

# **Unit 1: - Introduction to Entrepreneurship and Start – Ups**

## **1.1 Definition, Traits of an entrepreneur,**

### **Entrepreneurship**

An entrepreneur is an individual who has an exclusive idea to initiate and establish a new venture and bring a change in the world.

An entrepreneur is highly creative and innovative, takes a risk and endures the unpredictability of business.

The business started by entrepreneurs with a new concept for the first time is known as Start-up.

The entrepreneurs are often known as a source of new ideas or innovations, and bring new ideas in the market by replacing old with a new invention.

The entrepreneur is an integral part of the operation, who builds and deploys the other functions of the operations i.e. labour, land, and capital. Later in the future, the entrepreneur becomes a businessman.

### **Startup**

The business started by entrepreneurs with a new concept for the first time is known as Start-up.

Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand.

The Indian government defines a startup as an entity less than ten years old with an annual turnover under one billion Indian rupees and headquartered in India.

According to Department for Promotion of Industry and Internal Trade (DPIIT) (under the Ministry of Commerce & Industry) Startup can be defined as an entity fulfilling...

1 Age less than ten years from the date of its incorporation/ registration

2 Turnover of the Entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees (INR 100 Crore).

3 Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable.

India overtook the UK to become the world's fifth largest economy this year.

India is also seeing a sharp rise in entrepreneurship and foreign interest in domestic businesses.

USD 33.62 billion has already invested in the ecosystem from 2014 till Jan-2023, and India is projected to have 50,000 new start- up and running by 2024.

Developments like E-Commerce, Blockchain, Artificial Intelligence (AI) and Robotic Process Automation (RPA) have not just changed how businesses operate.

## **Business**

A business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities.

Businesses can be for-profit entities or non-profit organizations.

Business types range from limited liability companies to sole proprietorships, corporations, and partnerships.

Some businesses run as small operations in a single industry while others are large operations that spread across many industries around the world.

Apple and Walmart are two examples of well-known, successful businesses.

## **Difference between Businessman and Entrepreneur**

<b>Basis for Comparison</b>	<b>Entrepreneur</b>	<b>Businessman</b>
<b>Definition</b>	An entrepreneur is an individual with an exclusive idea to initiate and establish a new venture	A businessman is an individual who operates or starts a business with the same old business idea.
<b>Market state</b>	Market leader	Market player
<b>Market</b>	Creates a market	Makes his place in the market
<b>Risk factor</b>	Approximately high	Less
<b>Procedure</b>	Unconventional	Traditional/Ordinary
<b>Focus</b>	Employee, customer, and public	Profit

<b>Competition</b>	Low	Extremely High
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**Traits of an entrepreneur** (**Trait** - a particular characteristic that can produce a particular type of behaviour)

- 1) **Vision and Passion-** An entrepreneur must have a very clear vision of his business, so he can plan out his long-term and short-term goals and objectives. He has to be able to map out his future plans in an articulate and efficient manner. Also an entrepreneur must be passionate about his work. Such passion can translate into hard work and success.
- 2) **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
- 3) **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- 4) **Persistent-** A good entrepreneur is always persistent by nature. A business is never an overnight success. It takes immense hard work and also a little bit of luck. But a persistent entrepreneur can create opportunities if they are not presented to him. So he/she works tirelessly always has a greater chance of success.
- 5) **Resilient-** There is no smooth straightforward path to success. There will always be some failures and roadblocks in the way. So, the entrepreneur has to be resilient and steadfast in his pursuit of success.
- 6) **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
- 7) **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
- 8) **Know your Product-** A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

## **1.2 Entrepreneurship**

Entrepreneurship is the act of being an entrepreneur.

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit.

### **Functions / Importance of Entrepreneurship:**

- 1) **Creation of Employment-** Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.
- 2) **Innovation-** It is the hub of innovation that provides new product ventures, market, technology and quality of goods, etc., and increase the standard of living of people.
- 3) **Impact on Society and Community Development-** A society becomes greater if the employment base is large and diversified. It brings about changes in society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organization towards a more stable and high quality of community life.
- 4) **Increase Standard of Living-** Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the consumption of various goods and services by a household for a particular period.
- 5) **Supports research and development-** New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

