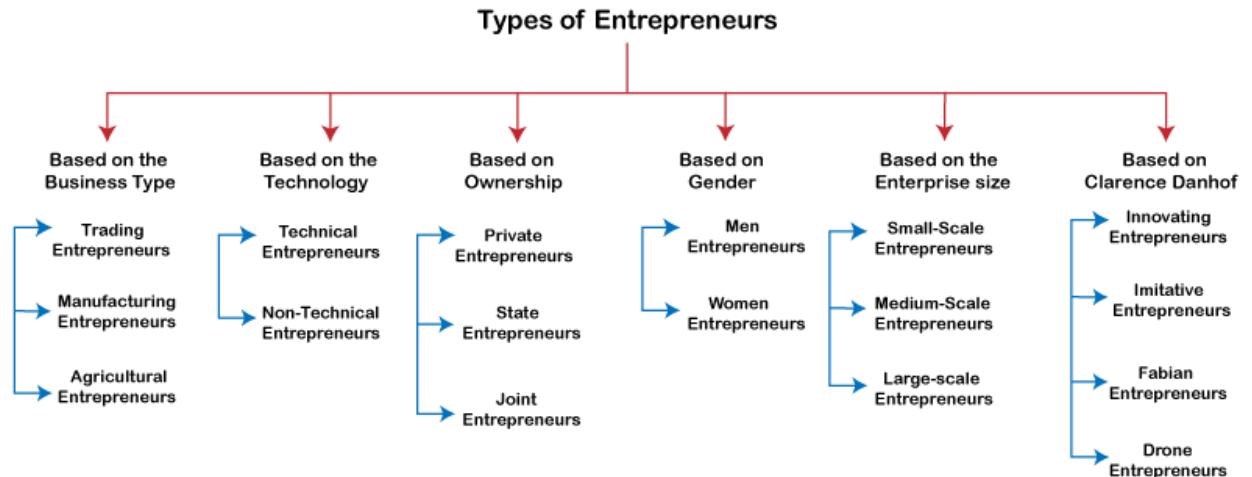


## Entrepreneurship & Legal Aspects 20MBA26, July/Aug 2022

1a. Define an entrepreneur

An entrepreneur is an individual who takes the risk to start their own business based on an idea they have or a product they have created while assuming most of the risks and reaping most of the rewards of the business.

1b. List and explain the types of entrepreneur.



1c. Explain sources of new ideas for entrepreneur that has potential for a business opportunity.

### Sources of new idea

- Customer.
- Existing organization.
- Distribution Channel.
- Government.
- Financial Institutions and Development Agencies.
- Research and Development Agencies.
- Trade Shows, Fairs and Exhibitions.
- Collective Notebook Method.

2a. What is a business plan?

A business plan is a **document that defines in detail a company's objectives and how it plans to achieve its goals**. A business plan lays out a written road map for the firm from marketing, financial, and operational standpoints.

2b. Explain the steps in business plan process.

### 8 Steps to Writing a Business Plan

1. Write an executive summary. ...
2. Include a company description. ...
3. Add a market analysis. ...
4. Describe your offerings and value propositions. ...
5. Outline your marketing and sales strategy. ...
6. Compile your financials. ...
7. Spell out your goals. ...
8. Consider adding an appendix.

2c. Give a brief on stages of Oster Walder business model canvas.

The Business Model Canvas is a strategic management template that helps businesses to describe, design and analyse their business models. The canvas was invented by Alex Osterwalder, a Swiss business theorist and entrepreneur as a part of his PhD research.

<b>KEY PARTNERS</b>	<b>KEY ACTIVITIES</b>	<b>VALUE PROPOSITIONS</b>	<b>CUSTOMER RELATIONSHIPS</b>	<b>CUSTOMER SEGMENTS</b>
Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?	What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?		How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?	
	<b>KEY RESOURCES</b>		<b>CHANNELS</b>	
	What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?		Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	
<b>COST STRUCTURE</b>		<b>REVENUE STREAMS</b>		
What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?		For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?		

3a. Write a note on competitor analysis.

