ENTREPRENEURSHIP

KNOVALT

ENTREPRENEURSHIP

Meaning

MEANING

EVERYTHING STARTS WITH ENTREPRENEUR’S MIND SET

MEANING

ENTREPRENEUR
(Creator of business)
– A person (with capacity and willingness) to

- Start
- Organise
- Manage

an
ENTERPRISE

Usually with

Considerable INITIATIVE and HIGH RISK

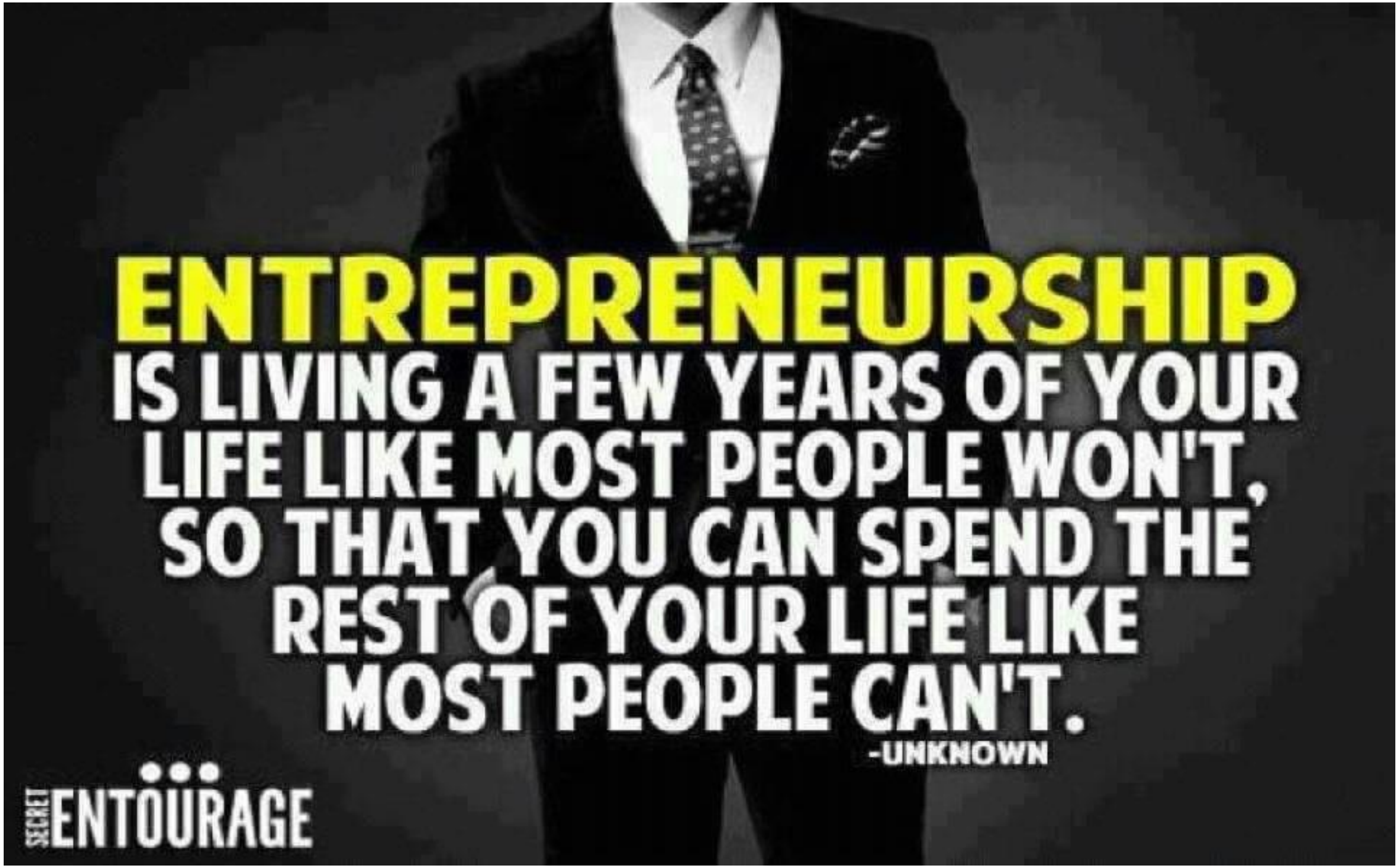
to get REWARD

These are the **individuals** who identify ***opportunity***, ***assess it*** and ***exploit it***