## **1.3 Types of Entrepreneurships**

- Small Business Entrepreneurship
- Scalable Startup Entrepreneurship
- Large Company Entrepreneurship
- Social Entrepreneurship
- Innovative Entrepreneurship
- Hustler Entrepreneurship
- Imitator Entrepreneurship
- Researcher Entrepreneurship
- Buyer Entrepreneurship

### **Small Business Entrepreneurship**

- This type of entrepreneurship is the most common and widely seen worldwide because it is privately owned and operated.
- People usually want to earn enough profit to feed their families and meet their basic needs.
- This type of entrepreneurship is mostly owned and operated by an individual unlikely to expand the business on a large scale.
- In this entrepreneurship, the business owner usually employs local employees or family members.
- In small business entrepreneurship, businesses such as local grocery stores, tea shops, plumbers, electricians, barbers, carpenters, consultants, and more are considered.
- However, they should not be formed into a nationwide series or franchise by one person.
- Entrepreneurs typically invest in small business entrepreneurship using their savings or small loans from banks, or friends or family.

### **Characteristics of Small Business Entrepreneurship**

- Entrepreneurs focus on a single product, technology, market or localism while establishing small business entrepreneurship.
- Small business entrepreneurship usually has no expansion plans in the initial stages of establishment.
- The primary objective of small business entrepreneurship is to generate profits from the early days of establishment.

### **Scalable Startup Entrepreneurship?**

- Scalable startups are not as popular as small business entrepreneurship.
- Scalable startups look for things that are missing in the market and create solutions specifically for them.
- Scalable startup entrepreneurship is a type of entrepreneurship that requires external capital and risk, wherein an organization launches their business on a small scale with the goal of expanding rapidly and becoming an extremely profitable company.
- To achieve this, entrepreneurs interested in establishing scalable startups must create a convincing, scalable, and repeatable business plan to gain a large investment from venture capitalists
- Entrepreneurs who create this type of entrepreneurship have the idea of making changes in the world.
- Although enterprises in scalable startups typically start on a smaller scale, they often attract plenty of media and other outside investors who work to encourage and support those who build something different and new.
- With money and continued growth, such enterprises become large and popular.

- Besides, entrepreneurs work primarily to find things missing in the market and then develop something new to fill that missing gap.
- Some of the most popular examples of scalable startup entrepreneurship are Facebook and Instagram.

### **Characteristics of Scalable Startup Entrepreneurship**

- Like small business entrepreneurship, scalable startups are also initially established as small scale industries. However, entrepreneurs have a vision for growth and further expansion from day one.
- In scalable startups, entrepreneurs generate revenue rather than just profits and invest in their enterprises for growth and expansion.
- External investors and venture capitalists fund the most scalable startup entrepreneurship.

### **Large Company Entrepreneurship**

- Leaders of large, well-established companies know that to remain competitive and grow, they need to continue to be entrepreneurial and innovative.
- Large companies often create new products and services based on consumer preferences to meet market demand.
- If a large company acquires small business entrepreneurship, then a small business is called large company entrepreneurship.
- Many of this type of entrepreneurship arise from small business entrepreneurship. As far as a small business grows over time, it can expand further and turn into large company entrepreneurship.
- During this stage, the company is usually prosperous and profitable.
- This type of business typically grows because of the ability to innovate. Such companies usually hire advanced professionals who can help maintain their innovation and quality.
- These companies usually aim to launch more products or services revolving around their core products.
- However, to cope with rapid technological changes, they also try to produce innovative products to attract new customers in the developing market.
- Companies such as Google, Microsoft, and Adobe come to the category of large company entrepreneurship.

### **Characteristics of Large Company Entrepreneurship**

- In large company entrepreneurship, entrepreneurs primarily focus on planning innovations and turn them into products to meet customer needs and attract new customers.

- Large company entrepreneurs typically acquire new and small enterprises and increase their reach to more customers.
- The purpose of entrepreneurs is to maintain the quality of products and sustain continuous growth in large company entrepreneurship.

## **Social Entrepreneurship**

- Social entrepreneurship involves entrepreneurship, where an entrepreneur sets up an enterprise primarily to produce products and services that can be profitable to solve social problems.
- In simple words, enterprises providing innovative solutions to solve community-based issues fall under social entrepreneurship.
- Social entrepreneurs are more focused on implementing positive social changes with their products and services rather than generating more profit.
- Generally, they start as non-profit businesses or enterprises and push themselves to work towards social good.