A competitor analysis, also referred to as a competitive analysis, is **the process of identifying competitors in your industry and researching their different marketing strategies**. You can use this information as a point of comparison to identify your company's strengths and weaknesses relative to each competitor.

3b. Explain the marketing research for the new venture.

Market research, also known as "marketing research," is the process of determining the viability of a new service or product through research conducted directly with potential customers.

## The Marketing Research Process



3c. What are the process of business organizations?

A business process is **a collection of linked tasks that find their end in the delivery of a service or product to a client**. A business process has also been defined as a set of activities and tasks that, once completed, will accomplish an organizational goal.

step 1: Define your goals

Step 2: Plan and map your process. What are the strategies needed to achieve the goals? ...

Step 3: Set actions and assign stakeholders. ...

Step 4: Test the process. ...

Step 5: Implement the process. ...

Step 6: Monitor the results. ...

Step 7: Repeat.

4a. What does single window mean?

The single-window system or single-window concept is a trade facilitation concept which allows an international (cross-border) trader to submit information to a single agency, rather than having

to deal with multiple agencies in multiple locations to obtain the necessary papers, permits, and clearances to complete business establishment.

4b. Explain the functions extended by NABARD.

**Business Operations:**

- Production Credit: NABARD sanctioned aggregating of 66,418 crore short term loans to Cooperative Banks and Regional Rural Banks (RRBs) during 2012-13, against which, the maximum outstanding was 65,176 crore.
- Investment Credit : Investment Credit for capital formation in agriculture & allied sectors, non-farm sector activities and services sector to commercial banks, RRBs and co-operative banks reached a level of 17,674.29 crore as on 31 March 2013 registering an increase of 14.6 per cent, over the previous year.
- Rural Infrastructure Development Fund (RIDF): Through the Rural Infrastructure Development Fund (RIDF) 16,292.26 crore was disbursed during 2012-13. A cumulative amount of 1,62,083 crore has been sanctioned for 5.08 lakh projects as on 31 March 2013 covering irrigation, rural roads and bridges, health and education, soil conservation, drinking water schemes, flood protection, forest management etc.

B. New Business Initiatives:

- NABARD Infrastructure Development Assistance (NIDA):

NABARD has set up NIDA, a new line of credit support for funding of rural infrastructure projects. The sanctions under NIDA during the year 2012-13 was 2,818.46 crore and disbursement was 859.70 crore.

- Producers Organisations Development Fund (PODF): In its endeavour to support Producer's Organizations in a comprehensive manner, NABARD sanctioned as assistance of 55.95 crore out of Producer Organization Development Fund (PODF) to 34 PO's during 2012-13. The disbursement amounted to 29.18 crore covering major activities like dairy, fishery, marketing infrastructure and agro processing infrastructure.
- Direct refinance assistance to CCBs for short term multipurpose credit: Direct refinance assistance to CCBs was conceived and additional line of finance for CCBs in the light of recommendations of the "Task Force on Revival of Short Term Rural Cooperative Credit Structure, which enables the latter to raise financial resources other than from StCBs. During 2012-13, refinance assistance aggregating 3,385 crore was sanctioned to 42 CCBs and three StCBs and disbursement stood at 2,363.45 crore.

- Support to develop PACS as Multi Service Centres: Keeping in mind the wide coverage of PACS at the ground level and the limited products at their disposal, NABARD extended financial support to StCBs/CCBs/PACS to develop PACS as Multi Service Centre (MSCs) so as to serve as "one Stop Shop" unit for meeting the various requirements of the farmers. During 2012-13, 747 PACS were supported with sanction of 141.17 crore and the disbursements thereagainst stood at 48.84 crore, assistance for establishment of agro service, processing, storage and information centres, etc.