Entrepreneur acts as a Manager:

- *who oversee the launch and growth of an enterprise*
- *Who identify business opportunity – talks about ideas*
- *Deploy necessary resources*
- *Who takes risk for reward*
- *Who goes beyond the conventional thinking*

MEANING


ENTREPRENEURSHIP
IS LIVING A FEW YEARS OF YOUR
LIFE LIKE MOST PEOPLE WON'T,
SO THAT YOU CAN SPEND THE
REST OF YOUR LIFE LIKE
MOST PEOPLE CAN'T.
-UNKNOWN
SECRET ENTOURAGE

MEANING

Entrepreneur starts at this stage

Aspire to reach this level

How to Start ?

How to Start

Project Selection – *its all about an idea & planning*

Technology & Machinery

Arranging Finance

Planning phase

Execution phase

Registration of Entity

Clearances, approvals and various registrations

Operations

And the show starts

Generate & Evaluate Business Idea

Generate & Evaluate Business Idea

Observe

Seek problems

Combination

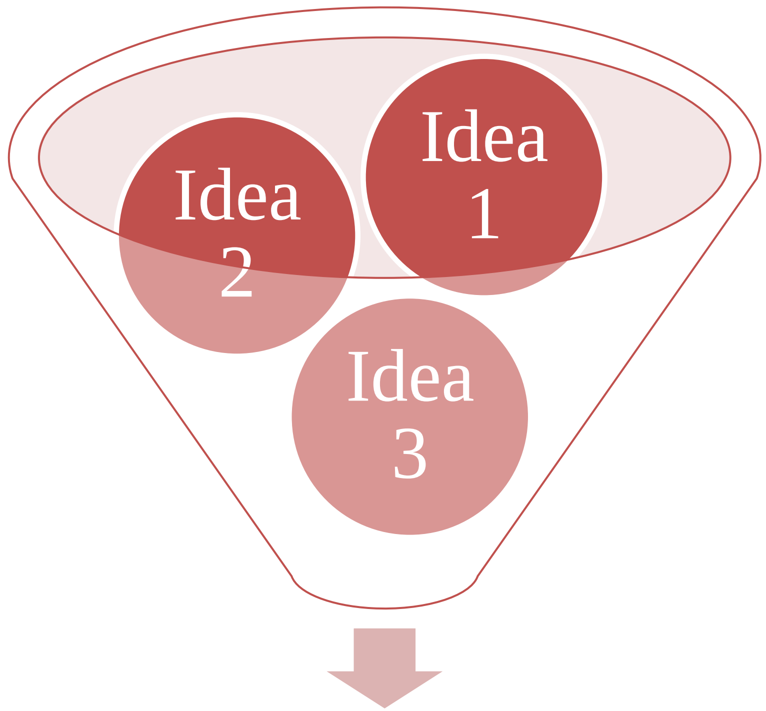
Innovate

Creativity

Discuss and take opinions

TECHNIQUES

Funnelling of ideas



Feasible Ideas

Generate & Evaluate Business Idea

SWOT analysis

Strengths

- *How the idea is different?*
- *What is the competitive advantage?*
- *Human resource available*
- *Information available*

Weaknesses

- *Team not qualified or not available*
- *Revenue loopholes*
- *Inexperience*
- *Funds shortage*
- *Existing player in the market*

Opportunities

- *New product/market*
- *No competitors*
- *New Govt. Policy*
- *Problem solving*
- *Geographical location etc*

Threats

- *Competitors*
- *Copy of ideas*
- *Funds shortage*
- *Change in Govt. Policy*

Risk Analysis

TYPE OF RISK	MITIGATION OF RISK
Operational Risk	-
Financial Risk	-
Environment Risk	-
Competitor Risk	-
Other Risk	-

