32

Small Scale Industries and Entrepreneurship

32.1. INTRODUCTION

- The role of small scale industries is significant in the over all growth of the economy of our country.
- The role of small scale industries has been emphasised, from time to time, keeping in view the over all plan objectives of economic growth coupled with social justice. *The small scale sector has a distinct advantage of low investment with high potential for employment generation.*
- In order to create substantial employment opportunities, the Industrial policy laid stress on effective promotion and development of cottage and small scale industries in the country.
- The small scale sector continued to show impressive growth. The production of small scale industries during 1988-89 was estimated to be Rs 106875 crores at current prices (Rs 82400 crores, at 1984-85 prices) and provided employment to about 113 lakh persons during the same period.

  Exports from this sector were estimated at Rs 4535.01 crores (provisional) during 1987-88 as against Rs 3617.33 crores (estimated) during previous year. The exports of small scale sector in 1987-88 constituted about 29% of the total exports from the country.
- Table 32.1 shows the growth trend of small scale industries during the first four years of the Seventh Plan.

TABLE 32.1

Seventh five year plan period

	1985-86	1986-87	1987-88	1988-89
	1	2	3	4
No. of units (lakhs Nos.) (Cumulative)	13.55 (9.09)	14.76 (8.93)	15.76 (6.78)	17.01 (7.93)
*Production at current prices (Rs in Crores)	61228 (21.20)	72250 (18.00)	87300 (20.83)	106875 (22.42)
*Production at 1970-71 prices	17840 (12.84)	20187 (13.16)	22326 (10.60)	25790 (15.52)
Employment (in lakhs Nos)	96.00 (6.67)	101.40 (5.62)	107.00 (5.52)	113.00 (5.61)
Export at current prices (Rs in Crores)	2753.23 (7.84)	3617.33@ (31.38)	4535.01@@ (25.37)	Not available

N.B. Figures in Brackets indicate percentage increase over the previous years.

*Estimated, @ Revised, @@ Provisional

Depreciation on Machinery @ 10% [of (*ii*) + (*iii*)]		37,420.00	
Interest on capital investment @ 15% [of (*xi*)]		72,180.00	
	Total	3,73,600.00	(*xii*)

Turnover (per year)

–Lathe output @ Rs 60/- per hour for 6 hours a day for 25 days	2 Nos.	2,16,000.00
–Milling output @ Rs 90/- per hour for 6 hours a day for 25 days	1 No.	1,62,000.00
–Drilling out put @ Rs 38/- Per hour for 6 hours a day for 25days ($\because 38 \times 6 \times 25 \times 12 \times 1$)	1 No.	68,400.00
–Shaper output @ Rs 50/- per hour for 6 hours a day for 25 days.	1 No.	90,000.00
	Total	Rs 5,36,400.00

Profit = Turnover – cost of production

= 5,36,400.00 – 3,73,600.00 = 1,62,800.00

$$\textbf{Rate of Return} = \frac{\text{Profit}}{\text{Capital investment}} \times 100 = \frac{162800}{481200} \times 100$$

$$= 33.83\%$$

Machinery Suppliers

1. Hindustan Machine Tools, Pinjore.
2. R.K. Machine Tools, Ludhiana.
3. --
4. --

32.12. ENTREPRENEURSHIP

– Doing new things or doing things that are already being done, in a new way is, a simple difinition of *entrepreneurship.*

– *Entrepreneurship* can be described as a creative and innovative response to the *environment*. Such responses can take place in any field of social endeavour - business, agriculture, education, social work and the like.

Knowledge about the economic–political *environment*, more particularly about the economic policies of the government and the financial as well as commercial institutions, is important for the entrepreneur.

32.13. ENTREPRENEUR, CONCEPT OF

– The word *entrepreneur* has its origin in the French language. It refers to the organiser of musical or other entertainments.

– An entrepreneur is one who organises, manages, and assumes the risks of an enterprise.

An entrepreneur visualises a business, takes bold steps to establish undertaking, coordinates the various factors of production and gives it a start.

– *Entrepreneurs* are the owners of the business who contribute the capital and bear the risk of uncertainties in business life.

- Entrepreneur is action - oriented and highly motivated. He has the ability to evaluate business opportunities, to gather the necessary resources to take advantage of them and to initiate appropriate action to ensure success.
- Entrepreneur is associated with innovations. He is the main factor of production.
- Entrepreneur takes decision regarding what to produce, how to produce, where to produce and for whom to produce. He mobilises other factors of production namely, land, labour, capital, organisation and initiates production process. He is responsible for both the profit or the loss.
- In India, Birla, Tata, Modi are big entrepreneurs.

32.14. PROFILE OF AN ENTREPRENEUR

The following list of characteristics and Traits provides a working profile of entrepreneurs :-

Characteristics	Trait
Self confidence	Confidence, independence, individuality, optimism.
Task-result oriented	Need for achievement, profit-oriented persistence, perseverence, Determination, hard-work, drive, energy, initiative.
Risk-taker	Risk taking ability, likes challenges.
Leadership	Leadership behaviour, gets alongwith others, responsive to suggestions and criticisms.
Originality	Innovative, creative, flexible, open-minded, resourceful, versatile, knowledgeable.
Future oriented	Foresight perceptive.

The list includes traits that an entrepreneur should possess. He may not need all these traits, but the more he has, the greater chance there is of his being a successful entrepreneur.

32.15. ENTREPRENEURIAL PHILOSOPHY

1. To take calculated risk.
2. Willingness to accept responsibility for one's own work.
3. Failure must be accepted as a learning experience.
4. Goal orientedness.
5. Acceptable results are more important than perfect results.
6. Personal growth.

32.16. FUNCTIONS OF AN ENTREPRENEUR

1. He manages business and takes decisions.
2. He studies the market and selects the business.
3. He makes a selection of plant size.
4. He selects plant site.
5. He organises sales and holds the customers.
6. He promotes new inventions.
7. He coordinates different factors of production.

8. He arranges raw material, machinery and finance.
9. He employs labourers.
10. He deals with government departments such as sales tax, labour, electricity, export-import, railways etc.
11. He decides pricing policies.
12. He distributes wages of labourers, interest to the capitalist etc.

32.17. QUALITIES OF ENTREPRENEUR

1. Risk taking ability.
2. High level of motivation,
3. Business acumen.
4. Self confidence and positive self concept.
5. Leadership qualities.
6. Flexibility.
7. Managerial Competence.
8. Problem solving.
9. Ability to perceive opportunities and threats.
10. Realistic approach to planning.
11. Independence of thought and action.

32.18. ENTREPRENEURIAL FAILURE

Different *factors* contributing to the failure of entrepreneurial ventures are as follows:-

1. **Poor Management**
   (*a*) Incompetence.
   (*b*) Unbalanced experience.
   (*c*) Inexperience in management.
   (*d*) Inexperience in line.
2. **Production problems**
   (*a*) Lack of production planning and control.
   (*b*) Frequent Machine breakdowns.
   (*c*) Poor raw material.
   (*d*) Power cuts.
   (*e*) Labour problems.
   (*f*) Lack of technical knowhow.
   (*g*) Insufficient quality control.
   (*h*) Wastage in material.
   (*i*) High rate of rejection, etc.
3. **High fixed cost**
   (*a*) Heavy investment in land and building.
   (*b*) Increased administrative and other overheads.
   (*c*) Market borrowing at high interest rate, etc.

4. **Marketing problems**
   (*a*) Competition from larger and already established units.
   (*b*) Insufficient sales force.
   (*c*) Low quality of finished goods.
   (*d*) Recession etc.
5. **Financial problems**
   (*a*) Allowing long credits to the purchasers of finished goods.
   (*b*) Diversion of short term funds into long term uses.
   (*c*) Wilful diversion of funds for investments in assets not connected with production.
6. **Neglect of business.**
7. **Fraud.**
8. **Disaster.**

32.19. ENTREPRENEURIAL DEVELOPMENT

– The main objective of the entrepreneurial development schemes is to motivate and assist prospective and potential entrepreneurs to set up small scale units of their own and thereby become self-employed and continue to contribute significantly to production and employment in the country.

– Entrepreneurial development programmes increase entrepreneurial spirit and provide scope for self-development by focusing attention on the self and on self-directed motivational change.

– In order to motivate *engineers* to take up industrial ventures, an interest subsidy scheme was started in 1974 as one of the follow-up assistance measures of the engineers training programme. It envisages financial assistance to the trained engineers in the form of subsidy on interest payments on loans taken by them from any of the recognised financial institutions for the acquisition of fixed assets.

The scheme was subsequently liberalized in 1976 to cover non-trained engineers also for setting up their units.

– With the new Thrust for the development of Industries in backward areas and for promoting the weaker sections Small Industries Development organisation (SIDO) diversified its entrepreneurship training programmes in the year 1978-79 to serve new categories of entrepreneurs like rural artisans, educated unemployed, weaker sections of the society, women entrepreneurs, students and physically handicapped persons and Defence personnel. The entrepreneurial development training programmes for the non-engineers are broadly divided into two categories :

(*a*) Indentification, selection and motivation of entrepreneurs and
(*b*) Entrepreneurial development training programme for
   (*i*) Women,
   (*ii*) Rural artisans,
   (*iii*) Weaker sections of society,
   (*iv*) Educated unemployed,
   (*v*) Physically handicapped, including blind persons,
   (*vi*) Defence personnel,
   (*vii*) Students, etc.

32.20. EXPORT PROMOTION

- Export development in the small scale sector has been accorded high priority in the economic strategy of the country as it results in creation of more employment opportunities, ensures utilisation of capacity for production and improves the quality of products, apart from bringing the much needed foreign exchange.
- Apart from direct exports, products of a large number of small scale units are exported indirectly through merchant exporters, export houses, etc. Parts and components from small scale sector which are part of the finished products are also being exported by large units.
- Small Industries Development organisation (SIDO) through its network of Small Industries Service Institutes (SISIs) and Extension Centres throughout India provides assistance for promotion of exports of SSI (Small Scale Industry) products.

  The activities in this regard include dissemination of information about (1)foreign markets (2) consultancy services in matters of export procedures for claiming replenishment (3) identification of small scale units already possessing necessary equipments and skills to undertake production of items having export potential (4) organising of training programme on export marketing (5) maintaining liaison with concerned export development agencies (6) meetings and seminars on export promotion etc.

  Small Industry Export Bulletin covering important areas of interest to exporters continued to be brought out by SIDO. Information on export prospects, Govt. policy announcements and procedures relevant to small industry exports, market/commodity reports prepared by professional agencies, etc. were included in these bulletins.

32.21. EXPECTATIONS OF ENTREPRENEURSHIP

It is expected from the entrepreneurs that they will help :-

1. Increase number of industries.
2. Increase production.
3. Increase employment opportunities.
4. Earn foreign exchange through exports.
5. Develop the underdeveloped parts of the country.
6. Economic development.

warmth, self - reliance training and low father dominance. Individuals with high achievement motive tend to take keen interest in situations of high risk, desire for responsibility and a desire for a concrete measure of task performance[28]. Hagen considers withdrawal of status respect as the trigger mechanism for changes in personality formation. Status withdrawal is the perception on the part of the members of some social group that their purposes and values in life are not respected by groups in the society whom they respect and whose esteem they value. Hagen identifies four types of events that can produce status withdrawal: *(a)* displacement by force, *(b)* denigration of valued symbols; *(c)* inconsistency of status symbols with a changing distribution of economic power; and *(d)* non-acceptance of expected status on migration to a new society.[29]

Kunkel's behavioural model is concerned with the overtly expressed activities of individuals and their relations to the previously and presently surrounding social structures and physical conditions[30]. Behavioural patterns in this model are determined by reinforcing and aversive stimuli present in the social context. Hence, entrepreneurial behaviour is a function of the surrounding social structure, both past and present and can be readily influenced by the manipulative economic and social incentives.

Each of the above theores is incomplete and none of them is right or wrong. Entrepreneurship is influenced by a multitude of factors and, therefore, no single factor by itself can generate entrepreneurship. Thus, entrepreneurship is the outcome of a complex and varying combination of socio-economic, psychological and other factors. The integrated contextual model developed by Abdul Aziz Mahmud is a good explanation of entrepreneurship. This model is given in Fig. 1.2

It can be noticed from Fig. 1.2. that economic, political and legal factors can be quickly manipulated to make the environment conducive to the emergence of entrepreneurship. On the other hand, sociological and psychological factors take sufficiently long time to change. It may, therefore, be concluded that given a degree of ambition and ability, external environment rather than personality or ego are the major determinants of whether or not an individual becomes an entrepreneur.

INTRAPRENEURS----AN EMERGING CLASS

The term "intrapreneur" was coined in America in the late seventies. Several senior executives of big corporations in America left their jobs to start their own small businesses because the top bosses in these corporations were not receptive to innovative ideas. These executives turned entrepreneurs achieved

28. David C. Mc Clelland: *The Achieving Society*, The Free Press, New York, 1961.
29. E.E. Hagen: *On The Theory of Social Change: How Economic Growth Begins*, Tavistock Publications, London, 1964.
30. J.H. Kunkel: "Values and Behaviour in *Economic Development*" *Economic Delvelopment and Cultural Change*, April 1965, pp.257-277.