## **Characteristics of Social Entrepreneurship**

- Social entrepreneurship is a type of non-profit venture.
- The money earned through such ventures is invested towards the company's goals and research, rather than the development of the enterprise or expansion.
- Social entrepreneurship is typically driven by funding through external investors who support the mission towards resolving social issues.
- In social entrepreneurship, entrepreneurs usually raise funds through various alternative methods, such as sponsorship, grants, donations earned within their social groups, etc.

## **Innovative Entrepreneurship**

- Innovative entrepreneurship involves enterprises in which entrepreneurs come up with innovations and inventions.
- They are more focused on creating products based on their new ideas.
- They keep working to create what people want to achieve in the market.
- Such products and services ultimately help people improve their lifestyles and make it easier.
- The entrepreneurs behind such entrepreneurship are called innovators and are highly motivated and passionate.
- People like Bill Gates and Steve Jobs created innovative entrepreneurship ventures.

## **Hustler Entrepreneurship**

- Entrepreneurs who focus on continuously working hard for their goals are known as hustlers.
- Hustler entrepreneurs usually start their ventures on a small scale, expanding further through continuous efforts and hard work.
- They are considered to be self-motivated people who work to achieve their goals without any excuse.
- Furthermore, such entrepreneurs do not give up so easily and learn from experience to improve.

### **Imitator Entrepreneurship**

- Imitators refer to entrepreneurs who learn from other entrepreneurs.
- This means that imitators use another business concept and set up their business venture.
- These business enterprises come to the category of the imitator entrepreneurship.
- However, imitators tend to focus on improving product quality by filling the fault of others.
- They learn from and fix mistakes made by others, creating a new and improved version of the product.
- Using this method, they are more likely to make more profits in a very short period.
- Besides, imitators are also referred to as entrepreneurs who have the quality of both innovator and hustler. This is because they develop new ideas to improve products and work hard, yet they start their venture by copying from others.

### **Researcher Entrepreneurship**

- Researchers are very cautious type of entrepreneurs, and they take enough time to start any business venture.
- Meanwhile, they conduct many research and studies to understand all aspects of the particular business.
- They do this because they believe in a practical mode rather than a conceptual model of business.
- By doing proper research, they minimize the risks of failing to the maximum extent possible.
- They are likely to earn more profits over time and grow their business.
- Any enterprise established using such methods falls into the category of researcher entrepreneurship.
- Researchers usually rely on experimental data, facts, and logic to ensure that what they will do will also help them succeed.

### **Buyer Entrepreneurship**



- Buyer entrepreneurship usually involves the type of enterprise that is acquired by the individual.
- In this case, an individual is called a buyer entrepreneur.
- These types of entrepreneurs do not start business ventures on their own. Instead, they analyze and find enterprises that may be more successful shortly.
- They then purchase such ventures and make management or structural changes to improve the particular enterprise's products or services.
- Doing this helps them to grow their business and earn more profit.
- Buyer entrepreneurship is not considered risky because buyers usually buy well-established business ventures.
- Typically, buyers have better vision and expertise to acquire enterprises that are most likely to be successful.

## **1.4 Intrapreneur**

An intrapreneur is an employee in an enterprise who is tasked with developing an innovative idea or project within a company.

The intrapreneur may not face the outsized risks or reap the outsized rewards of an entrepreneur; however, the intrapreneur has access to the resources and capabilities of an established company.

An intrapreneur works inside a company to develop an innovative idea or project that will enhance the company's future.

The intrapreneur is generally given autonomy to work on a project that may have a considerable impact on the company.

Over time, an intrapreneur may turn into an entrepreneur and start their own venture outside of the established organization.

Intrapreneurs are typically highly motivated individuals who have specific skill sets—as well as leadership abilities and an innovative vision that others in the corporation can get behind.

## **Entrepreneur Vs Intrapreneur**

<b>Basis for comparison</b>	<b>Entrepreneur</b>	<b>Intrapreneur</b>
Meaning	Entrepreneur refers to a person who set up his own business with a new idea or concept.	Intrapreneur refers to an employee of the organization who is in charge of undertaking innovations in product, service, process etc.

Approach	Intuitive	Restorative
Resources	Uses own resources.	Use resources provided by the company.
Capital	Raised by him.	Financed by the company.
Enterprise	Newly established	An existing one
Dependency	Independent	Dependent
Risk	Borne by the entrepreneur himself.	Taken by the company.
Works for	Creating a leading position in the market.	Change and renew the existing organizational system and culture.