Generate & Evaluate Business Idea

Other Methods

Environmental Analysis

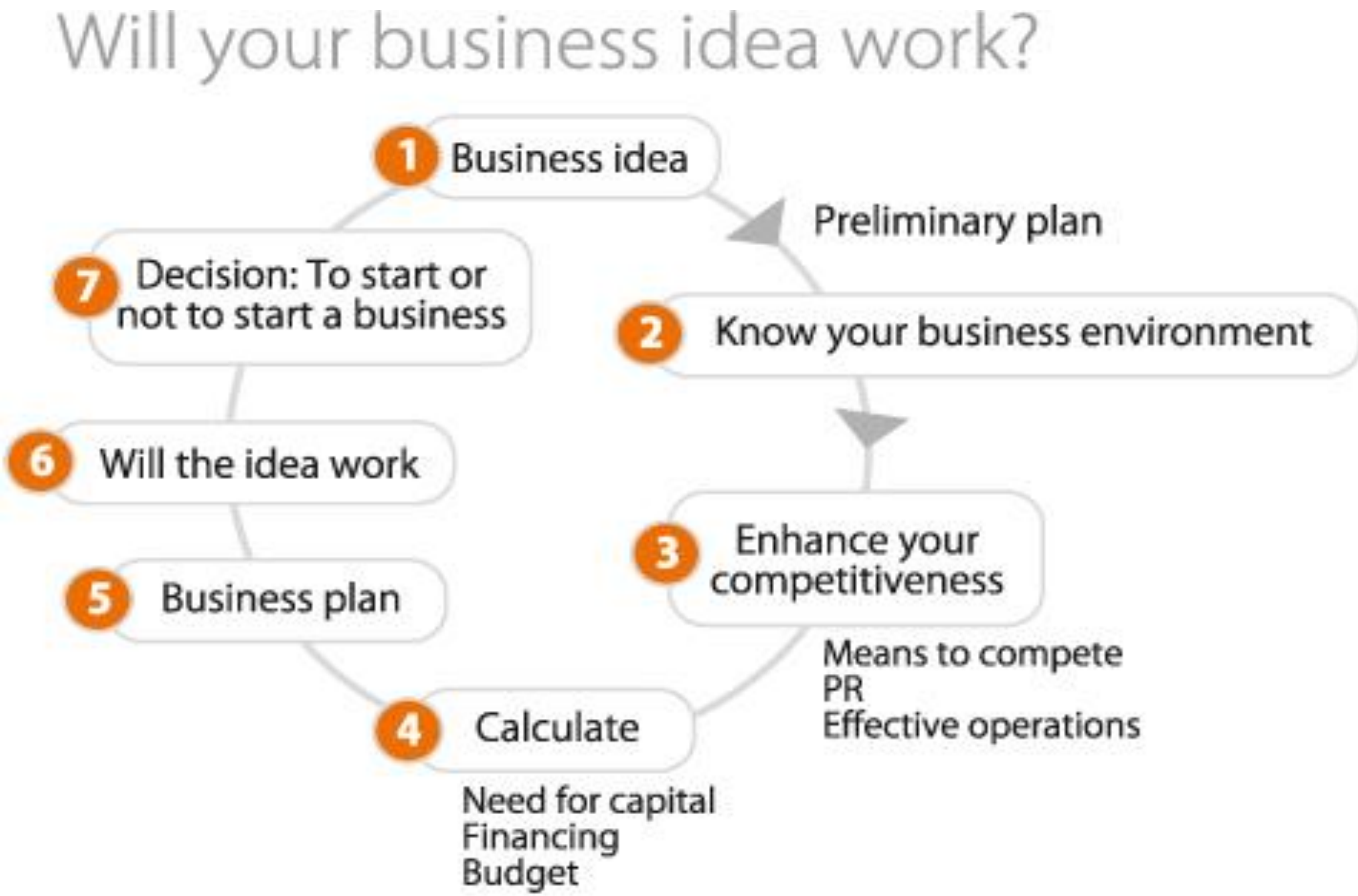
Market Research

Brain Storming

In case of conventional business, consult business players

Failure Analysis

Generate & Evaluate Business Idea



Business Plan

1. ***Travel Agency***
2. ***Inbound Tour Operator***
3. ***Tourist Transport Operator***
4. ***Adventure Tour Operator***
5. ***Domestic Tour Operator***
6. ***Hotel & Restaurants***