INTEGRATED CONTEXTUAL MODEL

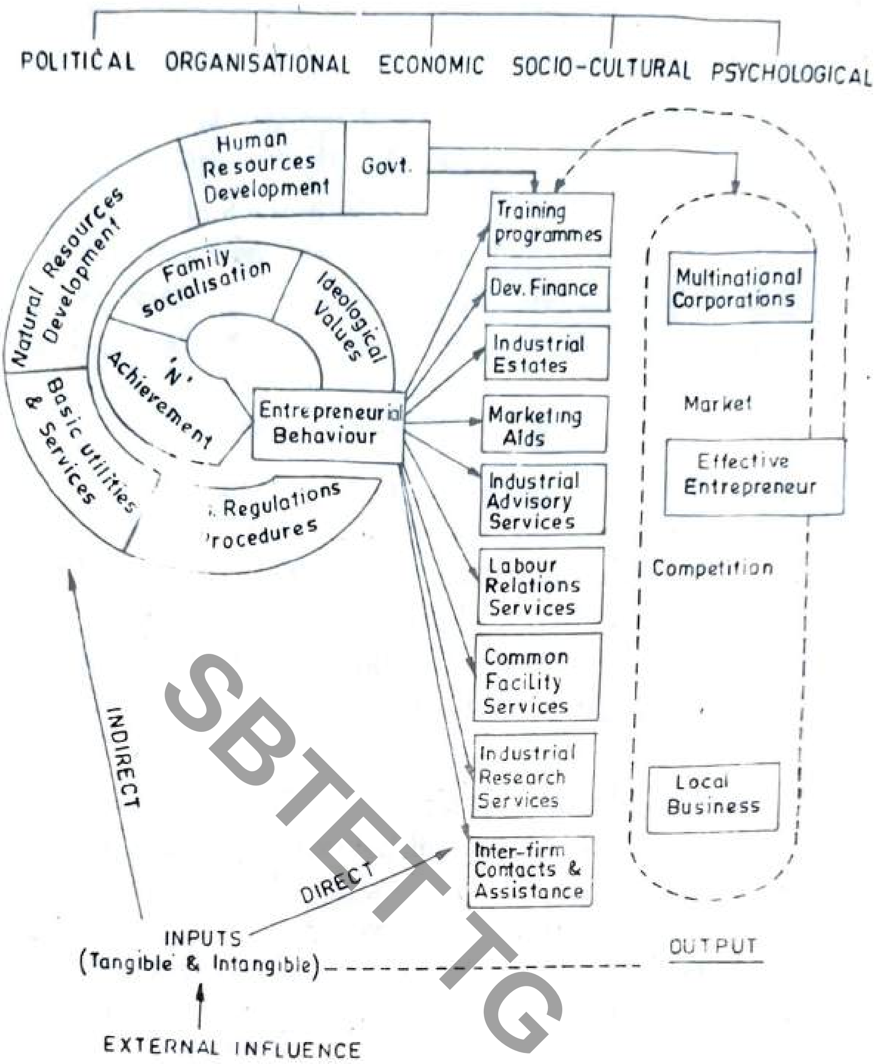


Fig. 1.2. Integrated model of entrepreneurship

phenomenal success in their new ventures. Some of them posed a threat to the corporations they left a few years ago. This type of entrepreneurs came to be known as intrapreneurs. Such corporate brain drain is a world wide phenomenon and is not confined to the United States. Industrialists all over the world started devising ways and of stopping the flight of their brightest executives. In 1976 Norman Macras wrote in the London Economist that successful big corporations should become 'confederations of entrepreneurs'. The idea was promising and the opportunities awaiting entrepreneurs inside large corporations could be tremendous provided it could be made workable. An American management expert, Gifford Pinchot III wrote his famous book. *Intrapreneuring* in 1985 and used the term 'intrapreneurs' to describe the persons who resigned from their wellpaid executive positions to launch their own ventures.

Gifford Pinchot-III suggested that well-established companies should learn to make use of the entrepreneurial talents within to avoid stagnation and decline.

intrapreneurs introduce new products, services and processes which enable the company to grow and succeed in a changing environment. What was, therefore, needed was a system and an organisation culture within a large organisation that would allow the executives to operate like entrepreneurs. These persons are driven not by monetary gain but by a deep desire of personal achievement. Therefore, companies should provide such people with adequate financial resources and the autonomy necessary for the development and application of their ideas. Pinchot suggested the creation of a system which will provide selected executives a status within the corporation similar to that of an entrepreneur in society. Such people are 'intra-corporate entrepreneurs' or 'intrapreneurs'.

The notion of intrapreneurship requires that managers inside the company should be encouraged to be entrepreneurs within the firm rather than go outside. For an entrepreneur to survive in an organisation he-she needs to be sponsored and given adequate freedom to implement his ideas otherwise the entrepreneurial spark will die. The entrepreneur who starts his own business generally does so because he aspires to run his own show and does not like taking orders from others.

Many big corporations in America started practising the intrapreneur concept as suggested by Pinchot. Even before Pinchot's suggestion, International Business Machines (IBM) the computer gaint adopted the concept of Independent Business Units. (IBUS). Each unit is promoted and run by an executive (intrapreneur) as if he was `an independent entrepreneur' . More then one dozen such units are now working in this company. The best known of these units is the one manufacturing and marketing personal computers with a sales turnover of more than 5 billion dollars. Similarly, General Motors (GM) launched Saturn corporation as an entrepreneurial subsidiary. It seeks to promote new ways of making, selling and servicing cars and is headed by the executives of the parent company. Many other American Corporations ,e.g., Dupont, AT&T, Texas Instruments, Data General are also promoting intrapreneurs in their own way. AT& T (American Telephone and Telegraphic Co.) has set up the Epicentre for entrepreneurial venture. Commenting on this trend Jack Welsch, Chairman of the General Electric Co. of USA observes, one key to alluring entrepreneurial managers to flourish is to give them a sense of ownership of their businesses as if they were their small autonomous business, create an environment that exalts risktaking. We have got to take the punitive aspects out of the management process in order to get enough bubbling up of ideas. Such bubbling up is the only way for us to win".

What is needed in large bureaucratic companies is a strong and healthy risktaking culture where risktaking managers are assured of security and rewards. An entrepreneurial culture requires constant generation of ideas. It needs managers who listen and respond to new ideas and are willing to risk future, a system that rewards managers who may fail but who have generated and experimented with good ideas.

A distinction should be made between 'intrapreneurs' and 'entrepreneurs'. First, an entrepreneur is an independent businessman who bears full risks of his business whereas an intrapreneur is semi-independent and does not fully bear the risk of the business he develops and operates. Secondly, the entrepreneur himself raises the necessary capital from various sources and guarantees the return to people who give him finance. On the other hand, the intrapreneur neither raises the capital himself nor guarantees any return to the suppliers of capital. Thirdly, an entrepreneur operates from outside an organisation whereas the intrapreneur is an 'organisation man' operating from within the organisation. Comparing the two, Pinchot writes an intrapreneur is any of the dreamers who do, those who take on responsibility for creating innovation of any kind within an organisation. The intrapreneur may be the creator or inventor but is always the dreamer who figures out how to turn an idea into a profitable reality. Similarly, entrepreneur is someone who fills the role of an intrapreneur outside the organisation.

Both the entrepreneur and the intrapreneur are innovators and both perform the function of organisation and management. But the context within which the two operate and the degree of risk they bear are different.

Recently a trend opposite to `intrapreneurship' has also been observed. In a survay[31] of eight professionals in the age group of 25 to 40 years, it was reported that all of them left their independent enterprises and joined as executives in large organisations. One of them was a computer professional selling computers and making a net profit of nearly Rs 30,000 per month. When a computer manufacturing firm offered him Rs. 55000 per month inclusive of perks he accepted the offer and wound up his own business. Commenting on the tendency of the professionals to return to the corporate sector, after doing a short stint on their own, Dr. B.P Lamba, Chairman, Chanakya Consultants, Delhi, observed: "The perks are always so controlled as not to overburden the executive with income tax. Palatial baungalows, entertainment expenses, package tours abroad, children's education abroad are some examples of these perks. Showered with lucrative fringe benefits, the yuppie executives do not feel the urge to venture out on their own. Enjoying the best comforts of life at someone else's expense is definitely an alluring prospect".[31] Another reason for this trend is frustration. The hassles of private enterepreneurship in the Indian milieu are so gigantic that unless the concerned individual has a matching stamina, morally and physically, his or her chances of survival in the scene are weak. The inherent fear of failure and instability is always lurking in the mind.

Many of the professionals find the going in business very tough because they lack an overall perspective of business inspite of being an expert in his or her field. Some of them work single handed to avoid overhead expenses. The one man

31. Aruna Srinivasan: "The Lure of Corporate Pay and Perks" *The Business and Political Observer*, December 18, 1990.

Entrepreneurship is the inclination of mind to take calculated risks with confidence to achieve a predetermined business or industrial objectives.

Features of an entrepreneurship

1. Innovation
2. A function of high achievement
3. Organisation building
4. Group level activities
5. Managerial skills and leadership
6. Gap filling
7. Enterpreneurship—an emerging class

Growth of Entrepreneurs

Entrepreneurship has opened avenues of great scope in the Indian economy. Our national economy is most suited to the growth of small business enterprise. Small business units offer a more convenient means of nurturing and developing entrepreneurship by providing the means of entry into business for new entrepreneurship talents. Small-scale industries are labour-intensive and can play an important role in solving the problem of unemployment.

20.2.TYPES OF ENTREPRENEURS

Entrepreneurs can be classified as under :

1. According to the type of business

(*i*) Business entreopreneurs
(*ii*) Trading entrepreneurs
(*iii*) Industrial entrepreneurs
  (*a*) large
  (*b*) medium
  (*c*) small
  (*d*) tiny.
(*iv*) Agricultural entrepreneurs
  (*a*) plantation
  (*b*) horticulture
  (*c*) dairy
  (*d*) forestry
(*v*) Retail entrepreneurs
(*vi*) Service entrepreneurs.

2. According to the use of Technology

(*i*) Technical entrepreneurs
(*ii*) Non-technical entrepreneurs
(*iii*) Professional entrepreneurs
(*iv*) High-tech entrepreneurs
(*v*) Low-tech entrepreneurs

3. According to the scale of operation

(*i*) Small scale entrepreneurs
(*ii*) Large scale entrepreneurs

4. According to the stages of development

(*i*) First generation entrepreneurs
(*ii*) Modern entrepreneurs
(*iii*) Classical entrepreneurs

5. According to the Area

(*i*) Urban entrepreneurs
(*ii*) Rural entrepreneurs

6. Other types or Unclassified types

(*i*) Traditional entrepreneurs
(*ii*) Skilled entrepreneurs
(*iii*) Non-skilled entrepreneurs
(*iv*) Inherited entrepreneurs
(*v*) Bureaucratic entrepreneurs
(*vi*) Immigrant entrepreneurs.

20.3. ENTREPRENEURIAL FUNCTIONS

An entrepreneur is expected to perform the following functions :

1. Assumption of risk.
2. Business Decisions.
3. Managerial Functions.
4. Deciding the project.
5. Raising finance.
6. Planning production.
7. Earning profits.
8. To study the market and to take advantages from opportunities and threats.
9. To organise sales and hold the customers.
10. To coordinate various functions of production and other matters related to the business.
11. To arrange finance, raw materials and machinery etc.
12. To maintain good relations with workers, customs, suppliers, financiers and with government departments.

20.4. QUALITY OF AN ENTREPRENEUR

1. Self confidence
2. Result oriented
3. Risk taker
4. Innovativeness, creativity
5. Knowledgeable
6. Open minded, and flexible
7. Foresightedness
8. Leadership
9. Managerial competence
10. Realistic approach
11. Energetic and hardworking
12. Resourcefulness
13. Tactfulness
14. Clarity of views.

20.5. SUCCESSFUL ENTREPRENEURSHIP

Following aspects are necessary for the successful entrepreneurship :

1. Regular inflow of informations related to buyers, consumers, distributors, dealers, retailers, transporters etc., about raw material, quality aspects, government organisations, employees and competitors.
2. Satisfying the needs of customers.
3. Generation of adequate cash flow.
4. Regular objective assessment of the enterprise.
5. Improving productivity.
6. Maintenance of quality.
7. Use of technology of the time.
8. Be innovative.
9. Keep employees motivated.
10. Scrap or waste material be utilised properly.
11. Time management.

20.6. BENEFIS OF ENTREPRENEURSHIP

Entrepreneurship has following three benefits for society :

1. **Economic Growth.** These provide economic upliftment of society and generates labour employment.
2. **Productivity Improvement.** It helped in improving the productivity, which means the ability to produce more goods and services with less labour and other inputs.

3. **New technologies, products and services.** It helps in promoting innovative technologies, products and services.

20.7. ENTREPRENEURIAL V/S MANAGERIAL STYLES

As discussed earlier an entrepreneur is a person who is motivated to satisfy a high need for achievement in innovative and creative activities. This creative behaviour and innovative spirit forms a process of an endless chain and is termed as entrepreneurship. An entrepreneur is also required to manage his business. He has to perform both entrepreneurial and managerial functions. After the start of the business he becomes more as manager.