## **Motivation for Intrapreneurship**

### **1. They are passionate about making a difference and building things that matter.**

Intrapreneurs want to "make a (positive) difference in somebody's life." Being an intrapreneur give them the ability to "really listen" to their customers and address the true needs of the market.

### **2. They love to "pull all of the levers."**

They have the ability to make changes to all aspects of their business as they learn from their customers. They believe that they are truly empowered to build things that matter. In their previous roles they were normally able to influence only one aspect of a business (e.g.: engineering or product management or marketing, etc.) As a result, they often frustrate and unable to adequately meet newly discovered needs or take advantage of new opportunities.

### **3. They need a creative outlet.**

They need to create things that makes someone's life better.

### **4. They live for mastery.**

The intrapreneurs are naturally curious and have a boundless passion for mastery. They want to learn about everything that stood between their current state and solving that important problem for their customer.

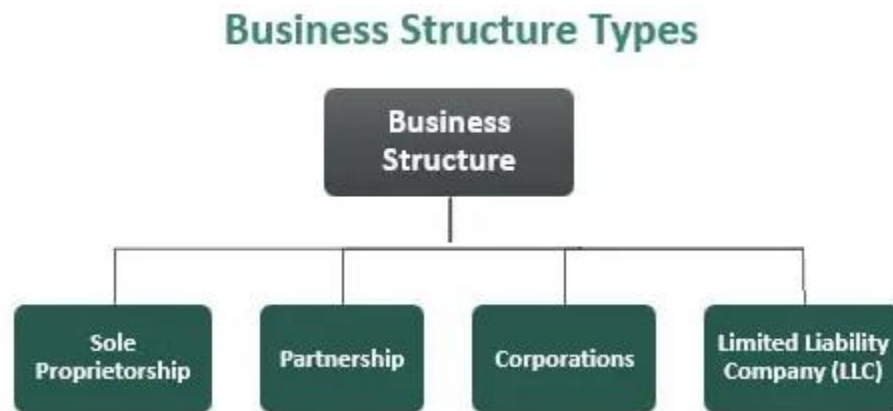
### **5. They believe.**

They believe deeply in the value of their idea; have confidence that they would succeed. They also realize that there would be a lot of hard work along the way.

## 1.5 Business Structures

A business structure refers to how a company wants to represent itself legally in the industry on formation.

It is the type of setup that allows and restricts activities a business undertakes as an entity after its establishment.



### *1 – Sole Proprietorship*

A structure is termed sole proprietorship when a person is the sole owner of a business. It is a simple setup where the owner is the single person responsible for the daily business operations. Here the business is not treated as a separate entity. Thus, the revenues and liabilities are merged into their personal accounts, which are calculated and taxed on a personal level.

#### ***Advantages of the sole proprietorship structure include:***

**Complete control:** As the sole owner, you have authority over all business decisions and don't need to consult with other partners, directors or shareholders like you do in other structures.

**Easier startup:** Establishing a sole proprietorship business doesn't require you to fill out any forms or pay government fees. This can help simplify the process and make it cheaper to do.

**Simple tax reporting:** Because the business legally isn't a separate entity, your personal income tax return includes the business' expenses and income. As an added benefit, you can use business losses to balance out the income you earned, which can lead to a higher tax return.

**Privacy:** Sole proprietorships aren't required to file annual reports with state or federal governments. Therefore, the business won't be subject to the same public disclosure as it might be in other structures.

## ***2 – Partnership***

When two or more people own a business entity, it is referred to as a partnership venture. These are similar to sole proprietorship as the entity does not have a separate legal recognition in the market. Instead, the enterprise and the owners are considered as single entities.

This is a business structure where each owner actively participates in the daily business operations. They take all decisions about the growth and expansion of the businesses collectively. Plus, the revenues and liabilities are shared equally among all the partners.

### ***Advantages of a partnership structure include:***

#### **Simple startup:**

**Few tax forms:** In a partnership, the business doesn't pay tax on its income, which means you don't need to file business tax returns. Instead, the profits and losses pass through to the individual partners' personal income tax returns.

**Shared finances:** Having a co-owner can reduce the financial burden of starting a company because the partners can split purchases and overhead costs. Also, banks may be more likely to offer loans to multi-owner businesses, which can help in the early stages of financing the business.

**Combined knowledge:** Having a partner can help to grow your business by providing skills or expertise in areas where you're less familiar. They also bring another perspective to important decisions, such as how to run the business.

