



UNIT-6: RESOURCE MOBILIZATION

"Education is the manifestation of the perfection already in man."

- Swamí Vivekanand

Learning objectives:

The learner would be able to:

- Understand the various sources of funds required for a firm
- Raising funds through financial markets
- Understand the method of floatation for new issue
- Understand the relevance of stock exchange as a medium through which funds can be raised
- Understand the role of SEBI
- Explain the concept of angel investors
- Explain the concept of venture capital
- Explain the role played by IDBI, SIDBI, IFCI, NABARD, IIBI, SFC, TFCL, SIDC



Case Study-I Twitter Tweets

Twitter – named after the sound of chirping birds in 2006, has today established itself as a cultural touchstone, growing from a few thousand geeky users to more than 200 million today.

Most of Twitter's revenue comes from advertising. Research firm eMarketer estimates that Twitter will generate \$ 582.8 million in worldwide ad revenue for 2013, up from \$ 288.3 million in 2012.

Twitter's money making potential has minted the company with an estimated market value of \$ 10 billion, based on the appraisals of venture capitalists and other early investors who have been helping to fund the business so far.

Aiming for a sustainable future, Twitter, as has been long expected, tweets "IT WILL GO PUBLIC".

The law that allowed Twitter to file its initial IPO documents confidentially is called the Jumpstart Our Business Startups Act or JOBS; President Barack Obama signed the law in 2012. It is designed to make it easier for small businesses and startups to grow and create jobs. Do you understand the significance of all this.....???

GOING PUBLIC COULD GIVE TWITTER THE MUSCLE TO BECOME THE NEXT FACEBOOK OR APPLE – says one analyst.

The capital gains from going public will likely allow the company to make solid investments across the board in hiring, operations and acquisitions – THAT'S THE POWER OF FINANCE.





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Business is full of surprises. As an entrepreneur one may face situations that can catch them off guard. Any situation has the potential to become, either a 'disaster' or an 'opportunity'.

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Whether running a home-based business or a mid-sized venture, the first thing required is money. One cannot imagine a world without money – every day's life and every activity of human being is dependent upon money.

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Even, in a bid to minimize losses, it is essential to prepare for the "unexpected" by arranging and protecting the resources. Thus, 'Finance' refers to funds or monetary resources needed by individuals, business houses and the government. The significance of finance in enterprise is elucidated like a lubricant to the process of production. It's one of the most important pre-requisite to start an enterprise. Finance is the elixir that assists in the formation of new businesses, and allows businesses to take advantage of opportunities to grow and expand. Right from the very beginning i.e. conceiving an idea; finance is required to:

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- Promote or establish the business
- Acquire fixed assets
- Make market investigations
- Develop product
- Keep men and machines at work
- Encourage management to make progress and create value.
- Expand, diversify, improve and grow.
- Be enough to meet unexpected/unplanned business expenses.

'Production', 'Marketing', and 'Financing', deemed as the most important factors for any business survival, rates "Financing" as the first because nothing can be done without money. Thus, the most critical element for success in business is 'Finance'. Before doing anything, an entrepreneur should clearly answer the following three questions:

- How much money is required?
- Where will money come from?
- When does the money need to be available?

As regards, the money needed, it can be estimated by developing a statement of various assets required by the enterprise. Integral to total amount needed is to decide about its arrangement or sources.

Case Study-II Source of finance

MONEY IS ALWAYS A PROBLEM

"Air India has defaulted on working capital loan interest payment of ₹200 crores due to the financial crisis that the airlines is facing", confirms Air India sources on 21st May 2011. Air India has high-cost loans worth about ₹40,000 crores.



Air India is facing a tight financial situation and is in talks with lenders to restructure its debt of ₹ 40,000 crore. The lenders have agreed to reduce interest rates on part of the debt that is linked to overseas borrowings. The future of the remaining debt is still uncertain, especially because lenders are seeking a conversion of their debt into equity or equity like instruments. This is perhaps the first time that the national carrier has defaulted on its payments to banks. Sources said the airline had approached banks for more loans but they have declined to help because of the airline's poor financial health. And they say "Finance is difficult for new entrepreneurs". Its always a major concern.

We have already made mentioned about the various sources from which an in grade XI about the various sources from which an enterprise can raise the required funds. We know by now thoroughly that these sources could broadly be classified into 2 major categories.

- 1) Internal sources
- 2) External sources

We are even aware that not all of them are equally appropriate to all enterprises at all times as these different sources carry very different:

- Obligations
- Responsibilities
- Opportunities

Internal sources referred to as owner's own money is also known as 'equity'. Particularly in the case of small entrepreneurs the owner's money is very small. Therefore, an overwhelming portion of money is arranged from the external sources. Optimal financing of profitable new investment opportunities is key issue for all entrepreneurs today. The more successful entrepreneur is: the more money is required to remain further competitive and visible – NOT TO FORGET TWITTER'S IPO LAUNCH. Additional funds are "All time requirement". Nowadays a common growing practice is where the entrepreneur gives up part of his/her ownership in the enterprise and in return receive money to develop business.

Case Study-III **Financial gaming**

Google purchased Motorola Mobility for 9,800,000,000 (in USD), Microsoft Corporation purchased Skype for 8,500,000,000 (in USD) and Nokia Handset and Service Business for 7,200,000,000 (in USD) as notable Merges and Amalgamations of 2011 because latters were in financial crisis and formers were financial strong looking for expansion strategies.

Thus, here we discuss some mushrooming sources available to an entrepreneur to raise finance:

- a) Capital markets
- b) Angel investors
- c) Venture capital
- d) Specialized financial institutions

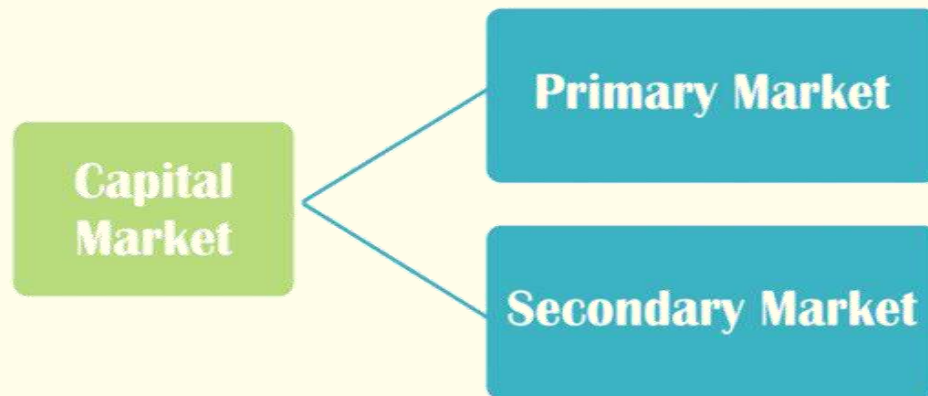




I. Capital markets

At times, we have people that have money that they don't want to spend rather save for future use. On the other hand, there are people who want to spend money to undertake some economic activities but don't have the required amount of finance.

The role of transferring financial resources from the surplus units to the deficit units is what is referred to as "Financial Intermediation". Capital Markets play a very vital role of a financial intermediary.



A capital market may be defined as an organized mechanism meant for effective and smooth transfer of money capital or financial resources from the investors to the entrepreneurs. Here, productive capital is raised and made available for industrial purposes.

Capital markets are the most important source of raising finance for the entrepreneurs as this market can:

- Mobilize the financial resources on a nation-wide scale.
- Secure the required foreign capital and know-how to promote economic growth at a faster rate.
- Ensure the most effective allocation of the mobilized financial resources by directing the same either to such projects which are capable of the highest yield or to the underdeveloped priority areas where there is an urgent need to promote balanced and diversified industrialization.

The needs of entrepreneurs who actually use the savings for productive purposes are varied. The capital market satisfies the tastes of savers and the needs of investors through its various financial instruments and institutions. As per entrepreneurs requirement they enter either of the following markets available under capital market:

i) **Primary market (new issues market)**

Primary market is basically to facilitate transfer of resources from the savers to the entrepreneurs seeking funds for:

- Setting new enterprises
- Expanding



c) Diversifying

The 'new issues' may be issued by:

- 1) New companies – also called initial issues.
- 2) Old companies – also called further issues.

Initial issues

The entrepreneurs highly bank on this type of "issue" to generate funds. When for the first time, entrepreneur for the purpose of obtaining capital funds decides to issue securities to the public – its first sale is in the primary market. Such "issues of securities" are even referred as "new money issues".

Methods of flotation of new issues

An entrepreneur can raise the required capital in the primary market by the following methods:

1. Public issue
2. Rights issue
3. Private placement
4. Offer to the employees

1. Public issue / going public

Public issue is the most popular method of raising capital these days by the entrepreneurs. This involves raising of funds directly from the public through the issue of prospectus. An enterprise organizing itself as a public limited company can raise the required funds commonly by preparing a prospectus.

When an entrepreneur offers shares to the public for subscription he/she is required to comply with all the restrictions and formalities pertaining to the initial issues, prospectus drafting and launch.

One of the most difficult problems in the new venture creation process is obtaining finance. When an entrepreneur decides to go public and become a public company, he/she tends to be in advantageous positions because of reaping the following benefits:

1) Access to capital

The primary advantage an entrepreneur stands to gain by going public is access to capital. In addition, the capital does not have to be repaid and does not involve an interest charge. The only reward the IPO investors seek is an appreciation of their investment and possibly **dividends**.

Entrepreneur can use the capital raised for a variety of purposes including:

- (1) growth and expansion,
- (2) retiring existing debt,
- (3) corporate marketing and development





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(4) acquisition capital.