As we have studied in detail in chapters on management, that manager is one who specialises in the work of planning, organising, leading and controlling the efforts of others. He does it through systematic use of his classified knowledge and principles. He should have an insight of job requirement, which he should continuously update.

An entrepreneur must adopt the style of professional management. He must organise managerial functions by setting long term objectives, formulating strategic policies, developing management information system, monitoring and evaluation systems. He is required to possess management knowledge related to technical, economical, financial, human and administrative aspects.

There is a vast difference between owner-manager and professional-manager. The owner-manager is identified with individuality, flair, strong motivation to achieve success and prosper, while the professional-manager is concerned with the planning, organising, motivating and controlling. Owner-manager builds the organisation, assumes all business risks, and also loses his reputation and prestige in the event of failure of business, whereas professional-manager is not exposed to such risks.

Thus entrepreneurship is a process of combining resources to produce new goods or services and reappears to initiate another change. Entrepreneurs are also required to play other roles, especially those of capitalist and manager. Managerial function of an entrepreneur is a continuous process of combining the factors related to production.

Managerial aspects can be referred in detail in other chapters on management.

20.8. ENTREPRENEURIAL DEVELOPMENT

For the economic development, entrepreneurial development is necessary. For the purpose of entrepreneurial development, rapid growth of small scale sector is necessary. Entrepreneurial development programmes are designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilitites necessary for playing his role effectively. Main objective of the entrepreneurial development programme is to motivate and assist prospective and potential entrepreneurs to set up small scale units of their own and thus become self-employed and contribute significantly to production and employment in the country.

Entrepreneurial development programme must be designed properly and should incorporate the following :

(*i*) Developing, achievement, motivation and sharpening entrepreneurial traits and behaviour.

(*ii*) Project planning and development, and guidance on industrial opportunities, incentives and facilities, rules and regulations.

(*iii*) Developing managerial and operational capabilities.

Keeping the target group and target area in view various strategies and approaches are adopted. The process of entrepreneurial development is designed very carefully and starts from identifying the potential and right candidates, linking suitable project with each one, and then training and developing the managerial and entrepreneurial capabilities, counselling and motivating them, and then providing the required follow-up support to help them in establishing their venture.

Objectives

Objectives of entrepreneurial development programme are to help to :

(*i*) Develop and strengthen their entrepreneurial quality.

(*ii*) Analyse environment related to small business and small industry.

(*iii*) Select product and its project.

(*iv*) Formulate projects.

(*v*) Understand the procedure for setting up of small enterprise.

(*vi*) Support needed for launching the enterprise.

(*vii*) Acquire basic management skills.

(*viii*) Appreciate the social responsibilities.

(*ix*) Let him set the objectives of his business.

(*x*) Prepare him to accept risks.

(*xi*) Take strategic decisions.

(*xii*) Develop communicating skills.

Training for Entrepreneur/enterprises

Proper training is essential for the success of any industry in production techniques, management, marketing and other aspects. Small Industries Service Institutes and their Extension Centres are organising trainings (*i*) to improve technical skills of workers (*ii*) for acquainting the entrepreneurs with advanced production and management techniques.

The courses for workers are organised in the following areas :

(*a*) Shop practice courses such as machine shop practice, tool room practice, foundry, blacksmithy, electrical shop practice etc.

(*b*) Trade oriented courses, such as tool making, fitter, sheet metal, pattern making, carpentry etc.

(*c*) Process oriented courses, such as welding, heat treatment, electroplating, leather works etc.

(*d*) Product oriented courses, sport goods, foot wear, paint, varnish making etc.

Training programmes for entrepreneurs are of two types namely (*i*) for graduate and diploma holder engineers, physics and chemistry graduates and (*ii*) for rural artisans, educated unemployed, ex-servicemen, weaker sections of the society, women entrepreneurs etc. with special courses for each of the categories of persons.

For providing training and upgradation of technology and managerial skills, specialised institutions have been set up.

For conducting entrepreneurship development programmes, the lead was given by Small Industries Development Organisation through its small industries service centres. Entrepreneurship Development Institute of India (EDII) was established in 1983 at Ahmedabad as a resource organisation at the national level for the purpose of creating the institutional infrastructure for entrepreneurship development. National Institute for Entrepreneurship and Small Business Development (NIES BIID) was established by the central Government at New Delhi, with the objective of coordinating activities related to entrepreneurship and small business development. In addition, institutions established by the Government are :

(*i*) Rural Entrepreneurship Development Institute (RED) at Ranchi.

(*ii*) Rural Management and Management Centres (RMEDC) at Maharashtra.

Other organisational actively conducting entrepreneurship development programmes are :

(*i*) State Bank of India

(*ii*) IDBI.

(*iii*) Centre for Entrepreneurship Development at Ahmedabad and Hubli.

(*iv*) State Financial corporations.

(*v*) Industrial consultancy organisations in various states.

(*vi*) Small Industries Extension Training Institute, Hyderabad.

(*vii*) Institute of Entrepreneurship Development (IEDs) in Ultar Pradesh, Bihar and Orissa.

(*viii*) Managment Deveopment Institute (MDI) at Gurgaon (Haryana) near Delhi.

Some of the other institutions for entrepeneural development are :

1. Central Institute of Tool Design, Hyderabad.
2. Central Tool Room and Training Centre, Calcutta.
3. NI SIET, Guwahati.
4. Institute for Design of Electrical Measuring Instruments, Bombay.
5. Electronic Service and Training Centre, Ramnagar.
6. Process-cum-Product Development Centre for Glass and Ceramic Industry, Ranchi.
7. Process and Product Development Centre, Agra.
8. Process and Product Development Centre, Meerut.
9. Central Institute of Hand Tools, Jalandhar.
10. Hand Tool Design Development and Training Centre, Nagpur.
11. New Indo-Danish Tool Rooms, Jamshedpur and Bhubaneshwar.
12. Ino-German Tool Rooms-Indore, Ahmedabad and Aurangabad.
13. National Institute for Entrepreneurship & Small Business Development, New Delhi.
14. National Institute of Design, Ahmedabad.
15. Centre for the Improvement of Glass Industry, Firozabad.
16. National Council for Cement and Building Materials, Delhi, Ballabgarh, Hyderabad, Patna and Madras.
17. Indian Plywood Industries Research Institute, Bangalore.
18. Central Pulp and Paper Research Institute, Saharanpur.
19. National Federation of Industrial Cooperatives Limited, New Delhi.
20. Central Machine Tool Institute, Bangalore.

20.9. FINANCING OF ENTERPRISE

Finance is the main input of any enterprise. The entrepreneur needs capital to start with, and he also needs financial assistance at every stage of the project. Project finance is required for both short term and long term.

(*a*) **Short-term Finance.** These usually refer to the funds required for a period of less than one year. These are usually required to meet variable, seasonal or temporary working capital requirements. Main sources for short term finance are borrowing from banks, trade credit, instalment credit and customer advances.

(*b*) **Medium-term Finance.** Period of one year to five years are regarded as a medi... term. These are generally required for permanent working capital, small expansions, repla... ments, modifications etc. These can be raised by issue of shares and debentures, borrow... from banks and other financial institutions, ploughing back of profits.

(*c*) **Long-term Finance.** Periods more than 5 years are regarded as long-terms. These a... required for procuring fixed assets, for substantial expansion, modernisation etc. Importa... sources of long-term finance are issue of shares and debentures, loans from financial instit... tions and ploughing back of profits.

Sources of Finance

The sources from which the entrepreneurs can meet their financial needs for their project... are grouped as (*a*) internal source, and (*b*) external source. In addition, the entrepreneur raise... his finance by availing of available subsidies, state aid to industries etc. A judicious mix of fund... from these sources should be given priority.

(*a*) **Internal Sources of Finance :**

(*i*) Personal and family savings.

(*ii*) Loans from L.I.C. and Provident Fund Account.

(*iii*) Loans against assets like land and property.

(*iv*) Loans against shares and debentures.

(*v*) Loans from relatives and friends.

(*b*) **External Sources :** Substantial amount is required by an enterprise to buy machinery and equipment and to purchase land and buildings. These finances are generally arranged from following sources :

(*i*) Borrowing from Banks.

(*ii*) Term-lending from institutions like IDBI; IFCI, Industrial Development Corporations etc.

(*iii*) From Government and Semi-Government agencies.

(*iv*) Other sources.

Matters related to capital requirement, raising of finance, Break-even Analysis, cost overheads etc., can be referred in detail in 'Finance' section of the book.

Institutional Finance

Institutional finance is available for large, medium, small and tiny industries by commercial banks. Commercial banks include the State Bank of India group, nationalised banks, private sector banks and development corporations which have been especially established to provide industrial finance. In addition, the Reserve Bank of India gives credit guarantees and the ECGC gives export guarantees to the small-scale sector. Industrial Development Bank of India (IDBI), by its refinance operations, plays a significant role in the promotion of the small scale-sector. The National Small Industries Corporation (NSIC) offers financial assistance in the form of its hire-purchase schemes.

Besides, new institutions like mutual funds, lease companies, financial service institutions, insvestment companies, merchant banks etc. provide financial assistance and financial services to industries.

** https://www.msme.gov.in/ministry

MSME

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Khadi is the proud legacy of our national freedom movement and the father of the nation. Khadi and Village Industries (KVI) are two national heritages of India. One of the most significant aspects of KVI in Indian economy is that it creates employment at a very low per capita investment. The KVI Sector not only serves the basic needs of processed goods of the vast rural sector of the country, but also provides sustainable employment to rural artisans. KVI today represent an exquisite, heritage product, which is 'ethnic' as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society.

Coir Industry is an agro-based traditional industry, which originated in the state of Kerala and proliferated to the other coconut producing states like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Maharashtra, Assam, Tripura, etc. It is an export-oriented industry and having greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles etc. The acceptability of Coir products has increased rapidly due to its 'environment friendly' image.

Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

The Micro; Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

On 9 May 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, erstwhile Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (M/o MSME). This Ministry now designs policies and promotes/ facilitates programmes, projects and schemes and monitors their implementation with a view to assisting MSMEs and help them to scale up.

The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through various initiatives. The role of the M/o MSME and its organizations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/ programmes undertaken by the Ministry and its organizations seek to facilitate/provide: i) adequate flow of credit from financial institutions/banks; ii) support for technology upgradation and modernization; iii) integrated infrastructural facilities; iv) modern testing facilities and quality certification; v) access to modern management practices; vi) entrepreneurship development and skill upgradation through appropriate training facilities; vii) support for product development, design intervention and packaging; viii) welfare of artisans and workers; ix) assistance for better access to domestic and export markets and x) cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

Mission Statement

Our mission is to empower Micro, Small and Medium Enterprises (MSMEs) by providing a transparent, accessible and user-friendly digital platform that delivers timely information, government schemes, capacity-building resources, and support services, enabling businesses to grow sustainably, enhance competitiveness, and contribute effectively to India's economic development.

Objectives

To create a secure, user-friendly single-window digital platform that empowers MSMEs with easy access to schemes, services, knowledge resources, and support for sustainable business growth.

1 **e-Government:** Providing e-infrastructure for delivery of e-services

2 **e-Industry:** Promotion of electronics hardware manufacturing and IT-ITeS industry

3 **e-Innovation/R&D:** Implementation of R&D Framework—Enabling creation of Innovation/R&D Infrastructure

4 **e-Learning:** Providing support for development of e-Skills and Knowledge network

5 **e-Security:** Securing India's cyber space

6 **e-Inclusion:** Promoting the use of ICT for more inclusive growth

7 **e-Diplomacy:** Promoting the use of India Stack / DPI

8 **Internet Governance:** Enhancing India's role in Global Platforms of Internet Governance

The MSME website functions as a central hub for promoting, developing, and supporting Micro, Small, and Medium Enterprises by offering information, services, and resources for registration, schemes (credit, technology, marketing), grievance redressal, and skill development, aiming to boost their competitiveness, innovation, and integration into the economy.

Key Functions:

1. Information & Guidance: Provides details on policies, new definitions, schemes, and programs for entrepreneurs.
2. Registration: Facilitates the registration process for MSMEs.
3. Scheme Access: Details various schemes like PMEGP (Prime Minister's Employment Generation Programme) for creation, credit flow, technology, and infrastructure support.
4. Technology & Innovation: Offers support for technology upgradation, modernization, quality improvement, and R&D.
5. Credit & Finance: Helps MSMEs access loans and financial assistance from banks.
6. Marketing & Exports: Assists in accessing domestic and international markets, and participates in exhibitions.
7. Skill Development: Promotes entrepreneurship and skill upgradation through training.
8. Grievance Redressal: Hosts systems like the Internet Grievance Monitoring System (IGMS) for online complaint submission and tracking.
9. Policy Framework: Helps formulate policies and provides institutional support for the sector's ecosystem.
10. Cluster Development: Supports cluster-based approaches for capacity building and empowerment.

** https://www.startupindia.gov.in/content/sih/en/about-startup-india-initiative.html

Startup India Initiative

Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.

Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to The Department for Promotion of Industry and Internal Trade (DPIIT)

Key Initiatives

The Department for Promotion of Industry and Internal Trade (DPIIT) through the Startup India initiative has executed various projects and undertaken recurring models to propel the Indian Startup Ecosystem.