## ***3 – Corporations***

This business structure recognizes owners and entities as two separate units. It is a complex form, but large firms prefer registering as corporations. When creditors claim outstanding dues, they do not include owners as individuals. Instead, they claim to the business as a whole.

### ***Advantages of corporations include:***

**Liability protection:** Owners aren't responsible for a corporation's debts, so personal assets, such as a car, house and savings account, have protections. As an independent entity, a corporation can file and receive lawsuits, but you aren't liable for such legal actions.

**Business continuity:** Corporations base ownership on the percentage of stock held, so the business can run without disruption even if a shareholder leaves or sells their shares. This also allows for more flexibility in transferring ownership.

**Quick capital:** Corporations can raise funds by selling company stock and offering shares as employee benefits. This can help grow the business and support it in times of need.

Tax exemptions: Although owners pay a double tax on business earnings, corporations can deduct certain benefits they provide to employees, such as retirement plans, health insurance premiums, life insurance and other related expenses.

#### ***4 – Limited Liability Company (LLC)***

An LLC is a type of structure that merges features of both partnerships and corporations. The revenues and losses are distributed to shareholders equally per their share of investment. Thus, the single level of taxation applies here.

#### ***Advantages of the LLC structure include:***

**Limited liability:** Because an LLC is an independent entity, you aren't personally responsible for debts or lawsuits against the company. If the business goes bankrupt, your personal assets have protections, though you may lose the money you invested in the business.

**Pass-through taxation:** Rather than paying corporate taxes, the company's income and expenses pass directly to the owners' personal tax returns, and they pay income tax on the profits. Because the owners are considered self-employed, they may claim the self-employed tax credit, and it's their responsibility to contribute to Medicare and Social Security.

**Added shareholder participation:** An LLC can have an unlimited number of shareholders, and those shareholders can fully participate in the company's operations. This structure provides more flexible management than a corporation, which uses a board of directors to oversee policies and officers who manage daily operations.

**Flexible distribution of profits:** Unlike a corporation, an LLC can decide how to divide its profits among shareholders. For example, a shareholder who contributed significant funding during the startup process could receive more profits, even if they have equal shares as another participant.

## **1.6 Similarities and differences between entrepreneurs and managers**

### **Differences**

	<b>Entrepreneurs</b>	<b>Managers</b>
<b>Definition</b>		A person responsible for controlling or administering an organization or group of staff.
<b>Focus</b>	Starting the business and later expanding the business	Daily smooth functioning of the business

<b>Vision</b>	He is visionary and bears all financial risks.	Work for salary and not bear any financial risk.
<b>Reward</b>	All profit that enterprise earns	The manager is an employee, so his remuneration is the salary he draws from the company.
<b>Motivation</b>	Achievements of Enterprise.	Power that comes with their position
<b>Approach</b>	Informal and casual	Manager's approach to every problem is very formal.
<b>Nature</b>	risk taker. His has to take calculated risks to drive the company further.	A manager, on the other hand, is risk-averse. His job is to maintain the status quo of the company. So he cannot afford risks.

## Similarities

- 1) Both entrepreneurs and managers are responsible for the success of a business.
- 2) Both roles require a combination of strategic thinking, leadership, and decision-making skills.
- 3) Additionally, both entrepreneurs and managers must be able to identify and take advantage of opportunities for growth and innovation.
- 4) They must also be able to motivate and manage a team of employees.
- 5) Overall, both entrepreneurs and managers are critical to the success of a business, and they often work together to achieve the company's goals.

## 1.7 7-M Resources

7 M's Model includes Man, Material, Machine, Money, Method, Marketing and Measurement.

### 6.MEASUREMENT

Measurements are observations of a process, product, or project's aspect that are leading to desired results it helps companies assess the status of a specific business process also identify the strengths and weaknesses, top high performers, areas for improvement, and helps set benchmarks with historical data.

### 7. Marketing

Involves the practice of allocating an organization's resources to marketing activities it also controll the marketing aspects, setting the goals of a company, organizing the plans step by step,

taking decisions for the firm, and executing them to get the maximum turn over by meeting the consumers' demands. When in use effectively it narrow the audience and will allow you to use that budget to bring in the people most likely to purchase from **you**

### **MAN**

- Man in management is referred to as a human resource. It is the recruitment, selection, training, promotion and grievances handling of personnel. Payments of compensation gratuity, termination of services are the few issues that have to be dealt effectively to retain the talent within an organization.