What's Next ? – How to start

Financial Strategy
(Life line)

Marketing Strategy

Operational Strategy

Revenues & expenses

Organisational Strategy

Human Resource Strategy

Nature of business
&
Types of Entities

Nature of Business

Manufacturing	Trading	Service
Raw Materiel – Conversion – Final Product	Purchase and Selling of Products	Providing Services
Manufacturing cloths	Purchasing and selling cloths	Consulting

Type of Entities

- Sole Proprietorship
- Partnership Firm
- Limited Liability Partnership
- Company – Private, Public, OPC

Type of Entities

Proprietorship

- *Registration not required*
- *Single Owner*
- *Small Investment required*
- *Suitable for small business*
- ***Unlimited Liability** of the owner*

Partnership

- *More than one person required*
- *Suitable for small business*
- ***Unlimited Liability** of Partners*

Limited Liability Partnership

- *More than one person required*
- *Registration Under LLP Act , 2008*
- *Suitable for professionals*
- ***Limited liability** of partners*

Private Limited Company

- *Minimum two individuals required*
- *Registration Under Companies Act, 2013*
- ***Limited Liability** of owners*
- *Suitable for Large business*

Proprietorship

Que: What is Proprietorship?

- *It is a type of business form which is owned and run by a **SINGLE PERSON** and there is **NO LEGAL DIFFERENCE** between owner and the business .*

Que: Any registration required for Proprietorship?

- *No formal registration is required under any law, however, registration is required with sales tax deptt. or service tax deptt. whichever is applicable.*

Que: What are the benefits?

- *It can be **formed easily***
- ***Single control***
- ***Single Decision making***
- ***No extra cost** for running business*

Que: What are the limitations of Sole proprietorship ?

- *The liability (obligation) of the owner will be **Unlimited***
- ***Not suitable for large business***
- ***Low access to investment** in the business from outsiders*

What is a Liability?

Legal responsibility /obligation towards something.

What is Unlimited Liability ?

Indefinite extent of liability to pay off firm's debts and obligations.

***Example:** in case of payments to creditors, personal assets of the owners can be utilised.*
Thus, owner's personal assets are at risk.

What is Limited Liability?

Person's liability is limited to a fixed sum.

(Personal assets of the owner are safe)

No different PAN

Partnership

Que: What is Partnership ?

- *Association of* ***TWO*** *or* ***more*** *persons*
- ***Sharing of profits & losses***
- ***Business*** *may be carried on by all or anyone of them acting for all.*

Que: What are the benefits of Partnership?

- ***Easy to set up :*** *Quick way to commence business.*
- ***Low costs*** *of formation*
- ***No formal Compliance*** *under Partnership Act .*
- ***Audit*** *required only under Income Tax Act, 1961.*
- ***Dissolution*** *is easy.*

Que: What are the limitations of Partnership?

- *Liability is* ***unlimited*** *(explained in previous slide)*
- ***Not a saleable form*** *of business organization*
- ***Cannot file a suit*** *against anybody* **(unless registered)**
- *Each partner is an* ***agent for the partnership business****: decisions made by any partner bind all the partners*

Min Partners
Two (2)

Max Partners
Twenty (20)

Ten (10) in case of banking business

COMPLIANCE
To follow the rules, laws, legal regulations etc.

DISSOLUTION
Ceasing to carry on the business and closing the firm

PARTNERSHIP DEED

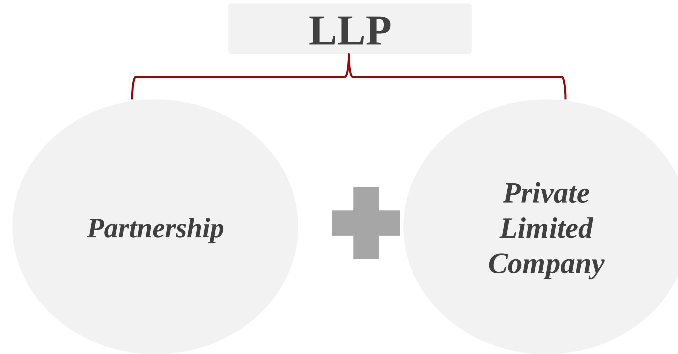
It is a documents in which terms of partnership (rights, obligation, duties, profit & loss sharing etc.), are written and agreed by the partners.