DPIIT Recognition

Under the Startup India initiative, eligible companies can get recognised as Startups by DPIIT in order to access a host of tax benefits, easier compliance, IPR fast-tracking, and more.

Company Age

The period of existence and operations should not exceed 10 years from the date of incorporation.

Company Type

Incorporated as a Private Limited Company, Registered Partnership Firm, Limited Liability Partnership, or Cooperative Society.

Annual Turnover

The annual turnover should not exceed Rs. 200 crore in any financial year since incorporation.

Original Entity

The entity should not have been formed by splitting up or reconstructing an existing business.

Innovative & Scalable

The entity should work towards the development or improvement of a product, process, or service and/or have a scalable business model with high potential for wealth and employment generation.

Under the Startup India Action Plan, startups that meet the definition as prescribed under G.S.R. notification 108(E) are eligible to apply for recognition under the program. The Startups have to provide support documents, at the time of application.

Eligibility Criteria for Startup Recognition:

- The startup should be incorporated as a Private Limited Company or registered as a Partnership Firm, Limited Liability Partnership, or Cooperative Society.
- Turnover should be less than INR 200 Crores (INR 300 Crores for DeepTech startups) in any of the previous financial years.
- An entity shall be considered a startup for up to 10 years (20 years for DeepTech startups) from the date of its incorporation.
- The startup should be working towards innovation or improvement of existing products, services, and processes, and should have the potential to generate employment or create wealth. An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Startup".

Startup India: 80 IAC Tax exemption:

Post getting recognition a Startup may apply for Tax exemption under section 80 IAC of the Income Tax Act. Post getting clearance for Tax exemption, the Startup can avail tax holiday for 3 consecutive financial years out of its first ten years since incorporation.

Eligibility Criteria for applying to Income Tax exemption (80IAC):

- The entity should be a recognised Startup
- Only Private limited or a Limited Liability Partnership is eligible for Tax exemption under Section 80IAC
- The Startup should have been incorporated after 1st April, 2016

** https://startup.telangana.gov.in/government-policies/

Telangana State Startup Policy:

The state had launched an Innovation Policy in 2016 that aimed to boost innovation and entrepreneurship, leveraging upon its natural demographic assets with the help of skilled technology and research professionals. The state has a unique model in the country for developing a robust startup ecosystem and runs with an objective to foster an innovation driven economy.

Startup Definition

Is Your Company A Startup?

Your company must meet the following criteria to be considered eligible for DPIIT startup recognition.

Company Age

Period of existence and operations should not be exceeding 10 years from the Date of Incorporation

Annual Turnover

Should have an annual turnover not exceeding ₹ 100 crores for any of the financial years since its Incorporation

Innovative & Scalable

Should work towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment

Company Type

Incorporated as a Private Limited Company, or Registered Partnership Firm or a Limited Liability Partnership, or One person company, or a Sole proprietorship.

Original Entity

Entity should not have been formed by splitting up or reconstructing an already existing business

Funding and Incentives:

Reimbursement of SGST

Eligibility

All eligible startups shall submit their claims in the prescribed application form and attach the documents mentioned on the portal given at Annexure – II for Reimbursement of SGST within six months after completion of every half year i.e., last date for filing claim application is 31st of March for first half-year and 30th of September for the second half-year.

Evaluation Process

The Nodal Office, Telangana Innovation cell, on receipt of the required documents, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible reimbursement shall be recommended by the nodal office.

Reimbursement of International Marketing Costs Trade Shows

Eligibility

All eligible startups shall submit their claims in the prescribed application form and attach the documents mentioned on the portal given at Annexure – III for Reimbursement of 30% of the annual cost in International marketing through trade shows, limited to a subsidy of INR 5 lacs per company during the first 3 years of incorporation.

Additionally to claim the reimbursement under this incentive, the startup application needs to be endorsed by one of the state supported incubators.

Evaluation Process

The Nodal Office, Telangana Innovation cell, on receipt of the required documents, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible reimbursement shall be recommended by the nodal office.

All reimbursement recommendations will be presented to the startup council who shall then make a decision on sanction/disbursement keeping in view the available budget for the year. The decision of the startup council in this regard to sanctioning of any reimbursement under this incentive will be final

Reimbursement of the expenses incurred for Patent Registration

Eligibility

All eligible startups shall submit their claims in the prescribed application form given at Annexure – IV for Reimbursement of the expenses incurred for patent registration within six months from the date of obtaining patent along with required documents mentioned in the Application on the portal.

Eligible startups should have already filed or been granted a patent with the concerned authority and would have paid all the mandatory fees/expenses in this regard.100% Reimbursement of the expenses incurred for patent registration limited to Rs.2.00 Lakhs for Indian patent awarded.

Evaluation Process

The Nodal Office, Telangana Innovation cell, on receipt of the required documents, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible reimbursement shall be recommended by the nodal office.

All reimbursement recommendations will be presented to the startup council who shall then make a decision on sanction/disbursement keeping in view the available budget for the year. The decision of the startup council in this regard to sanctioning of any reimbursement under this incentive will be final.

Reimbursement of Recruitment Assistance

Eligibility

All eligible startups shall submit their claims in the prescribed application form given at Annexure – V for Reimbursement of reimbursement of recruitment assistance for an amount of INR 10,000 per employee for the first year of commercial operations.

The startup should submit the list of Telangana domiciled employees who have been employed with the company for at least a period of 8 months as on the date of the appointment along with their appointment letters, domicile proof duly certified by the promoter.

Evaluation Process

The Nodal Office, Telangana Innovation cell, on receipt of the required documents, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible reimbursement shall be recommended by the nodal office.

All reimbursement recommendations will be presented to the startup council who shall then make a decision on sanction/disbursement keeping in view the available budget for the year. The decision of the startup council in this regard to sanctioning of any reimbursement under this incentive will be final.

Performance Related Grant

Eligibility

All eligible startups shall submit their claims in the prescribed application form given at Annexure – VI for Performance related grant within nine months from the date of closing of a financial year.

Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Annual Turnover, subject to a limit of INR 10 Lakhs within a period of three years from the date of incorporation

Evaluation Process

The Nodal Office, Telangana Innovation cell, on receipt of the required documents, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible reimbursement shall be recommended by the nodal office.

All reimbursement recommendations will be presented to the startup council who shall then make a decision on sanction/disbursement keeping in view the available budget for the year. The decision of the startup council in this regard to sanctioning of any reimbursement under this incentive will be final

Grants for the startups with grassroot/rural impact

PROCEDURE FOR CLAIMING GRANT OFFERED UNDER THE SCHEME:

Preconditions for availing this incentive

- Recognized as a startup by Government of Telangana AND

- Recognized as a "Startup with Grassroot/Rural Impact" as per the definition mentioned in G.O.Ms.No. 8 dated 27-07-2021.

Evaluation Process

The Nodal Office, Telangana Innovation Cell, on receipt of the applications, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible grants shall be recommended by the nodal office.

All grants recommendations will be presented to the **Grassroot Advisory Council** who shall then make a decision on sanction/work order/disbursement keeping in view the available budget for the year. The decision of the Grassroot Advisory Council in this regard to sanctioning of any work order/purchase order under this incentive will be final.

Process of Application

- All eligible startups with grassroot/rural impact shall apply in the prescribed application form given below on the portal for Procurement related grant.

Public Procurement incentives for startups with grassroot/rural impact

PROCEDURE FOR CLAIMING PROCUREMENT GRANT OFFERED UNDER THE SCHEME:

Preconditions for availing this incentive

- Recognized as a startup by Government of Telangana AND
- Recognized as a "Startup with Grassroot/Rural Impact" as per the definition mentioned in G.O.Ms.No. 8 dated 27-07-2021.
- A letter of intent must be submitted by the competent authorities of the concerned government departments or district administrations. The startup may directly work with TSIC to source this letter of intent, if all other eligibility criteria are fulfilled.

Evaluation Process

The Nodal Office, Telangana Innovation Cell, on receipt of the applications, will scrutinize and perform necessary due diligence. On confirmation of the Startup eligibility, an assessment of the eligible grants shall be recommended by the nodal office.

All grants recommendations will be presented to the **Grassroot Advisory Council** who shall then make a decision on sanction/work order/disbursement keeping in view the available budget for the year. The decision of the Grassroot Advisory Council in this regard to sanctioning of any work order/purchase order under this incentive will be final.

Process of Application

All eligible startups with grassroot/rural impact shall apply in the prescribed application form given below on the portal for Procurement related grant.

T-FUND Initiative

T-Fund's objective is to support the startup ecosystem of Telangana by investing in promising early-stage startups from the state of Telangana by primarily investing into equity, equity-linked instruments, compulsory convertible debt instruments, and other instruments such as compulsory convertible preference shares, compulsorily convertible debentures of enterprises engaged across sectors including with a horizontal theme of technology and innovation. T-Fund is primarily

Co-Investment Fund where it shall invest alongside established Angels, Angel Networks, VC's. T-Fund shall not invest more than 20% of its investible funds in any single portfolio company.

T-Spark Initiative

The Government of Telangana, through the Telangana Innovation Cell, launched the **T-Spark** initiative to provide funding and grant support for **155 startups** at the early and seed stages. This grant intends to accelerate key aspects of their growth, including prototype building, talent development, R&D, and marketing efforts. In addition to financial support, the selected startups will gain access to mentoring, funding readiness guidance, and GTM (Go-To-Market) strategy support as they evolve. This initiative is a core component of the state's larger vision to fuel a thriving entrepreneurship and innovation ecosystem.

Telangana State Innovations with Rural Impact (TSIRI) Incentives

The state government has decided to give incentives to startups and innovations that solve the problems in rural areas. For this, the ITE&C department issued orders with G.O.Ms.No. 8 dated 27-07-2021. Accordingly, a total of **Rs. 30 lakh corpus fund has been earmarked for 18 startups** and innovators to support seed, prototype, pilot, and procurement grants.

V1. May, 2021

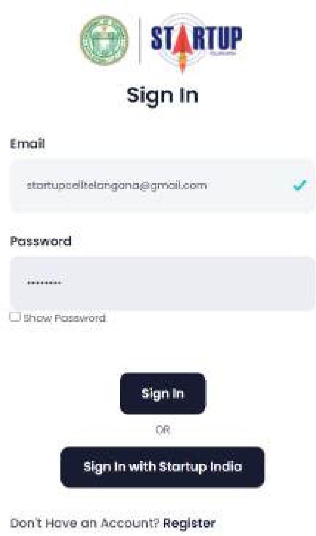
User Manual: For Startup Registration

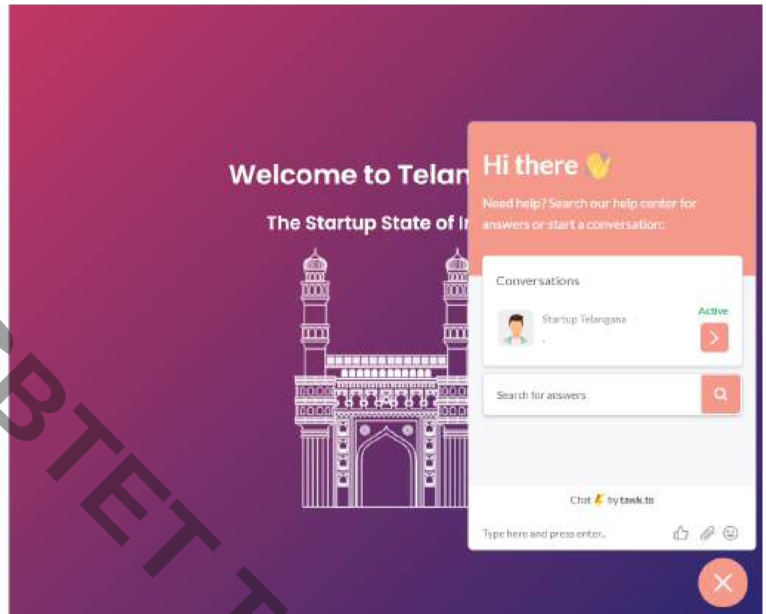
This document's purpose is to provide a play-by-play to a new Startup Registrant on the usage of Telangana's Startup Portal. The nature of this portal is subject to changes as and when required. Feedback from registrants is welcome. You can write to support-startup@telangana.gov.in.

STEP 1: REGISTRATION/ SIGNING IN

After reaching the login page, enter your account credentials or sign in using your Startup India credentials.

If this is your first time, click on “Register”.