- NABARD Initiated Project on Core Banking Solutions (CBS) in Co-operatives : Through Core Banking Solution (CBS), Co-operatives are being brought to a higher technology platform so as

to compete with other banks for business and growth. The programme made rapid strides with 5,543 branches of 163 banks across 10 States joining the platform in the first phase and 42 banks joining in the second phase, a total of 7,088 branches of 205 StCBs and CCBs across 16 States and three UTs came into the umbrella of the programme as on 31 March 2013. C. Development Initiatives:

- Watershed Development Fund (WDF): The cumulative number of watershed projects sanctioned under Watershed Development Fund (WDF) stood at 586 in 16 States covering an area of 5.40 lakh ha with total commitment (loan and grant component) of 306.36 crore as on 31 March 2013.
- Farm Innovation and Promotion Fund (FIPF) and Farmers' Technology Transfer Fund (FTTF): The funds were created out of the operating profits of NABARD to support innovative ventures and to support technology transfer in farm sector and its corpus stood at 50.00 crore and 61.21 crore respectively as on 31 March 2013. Grant assistance of 9.90 crore and 39.79 crore, respectively, were disbursed for various interventions under the programme during 2012-13.

- Farmers' Clubs: With the launching of 24,802 new Farmers' Clubs during the year, the number of clubs reached 1.27 lakh as on 31 March 2013.
- Umbrella Programme on Natural Resource Management (UPNRM): UPNRM aims to boost rural livelihoods by supporting community-managed sustainable natural resource management projects. Assistance of 174.30 crore was sanctioned during 2012-13 taking the cumulative sanction to 386.92 crore as at the end of March 2013. The cumulative disbursement under the programme amounted to 217.57 crore, including 207.23 crore as loan and 10.34 crore as grant.
- Tribal Development Fund (TDF): During the year 2012-13, financial assistance of 224.26 crore was sanctioned for 69 projects benefiting 53,700 tribal families in 14 States. The cumulative sanction as on 31 March 2013 was 1,432 crore, covering 3.80 lakh families in 484 projects across 26 States/UTs.
- Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF) : As on 31 March 2013, the cumulative sanctions under FIF and FITF were 181.64 crore and 365.49 crore, respectively against which disbursements were 69.77 crore and 201.30 crore, respectively.
- SHG-Bank Linkage Programme: As on 31 March 2013, there were more than 73.18 lakh savings linked Self Help Groups (SHG) and more than 44.51 lakh credit-linked SHGs covering over 10.3 crore poor households under the micro-finance programme. NABARD carried forward its guiding role in the microfinance programme during 2012-13 by taking a host of new initiatives and consolidating some of the already operational interventions.

4c. What are the various sources of funding.

- Funding from Personal Savings. Funding from personal savings is the most common type of funding for small businesses.
- Business Loans.
- Friends & Family.

- Angel Investors.
- Venture Capital

5a. What is sale of goods act in India?

(1) **The goods which form the subject of a contract of sale may be either existing goods, owned or possessed by the seller, or future goods.** (2) There may be a contract for the sale of goods the acquisition of which by the seller depends upon a contingency which may or may not happen.

5b. Write a note on environmental protection act.

The Environment Protection Act 1997 (the Act) **protects the environment from pollution and its effects.** The Act provides the regulatory framework to help reduce and eliminate the discharge of pollutants into the air, land and water.

The Act covers all forms of pollution; air, water, soil and noise. It provides the safe standards for the presence of various pollutants in the environment. It prohibits the use of hazardous material unless prior permission is taken from the Central Government.

As per this Act, the Central Government shall have the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution.

Article 48A of the Constitution specifies that the State shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country. Article 51A further provides that **every citizen** shall protect the environment.

5c. Explain the protection afforded to employees under worker protection laws.

All your workers are protected by the **Employment Rights Act 1996**, as amended, against suffering any harm because of any reasonable actions they take on health and safety grounds. This applies regardless of their length of service.

According to the new laws on labour, **the working hours for a day are 12 hours, while the weekly hours of work are 48 hours.** That means that companies or factories can work a full week. The overtime has increased from 50 to 125 hours per quarter across different sectors.

**Your basic rights include:**

- the right to be shown how to work safely.
- the right to appropriate safety equipment.
- the right to speak up about work conditions.
- the right to say no to unsafe work.
- the right to be consulted about safety in the workplace.