### **MATERIAL**

- Material is a basic ingredient in management be it a service industry or a product industry. Most of the industries locate them self-nearby to the availability of material.

### **MACHINE**

- Machines are the basic tools to produce goods or to generate services. Selection of an appropriate machine not only enhances efficiency but also saves times and increases revenue. Tailoring the requirement of the organization, Selections of a right technical machine and equipment, availability of spare parts, evaluation of after sales services, substitutes and technology and the organization budget are the crucial criteria while purchasing a machine.

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### **MONEY**

- Management is done to meet day to day business requirements and the funds involved in meeting those requirements are known as working capital.

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## METHOD

- A set of procedures and instructions is known as a method.
- The visible methods of a company include: Plans, Policies, Procedures and Data.
- The less visible ones include a company's norms and its culture, and the norms and culture of the society around it and the methods of its customers, suppliers, associates, and competitors.
- Methods determine how people work and their work priorities.
- Methods link people to each other and link people to materials.
- The Scientific Method is a method for solving complex problems.
- GAAP is a method for evaluating financial performance.
- ISO 9000 is a method for evaluating Quality performance. ISO 9000 Quality assurance standards have as much to do with improving quality as GAAP have to do with improving profits.

## MEASUREMENT

- Measurements are quantified observations of some aspect or attribute of a process, product or project.
- Measurements enhance our ability to understand things not accessible to our native abilities and intelligence.
- The goal of a measurement program must be improvement, never evaluation.
- Measurement must support continuous process improvement.



## **MARKETING MANAGEMENT**

- Marketing Management is the process allocating the resources of the organization toward marketing activities.”
- Thus, a marketing manager is someone who is responsible for directing expenditures of marketing funds
- The functions of management involves planning, controlling, leading, organizing, decision making of business areas in Marketing, Production, Sales, Research & Development, Human Resource, Finance, Operations Etc.
- The planning cycle is composed of four basic steps.
- First, Planning is the process of examining and understanding the surroundings within which the organization functions starting with environmental scanning” as the process of studying and making sense of all the things that might impact the firm’s operation that are external to the firm. This would include studying and gaining an understanding of such things as: competition, legislation and regulation, social and cultural trends, and technology.
- Second, Implementation is the process of putting plans that have been made into action. It is the transition from expected reality to existing reality.
- Third, Monitoring is the process of tracking plans and identifying how plans related to changes that take place during program.
- Fourth, Correction is the stage in which we take action to return our plan to the desired state based on feedback obtained in the monitoring stage. If we find that return to the planned state is not practicable, we may adjust our planning outcomes. Thus, Monitoring and Correction may be considered two stages because after plans are put into action, one must continually monitor performance and make adjustments to the plan based on the feedback gathered through these monitoring activities.

### **1.8 Micro, Small, Medium Enterprise/ MSME**

Ministry of Micro, Small and Medium Enterprises defines following

**Micro Enterprises** – Investment in Plant and Machinery or Equipment are not more than Rs.1 crore and Annual Turnover not more than Rs. 5 crore.

**Small Enterprises** – Investment in Plant and Machinery or Equipment are not more than Rs.10 crore and Annual Turnover not more than Rs. 50 crore.

**Medium Enterprises** – Investment in Plant and Machinery or Equipment are not more than Rs.50 crore and Annual Turnover not more than Rs. 250 crore.

### **MSME - Industry Registration Process**

Udyam Registration is an electronic certificate issued by the Indian government to Micro, Small, and Medium-sized Enterprises (MSMEs) operating in the country.

Upon successful registration, the enterprise, referred to as “Udyam” in the Udyam Registration portal, will be allotted a unique and permanent identity number known as the “Udyam Registration Number.”

## How to Get Udyam Registration Online?

**Step 1:** Visit the Udyam registration portal.

**Step 2:** On the homepage, click the option ‘For new entrepreneurs who are not registered yet as MSME or those with EM-II.’

**Step 3:** Enter the ‘Aadhaar Number’ and the ‘Name of Entrepreneur,’ then click the ‘Validate & Generate OTP’ button.

**Step 4:** An OTP will be sent to the mobile number linked with the Aadhaar card. Enter the OTP and click on the ‘Validate’ button.