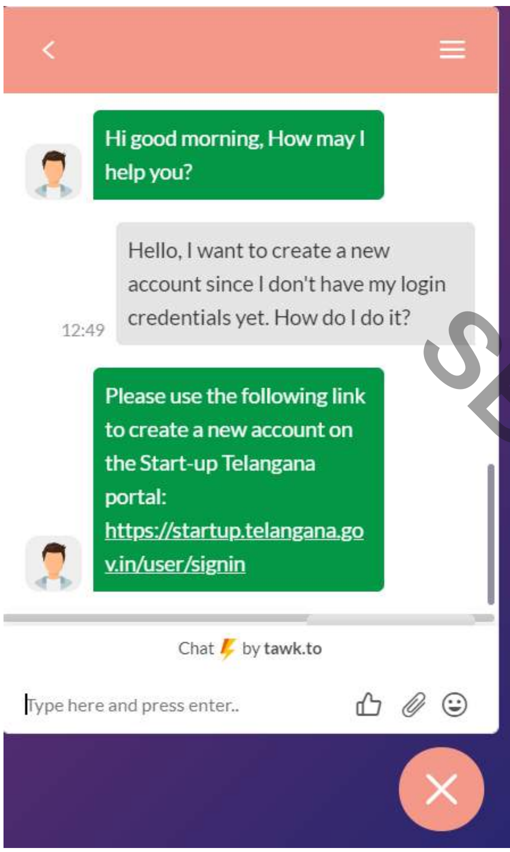




CHAT BOT:

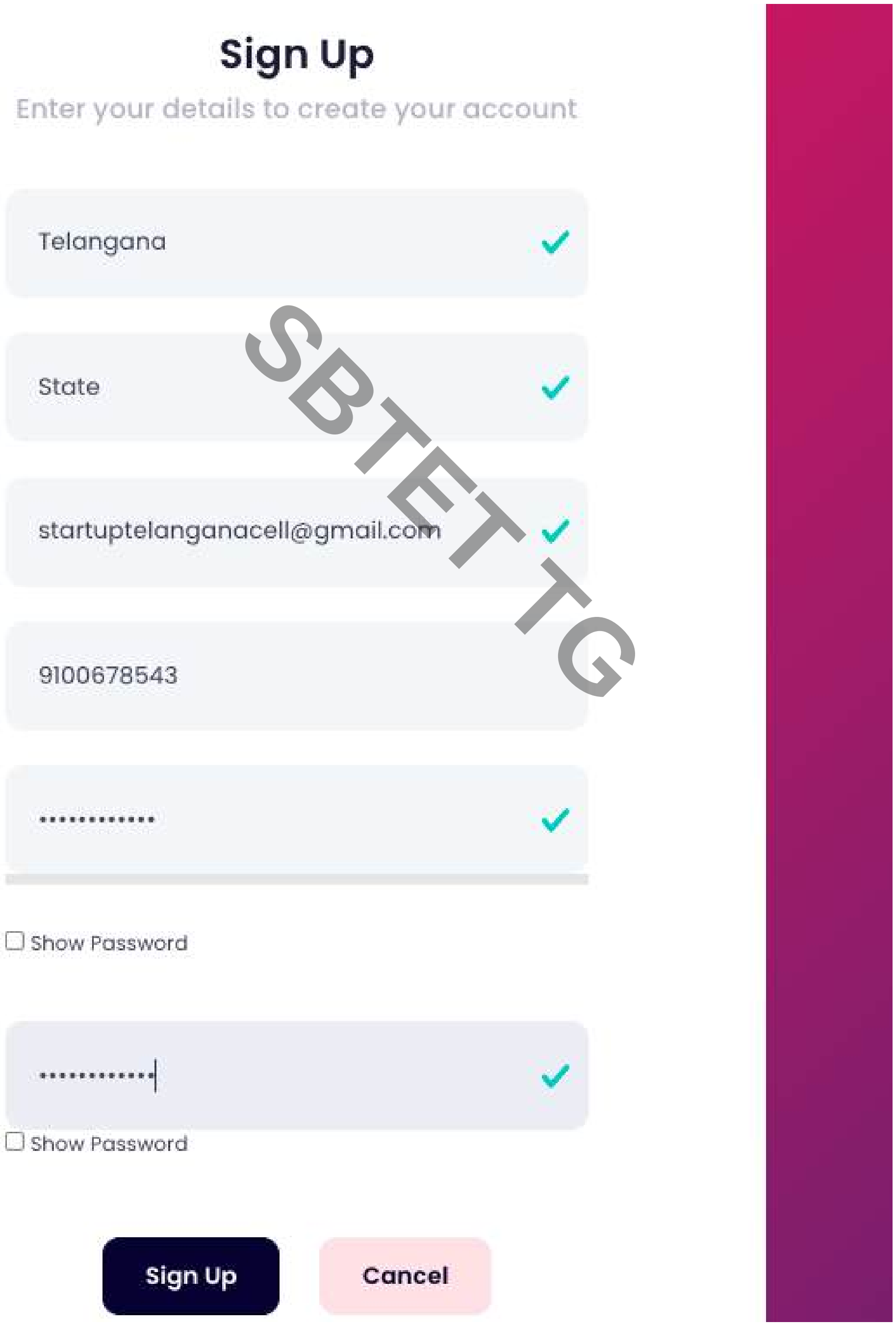
As part of Startup Telangana, we want to be with you every step of the way. If you have any queries, you can always interact with our chat-bot assistant.

To close the chat, press on “X”, and continue with your login/registration process.

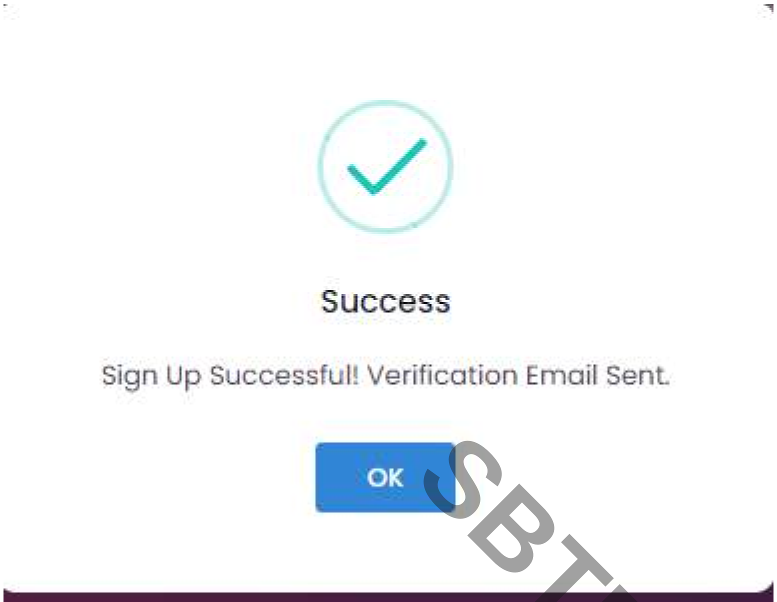


STEP 2: CREATING AN ACCOUNT/ SIGNING UP

Enter the details that are asked for in the Sign Up sheet. Specifically, your First Name, Last Name, Official Email-id, Functional Phone Number and a Strong Password. Click on “Sign-up”, once you’ve entered the correct details. In case you receive an error message, re-check your details or reach out to support-startup@telangana.gov.in



After pressing on “Sign Up”, ideally, this is the alert that should pop-up on your screen.



STEP 3: EMAIL VERIFICATION

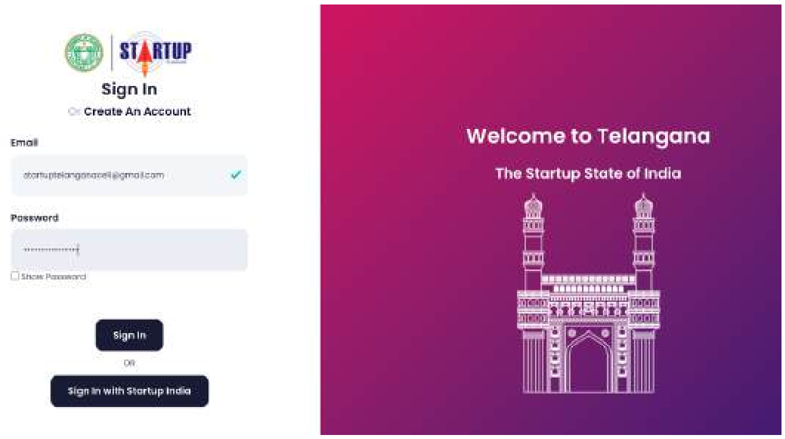
Once you've got your credentials confirmed, you will receive a confirmation email on your entered email-id; for verification. **Click on "Verify Email".**

Once that is done, you will be redirected to the portal and will see a confirmation message on your screen.

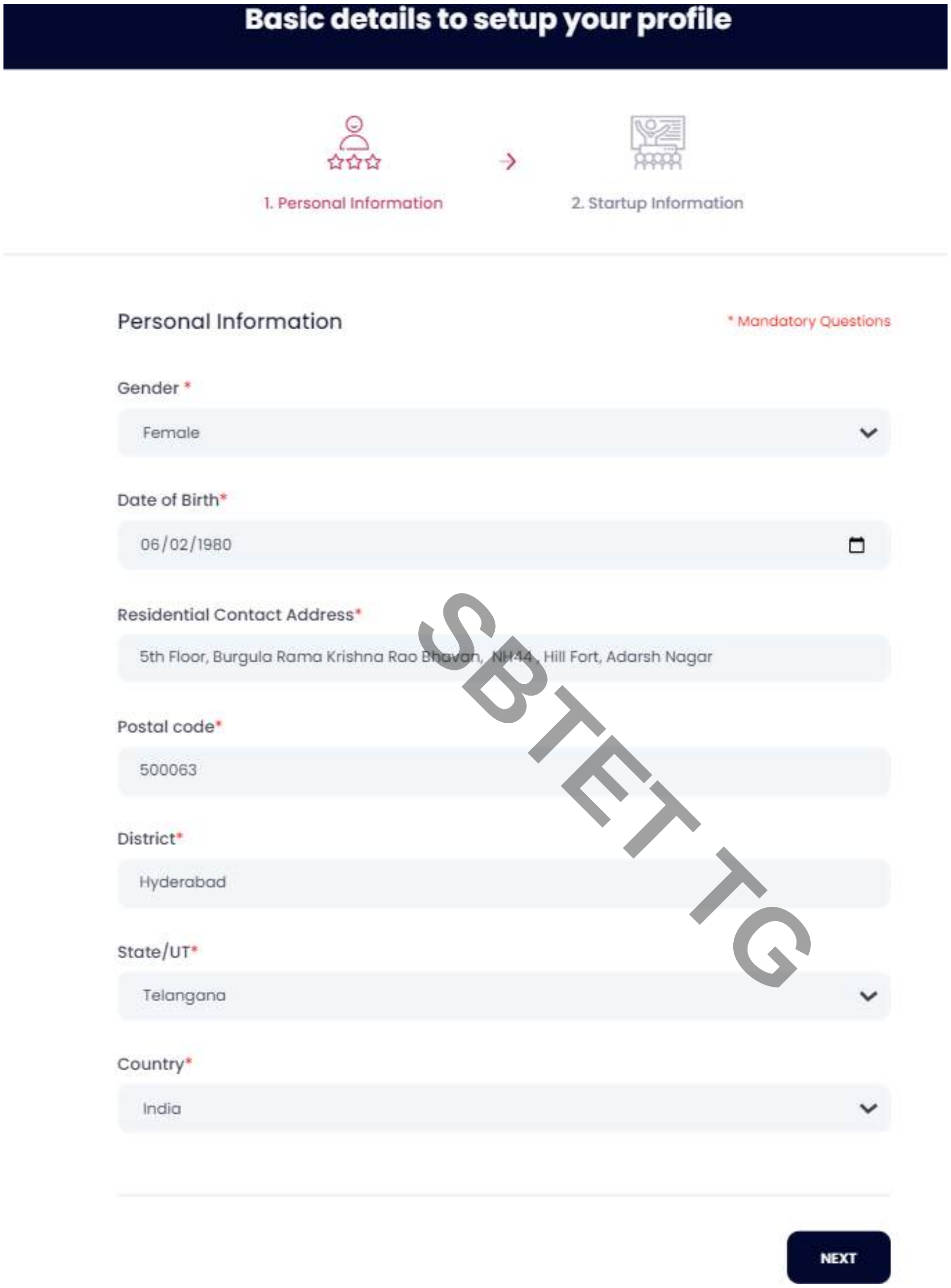
Press OK, to continue.

STEP 4: SIGN-IN & UPDATE PERSONAL INFORMATION

Post the verification, you will need to sign in with your verified email-id and password.