It is the principal document of any partnership firm. However, it is not compulsory to get the deed registered.

Limited Liability Partnership

Que: What is Limited Liability Partnership ?

- *Hybrid version of **private limited company** and **a partnership firm***
- ***Organized form** of Partnership firm with Limited Liability.*



Que: What are the benefits of LLP ?

- ***Low cost** of formation.*
- ***Easy to establish, manage & run***
- ***Less Compliance***
- ***No Audit requirement**: upto **Capital** contribution of **Rs. 25 lakh or turnover of Rs. 40 lakh.***

CAPITAL

Amount invested for starting a business.
It can be in the form of money, assets or any other form.

LLP AGREEMENT

It is same as Partnership Deed.
(already explained in previous slide)

Que: What are the limitations of LLP ?

- *Any act of the partner without the consent of the other partner binds the LLP.*
- *Liability extend to personal assets under some cases **e.g. fraud case.***
- *Cannot raise money from outsiders without diluting control.*

Min Partners	Max Partners
Two (2)	No limit

Private Limited Company

Que: What is Private (Pvt) Limited Company ?

- *Registered business form in which owners liability is limited*
- *At least* ***2 persons*** *are required to form a Company*
- *It is registered with Registrar of Companies (ROC)*

Que: What are the benefits of a Pvt. Limited Company ?

- ***Separate legal existence*** *of the Company*
- ***Limited liability*** *(explained in the previous slides)*
- *Suitable for comparatively larger business*

Que: What are the limitations of a Pvt. Limited Company ?

- *Not allowed to invite public to subscribe its shares.*

WHAT IS A SHARE/SHARE CAPITAL?

The capital of the company is divided into small units. The units are called Shares. The capital can be divided into any number of shares of fixed amount.

Example: Capital of a company is Rs. 1,00,000
Value of one share is Rs. 10.
Therefore, number of shares will be 10,000

AUTHORISED CAPITAL
Maximum amount of capital that company can raise by issue of shares.

PAID-UP CAPITAL
It is the amount paid by the shareholder against the shares issued.

Memorandum of Association (MOA): *is a principal document of a Company. It states the name, objectives, Authorised share capital etc. A Company cannot do anything which is not written in MOA*

Article of Association(AOA): *contains the purpose of the company as well as the duties and responsibility of the members and directors.*

Comparison

S. No	Basis	Partnership	LLP	Company
1	**Governing Law**	Indian Partnership Act, 1932	Limited Liability Partnership Act, 2008	Companies Act, 2013
2	**Liability**	Unlimited	Limited Liability	Limited Liability
3	**Registration**	Optional	Mandatory	Mandatory
4	**Legal Proceedings**	Only Registered Partnership can sue third party.	Can sue and be sued	Can sue and be sued.
5	**Charter Document**	Partnership Deed	LLP Agreement	MOA and AOA
6	**Members**	Min.-2 Max- 20 *(Max: 10, in case of Banking Business)*	Min -2 Max. - no limitation	Min.-2 members required Max - 200

Comparison

S. No	Basis	Partnership	LLP	Company
7	**Foreign Participation**	Can not form partnership firm in India	Can be a Partner	Can be a member
8	**Audit of Accounts**	Required as per income tax act ***when turnover exceed 1 Crore***.	LLP having turnover *above* **Rs. 40 Lakhs or contribution Rs. 25 Lakhs requires audit**	Companies are required to get their accounts audited **annually**
9	**Transfer/ In heritance Of Rights**	Not Transferable.	Regulation are governed by LLP Agreement	Ownership is transferable
10	**Voting Rights**	As per Partnership agreement/deed.	As per the terms of LLP Agreement	As per AOA and the Companies Act, 2013