**Step 5:** Once the Aadhaar is validated, proceed to the PAN verification page. Enter the ‘Type of Organisation’ ‘PAN’ number, and click the ‘Validate’ button. Also, indicate whether you have filed the previous year’s ITR and if you have a GSTIN.

**Step 6:** The Udyam registration application form will appear. Fill in all required details, including the name of the entrepreneur, mobile number, name of the enterprise, location of the plant/unit, address of the enterprise, status of enterprise, bank details, activity of the unit, NIC code, and number of persons employed.

**Step 7:** Provide the following Details. Click the Submit button and Get the Final OTP.

Investment in plant and machinery details and turnover details.

Select the declaration.

**Step 8:** Enter the final OTP received and submit the form. You will receive the Udyam e-registration certificate in your email.

## Benefits of MSME registration

**1. Collateral-free bank loans** - The Indian government has made collateral-free financing available to all small and micro business sectors. Both new and old businesses are eligible to benefit from this program.

**2. Access to international trade** - The Indian government funds business delegations to attend international trade shows, exhibitions, business meetings and seminars, and conferences held worldwide to share expertise. This international cooperation program enables exposure to industrialization's more recent facet.

**3. Reduced rate of interest from banks** - MSME-registered business benefits from a lower interest rate compared to other enterprises. For the MSME sector, priority credit has been

maintained. Since bank lending to MSMEs has reached a certain threshold, they benefit from cheap business loan interest rates.

**4. Subsidy on patent registration** - According to existing regulations, MSMEs registered with the MSME ministry are eligible for a 50% discount on their patent registration costs.

**5. Tax exemption** - Numerous benefits can help you save money that could otherwise be subject to taxation.

**6. Protection against delayed payments** -

**7. Electricity bill concessions** - All businesses with an MSME registration certificate are qualified for electric bill discounts.

**8. Reimbursement of ISO certification** - The authorities will not charge MSME-registered businesses any ISO certificate fees if they submit an application to the appropriate authority with their registration certificate.

**9. Marketing and promotion assistance from the government** - The government also provides subsidies, tax breaks, and technical assistance to MSMEs exporting goods and services.

**10. Technology up gradation support to MSME** - The government reimburses project costs for these objectives for MSME sector units and expenses incurred for implementing clean technology, preparing audit reports, and providing subsidies for licensing products per national and international standards. It is done to increase cost-effectiveness and promote the use of clean energy in manufacturing.

## 1.9 Start up India

Startup India scheme is an important government scheme that was launched on 16th January 2016 with an aim to promote and support the start-ups in India by providing bank finances. It was inaugurated by the former finance minister, Arun Jaitley.

<b>Government Ministry</b>	Ministry of Commerce and Industry
<b>Department</b>	Department for Promotion of Industry and Internal Trade

Organized by the Department for promotion of industry and internal trade, the major objective of Startup India is to discard some of the restrictive States Government policies which include:

License Raj  
Land Permissions  
Foreign Investment Proposals  
Environmental Clearances

The Startup India scheme is based majorly on three pillars which are mentioned below:

- 1) Providing funding support and incentives to the various start-ups of the country.
- 2) To provide Industry-Academia Partnership and Incubation.
- 3) Simplification and Handholding.

## **Registration for Startup India**

- 1) A person should incorporate their business first either as a Private Limited Company or as a Limited Liability Partnership or as a Partnership Firm along with obtaining the certificate of Incorporation, PAN, and other required compliances.
- 2) A person needs to log in to the official website of Startup India where he/she has to fill all the essential details of the business in the registration form and upload the required documents.
- 3) A letter of recommendation, Incorporation/Registration Certificate, and a brief description of the business are some of the essential documents required for the registration purpose.
- 4) Since the start-ups are exempted from income tax benefits, therefore, they must be recognized by the Department of Industrial Policy and Promotion (DIPP) before availing these benefits. Also, they should be certified by the Inter-Ministerial Board (IMB) to be eligible for IPR related benefits.
- 5) After successful registration and verification of the documents, you will be immediately provided with a recognition number for your startup along with a certificate of recognition.

## **Who is eligible to apply under the Startup India scheme?**

- It is incorporated as a private limited company or partnership firm or a limited liability partnership in India
- It has less than 10 years of history i.e. less than 10 years have elapsed from the date of its incorporation/registration
- The turnover for all of the financial years, since the incorporation/ registration has been less than INR 100 crores

## **Startup India Benefits**

- 1) To reduce the patent registration fees.
- 2) Improvement of the Bankruptcy Code ensuring a 90-day exit window.