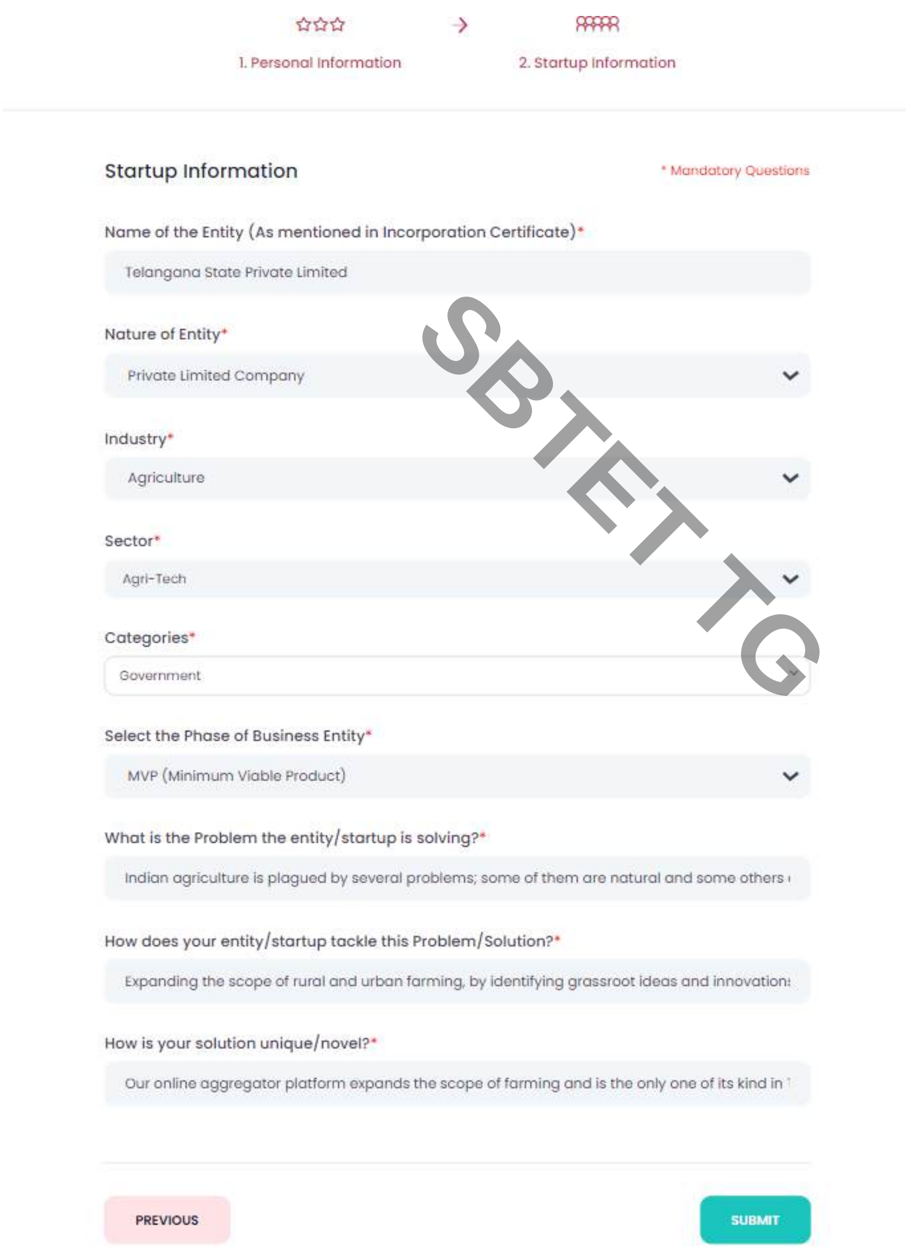
You will then be redirected to a page to fill in basic details to set up your profile. The first page will ask for the applicant's Personal Information.



Basic details to setup your profile
1. Personal Information
2. Startup Information
Personal Information
* Mandatory Questions
Gender *
Female
Date of Birth*
06/02/1980
Residential Contact Address*
5th Floor, Burgula Rama Krishna Rao Bhavan, NH44, Hill Fort, Adarsh Nagar
Postal code*
500063
District*
Hyderabad
State/UT*
Telangana
Country*
India
NEXT

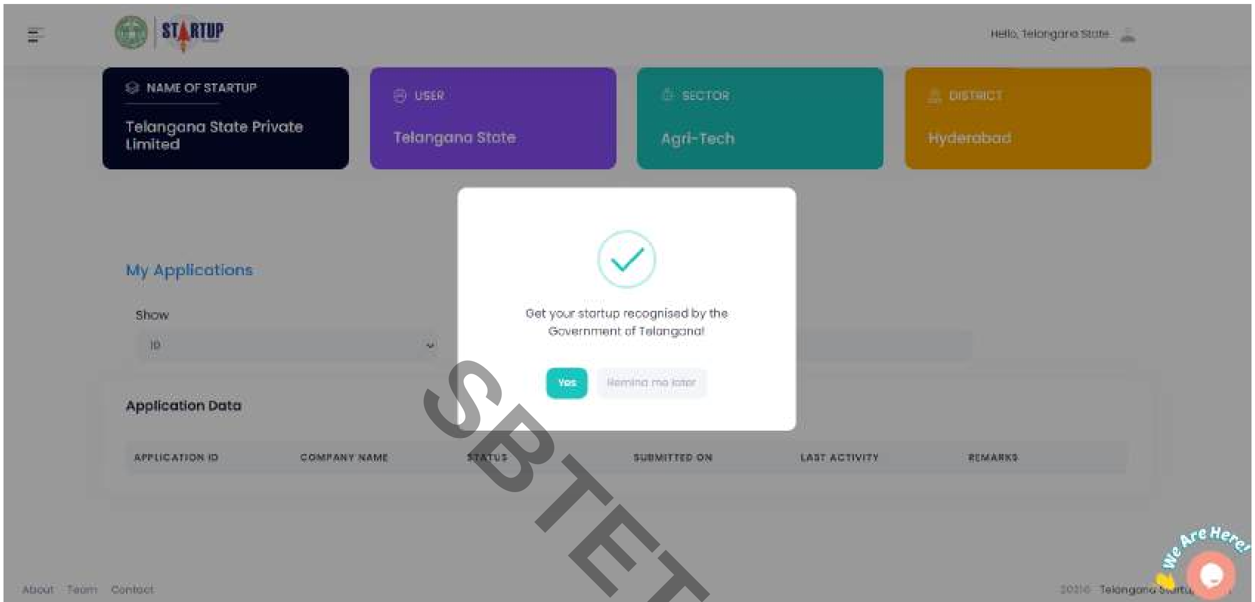
STEP 5: UPDATE STARTUP INFORMATION

The second part of the Basic Details will ask details regarding the Name/Nature of the Startup, its area of focus, and its stage of growth. The information here is encouraged to be clear and precise, as the data will be automatically saved and fetched in your startup recognition application, if you choose to fill in the rest of the details at a later time.



CONGRATULATIONS!

Your Basic Profile at this stage is ready, looking something like this:



In order to be recognised by the Government of Telangana State, continue finishing your profile, by clicking "Yes". Startups that are recognised by the Govt. are more likely to avail benefits and claim for incentives from the State. *We highly recommend you to apply for the startup recognition.*

If you want to continue the process later, then press "Remind me later".

STEP 6: STARTUP RECOGNITION DETAILS (i)

6.1: Authorization: Confirm your role at your entity/startup, by choosing the appropriate option. The details filled during setting up of the Basic Profile will be automatically populated in the startup recognition form fields.

6.2: Details of the Entity

Fill in the entity's details as per the Incorporation Certificate and other official documents. The following details of the company needs to be accurate:

- Company Incorporation Number
- Date of Incorporation
- Area of Incorporation
- Entity's Permanent Account Number (PAN)
- Entity's Tax Deduction Account Number (TAN)

Press "Next" after filling these details out

Startup Recognition

1. Details of the Entity › 2. Additional Details about Entity › 3. Addresses & Contacts › 4. Upload Documents › 5. Self Declaration

1. Details of the Entity

* Mandatory Questions

1.a Name of the Entity (As mentioned in Incorporation Certificate / Registration Certificate)*

Telangana State Private Limited

1.b Nature of Entity*

Private Limited Company

1.c Corporate Identification Number (CIN) / Registration Number*

U2XYZ123

1.d Date of Incorporation*

06/02/2020

1.e Incorporated by ROC*

ROC Hyderabad

1.f Entity's PAN*

ASDFG7890Q

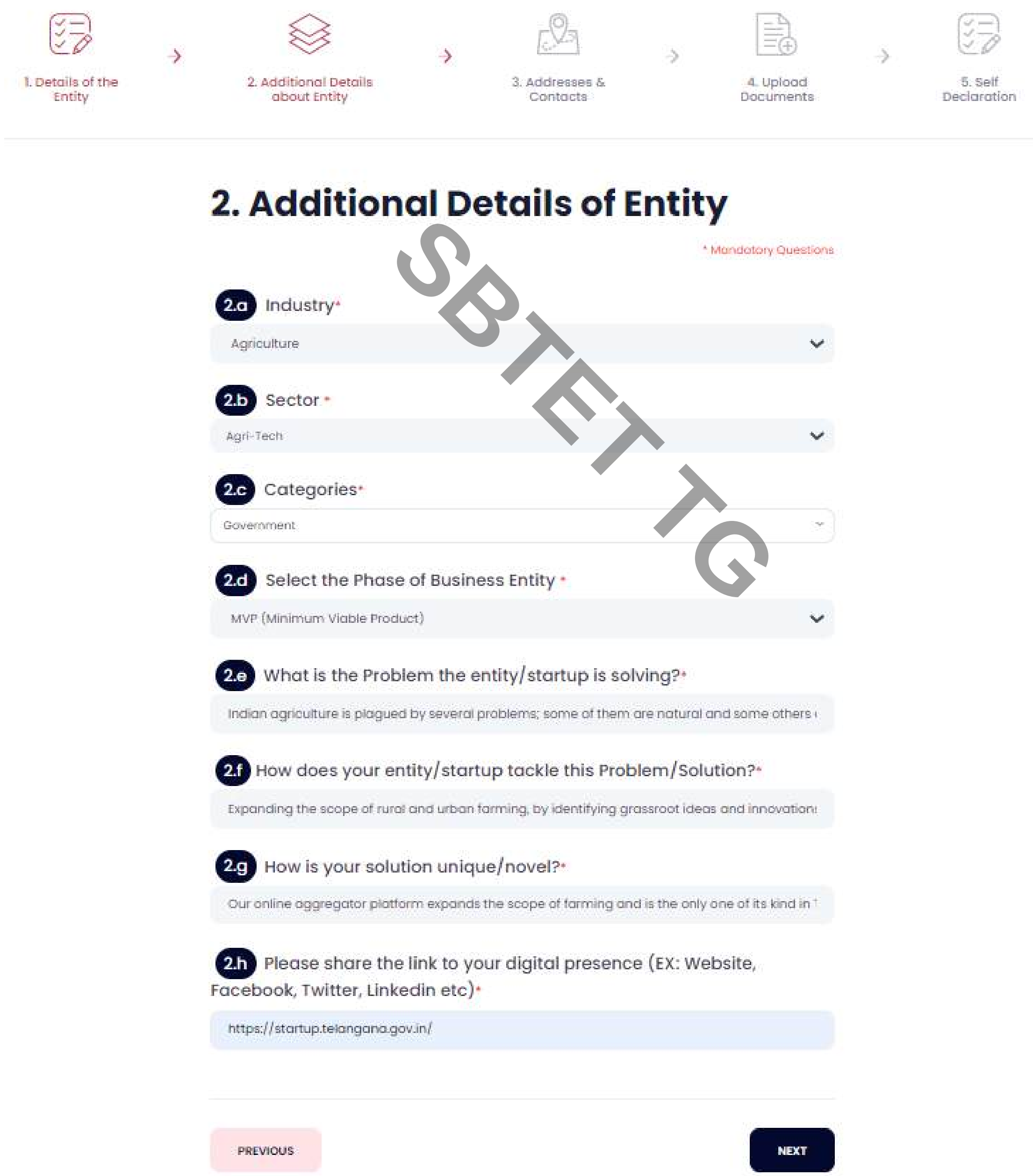
1.g Entity's TAN*

ASDF79890Q

NEXT

STEP 7: STARTUP RECOGNITION DETAILS (ii)

The second section asks similar details as in the Basic Profile. An additional website/any online presence is asked for, in this section. Ensure to fill a minimum of 150 characters while filling in details for 2.e, 2.f and 2.g. Press “Next”, when done.