An entrepreneur's financing alternatives stands greatly increased.

2) Other advantages

- **Mergers and acquisitions:** Public stock of a company can be used for businesses to grow through acquisitions.
- **Higher valuations:** Public companies are typically valued more than private companies.
- **Benchmark trading price:** The trading price of a public company's stock serves as a benchmark of the offer price of other securities.
- **Capital formation:** Raising capital later is typically easier because of the extra liquidity for the investors.
- **Incentives:** Stock options and stock incentives can be very helpful in attracting employees.
- **Reduced business requirements:** While an underwritten initial public offering requires significant earnings, the lack of earnings does not keep a private company from going public.
- **Less dilution:** There is less dilution of ownership control compared to an IPO.
- **Liquidity:** A public company provides liquidity for management, minority shareholders, and investors.
- **Prestige:** Added prestige and visibility with customers, suppliers, as well as the financial community.

Hungry to grab

If there is one company which everyone is looking towards for a new Netscape moment, it is FACEBOOK. The company can pretty well go public any time it wants, as it is the 4th Largest Site in the U.S. and in the world. So far it is said to be on track to beat its \$ 550 million revenue projections.

A Facebook IPO would certainly create a halo effect for other tech offerings. Even if it doesn't go out in 2010, the prospect that it might could still help other companies go public as hungry investors grab what they can get.

Drawbacks

While there are benefits to going public, it also means additional obligations and reporting requirements such as:

- Increasing accountability to public shareholders
- Need to maintain dividend and profit growth trends
- Becoming more vulnerable to an unwelcome takeover
- Need to observe and adhere strictly to the rules and regulations by governing bodies



- Increasing costs in complying with higher level of reporting requirements
- Relinquishing some control of the company following the public offering
- Suffering a loss of privacy as a result of media interest

As the owner of major shareholder of a private company, it is important to outweigh the benefits and costs of listing in the light of the plans and goals that have been set by the entrepreneur. Discussions with lawyers, independent accountants and other professional advisors will also provide better considerations.

Overall, going public is a complex decision that requires careful consideration and planning. Entrepreneurs should examine their current and future capital needs, and be aware of how an IPO will affect the availability of future financing.

Enhance your IQ.....

I.P.O.'S (INITIAL PUBLIC OFFER)

A company proposing to raise resources by a public issue should first select the type of securities i.e. share and/or debentures to be issued by it. The decision regarding the issue of shares to be made at par or premium should be decided keeping in view the SEBI guidelines.

The whole process of issue of shares can be divided into two parts:

- Pre issue activities, and
- Post issue activities

All activities beginning with the planning of capital issues, till the opening of the subscription list are pre issue activities, while all activities subsequent to the opening of the subscription list may be called post issue activities.

The various steps involved in public issue of shares are enumerated below:

1. Compliance with the SEBI guidelines

Before making any issue of capital, it is to be ensured that the proposed issue complies with the provision of the SEBI guideline for disclosure and investor protection with regards to Pricing of issue, promoters, contribution, lock in period, reservation, etc.

2. Holding of general meeting

If it is required by the Articles of Association, that consent of shareholder is to be obtained, then meeting of the shareholder will be called.

3. Intimation to stock exchange

A copy of the Memorandum and Articles of Association of the company is to be sent to the Stock Exchanges where the shares are to be listed, for approval.

4. Appointment

A company, which issues shares, has to appoint one or more Merchant Bankers, who act as Lead managers to the public issues. The company may, also appoint, registrars, underwriter, brokers etc.





5. **Drafting of prospectus**

Apart from the notice of offer to issue shares to public, prospectus should also disclose:

- *Justification of Premium, if called.*
- *Net Assets value (NAV)*
- *High and Low price of the shares of the company for the last two years.*
- *A clause that company shall refund the entire application money if minimum subscription is not received.*
- *A statement by the lead managers that in their opinion the assets of the underwriters are adequate to meet their obligations.*

6. **Approval of prospectus**

The draft prospectus along with the application from the issue of shares should be approved by the solicitors/legal advisors/stock exchange [where application has been made seeking permission for shares to be draft in] of the company to ensure that it contains all disclosures and information as required by various statutes, rules, notification, etc.

7. **Approval of board of directors**

After the concerned parties/agencies have approved the draft prospectus and the application form, the board of directors of the company should approve the final draft, before filling the Registrar of companies.

8. **Registration of prospectus with ROC**

Before the prospectus is issued to the public it must be filed with the registrar of companies, duly signed thereon by every director or proposed director of the company.

The prospectus must be registered with ROC within 3 months of vetting of SEBI.

9. **Application to stock exchange to list shares**

Before filling prospectus with the registrar of companies, the company should submit an application to the stock exchange(s) for enlistment of securities offered to the public by the said issue. The fact that an application has/have been made to the stock exchange must be stated in the prospectus.

10. **Printing and distribution of prospectus and application forms**

After receipt of acknowledgement card from the SEBI and the intimation from Registrar of Companies regarding registration of prospectus, the company should take steps to issue the prospectus within 90 days of its registration with ROC.

For this compliance, requisite steps for printing and distribution amongst banker, underwriter public etc. should be made.

11. **Announcements and advertisement**

Announcement regarding the proposed issue should be made at least ten (10) days before the subscription list opens.

No advertisement should include Brand Names for the issue except the normal commercial name of the company or commercial brand names of the company or commercial brand names of its products already in use.



12. **Subscription list**

As stipulated by SEBI guidelines the subscription list for public issue is to be kept open for atleast three working days and for a total period of not exceeding ten working days, which is to be disclosed in prospectus as well.

13. **Separate bank account**

A SEPARATE Bank account is opened for the purpose of collecting the proceeds of the issue.

Further, the date of opening and closing of the subscription list should be intimated to all the collecting and controlling branches of the bank with whom the company has entered into an agreement for the collection of application forms.

14. **Minimum subscription**

As per the SEBI guidelines, if the company does not receive 90% of the issue amount from the public subscription including development from underwriters within 120 days from the date of the issue, the amount of subscription received is required to be refunded to the applications. In case of disputed development also, subscription is required to be refunded if 90% of the issued amount plus accepted.

Development from underwriters if any is not received within 120 days of the issue of prospectus, all the money received from the applicants for shares is required to be repaid forthwith without interest and if any such money is not so repaid in the next 10 days (after the expiry of 120 days), the directors of the company are jointly and severally liable to repay that money, with interest from the expiry of the 130 days.

The company should refund the amount within 10 weeks of the closing of the subscription list and pay interest, if refunds are delayed by more than 8 days after this period.

15. **Allotment of shares**

A return of allotment in form No. 2 of The Companies (central government's) General Rules and Form, 1956 should be filed with registrar of companies within 30 days of the date of allotment along with the fees payable, as prescribed in schedule X of the Act.

In case, the issue is over-subscribed, the basis of allotment has to be decided in consultation with the stock exchange authorities as per the guidelines laid down by the stock exchange.

16. **Over subscription**

The over-subscribed amount after the finalization of allotment, should be refunded to the applicants within 10 weeks of the closure of subscription list. If the money is not so refunded, the company is liable to refund the money with interest as specified from the expiry of the 8 days after 10 weeks of the closure of subscription list.

17. **Compliance report**

As stipulated by SEBI guidelines within 45 days of the closure of issue, a report in the prescribed form along with a compliance certificates from statutory auditor/practicing chartered accountant or by a company secretary in practice is to be forwarded to SEBI by the lead managers.

Source: Advocate Khoj-Law Company





2. Rights issue

Rights issue is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding.

Normally, through a circular, rights issues are proposed to the existing shareholders and in case they are not willing to subscribe, they can renounce the same in favour of another person. This method of issuing securities is considered to be inexpensive as it does not require any brokers, agents, underwriters, prospectus or enlistment, etc.

3. Private placement

Private placement means the direct sale by a company of its securities to a limited number of sophisticated investors.

Entrepreneurs, herein, raise funds by selling the issues mainly to the institutional investors like:

- i) Unit Trust of India
- ii) Life Insurance Corporation of India
- iii) General Insurance Corporation of India
- iv) Army Group Insurance
- v) State Level Financial Corporations, etc.

Entrepreneurs both from public limited and private limited sector, bank heavily upon raising funds through the issue of varied financial instruments under this segment as at times they do not wish to disclose information to the open market.

4. Offer to employees

Stock options or offering shares to the employees has gained much popularity in many countries of the world. This method enables employees to become shareholders and share the profits of the company leading to:

- a) Higher efficiency
- b) Low labour turnover
- c) Better industrial locations
- d) Low floatation cost
- e) Wider/higher generation of funds.

ii) Secondary market

Capital markets aid in the mobilization of individual savings to make them readily available to those who need them in:

- Industry
- Trade
- Finance
- Government



Any transaction in shares or debentures subsequent to its primary offering is called "Secondary Transaction". Thus, the secondary capital market, which is also known as old securities market or stock exchange deals with buying and selling of old securities i.e. the market securities issued earlier are sold by existing investors in this market, thus paving way for the entrepreneurs that if they offer high returns to market, investors will remain inclined to invest therein.

The secondary market enhances the marketability of securities and thereby provides liquidity to investments.

From the investor's point of view, this market imparts liquidity to the long-term securities held by them by providing an auction market for these securities. It operates through the medium of stock exchanges which regulate the trading activities in this market and ensures a measure of safety and fair dealings to the investors.

Stock exchange

A stock exchange means anybody of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying and selling or dealing in securities."

Securities Contracts (Regulation) Act, 1956

Features of stock exchange

- 1) **Association of persons:** A stock exchange is an association of persons or body of individuals which may be registered or unregistered.
- 2) **Recognition from central government:** Stock exchange is an organized market. It requires recognition from the Central Government.
- 3) **Market for securities:** Stock exchange is a market, where securities of corporate bodies, government and semi-government bodies are bought and sold.
- 4) **Deals in second hand securities:** It deals with shares, debenture, bonds and such securities already issued by the companies. In short it deals with existing or second hand securities and hence it is called secondary market.
- 5) **Regulates trade in securities:** Stock exchange does not buy or sell any securities on its own account. It merely provides the necessary infrastructure and facilities to its members and brokers who trade in securities. It regulates the trade activities so as to ensure free and fair trade.
- 6) **Allow dealings only in listed securities:** In fact, stock exchanges maintain an official list of securities that could be purchased and sold on its floor. Securities which do not figure in the official list of stock exchange are called unlisted securities. Such unlisted securities cannot be traded in the stock exchange.
- 7) **Transactions effected only through members:** All the transactions in securities at the stock exchange are effected only through its authorized brokers and members. Outsiders or direct investors are not allowed to enter in the trading circles of the stock exchange. Investors have to buy or sell the securities at the stock exchange through the authorized brokers only.





- 8) **Working as per rules:** Buying and selling transactions in securities at the stock exchange are governed by the rules and regulations of stock exchange as well as **SEBI Guidelines**. No deviation from the rules and guidelines is allowed in any case.
- 9) **Specific location:** Stock exchange is a particular market place where authorized brokers come together daily (i.e. on working days) on the floor of market called trading circles and conduct trading activities. The price of different securities traded are shown on electronic boards. After the working hours market is closed. All the working of stock exchange is conducted and controlled through computers and electronic system.
- 10) **Financial barometers:** Stock exchanges are the financial barometers and development indicators of national economy of the country. Industrial growth and stability is reflected in the index of stock exchange. Source: Kalyan City Life

Functions of a stock exchange

"Stock exchange are not merely the chief theaters of business transactions, they are also barometers which indicate the general conditions of the atmosphere of business."

MARSHAL

Stock exchange performs a number of functions in respect of marketability of different types of securities for investors and borrowing companies. Its important functions are:

- a) **Continuous and ready market for securities**
Stock exchange provides a central market for purchase and sale of securities. It provides ready and continuous outlet for buying and selling of securities. Buyers and sellers strongly believe that they would be able to buy and sell securities as and when they want.
- b) **Facilitates evaluation of securities**
Stock exchange is useful for the evaluation of industrial securities. It publishes price quotation of the shares of the companies that have been listed with them after thorough analysis of demand and supply position. This enables investors to know the true worth of their holdings at any time.
- c) **Checks on brokers**
Stock exchanges control the activities of brokers and protect the investors from being deceived. Now, if any broker is found indulging in malpractices as overcharging or giving wrong information, his/her licence may be cancelled.
- d) **Provides safety and security in dealings**
Activities of the stock exchange are controlled by the provisions of the Securities Control (Regulation) Act and all this creates confidence in the minds of investors. As transactions are conducted as per well defined rules and regulations, fraudulent practices stand checked effectively ensuring safety, security and justice in dealings.
- e) **Regulates company management**
Listed companies have to comply with rules and regulations of concerned stock exchange and work under the vigilance of stock exchange authorities.



f) Intensifying capital formation

Stock exchange accelerates the process of capital formation through creating the habit of saving, investing and risk taking among the investing class by converting their savings into profitable, safe investments.

g) Facilitates raising of new capital

Because of stock exchange, for either development, organisation or expansion, the need for more capital by the existing companies is easily met out.

h) Facilitates public borrowing

Stock exchange serves as a platform for marketing government securities. It enables government to raise public debt easily and quickly.

i) Facilitates healthy speculation

Healthy speculation, keeps the exchange active. Normal speculation is not dangerous but provides more business to the exchange. However, excessive speculation is undesirable as it is dangerous to investors & the growth of corporate sector.

j) Serves as economic barometer

Stock exchange indicates the state of health of companies and the national economy. It acts as a barometer of the economic situation/conditions and is thus referred as pulse of economy or economic mirror.

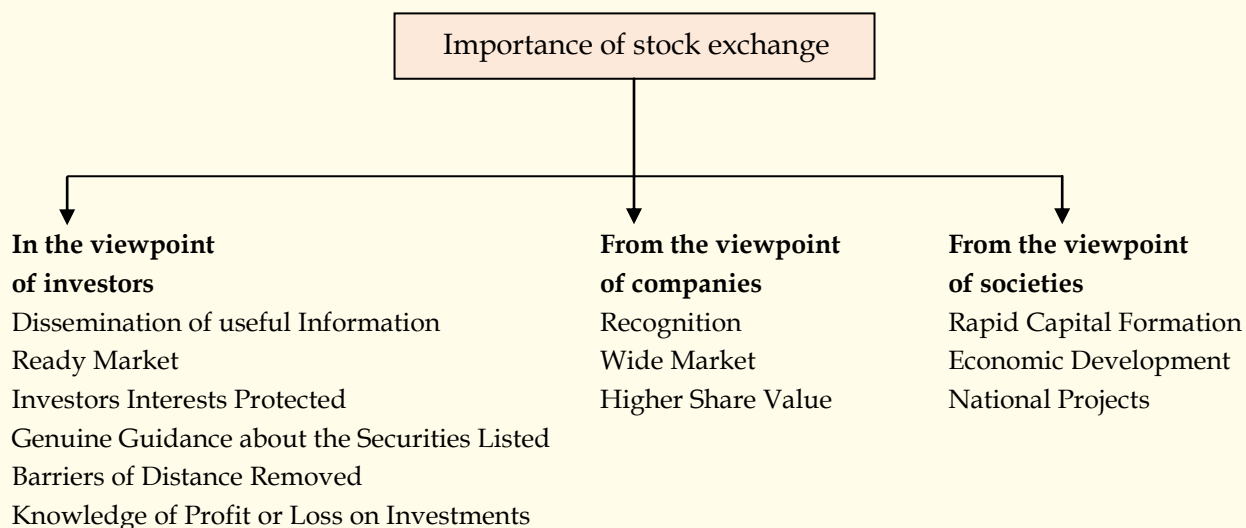
k) Facilitates bank lending

Banks easily know the prices of quoted securities. They offer loans to customers against corporate securities. This gives convenience to the owners of securities.

Importance of a stock exchange

Stock exchange indicates about the good or bad health of an economy. It is an investment intermediary which facilitates economic and industrial development of a country.

For the smooth and orderly functioning of corporate sector in a free market economy, stock exchange are indispensable, because of the different roles played by them for different groups.





1. From the viewpoint of investors

- (a) *Dissemination of useful information:* Stock exchange publishes useful information regarding price lists, quotations, etc., of securities through newspapers and journals. The interested persons buy and sell their securities on the basis of information provided by the stock exchanges.
- (b) *Ready market:* Persons desirous of converting their shares into cash may easily do so through a member of stock exchange.
- (c) *Investors' interests protected:* Stock exchanges formulate rules and regulations so that members may not exploit the investors.
- (d) *Genuine guidance about the securities listed:* The investors can safely depend upon the information provided by the stock exchanges.
- (e) *Barriers of distance removed:* Stock exchange removes the barriers of distance with regard to securities listed there. Without stock exchange the securities of a Delhi company may have a limited market in Delhi only.
- (f) *Knowledge of profit or loss on investments:* The investors can estimate the profit or loss on the total amount of investments in securities, by comparing the original amount invested and the price of securities on a particular day.

2. From the viewpoint of entrepreneurs /companies

- (a) *Recognition:* The market values of companies' shares are published in important dailies. This enhances the reputation of good companies/entrepreneurs.
- (b) *Wide market:* The securities of some companies are listed in some stock exchanges. The market for the securities of such companies is considerably widened. Thus, larger amounts of capital may be raised from different types of investors.
- (c) *Higher share values:* People have a tendency to buy shares that have some premium value. Demand of such shares increases. This leads to further increase in the price of such shares.

3. From the viewpoint of society

- (a) *Rapid capital formation:* People get tempted to invest in securities when they study the trend of necessary prices of shares of good companies. This habit leads to investment of savings in corporate and government securities. The income from these securities may further be invested in buying more securities. This flow of funds leads to rapid capital formation.
- (b) *Economic development:* Through easy funds mobilizing, the boosted production fetches more capital, enhancing economic development.
- (c) *National projects:* As stock exchange promotes, the capital formation rate the projects which brings National Prosperity can be easily undertaken.



Organisation and management

The organisation, management, membership and functioning of stock exchanges in India are governed by the provisions of The Securities Contracts (Regulation) Act, 1956. This Act permits only recognized stock exchanges to function under the rules, regulations and by-laws approved by the Central Government

Stay alert				
Stock exchanges in India				
No.	Name of stock exchange	Year of establishment	Year of recognition	Type of organisation
1.	Bombay	1875	1956	Voluntary non-profit making persons
2	Ahmedabad	1894	1957	"
3	Calcutta	1908	1957	Public limited company
4.	Madras	1908	1957	"
5	Indore	1930	1958	Voluntary non-profit making association of persons
6	Hyderabad	1943	1958	Company limited by guarantee
7.	Delhi	1947	1957	Public limited company
8	Bangalore	1957	1963	"
9	Kochi (Cochin)	1978	1979	"
10	Kanpur	1982	1982	"
11	Pune	1982	1982	Company limited by guarantee
12	Ludhiana	1983	1983	Public limited company
13	Jaipur	1983	1989	"
14	Guwahati	1984	1984	"
15	Mangalore	1985	1985	"





16	Magadh	1986	1986	Company limited by guarantee
17	Bhubaneswar	1989	1989	"
18	Saurashtra	1989	1989	"
19	OTC Exchange of India	1989	1989	"
20.	Vadodara (Baroda)	1990	1990	Public limited company
21	Coimbatore	1991	1991	"
22	Meerut	1991	1991	"
23	National stock exchange (Delhi)	1992	1993	Company limited by guarantee
24	Inter-connected stock exchange of India	1998		

The governing body is responsible for policy formulation and proper functioning of the exchange, having wide range of powers viz.....

- 1) Elect the office bearers and set up committees.
- 2) Admit and expel members
- 3) Manage the properties and finance of the exchange
- 4) Interpret rules, regulations and by-laws
- 5) Adjudicate disputes
- 6) Conduct the affairs of the exchange.

Jargonic stock exchange

Common terms related to stock and stock market trading

Open – The first price at which the stock opens when market starts in the morning.

High – The stock price reached at the highest price level in a day.

Low – The stock price reached the lowest price level in day.

Close – The stock price at which it remains after the end of market timings or the final price of the stock when the market closes for a day.

Volume – Volume is nothing but quantity of shares.

Bid – The Buying price is called as Bid price.

Offer – The selling price is called offer price.

Bid quantity – The total number of shares available for buying is called Bid Quantity.



Offer quantity – The total number of shares available for selling is called Offer Quantity.

Buying and selling of shares – Buying is also called as demand or bid and selling is also called as supply or offer.

Short selling – First selling and then buying only happens in day trading or future trading.

Share trading – Buying and selling of shares is called shares trading.

Transaction – One cycle of buying and selling of stocks is called One Transaction.

Squaring off – This term is used to complete one transaction. Means if you buy then have to sell (means square off) and if you sell then you have to buy (means square off).

Limit order – The order get executes at your mentioned price.

Market order – The order rate gets executes at current market rates.

Securities and exchange board of India (SEBI)

The Securities and Exchange Board of India (frequently abbreviated SEBI) is the regulator for the securities market in India. It was established on 12 April 1992 through the SEBI Act, 1992.

History

SEBI was officially established by The Government of India in the year 1988 and given statutory powers in 1992 with SEBI Act 1992 being passed by the Indian Parliament. SEBI has its Headquarter at the business district of Bandra Kurla Complex in Mumbai, and has Northern, Eastern, Southern and Western Regional Offices in New Delhi, Kolkata, Chennai and Ahmedabad respectively.

Initially SEBI was a non-statutory body without any statutory power. However in the year of 1995, SEBI was given additional statutory powers by the Government of India through an amendment to the Securities and Exchange Board of India Act, 1992. In April, 1998 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India.

SEBI's establishment

SEBI was established as a supervising and regulatory body to curb certain malpractices and to promote the securities markets in India. SEBI is managed by its members, which consists of following: a) Chairman who is nominated by Union Government of India. b) Two members, i.e. Officers from Union Finance Ministry. c) One member from The Reserve Bank of India. d) The remaining 5 members are nominated by Union Government of India, out of them at least 3 shall be whole-time members.



SEBI has three functions rolled into one body: quasi-legislative, quasi-judicial and quasi-executive. It drafts regulations in its legislative capacity, it conducts investigation and enforcement action in its executive function and it passes rulings and orders in its judicial





capacity. Though this makes it very powerful, there is an appeal process to create accountability. There is a Securities Appellate Tribunal which is three-member tribunal. A second appeal lies directly to the Supreme Court.

Powers

For the discharge of its functions efficiently, SEBI has been vested with the following powers:

1. To approve by-laws of stock exchanges, SEBI
2. To enquire the stock exchange to amend their by-laws.
3. Inspect the books of accounts and call for periodical returns from recognized stock exchanges.
4. Inspect the books of accounts of financial intermediaries.
5. Compel certain companies to list their shares in one or more stocks exchanges.
6. Levy fees and other charges on the intermediaries for performing its functions.
7. Grant license to any person for the purpose of dealing in certain areas.
8. Delegate powers exercisable by it.
9. Prosecute and judge directly the violation of certain provisions of the Companies Act.
10. Power to impose monetary penalties.

Well to conclude, in going public, an entrepreneur should realize that he/she is at the bottom of the pyramid, with the institutional investors, underwriters, investment bankers, venture and angel capitalists being higher up. Similarly, young entrepreneurial companies are not always the spotlight companies in the IPO market. Outside capital should be sought only after all possible internal sources of funds have been explored.

Length of time, cost and amount of control of each alternative while considering financial markets as a source should be properly and expertly analysed.

II. Angel investors

High return potentiality is lucrative

Building a car company takes massive amounts of Capital and TESLA, a Silicon Valley's electric car company is expected to hit the public markets. It has nearly raised \$ 800 million so far, with most of it coming as a government loans, a lot of the capital from Partners DIAMLER and a Billionaire Founder - ELON MUSK - ANGEL FOR TESLA.

If an opportunity has high return potential many could like to be its part.

Etymology and origin

The term 'angel' originally comes from Broadway, where it was used to describe wealthy individual who provide money for THEATRICAL PRODUCTIONS.

In 1978, Willam Wetzel, a professor at the University of New Hampshire and founder of its Center for Venture Research, completed a pioneering study on how entrepreneurs raised seed capital in the USA, and he began using the term 'Angel' to describe the investors who supported them.



Business angel or informal investor or an angel investor, is an affluent individual who provides capital for a business start-up and early stage companies having a high-risk, high-return matrix usually in exchange for convertible debt or ownership equity.

Do you remember.....

Stages of business development funding

Early-stage financing

- **Seed capital** *Relatively small amount to prove concepts and finance feasibility studies.*
- **Start-up** *Product development and initial marketing, but with no commercial sales yet; funding to actually get company operations started.*
- **Expansion or development financing**
- **Second stage** *Working capital for initial growth phase, but no clear profitability or cash flow yet.*
- **Third stage** *Major expansion for company with rapid sales growth, at breakeven or positive profit levels but still private company.*
- **Fourth stage** *Bridge financing to prepare company for public offering.*
- **Acquisitions and leveraged buyout financing**
- **Traditional acquisitions** *Assuming ownership and control of another company*
- **Leveraged buyouts (LBOs)** *Management of a company acquiring control by buying out the present owners.*
- **Going private** *Some of the owners/managers of a company buying all the outstanding stock, making the company privately held again.*

Features of angel investors

The job of an angel investor is invaluable. They fill the gap in start-up or early stage financing between "friends and family", by providing seed funding and formal venture capital. Humorously, they were once given the acronym FFF – i.e. FRIENDS, FAMILY AND FOOLS. Although it is usually difficult to raise more than a few thousands from friends and family, even the venture capitalist are least interested to make investments. Thus, angel investments is a common second round of financing for high-growth start-ups or early stage companies.

- 1) Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards.





- 2) As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment.
- 3) Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days.
- 4) Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments.
- 5) They have a sharp inclination to keep abreast of current developments in a particular business arena, mentoring another generation of entrepreneurs by making use of their vast experience.

III. Venture capital

Case Study-IV Interesting history

Before World War II, "Development Capital" were primarily the domain of wealthy individuals and families. It was not until after World War II that what is considered today to be true private equity investments began to emerge by the founding of the first two venture capital firms in 1946:

- (i) American Research and Development Corporation (ARDC)
- (ii) J.H. Whitney Company

ARDC was founded by George's Doriot, the "father of venture capitalism" (former dean of Harvard Business School and founder of INSEAD), with Ralph Flanders and Karl Compton (former President of MIT), to encourage private sector investments in businesses run by soldiers who were returning from World War II. ARDC's significance was primarily that it was the first institutional private equity investment firm that raised capital from sources other than wealthy families.

ARDC continued investing until 1971 with the retirement of Doriot. In 1972, Doriot merged ARDC with Textron after having invested in over 150 companies.

Venture capital is a type of private equity capital provided as seed funding to early-stage, high-potential, high risk, growth up companies/entrepreneurs who lack the necessary experience and funds to give shape to their ideas.

We know, the proposals involving new or substantially new or relatively untried technology put forward by professionally or technically qualified persons involving high risk factors may fail to attract investments from public, thus, resulting in their death even before they could be tried.

Thus, venture capital is an equity based investment in a growth-oriented small to medium business to enable the investors to accomplish objectives, in return for minority shareholding in the business or the irrevocable right to acquire. It is more accurate to view venture capital broadly as a professionally managed pool of equity capital. Venture capital is a way in which



investors support entrepreneurial talent with finance and business skills to exploit market opportunities and obtain long-term capital gains.

As an industry, Venture Capital has originated in the United States, and American firms have traditionally been the largest participants in venture deals.

Venture capital has been used as a tool for economic development in a variety of developing regions. In many of these regions, with less developed financial sectors, venture capital plays a role in facilitating access to finance for small and medium enterprises (SMEs), which in most cases would not qualify for receiving bank loans.

Features of venture – capital

Venture capital can best be characterized as a long-term investment discipline, usually occurring over a five-year period that helps in the creation of:

- early-stage companies,
- the expansion and revitalization of existing businesses, and
- the financing of leveraged buyouts of existing divisions of major or privately owned enterprises.

Thus, venture capital finance has the following features:

- It is basically equity finance in relatively new companies.
- It is long-term investment in growth-oriented small or medium firms.
- Venture capitalist not only provide capital but also business skills to investee firms.
- It involves high risk-return spectrum.
- It is a subset of private equity.
- The venture capital institutions have a continuous involvement in the business after making the investment.
- Such institutions disinvest the holdings either to the promoters or in the market.

Funding

Obtaining venture capital is substantially different from raising debt or a loan from a lender. Lenders have a legal right to interest on a loan and repayment of the capital, irrespective of the success or failure of a business.

But, a venture capital is invested in exchange for an equity stake in the business. Because of the strict requirements venture capitalists have for potential investments, entrepreneurs should seek funding from this source after a careful evaluation.

Venture capitalists are typically very selective in deciding what to invest in and as a rule of thumb:

- They may invest in one in four hundred opportunities presented to it,
- Looks for the extremely rare, yet sought after qualities, such as :





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- a) innovative technology,
 - b) potential for rapid growth,
 - c) a well-developed business model
 - d) an impressive management team.
- 3) Looks for an "exit" in the time frame of typically 3-7 years.
- 4) Is inclined towards ventures with exceptionally high growth potential.

Thus, entrepreneurs are expected to carry out detailed due diligence prior to seeking venture capital as a source of financing. As venture capitalists investments are illiquid, requiring extended time frame to harvest, an entrepreneur should carefully evaluate and analyse, the stage which he/she would require venture capitalist to assist in.

When to seek venture capital finance

Entrepreneurs can typically seek venture capital to assist at any of the following four stages in the company's development.

1) Early stage financing

This stage includes:

- (a) Seed capital
- (b) Pre-start up and start up
- (c) Second-round financing.

a) Seed capital finance

It refers to the capital required by an entrepreneur for conducting research at pre-commercialization stage. During this stage, the entrepreneur has to convince the investor (VC) why his idea/product is worthwhile. The investor will investigate into the technical and the economical feasibility of the idea.

In some cases, there is some sort of prototype of the idea/product that is not fully developed or tested. As the risk element at this stage is very high, investor (VC) may deny to assist if he does not see any potential in the idea. Entrepreneur's ability, technological skills and competencies are required to match with the market opportunities so as to successfully convince about product/idea's feasibility to the venture capitalist.

Are you feasible

A Dutch venture named High 5 Business Solution V.O.F. wants to develop a portal which allows companies to order lunch. To open this portal, the venture needs some financial resources, they also need marketers and market researchers to investigate whether there is a market for the idea. To attract these financial and non-financial resources, the executives of the venture decide to approach ABN AMRO Bank to see if the bank is interested in their idea.



After a few meetings, the executive are successful in convincing the bank to take a look in the feasibility of the idea. ABN AMRO decides to put a few experts for investigation. After two weeks time, the bank decides to invest. They come to an agreement of invest a small amount of money into the venture. The bank also decides to provide a small team of marketers and market researchers and a supervisor. This is done to help the venture with the realization of their idea and to monitor the activities in the venture.

b) Start up finance

If the idea/product/process is qualified for further investigation and/or investment, the process will go to the second stage; this is also called the start-up stage. A business plan is presented by the entrepreneur to the VC firm. A management team is being formed to run the venture. If the company has a board of directors, a person from the VC firms will take seats at the board of directors.

While the organisation is being set up, the idea/product gets its form. The prototype is being developed and fully tested. In some cases, clients are being attracted for initial sales. The management-team establishes a feasible production line to produce the product. The VC firm monitors the feasibility of the product and the capability of the management-team from the board of directors.

The "Lunch" - sails

Now the venture has attracted an investor, the venture needs to satisfy the investor for further investment. To do that, the venture needs to provide the investor a clear business plan how to realize their idea and how the venture is planning to earn back the investment that is put into the venture, of course with a lucrative return.

Together with the market researchers, provided by the investor, the entrepreneur has to determine how big the market is their region. They have to find out who are the potential clients and if the market is big enough to realize the idea.

From market research, the venture comes to know that there are enough potential clients for their portal site. But there are no providers of lunches yet. To convince these providers, the venture decided to do interviews with providers and try to convince them to join.

With this knowledge, the venture can finish their business plan and determine a pretty good forecast of the revenue, the cost of developing and maintaining the site and the profit the venture will earn in the following five years.

After reading the business plan and consulting the entrepreneur, the investor decides that the idea is worth for further development.

c) Second-round financing

At this stage, we presume that the idea has been transformed into a product and is being produced and sold. This is the first encounter with the rest of the market, the competitors and attempt is to squeeze in the market and get some market share from the competitors.





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The entrepreneur, at this stage, needs assistance from the Venture Capitalist for expansion, modernization, diversification so that the economies of scale and stability could be attained.

As this time, larger funds than the other early stage financing are required, entrepreneur should be extra careful because only if he and his management team is able to prove their capability of standing against the competition, only then is the VC firm interested in financing.

2) Last stage financing/bridge/pre-public stage

In general, this is the last stage of the venture capital financing process. The main goal of this stage is for the venture to go public so that investors can exit the venture with a profit commensurate with the risk they have taken.

At this stage, the venture achieves a certain amount of market share. This gives the venture some opportunities for example:

- Merger with other companies
- Keeping new competitors away from the market
- Eliminate competitors
- Development capital

The entrepreneur must examine the product's market position and, if possible, reposition it to attract new Market segmentation. He/she should introduce the follow-up product/services to attract new client and markets, for only that is the way to create interest for VC firms seeks to get their assistance further.

Entrepreneurs to watch out

Unlike public companies, information regarding an entrepreneur's business is typically confidential and proprietary. As part of the due diligence process, most venture capitalists will require significant detail with respect to a company's business plan. Entrepreneurs must remain vigilant about sharing information with venture capitalists that are investors in their competitors. Most venture capitalists treat information confidentially, but as a matter of business practice, they do not typically enter into non-disclosure agreements because of the potential liability issues those agreements entail. Entrepreneurs are typically well-advised to protect truly proprietary intellectual property.

Mainly due to the increasing deregulation and the emergence of technocrat entrepreneurs, this source of financing which has so far not taken deep roots in India, is having enormous scope for progress.

You will be surprised

According to the study done by Venture Intelligence with the partnership of US-India Venture Capital Association, the venture capital firms in India invested \$508 million across 92 deals in the country in the year of 2006. It was the IT sector and IT enabled sectors that lured the venture capital investors the



most in 2006 in India. 64 among 92 deals contributing to \$367 million in the total investment was from IT and IT-enabled sectors. Other business sectors that attracted the investors were – financing services, healthcare and life sciences, manufacturing and food and beverages.

Venture capital institutions in India

At present, many Venture Capital Companies / funds have been set up in India, in both the public and the private sectors, for example,

- a) Industrial Development Bank of India's Venture Capital Fund
- b) Technology Development and Information Company of India Ltd. (TDICI)
- c) Risk Capital and Technology Finance Corporation Ltd.
- d) Gujarat Venture Finance Ltd. (GVFL)
- e) Andhra Pradesh Industrial Development Corporation (APIDC) Venture Capital Fund.
- f) National Venture Fund for Software and IT Industry.
- g) The Canbank Venture Capital Fund, The Credit Capital Venture Fund Ltd, etc.

IV. Specialised financial institutions

Industrial finance is a very complicated problem. To meet out the growing needs of the industries and entrepreneurs, heavy inflow of finance is required. The development of any country depends largely on the industrial development, which in turn depends upon availability of **finance**.

Certain sections of the industry face greater difficulties than others in procuring long-term finance. These include (a) Small and medium sized concerns, (b) new concerns set up by new entrepreneurial group, (c) specific industries, which required funds for modernization, (d) enterprises involved in innovation and new technological developments, (e) enterprises requiring extra-ordinarily large amounts of finance with a long gestation period, (f) Ventures in backward regions. SFIs were established to meet the long-term financial requirement of such enterprises on economic and social ground.

These Specialized Financial Institutions in India are not only committed to financial services but are also devoted towards playing a role of a promotional "mentor" & technical advisor to a wide range of the upcoming and existing entrepreneurs. Thus, these Specialized Financial Institutions (SFIs) make an important source of medium and long-term financing amongst all the financial institutions in India, to the industry.

Need for and Importance of Specialised Financial Institutions (SFIS)

As SFIs provide developmental finance, that is, finance for investment in fixed assets, they are also known as 'development banks' or 'development financial institutions'. Establishing of SFIs facilitated:





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- a) Provision of sufficient long-term funds in the desired sectors in accordance with planned priorities to the industrial units and entrepreneurs.
 - b) New and small entrepreneurs in setting up industry.
 - c) Development of (i) small scale industry and (ii) projects in backward areas.
 - d) Provision of technical and managerial advice to the entrepreneurs, facilitating thus, in identification, evaluation and execution of new investment enterprises.
 - e) Underwriting of and direct subscription to the issue of shares and debentures in the capital market of the upcoming ventures.
 - g) Establishment of enterprises which require extra-ordinarily large amount of finance for their projects with a long-gestation period.

Types of Specialised Financial Institutions

Entrepreneurs have access to any of the following SFIs to choose from, according to their needs and requirements:

A) At national level/all India development banks

- (i) Industrial Development Bank of India (IDBI)
- (ii) Small Industries Development Bank of India (SIDBI)
- (iii) Industrial Finance Corporation of India (IFCI)
- (iv) Industrial Credit and Investment Corporation of India (ICICI)
- (v) National Bank for Agriculture and Rural Development (NABARD)
- (vi) Industrial Investment Bank of India Ltd. (IIBI)

B) At state level

- (i) State Financial Corporation (SFCs)
- (ii) Tourism Finance Corporation of India (TFCI)
- (iii) State Industrial Development Corporations (SIDC)

I. Industrial Development Bank of India (IDBI)

Introduction

The Industrial Development Bank of India was set up in July 1964 as a wholly owned subsidiary of the Reserve Bank of India. The purpose was to enable the new institution to benefit from the financial support and experience of RBI. Before 16th February, it was delinked from RBI in 1976 and was made an autonomous corporation. The objective was to allow RBI to concentrate on its central banking function and allow IDBI to grow into a development agency. Government's shareholding in IDBI stands at 72.14%.

Objectives

The main objectives of IDBI is to serve as the apex institution for term finance for industry in India. Its objectives include:



- 1) Co-ordination, regulation and supervision of the working of other financial institutions such as IFCI, ICICI, UTI, LIC, Commercial Banks and SFCs.
- 2) Supplementing the resources of other financial institutions and thereby widening the scope of their assistance.
- 3) Planning, promotion and development of key industries and diversifications of industrial growth.
- 4) Devising and enforcing a system of industrial growth that conforms to national priorities.



Functions

The IDBI has been established to perform the following functions –

- 1) To grant loans and advances to IFCI, SFCs or any other financial institution by way of refinancing of loans granted by such institutions which are repayable within 25 years.
- 2) To grant loans and advances to scheduled banks or state co-operative banks by way of refinancing of loans granted by such institutions which are repayable in 15 years.
- 3) To grant loans and advances to IFCI, SFCs, other institutions, scheduled banks, state co-operative banks by way of refinancing of loans granted by such institution to industrial concerns for exports.
- 4) To discount or rediscount bills of industrial concerns.
- 5) To underwrite or to subscribe to shares or debentures of industrial concerns.
- 6) To subscribe to or purchase stock, shares, bonds and debentures of other financial institutions.
- 7) To grant line of credit or loans and advances to other financial institutions such as IFCI, SFCs, etc.
- 8) To grant loans to any industrial concern.
- 9) To guarantee deferred payment due from any industrial concern.
- 10) To guarantee loans raised by industrial concerns in the market or from institutions.
- 11) To provide consultancy and merchant banking services in or outside India.
- 12) To provide technical, legal, marketing and administrative assistance to any industrial concern or person for promotion, management or expansion of any industry.
- 13) Planning, promoting and developing industries to fill up gaps in the industrial structure in India.
- 14) To act as trustee for the holders of debentures or other securities.

II. Small Industries Development Bank of India (SIDBI)

SIDBI was established in April 1990, as a wholly owned subsidiary of IDBI, under the Small Industries Development Bank of India Act, 1990. SIDBI is the principal financial institution for promotion, financing and development of small-scale industries in India.





Objectives

SIDBI's objectives are:

- 1) Initiate steps for technological upgradation, and/or modernization of existing units.
- 2) Expand channels for marketing of SSI sector products in India and abroad.
- 3) Promote employment – oriented industries.

Functions

The financial assistance of SIDBI to the small scale sector is channelised through the following two routes:

- i) Indirect assistance
- ii) Direct assistance

SIDBI has taken over the responsibility of administering following two funds which were previously administered by IDBI i.e.

- i) Small Industries Development Fund
 - ii) Small Industries Development Assistance Fund
- 1) SIDBI's financial assistance to SSS is primarily channelised through the existing credit delivery system consisting of commercial banks, co-operative banks, RRBs and SFCs.
 - 2) Refinance loans and advances extended by the primary lending institutions to small scale industrial units, alongwith providing them even resource support.
 - 3) Discounts and rediscounts bills arising from sale of machinery to or its manufacture by industrial units in the small-scale sector.
 - 4) All forms of business organisation are eligible for refinance assistance for:
 - a) Setting up of new venture
 - b) Expansion
 - c) Modernisation
 - d) Diversification of existing units for all activities
 - 5) Extends seed capital/loan assistance under the National Equity Fund Mahila Udyan Nidhi and Mahila Vikas Nidhi and seed capital scheme through specified lending agencies.
 - 6) Grants direct assistance as well as refinance loans extended by Primary Lending Institutions for financing export of products manufactured by industrial concerns in the Small Scale Sector.
 - 7) Provide Venture Capital assistance to the entrepreneurs for their innovative ventures if they have a sound management team, long term competitive advantage.
 - 8) Leasing and factoring to small-scale units are also provided for by SIDBI.



III. Industrial Finance Corporation of India (IFCI)

IFCI was established as a statutory corporation on 1st July 1948 by a special Act passed in the Parliament, IFCI Act, 1948. It was converted into a public limited company on July 1,



1993. Its main objects is to provide medium and long term credit to eligible industrial enterprises in corporate sectors of the economy, particularly to those industries to which banking facilities are not available.

Objectives

The primary role of IFCI is to provide 'direct financial assistance' on medium and long term basis to industrial projects in the corporate and co-operative sectors. The objectives of the corporation are stated below.

- a) To provide long and medium-term credit to industrial concerns engaged in manufacturing, mining, shipping and electricity generation and distribution.
- b) The period of credit can be as long as 25 years and should not exceed that period;
- c) To grant credit to a single concern up to a maximum amount of rupees one crore. This limit can be exceeded with the permission of the government under certain circumstances;
- d) Guarantee loans and deferred payments;
- e) Underwrite and directly subscribe to shares and debentures issued by companies;
- f) Assist in setting up new projects as well as modernization of existing industrial concerns in medium and large scale sector;
- g) Assist project under co-operatives and in backward areas.

Functions

The main functions of I.F.C.I. are as under:

- i) Granting loans and advances for the establishment, expansion, diversification and modernization of industries in corporate and co-operative sectors.
- ii) Guaranteeing loans raised by industrial concerns in the capital market, both in rupees and foreign currencies.
- iii) Subscribing or underwriting the issue of shares and debentures by industries. Such investment can be held up to 7 years.
- iv) Guaranteeing credit purchase of capital goods, imported as well as purchased within the country.
- v) Providing assistance, under the soft loans scheme, to selected industries such as cement, cotton textiles, jute, engineering goods, etc.
- vi) Providing technical, legal, marketing and administrative assistance to any industrial concern for the promotion, management and expansion of the industrial concern.
- vii) Providing equipment (imported or indigenous) to the existing industrial concerns on lease under its 'equipment leasing scheme'.
- viii) Procuring and reselling equipment to eligible exiting industrial concerns in corporate or co-operative sectors.
- ix) Rendering merchant banking services to industrial concerns.





IV) Industrial Credit and Investment Corporation of India (ICICI)

Industrial Credit and Investment Corporation of India was established as a joint stock company in the private sector in 1955. Its share capital was contributed by banks, insurance companies and foreign institutions including the World Bank. Its major shareholders now are Unit Trust of India, Life Insurance Corporation of India and General Insurance Corporation and its subsidiaries. They together hold approximately 50% of the paid up shares capital of ICICI.

Objectives

The ICICI has been established to achieve the following objectives:

- i) To assist in the formation, expansion and modernization of industrial units in the private sector;
- ii) To stimulate and promote the participation of private capital (both Indian and foreign) in such industrial units;
- iii) To furnish technical and managerial aid so as to increase production and expand employment opportunities.

Functions

- i) It provides medium and long-term loans in Indian and foreign currency for importing capital equipment and technical services. Loans sanctioned generally go towards purchase of fixed assets like land, building and machinery;
- ii) It subscribes to new issues of shares, generally by underwriting them or directly subscribing the same;
- iii) It guarantees loans raised from private sources including deferred payment;
- iv) It provides technical and managerial assistance to industrial units, along with consultancy services for new projects;
- v) It provides assets on lease to industrial concerns. In other words, assets are owned by ICICI but allowed to be used by industrial concerns for a consideration called lease rent.
- vi) It provides merchant banking services.
- vii) Rs. 5 lakhs is the minimum amount sanctioned by it to a single concern and normally it does not go beyond the maximum limit of Rupees one crore.

V) National Bank for Agriculture and Rural Development (NABARD)

On 15th December, 1981, National Bank for Agriculture and Rural Development (NABARD) Bill was passed in the Parliament, which started functioning on 1st July, 1982.

NABARD was established according to the preamble to the Act, "for providing credit for the promotion of:

- Agriculture,
- Small-scale Industries



- Cottage and Village Industries
- Handicrafts and other rural crafts, and
- Other economic activities in rural areas with a view to promoting IRDP and securing prosperity of rural areas...."



NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT

Objectives

- 1) The bank will serve as a financing institution for institutional credit such as long-term, short-term, and for the promotion of activities in rural areas.
- 2) To provide direct lending to any institution as may be approved by the Central Government.

Functions

The primary functions of NABARD can be classified under three heads –

I. Credit Functions

NABARD provides different types of refinance to eligible institutions. They assist entrepreneurs through:

- a) Short-term credit to State Cooperative Banks, Regional Rural Banks and Other financial institutions approved by RBI for the following purposes:
 - (i) Financing seasonal agricultural operations,
 - (ii) Marketing of crops,
 - (iii) Pisciculture activities
 - (iv) Production/procurement and marketing of cooperative weavers and rural artisans societies and individually,
 - (v) Production and marketing activities of industrial cooperatives.
- b) Medium-term credit to State Cooperative Banks, State Land Development Banks, Regional Rural Banks and other approved financial institutions by RBI for converting short-term loans to medium-term for approved agricultural purposes.
- c) Long-term credit to State Land Development Banks, Regional Rural Banks, Commercial Banks, State Cooperative Banks and other approved financial institutions.
- d) Refinance to cottage/village/small-scale industries located in rural areas.

II. Developmental Functions

- i) NABARD coordinates the operations of rural credit institutions
- ii) It develops expertise to deal with agricultural and rural problems so as to assist in rural development efforts.
- iii) It acts as an agent to the Government and RBI in the transaction of business in relevant areas and provide facilities for training, research and dissemination of information in rural banking and development.





- iv) Contributes to the share capital of eligible institutions.
- v) Provides direct loans to centrally approved cases.

III. Regulatory Functions

- 1) NABARD is empowered to undertake inspection of RRBs and Cooperative Banks, other than the Primary Cooperative Banks.
- 2) To open a new branch, a recommendation of NABARD is imperative by RRBs or Cooperative Banks to seek permission from RBI.
- 3) RRBs and Cooperative Banks, along with RBI, are required to file returns and documents with NABARD.

VI. Industrial Investment Bank of India Ltd. (IIBI)

The Industrial Investment Bank of India Ltd. (IIBI) was formed by transforming The Industrial Reconstruction Bank of India (IRBI). It was set up by IDBI at the instance of the Government of India in April 1971 for rehabilitation of sick industrial companies.

IRBI was incorporated under the Companies Act, 1956 and renamed as the Industrial Investment Bank of India Ltd. in March 1997.

Functions

IIBI offers a wide range of products and services such as:

- 1) Term-loan assistance for project finance.
- 2) Short duration non-project asset - backed financing working capital/other short term loans to companies,
- 3) Equity Subscription Asset Credit
- 4) Equipment finance
- 5) Investments in Capital Market and Money market instruments.

VII. State Financial Corporations (SFCs)

To meet the financial needs of small and medium enterprises, the government of India passed the State Financial Corporation Act in 1951, empowering the State governments to establish development banks for their respective regions. Under the Act, SFCs have been established by State governments to meet the financial requirements of medium and small sized enterprises. There are 18 SFCs at present.

Objectives

The objectives of state financial corporations are as under:

- 1) Provide financial assistance to small and medium industrial concerns. These may be from corporate or co-operative sectors as in case of IFCI or may be partnership, individual or joint Hindu family business, engaged not only in the manufacture, preservation or processing of goods, but also mining, hotel industry, transport undertakings, generation



or distribution of electricity, repairs and maintenance of machinery, setting up or development of an industrial area or industrial estate, etc.

- 2) Provide long and medium-term loan repayment ordinarily within a period not exceeding 20 years.
- 3) Grant financial assistance to any single industrial concern under corporate or co-operative sector with an aggregate upper limit of rupees Sixty lakhs. In any other case (partnership, sole proprietorship or joint Hindu family) the upper limit is rupees Thirty lakhs.
- 4) Provide Financial assistance generally to those industrial concerns whose paid up share capital and free reserves do not exceed ₹ 3 crore.
- 5) To lay special emphasis on the development of backward areas and small scale industries.

Functions

- 1) Grant of loans and advances to or subscribe to debentures of, industrial concerns repayable within a period not exceeding 20 years, with option of conversion into shares or stock of the industrial concern.
- 2) Guaranteeing loans raised by industrial concerns which are repayable within a period not exceeding 20 years.
- 3) Guaranteeing deferred payments due from an industrial concern for purchase of capital goods in India.
- 4) Underwriting of the issue of stock, bonds or debentures by industrial concerns.
- 5) Subscribing to, or purchasing of, the stock, shares, bonds or debentures of an industrial concern subject to a maximum of 30 percent of the subscribed capital, or 30 percent of paid up share capital and free reserve, whichever is less.
- 6) Act as agent of the Capital government, State government, IDBI, IFCI or any other financial institution in the matter of grant of loan or business of IDBI, IFCI or financial institution.
- 7) Providing technical and administrative assistance to any industrial concern or any person for the promotion, management or expansion of any industry.
- 8) Planning and assisting in the promotion and development of industries.

VIII. Tourism Finance Corporation of India (TFCI)

The Tourism Finance Corporation of India (TFCI) was born as a result of the Government of India's decision, in 1987, to promote a separate all-India financial institution for providing financial assistance to tourism-related activities/projects. It was incorporated as a public limited company under the Companies Act, 1956 on 27 January, 1989 and became operational with effect from 1 February, 1989. It is a specialized all-India development financial institution to cater to the needs to the needs of the tourism industry.





Functions

- i) TFCI provides financial assistance to enterprises for setting up or the development of tourism-related projects, facilities and services such as hotels, restaurants, holiday resorts, amusement parks, entertainment centres, education and sports, rope ways, cultural centres, convention halls, transport, travel and tour operating agencies, air services, tourism emporia and sports facilities.
- ii) It also provides advisory and merchant banking services in this field.
- iii) The projects with a capital cost of ₹ 1 crore or above are generally eligible for assistance from TFCI. Smaller projects would also be considered.
- iv) TFCI has sanctioned assistance to 2003 projects aggregating to ₹ 5.2 billion during the last five years, resulting in more than 12,217 hotel rooms and direct employment to 22,938 people.

IX. State Industrial Development Corporation (SIDCs)

Incorporated under the Companies Act 1956 SIDCs were setup in different states as wholly owned companies for promoting industrial development in their respective states. The main functions of SIDCs are as follows:

- Providing term finance to all small, medium, and large industrial enterprises set up in the state,
- Underwriting and directly subscribing to shares, and debentures of industrial enterprises being set up in the state,
- Preparing feasibility studies, conducting market surveys and motivating private entrepreneurs to set up their industrial ventures in the state;
- Collaborating with private entrepreneurs to set up industrial ventures in joint and assisted sector.
- Implementing IDBI's scheme of seed capital in the state.

Finance can be procured, just like any other resource, against a cost. Procurement of finance involves risk and formalities to comply with. Entrepreneurs need a careful attitude, to sensibly make a choice of sources to generate funds. No one source can be deemed to be the best source. Thus, it is always advisable to select a combination of sources so that both cost and risk can be kept at lowest.

SUMMARY

- *The role of transforming financial resources from the surplus units to the deficit units is referred as 'financial intermediation'*
- *The place where the demand for and the supply of short term funds meet is called as money market*
- *A capital market may be defined as an organized mechanism meant for effective and smooth transfer of money capital or financial resources from the inventory to the entrepreneur*



- Financial markets can be for initial issue and further issue
- Entrepreneurship may find it difficult to go for equity financing since the goodwill is not yet built up in the market
- Compliance with the SEBI guidelines is to be done for the investor protection
- Stock exchange is an investment intermediary & facilitate eco & industrial development of a country
- Stock exchange performs a number of functions in respect of marketability of different types of securities for investors and borrowing companies
- Securities and Exchange Board of India (SEBI) was established as a supervising and regulatory body to curb certain malpractices and to promote the securities markets in India
- Angel investors: They fill the gap in start up between family and friends and venture capitalists.
- Venture capital is a type of private equity capital provided as seed funding to early stage, high potential, high risk, growth up companies/entrepreneurs who lack the necessary experience and funds to give shape to their ideas.

Specialised Financial Institutions

National Level

1. Industrial Development Bank of India (IDBI) – established in 1964
2. Small Industries Development Bank of India (SIDBI) – established in 1990
3. Industrial Finance Corporation of India (IFCI) – established in 1948
4. Investment Credit and Investment Corporation of India (ICICI) – established in 1955
5. National Bank for Agriculture and Rural Development (NABARD) – established in 1982
6. Industrial Investment Bank of India (IIBI) – established in 1971

State Level

1. State Finance Corporations (SFC) – established in 1951
2. Tourism Finance Corporation of India (TFCI) – established in 1989
3. State Industrial Development Corporation (SIDC) – established in 1956

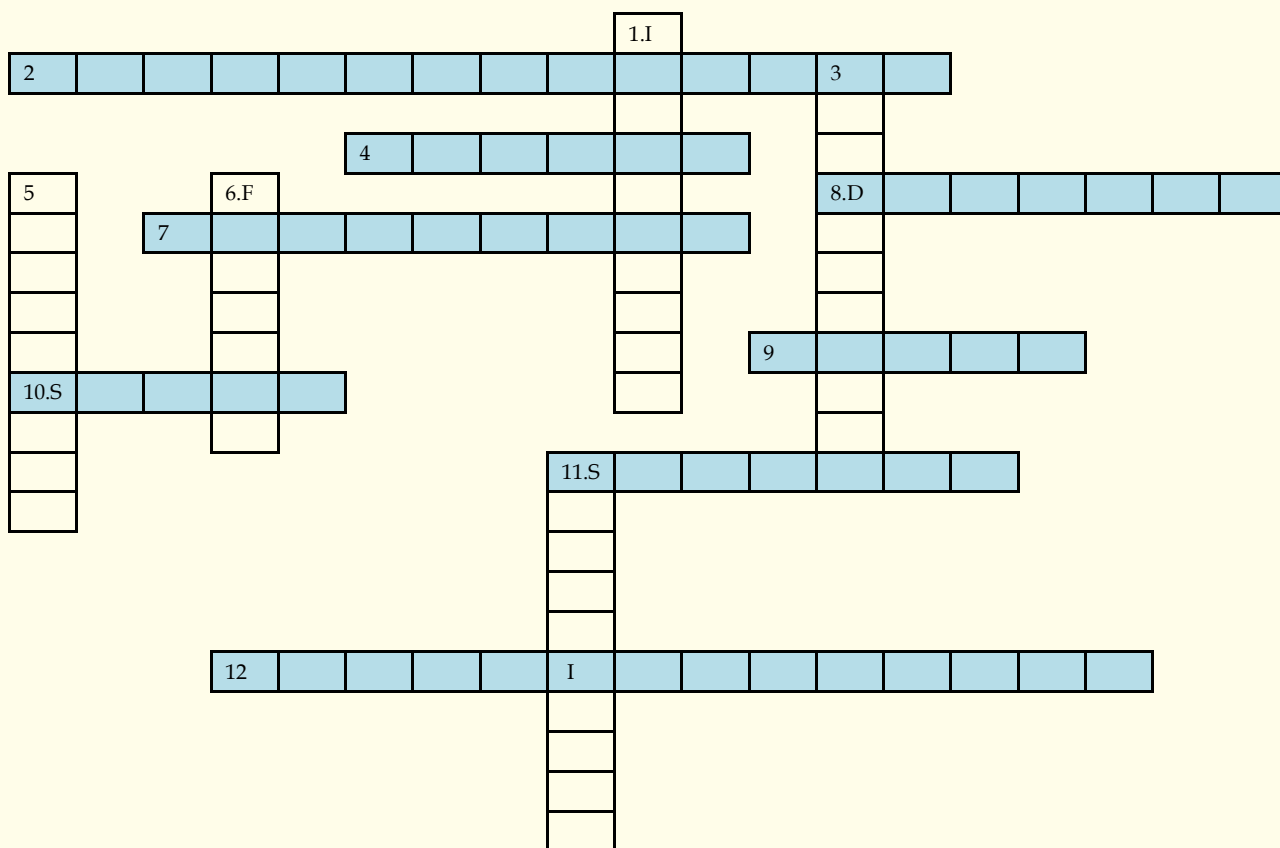
“The most valuable thing you can make is a mistake you can’t learn anything from being perfect.”

- Adam Osborne





REVIEW CROSSWORD PUZZLE



Across:

2. The costs that a company incurs when it makes a new issue of either stocks or bonds.
4. An individual or party that arranges transactions between a buyer and a seller for a commission when the deal is executed.
7. A measure of the ability of a debtor to pay their debts as and when they fall due.
8. An excess of expenditures over revenue.
9. An Index computed from performance of top stocks from different sectors listed on NSE.
10. It constitutes the equity stake of its owners.
11. Excess of revenue over expenditure
12. Affluent individual who provides capital for a Business start-ups and early stage companies using a high-risk, high-return matrix usually in exchange for convertible debt or ownership equity.

Down:

1. Something that motivates an individual to perform an action
3. The initial capital used to start a business
5. The action of becoming larger or more extensive.
6. The science of money management
11. A form of ownership that can be easily traded on a secondary market.



LET'S REVISE

Section-A: Finance

Q.1. Answer each of these questions in about fifteen words:

- What do you understand by finance?
- Give the significance of finance in an enterprise.
- Name the most important pre-requisite to start an enterprise.
- State the most important factors for the survival of any business enterprise.
- State how sources can broadly be classified into 2 major categories.
- What do you understand by internal sources of finance?
- How will you differentiate between financial market with other market? Give one difference.
- 'Production', 'Marketing', and Financing' – deemed as the most important factors for any business's survival rates. Among these name the most critical element and why?

Q.2. Answer each of these questions in about fifty words:

- Which sources provide the supply for long-term funds?
- Name the sources of demand for capital comes from.
- Entrepreneur can use the capital raised for a variety of purposes, what are they?
- How can an entrepreneur, raises funds by selling the issue mainly to the institutional investors?
- How stock options lead to enable employees to become shareholders and share the profits of the company?

Q.3. Answer each of these questions in about two hundred and fifty words:

- Explain some important sources of raising finance in business.

Section-B: Financial Markets

Q.1. Answer each of these questions in about fifteen words:

- Define capital market.
- Name the two players in the capital market.
- Identify the reward IPO investors seek as an appreciation of their investment.
- Identify the method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis.
- What do you understand by pro-rata allotment of securities?
- What is Right Issue?
- When the right issue are proposed to the existing shareholders and if they are not ready to subscribe what is the next step taken by an entrepreneur?
- Why right issue method of issuing securities is considered to be inexpensive?





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- i) What do you understand by private placement?
- j) What is meant by Stock options or offering shares to the employees?
- k) Name the method which enables employees to become shareholders and share the profits of the company.
- l) What is a secondary market?
- m) What is the need of secondary market?
- n) In what forms company can raise capital through primary market?

Q.2. Answer each of these questions in about fifty words:

- a) For what purpose is finance required right from the very beginning i.e. conceiving an idea?
- b) What is the need of finance?
- c) An entrepreneur is a person who bears the risks, unites various factors of production and carries out a creative innovation, and for doing all these, what is the basic requirement to be reached to this extent.
- d) State some mushrooming sources of raising finance in the business.

Q.3. Answer each of these questions in about one hundred and fifty words:

- a) State the nature of money market. Who are the major participants in the money market?
- b) Explain how Capital markets are the most important source of raising finance for an entrepreneur.
- c) What do you understand by capital market? How can the capital market in India be broadly classified into different categories?
- d) Write down the sectors of organized and un-organized market?
- e) What is meant by primary market? Briefly explain the concept of 'Right Issue for existing companies'?

Q.4. Answer each of these questions in about two hundred and fifty words:

- a) "An entrepreneur can raise the required capital in the primary market ". Explain the various methods of raising the funds in the primary market by an entrepreneur.
- b) When an entrepreneur decides to go public and become a public company, he/she tends to be in advantageous positions and get many benefit out of it . Explain the benefits
- c) While there are benefits to going public, at the same time additional obligations and reporting requirements on the companies and its directors means disadvantages too what are they? Explain.

Q.5. HOTS: (High Order Thinking Skills)

- a) Why primary market is also known as new issue market? Give one reason.



Section-C: Stock Exchange

Q.1. Answer each of these questions in about fifteen words:

- What are the responsibilities of governing body?
- Name the stock exchanges where most of the stock trading in India is done.
- What is a secondary capital market?

Q.2. Answer each of these questions in about fifty words:

- What is the alternate name of stock used by different people?

Q.3. Answer each of these questions in about one hundred and fifty words:

- Explain the importance of Stock Exchange from the viewpoint of companies.
- Explain the importance of Stock Exchange from the viewpoint of investors.
- Explain the importance of Stock Exchange from the viewpoint of society.
- Rahil (Finance) and Anushk (HR) are doing MBA (IIM Indore). While reading the newspaper Anushk saw the heading 'Sensex goes up. But last week the heading was different that 'Sensex goes down. , now some confusion was going on his mind, immediately he asked his Friend Rahil the same? Now according to you how Rahil will clear the confusion of Anushk? Explain and give some value points

Q.4. Answer each of these questions in about two hundred and fifty words:

- Write down the features of stock exchanges.
- Explain the functions of stock exchange.

Q.5. HOTS: (High Order Thinking Skills)

- Stock exchange performs a number of functions in respect of marketability of different types of securities for investors and borrowing companies. Explain the important functions of stock exchanges.

Section-D: SEBI & Others

Q.1. Answer each of these questions in about fifteen words:

- What do you mean by stock exchange?
- What is SEBI?
- State three functions of SEBI rolled into one body.
- "Humorously, they were once given the acronym FFF for Angel Investors ". What is FFF stands for.
- What do you understand by angel investors?

Q.2. Answer each of these questions in about fifty words:

- What is SEBI and what is its role?
- Who manages SEBI?





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- c) Explain briefly the three functions of SEBI rolled into one body.
- d) What do you understand by venture capital?
- e) Enlist several categories of financing possibilities in which smaller ventures sometimes rely on.
- f) Why are Venture capitalists typically very selective in deciding while doing the investment?

Q.3. Answer each of these questions in about one hundred and fifty words:

- a) Explain the powers SEBI has been vested with for discharging of its functions efficiently.
- b) What are the features of venture capital finance?
- c) When can an entrepreneur seek venture capital financing?

Q.4. Answer each of these questions in about two hundred and fifty words:

- a) Explain the characteristics of angel investors.

Q.5. HOTS: (High Order Thinking Skills)

- a) Why it is said that "A venture capitalists investments are illiquid". Give reason.

Section-E: Specialised Financial Institutions

Q.1. Answer each of these questions in about fifteen words:

- a) What is the role of Specialized Financial Institutions in India?
- b) Enumerate the types of Specialised Financial Institutions from where entrepreneur can access capital according to their need and requirements.
- c) When was SIDBI established?

Q.2. Answer each of these questions in about fifty words:

- a) Explain the need and importance of Specialized Financial Institutions in India?
- b) Explain the objectives and functions of SIDC.
- b) Write the full form of & when it was established.
 - i) SIDC ii) TFCI
 - iii) SFC's iv) NABARD
 - v) IFCI vi) IDBI
 - vii) ICICI

Q.3. Answer each of these questions in about one hundred and fifty words:

- a) Apoorva wants to start a new business near to her locality, for which she requires capital.



State different types of national level and state level financial institutions from where Apoorva can access capital according to her needs and requirements.

- b) Write down the objectives of IDBI.
- c) Write an explanatory note on the financing schemes of state level financial institutions and their importance in promotion of an entrepreneur in India.
- d) Write a short note on IIBI.
- e) Describe the form of assistance provided by SIDBI to the industrial concern.

Q.4. Answer each of these questions in about two hundred and fifty words:

- a) Explain the main objectives and functions of ICICI.
- b) Explain in detail objectives and three important Primary functions of NABARD.

Q.5. HOTS: (High Order Thinking Skills)

- a) TFCI is playing vital role in the development of entrepreneurship in modern economy". Comment.
- b) Hari is an entrepreneur who wants to start an amusement park in Indore. He knows that she needs a huge amount of initial capital. According to you which of the financial institution will be more suitable to him? Suggest and Explain why?
- c) Assuming that you wish to start a small scale industry for manufacturing and selling detergent powder, discuss how would you seek support of financial institutions.
- d) Discuss the advantages and disadvantages of financial institutions for an entrepreneur.
- e) Distinguish between ICICI and SIDBI.
- f) How NABARD is different from TFCI.
- g) Company A goes for public issue of 10,000 shares @₹ 10 each. Application were received for only 5,000 shares. