted companies to become a Public Limited Company without IPO.
* De-Merger, as the name suggests, is where a single business is fragmented into units to either operate on their own or be dissolved or be sold.

## Acquisitions

An ‘acquisition’ or ‘takeover’ is a term to define buying of another company and gain its ownership. Such process may be friendly or hostile and may be processed through agreements between the two or more parties or purchase of shares from the open market or by presenting an offer for acquisition to the entire body of shareholders.

Key features of the acquisition are:

1. The acquiring company buys the target company’s stock and other assets with a purpose of claiming complete ownership of the company.

2. The acquiring company thus becomes the policy and decision maker.

3. After a takeover, the acquiring company requires no approvals from the target company or its shareholders.

4. Acquisitions may be paid for either in form of the acquiring company’s stock or in cash or in a combination of both.

## Two types of Acquisitions:

1. Asset Acquisition - The acquirer chooses the assets or liabilities to be purchased and buys some or all of the target’s assets and/ or liabilities directly from the seller. If all the assets are acquired, the target stands liquidated. The acquirer decides judiciously to avoid any unwanted asset. This makes the whole process is tedious and pricey.
2. Stock Acquisition - It is where all of the assets and liabilities of the seller are sold upon the transfer to the acquirer. It is much simpler and less tedious process.

**Joint Venture**

The Companies Amendment Act 2017 explains the expression of Joint Venture as “a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement”.

Mergers & Acquisitions and Joint Ventures are commercial enterprises formed as an arrangement between two or more parties who hold a joint control over it. India does not have any exclusive or specific regulations and laws relating to Joint Venture and the enterprise is subject to the regulations specific to the business form it takes and the sector it desires to operate. A joint venture is made for a specific purpose, whereas the time duration may or may not be limited.

## Advantages of a Joint Venture

1. Joint Venture provides the opportunity to gain new insights and expertise to operate in a new market/ domain.
2. Joint Venture provides a better access to resources, technology, knowledge, specialty, and capital. This gives the Joint Venture arrangement upper hand against its competitors.
3. The parties during the tenure of the Joint Venture share the costs as well as the risks. If the Venture fails, then the losses shall also be borne by the parties to the venture.
4. Joint ventures are flexible, temporary and the exit procedures are fairly easy for the parties whenever required.
5. Foreign collaborations become convenient, credible and profitable.

## Joint Venture Agreement

Joint Venture in India is not regulated by any specific Legislation or rules but follow the regulations as per the business structure it forms as and the market it operates in.

Mergers & Acquisitions and Joint Ventures which forms as a Company shall be governed by the provisions of the Companies Act. 2013; A Joint Venture which forms as an LLP shall be governed by the provisions of The Limited Liability Partnership Act, 2008.

Also, a Mergers & Acquisitions and Joint Ventures must be in accordance with the provisions of the Indian Contract Act. Thus the execution of a Joint Venture Agreement is of utmost importance. A wisely drafted Joint Venture Agreement shall mitigate the risk with respect to the control, operations, management, and cost and profit-sharing of the Venture and also regard the exit and termination of the Joint Venture. It protects the interest of the parties by foreseeing the possibility of disputes in the future. It thus aids in the development of a smoother relationship between the parties to the Joint Venture.

## Procedure of Joint Ventures with Foreign Companies

Mergers & Acquisitions and Joint Ventures with a foreign partner or an NRI or PIO partner, require government approvals in India. Also, FDI is sector specific. There are some sectors which have been prohibited for foreign companies and investments in permitted sectors/activities can be made through Automatic route or Approval route. The extent of FDI permitted is different for all sectors and must be thoroughly researched for.