1. Details of the Entity → 2. Additional Details about Entity → 3. Addresses & Contacts → 4. Upload Documents → 5. Self Declaration

2. Additional Details of Entity

* Mandatory Questions

2.a Industry*
Agriculture

2.b Sector *
Agri-Tech

2.c Categories*
Government

2.d Select the Phase of Business Entity *
MVP (Minimum Viable Product)

2.e What is the Problem the entity/startup is solving?*
Indian agriculture is plagued by several problems; some of them are natural and some others

2.f How does your entity/startup tackle this Problem/Solution?*
Expanding the scope of rural and urban farming, by identifying grassroot ideas and innovation

2.g How is your solution unique/novel?*
Our online aggregator platform expands the scope of farming and is the only one of its kind in

2.h Please share the link to your digital presence (EX: Website, Facebook, Twitter, Linkedin etc)*
https://startup.telangana.gov.in/

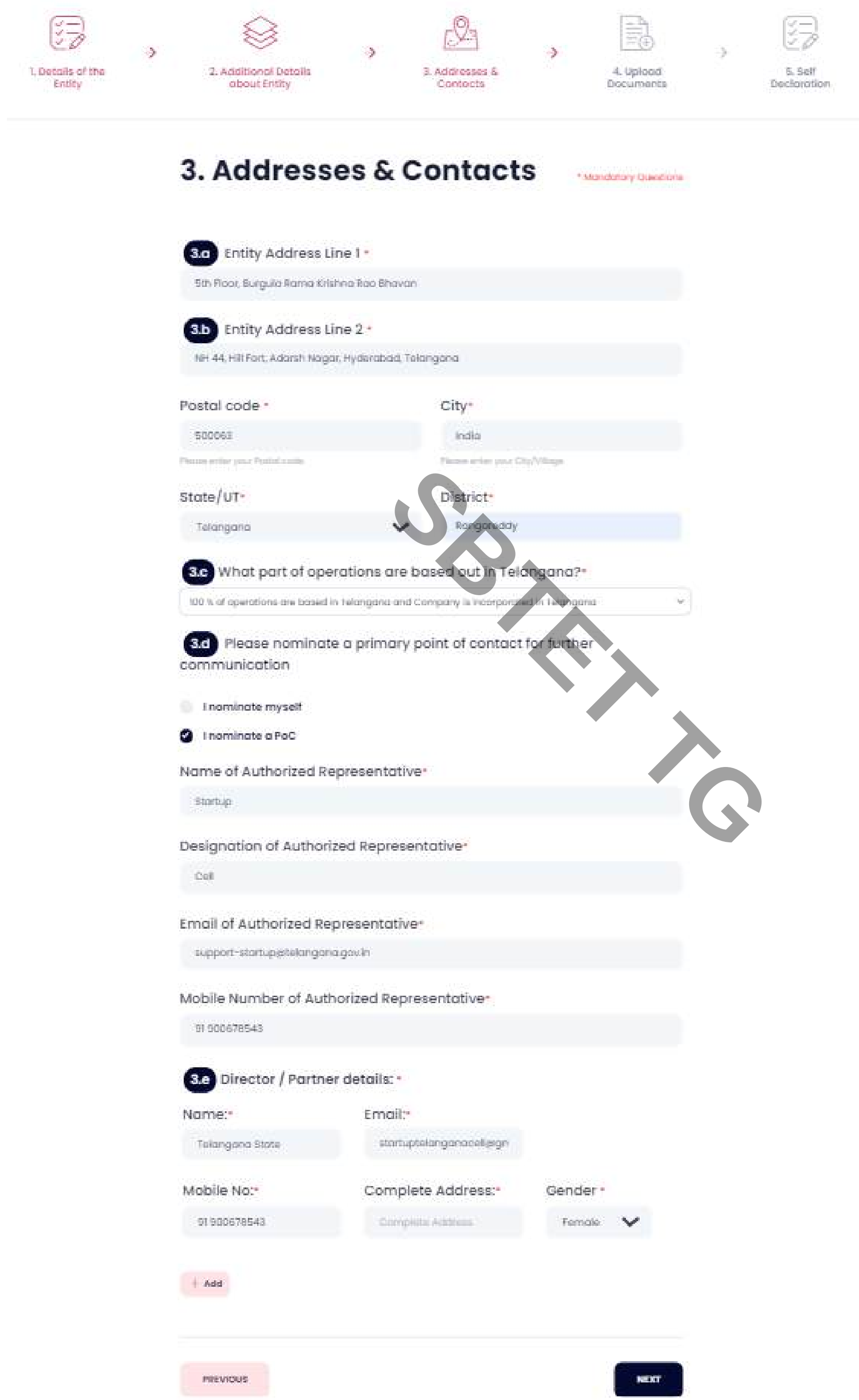
PREVIOUS NEXT

STEP 8: STARTUP RECOGNITION DETAILS (iii)

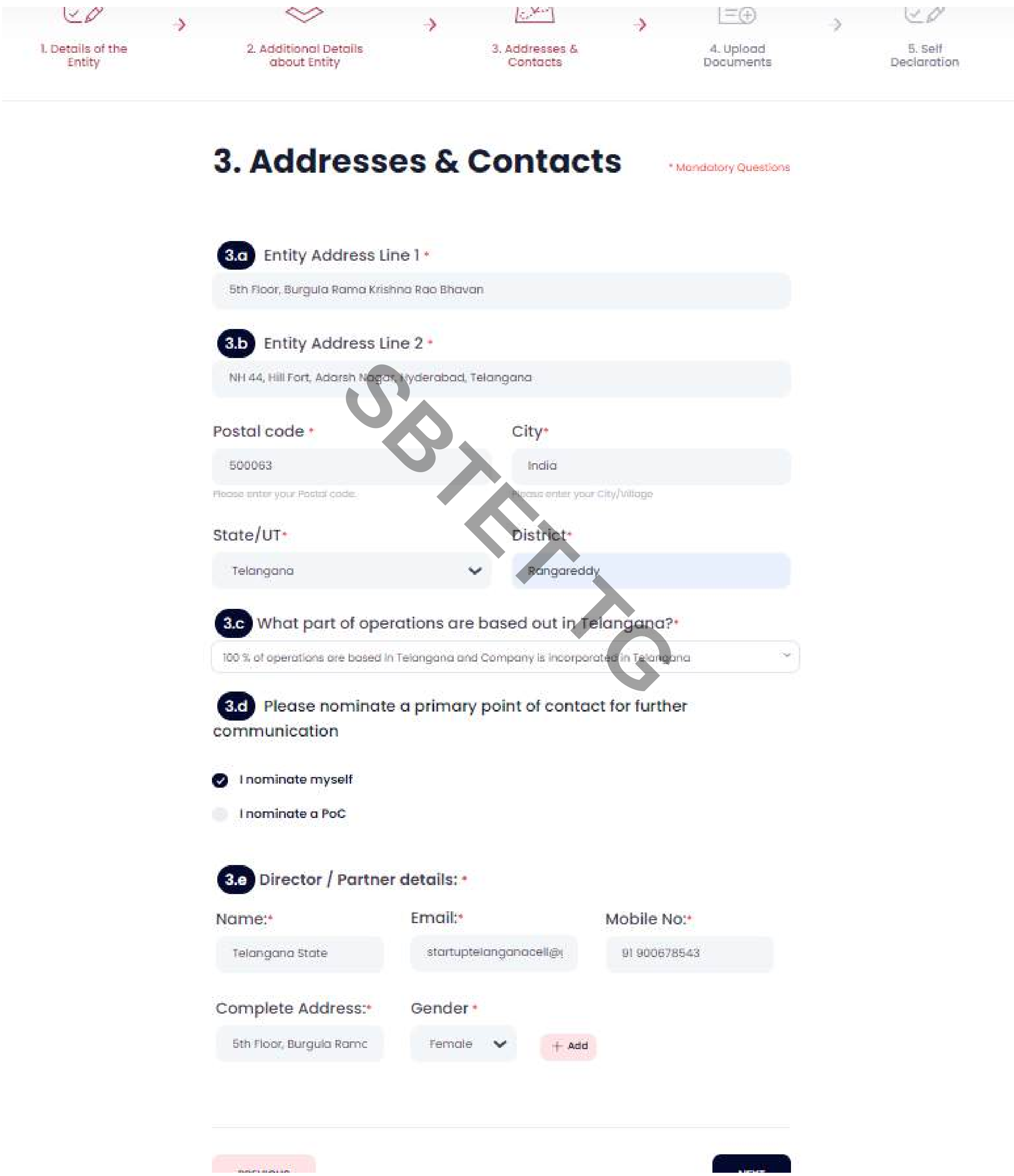
The third section asks for the contact details of the applicant, the entity's directo and or PoC. Here, you can nominate a PoC for the startup or, you can nominate yourself.

Contact details will be asked of the PoC and contact + address details of the Director will be asked. Multiple Directors' details also can be given by pressing the "+" symbol.

If you're nominating a PoC:

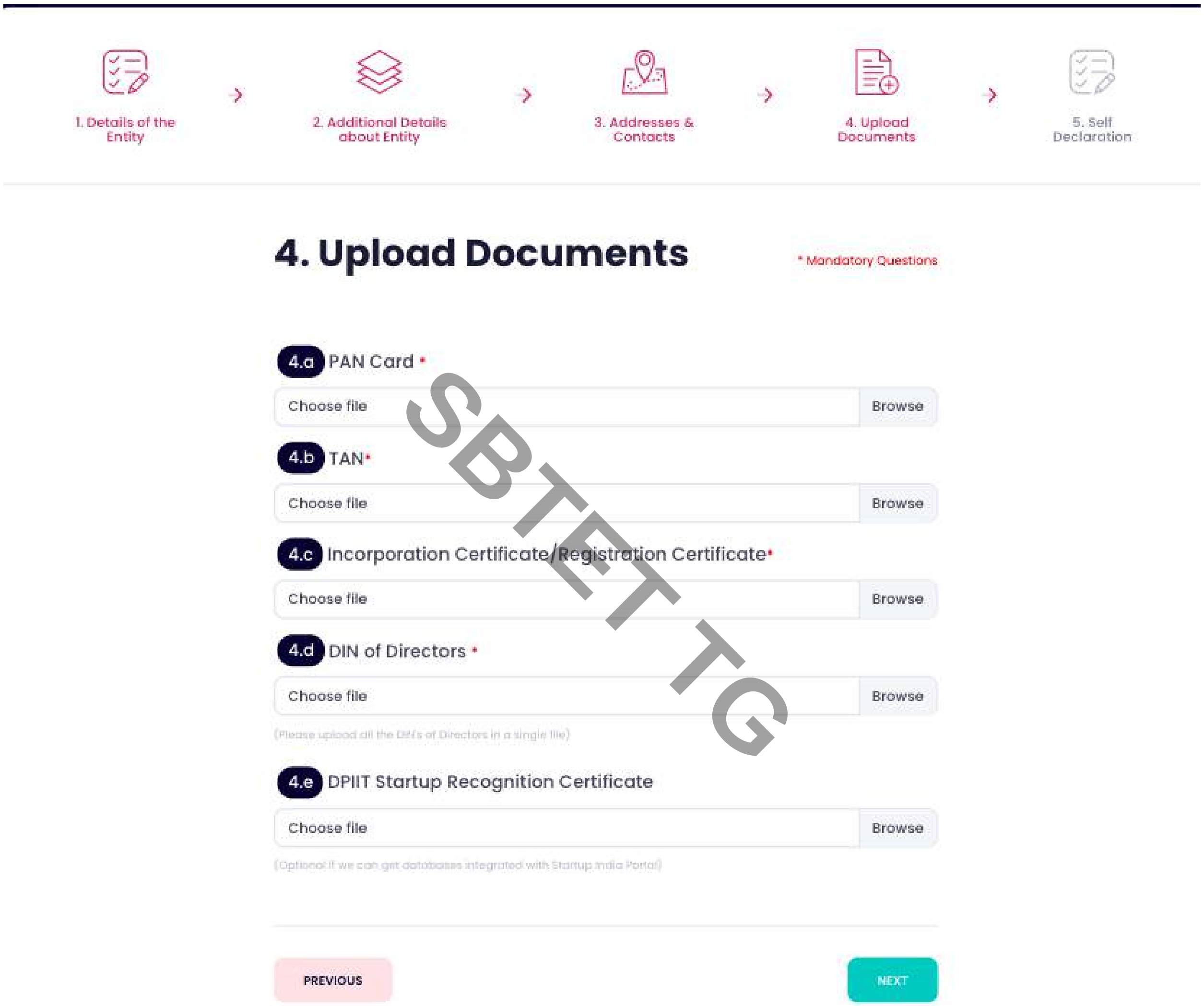


If you nominate yourself:



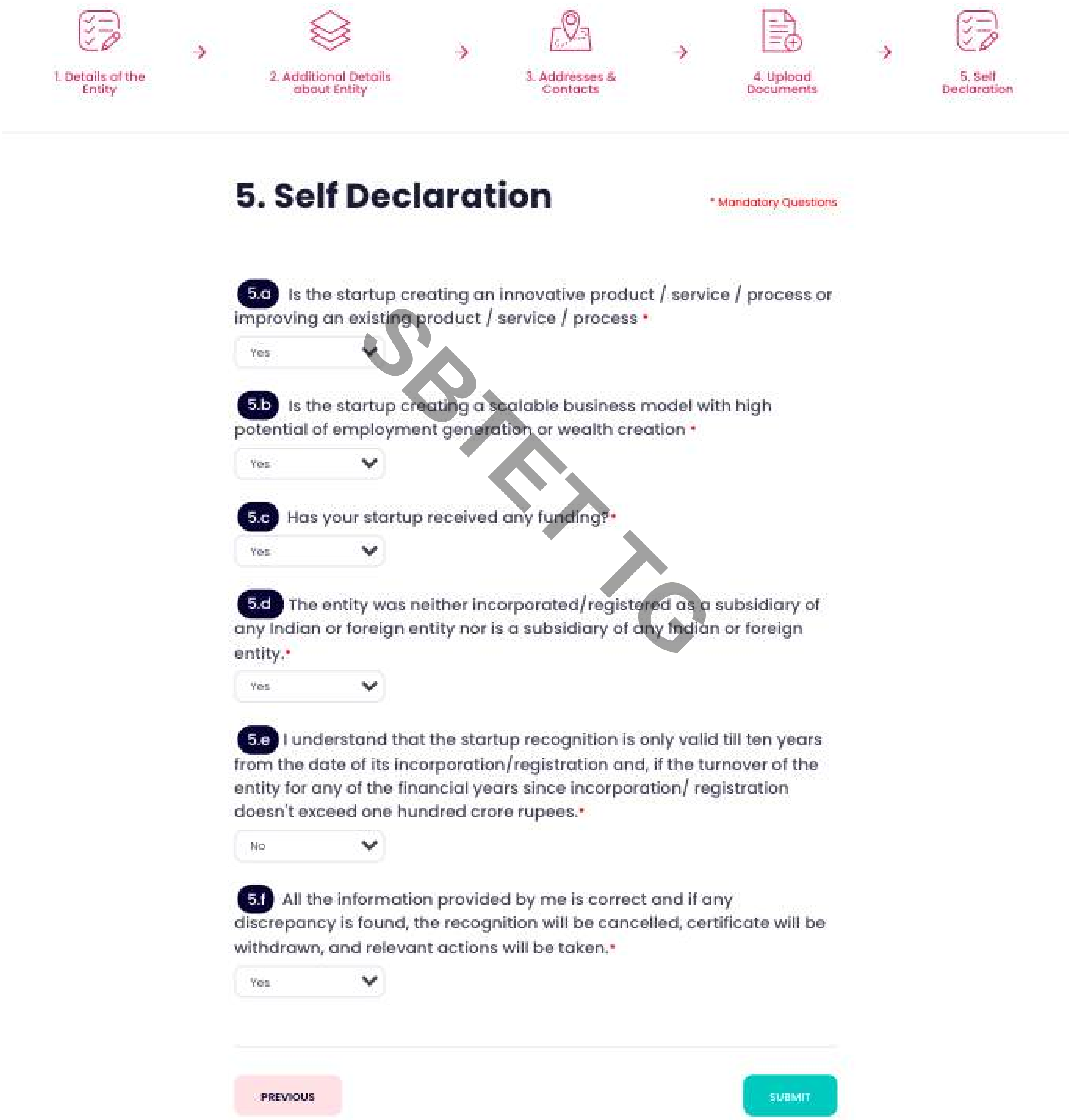
STEP 9: STARTUP RECOGNITION DETAILS (iv)

The second last step of the Recognition Process, is to submit the required proof/documents. Press “Next” when you’re done.