Registration Process

1. Registration Process for a Partnership Firm

Preparing Partnership Deed

Executing and notarising the deed

Apply for registration with SDM or Sub- registrar

Get the Partnership Deed registered

Registration Process

2. Registration Process for a LLP

Getting Director's Identification Number (DIN) for proposed partners

Applying for name approval

Applying for registration of LLP and getting certificate

Preparing Partnership Deed

Filing Partnership Deed

Registration Process

3. Registration Process for a company

Obtaining Director's Identification Number (DIN) for proposed directors

Applying for name approval

Preparing MOA & AOA, Declaration, affidavits and other documents

Apply for incorporation

Getting Certificate of Incorporation

Compliance & Maintenance

Compliance & Maintenance

Others

Special Events
- Director Appointment
- Change in Objectives of Business

Regular Compliance

- Return Filings (Tax & Corporate)
- Minutes Preparation

Yearly Compliance
- Annual Return
- Tax Audit
GST Returns

Suitability of Organisation

Suitability of Organisation

Factors

To be considered while planning

- *Availability of Funds*
- *No. of individuals*
- *Type of Business*
- *To avoid compliance*
- *For seeking investment*
- *Requirement under law*
- *To avail benefits under various schemes & tenders*
- *Future business plans & Other factors*

What's next ?

How to Start

What's Next ? – How to start

Registrations & Approvals

Covered in subsequent slides

What's Next ? – How to start

Operations

Deviations from Plan
(Unavoidable)

Control expenses
(Crucial)

Increase Revenue
(Cannot be ignored)

Improve your idea
(Necessary)

HIRE A GOOD CONSULTANT

Check Compliance
(Legal, commercial & financial)

Aware of Competitors
(To safeguard yourself)

Financial management
(Reason for most failures)

Analyse Business Environment
(Important to sustain)

Business Plan Preparation

What's Next ? – How to start

- *To select target markets*
- *To finalise marketing budget*
- *To finalise channels of marketing*
- *Discounts and promotion etc.*

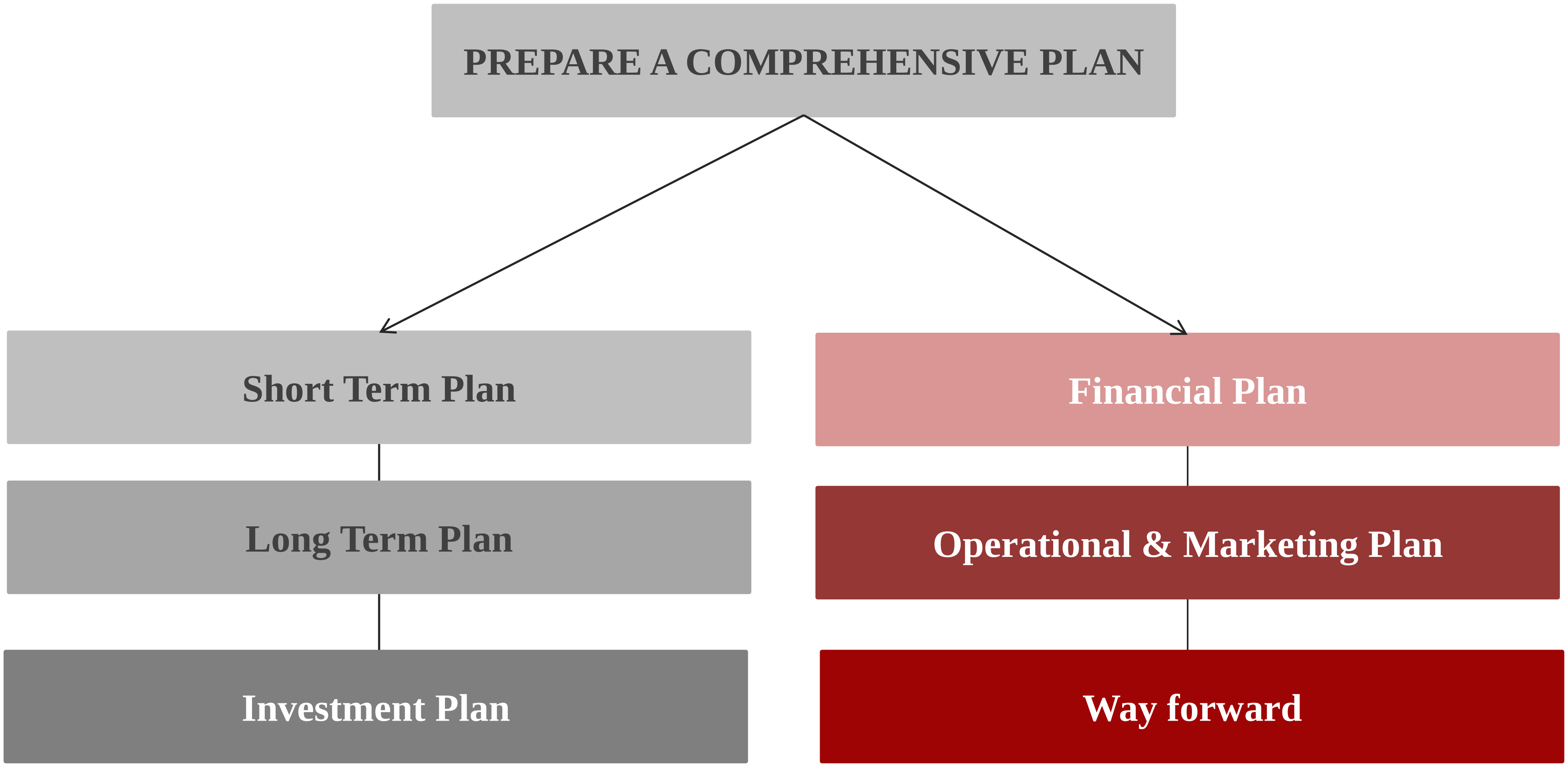
- *To set organisation structure*
- *To setup various designations*
- *To decide various roles*
- *Others*