- 3) To provide freedom from mystifying inspections and capital gain tax for the first 3 years of operation.
- 4) To create an innovation hub under the Atal Innovation Mission.
- 5) Targeting 5 lakh schools along with the involvement of 10 lakh children in innovation-related programs.
- 6) To develop new schemes that will provide IPR protection to startup firms.
- 7) To encourage entrepreneurship throughout the country.
- 8) To promote India as a start-up hub across the world.

## **Stand up India**

- Stand up India Scheme was launched by Ministry of Finance on 5th April 2016 to promote entrepreneurship at grassroot level focusing on economic empowerment and job creation.
- This scheme has been extended up to the year 2025.

### **Purpose:**

- Promote entrepreneurship amongst women, Scheduled Caste (SC) and Scheduled Tribe (ST) category.
- Provide loans for greenfield enterprises in manufacturing, services or the trading sector and activities allied to agriculture.
- Facilitate bank loans between Rs.10 lakh and Rs.100 lakh to at least one SC/ST borrower and at least one-woman borrower per bank branch of Scheduled Commercial Banks.

### **Facilitates Bank Loans:**

- The scheme aims to encourage all bank branches in extending loans. The desiring applicants can apply under the scheme:
- Directly at the branch or,
- Through Stand-Up India Portal ([www.standupmitra.in](http://www.standupmitra.in)) or,
- Through the Lead District Manager (LDM).

### **Eligibility for a Loan:**

- SC/ST and/or women entrepreneurs, above 18 years of age.
- Loans under the scheme are available for only green field projects. Green field signifies, in this context, the first-time venture of the beneficiary in manufacturing, services or the trading sector and activities allied to agriculture.
- In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.
- Borrowers should not be in default to any bank/financial institution.

- The Scheme envisages 'up to 15%' margin money which can be provided in convergence with eligible Central/State schemes.
- In any case, the borrower shall be required to bring in a minimum of 10 % of the project cost as own contribution.

#### **Achievements:**

- Rs.40,710 crore has been sanctioned under Stand-Up India Scheme to 180,636 accounts in the last 7 years.
- More than 80% of loans given under this scheme have been provided to women.

### **SSIP Gujarat**

The Student Startup & Innovation Policy of Government of Gujarat aims to create an integrated, state-wide, university-based innovation ecosystem to support innovations and ideas of young students and provide a conducive environment for optimum harnessing of their creative pursuit.

#### **KEY OBJECTIVES OF SSIP**

- 1) Developing student centric Innovation and Preincubation Ecosystem for Students (IPIES)
- 2) Creating environment for creativity to flourish and an end-to-end support system in educational institutions to allow ample support to ideas for better execution
- 3) Build internal capacity of educational institutions and key components of the innovation ecosystem to enable deployed processes to make sustainable impact at scale
- 4) Create pathways for mind to market by harnessing and handholding projects/ research/ innovation/ ideas of students in Gujarat
- 5) Creating and facilitating sectoral and regional innovation efforts in state around educational institutions
- 6) Create a common platform to showcase, support and upscale innovations for motivating stakeholders as well as for an opportunity to create value for money and value for many
- 7) Leverage public system initiatives at state and central level, academia, industries and by other ecosystem stakeholders / domain experts and institutions to make an inclusive effort

#### **KEY GOALS OF SSIP**

- 1) Empower all universities to set-up and execute the broad agenda of innovation and preincubation
- 2) Aim to create an environment that converts at least 1% graduates into job creators by innovation and allied means
- 3) Support at least 1,000 student-led innovations per year and aim to file 1000 patents from universities in the state every year
- 4) Harness 500 student startups in the next 5 years, and upscale
- 5) Empower universities and educational institutes to build a robust Innovation and Preincubation support systems within

- 6) Create incentives, awards, appreciations and benchmarks for innovation and student startups and associated efforts at all layers
- 7) Build capacity for at least 200 educational institutes in the state in the next five years, to have a robust preincubation support for student / alumni startups and innovations
- 8) Undertake strategic interventions to empower all universities in the state to develop full-fledged preincubation ecosystem in the next 5 years
- 9) Ensure that the innovation processes link academia, society and SMEs through systematic ways so that students and faculty solve their challenges and create further entrepreneurial opportunities