- the right to workers compensation.
- the right to a fair and just workplace.

6a. What is incorporation certificate.

The certificate of incorporation is **the certificate which specifies the birth of the company as a separate entity**. A company legally comes into existence or becomes a separate legal entity on the date stated in its certificate of incorporation.

6b. Explain four start-up stages.

- 1 idea,
- 2 launch,
- 3 growth and
- 4 maturity.

Idea stage

The first startup stage is evaluating your idea and finding the problem/solution fit. During this time, it is imperative to expand upon your idea and test the market to learn how prospects will perceive your idea. You can reach out to professionals in your area of interest and conduct problem/solution fit interviews or focus groups. You can speak with people you believe to be your target audience. Ask them questions to learn how they view the problem you are trying to solve and what they are currently doing to address that problem (as your solution is not yet available!!). You can also bring in consultants and subject matter experts to help. Partnering with the right experts during the ideation phase of your startup has several benefits—they know the industry, market trends, and can help you assess your idea fit.

### **Launch Stage**

The next stage in the lifecycle of your business is the Launch Stage. This is where you turn your idea into reality and launch it to the market.

The first step of the Launch Stage is defining your product or service. You will need to use your best judgment combined with the research you did in the idea stage to decide what your product or service looks like. You can conduct some research to see how it will be received in the market. If you have a physical product, you can also measure the reaction of some initial consumers actually using your product.

The second step in the Launch Stage is finding the market fit. Does your product or service “fit” or address a need in the market? You can survey prospects or the initial consumers from the first step above to understand how they feel about your offering. You can also talk to prospective customers to see how they will embrace the product. Use this information to evolve your product or service to better fit the needs of the market.

The third step in the Launch Stage is finding the right message. In this step, you must define your product's positioning in the market and in relation to your target users. Experiment with different messages in order for your target audience to uncover the value proposition of your product, product descriptions, and features and benefits. At this step it is important you focus on what your targets and customers have to say about your product or service and how it is unique from others.

The fourth step in the Launch Stage is evaluating the user experience. This is where you experiment with different elements of the user experience to reduce and remove points of confusion. This may involve testing and evolving various components of your offering including the sales process and how potential and actual customers access your product or service. This might include an assessment of how your customers enter and walk around a physical location. Or, this could include how your customers navigate your website.

### **Growth Stage**

When you reach the Growth Stage, it's all about scaling your business. At this point, you've had a successful launch and are growing your user base. In the growth stage, your business should be focused on generating a consistent source of funds while also striving to reach new customers. Here, the biggest hurdle is dividing time between various demands that require your attention, such as identifying and pursuing new customers, managing increasing revenue, helping customers, evolving the product or service, administration of the business, outsmarting the competition, etc.

You may need to begin finding people to help run or manage aspects of your business, which could mean hiring consultants or employees, or outsourcing certain tasks.

### **Maturity Stage**

The last stage of the business lifecycle is Maturity. This is when you should be looking for new opportunities to expand. This might entail building more localized teams to adapt the product experience to each unique region, looking for acquisition opportunities that align with your product or mission, and lastly, investing in your team and hunting for new growth channels.

6c. What is the need of ethics to an entrepreneur.

Business ethics enhances the law by outlining acceptable behaviors beyond government control. Corporations establish business ethics to promote integrity among their employees and gain trust from key stakeholders, such as investors and consumers.

Ethics is what **guides us to tell the truth, keep our promises, or help someone in need**. There is a framework of ethics underlying our lives on a daily basis, helping us make decisions that create positive impacts and steering us away from unjust outcomes.

Unethical behavior has consequences for future business. Ethical behavior includes **honesty, fairness, integrity and understanding**. There are several ways to encourage an ethical workplace culture, including establishing a company-wide code of ethics.



Ethical conduct comes down to values. Some suggested values for ethical conduct of entrepreneurial endeavours: respect, honour, integrity, customer focus, results-orientation, risk-taking, passion, and persistence.