STEP 10: STARTUP RECOGNITION DETAILS (v)

The last step is the Declaration Form, where you choose between “Yes” or “No”, for the confirmation-related questions. Press “Submit”, when you’re done.


1. Details of the Entity → 2. Additional Details about Entity → 3. Addresses & Contacts → 4. Upload Documents → 5. Self Declaration

5. Self Declaration

* Mandatory Questions

5.a Is the startup creating an innovative product / service / process or improving an existing product / service / process *

Yes

5.b Is the startup creating a scalable business model with high potential of employment generation or wealth creation *

Yes

5.c Has your startup received any funding? *

Yes

5.d The entity was neither incorporated/registered as a subsidiary of any Indian or foreign entity nor is a subsidiary of any Indian or foreign entity.*

Yes

5.e I understand that the startup recognition is only valid till ten years from the date of its incorporation/registration and, if the turnover of the entity for any of the financial years since incorporation/ registration doesn't exceed one hundred crore rupees.*

No

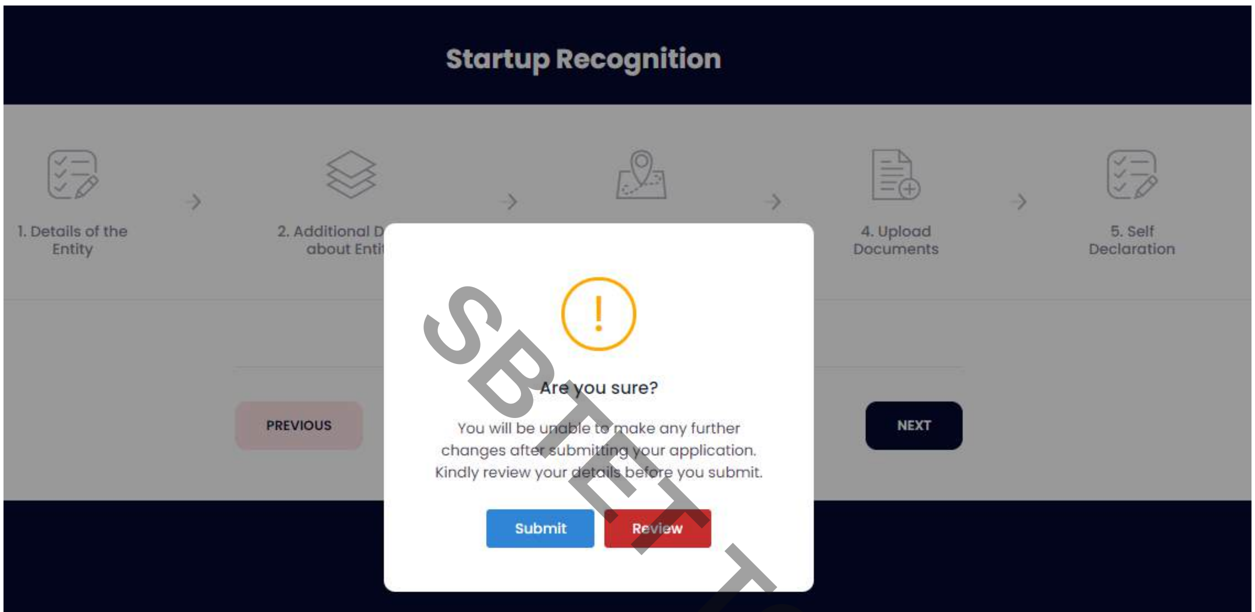
5.f All the information provided by me is correct and if any discrepancy is found, the recognition will be cancelled, certificate will be withdrawn, and relevant actions will be taken.*

Yes

PREVIOUS SUBMIT

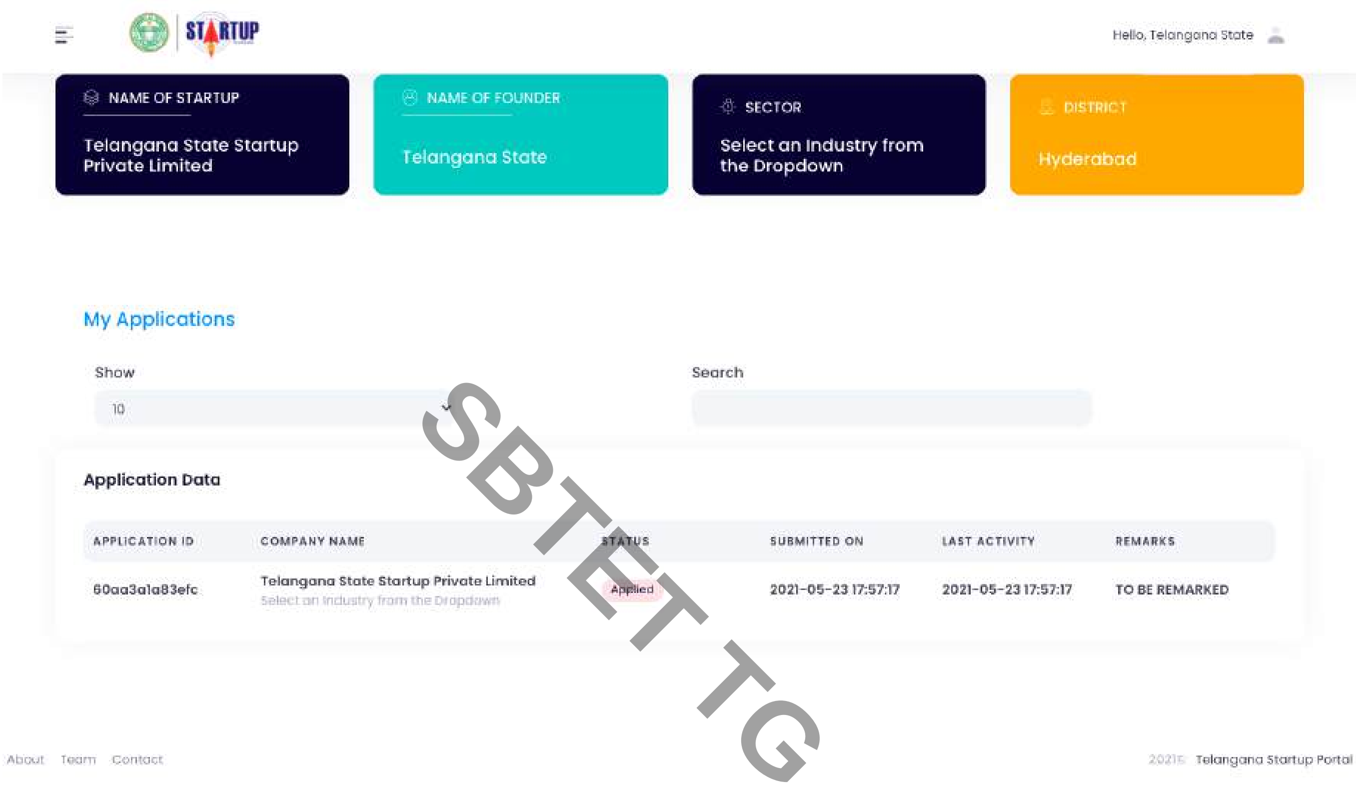
Are you sure?

Once you've submitted details for recognition, you will not be able to change them. The application you provide is the one that will be reviewed. Ensure that you've provided the accurate details. In case you need any assistance, reach out to: support-startup@telangana.gov.in



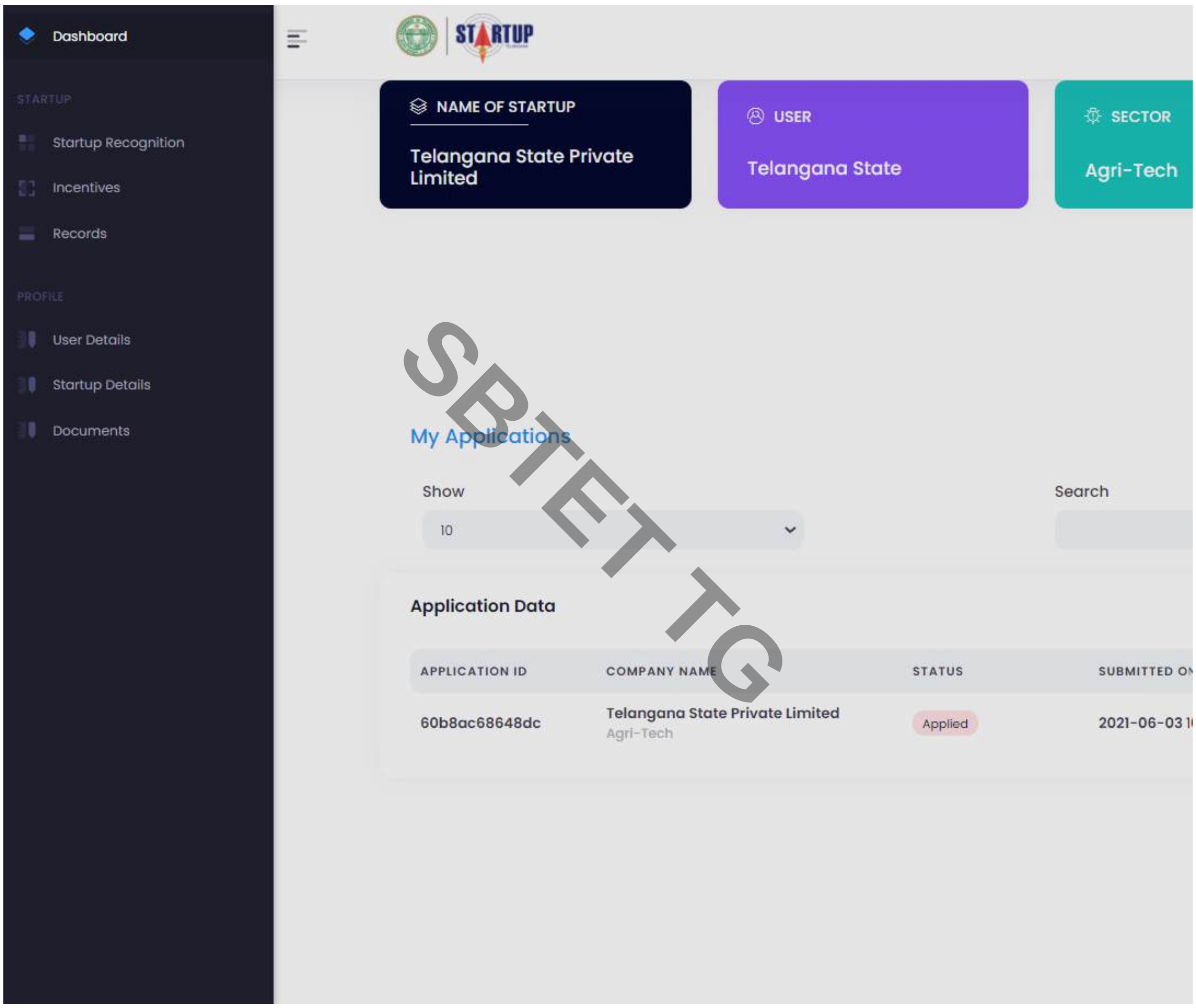
PORTAL DASHBOARD

Once you've filled in your details for Startup Recognition, the request will be processed, the status for which, you can see on your Dashboard.



Menu Bar

The top left menu button, will give you access to different aspects of the portal. The Incentives that the State provides, along with details of your eligibility for each. Access to Mentors. Any grievances you want to raise. And, your Profile Details.



Incentives Page