- *To assess funding requirements*
- *To avoid overutilization and underutilisation of funds*
- *To raise funds on time*
- *To raise optimum funds*
- *Sources of funds*
- *To make budgets*

- *To finalise most efficient process of business*
- *Create a flowchart*
- *To increase revenue & to lower expenses.*
- *Avoid unnecessary expenses - office etc.*
- *Ways to improve revenue*

- *To plan human resource in advance*
- *Requirement in future*
- *Avoid overstaffing & understaffing*

Business Plan Preparation



Content of Business Plan

- Executive Summary
- Entity Description
- Management Team
- Market Analysis
- Marketing Strategy
- Operations
- Financials & Investment Analysis
- Financial Projections
- SWOT Analysis
- Risk & Mitigation
- Annexure

Funding & Arranging Finance

Sources of Funds

Sources of Funds

Equity

(Find an investor)

Debt

(Banks, NBFCs, Institutions)

Licenses & Registrations

Licenses and Registrations

- *GST*
- *Intellectual Property Rights (Trademarks etc.)*
- *Udyog Aadhaar MSME Registration*
- *Income Tax (PAN, TAN)*
- *Others (as per industry in which entity is operating) Eg – Food FSSAI, RERA*
  - ***Travel Trade Operator***

Introduction

As per MSME development Act, 2006, an enterprise is termed as MSME/SSI if it satisfies following criteria:

Classification	Manufacturing concern	Service concern
	Investment in Plant & Machinery/ Equipment	
Micro	**Rs. 25 Lakhs**	**Rs. 10 Lakhs**
Small	**Rs. 5 Crore**	**Rs. 2 Crore**
Medium	**Rs 10 Crore**	**Rs 5 Crore**

Support System

Support System

Government Initiatives

Institutional Support

Training & Development

Government Schemes

Government Schemes

mudra

MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म, लघु एवं मध्यम उद्यम
OUR STRENGTH • हमारी शक्ति
सत्यमेव जयते

Ministry of MSME, Govt. of India

STAND UP India
Endeavour and Prosper

CGTMSE
सूक्ष्म एवं लघु उद्यम क्रेडिट गारंटी फंड ट्रस्ट
(भारत सरकार एवं सिडबी द्वारा स्थापित)
CREDIT GUARANTEE FUND TRUST FOR
MICRO AND SMALL ENTERPRISES
(SET UP BY GOVT. OF INDIA & SIDBI)

#startupindia

Other Schemes

Questions

THANK YOU

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