### **Ethical Principles for Business**

- Trustworthiness.
- Respect.
- Responsibility.
- Fairness.
- Caring.
- Citizenship.

7a. What are the common reasons for entrepreneurial venture to fail?

- Failure to plan before startup.
- Failure to monitor financial position.
- Failure to know the difference between price, value and cost.
- Failure to manage cash flow.
- Failure to manage growth.
- Failure to borrow properly.
- Failure in business transition.

7b. Differentiate between entrepreneur and intrapreneur

<i>Sl. no.</i>	<i>Entrepreneur</i>	<i>Intrapreneur</i>
1.	The individual who establishes his/her own business with an innovative concept	The employee of an organisation responsible for bringing innovations in the products and services of the organisation
2.	Relies on instincts	Responsible for the revival of offerings
3.	Utilises the resources of his/her own	Organisation provides the resources
4.	Responsible for raising his/her own capital	Organisation provides the required finance
5.	Establishes a new enterprise	Works in the existing organisation
6.	Works independently	Work depends on the

7c. Write a short notes on venture capital financing.

# VENTURE CAPITAL

Venture Capital is a mechanism wherein investors support entrepreneurial talent by providing finance and business skills in order to obtain long – term capital gains by exploiting market opportunities.

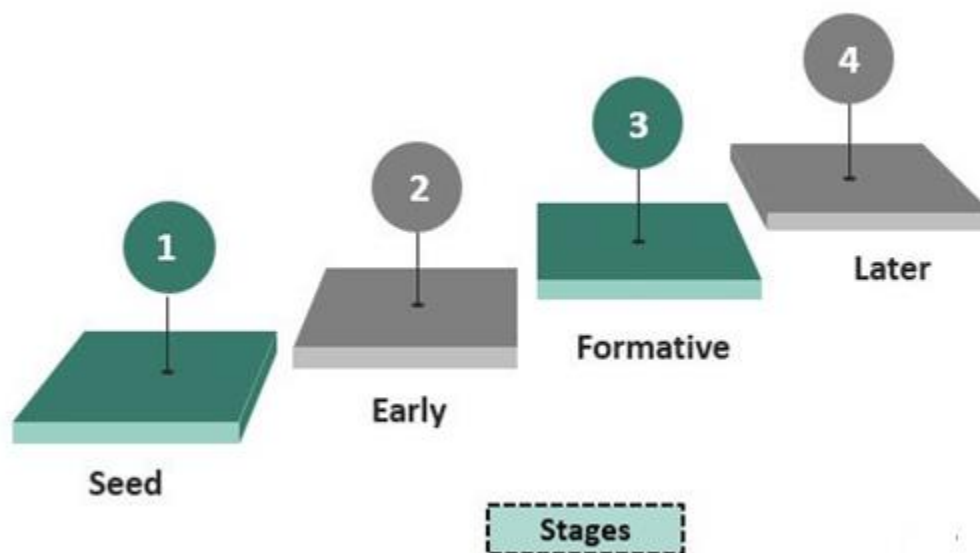
## ADVANTAGES

- Opportunity for Expansion of Company
- Valuable Guidance and Expertise
- Helpful in building networks and connections
- No obligation for repayment
- Venture Capitalists are trustworthy
- Easy to locate

## DISADVANTAGES

- Dilution of Ownership and Control
- Early Redemption by VC's
- VC's take a long time to decide
- Approaching a VC can be tedious
- May require high Return on Original Investment
- May release the funds from time to time
- May lead to under-valuation

## Venture Capital Financing



## 9. Case study

- 9a. Ambition.
- Be Willing to Take Risks.
- Be Determined to Succeed.
- Be Motivated.
- Have (or Learn) Financial Management Skills.
- Great Communication Skills.
- Be Willing to Learn.
- Learn from Failure

### 9b.

- Family and Friends. They may well be willing to help lend money to a new business starting up.
- Bank Loans.
- Government-Backed Schemes.
- Credit Unions.
- Local Authorities (Councils)
- Crowd Funding.
- Business Angels.
- Asset Finance & Leasing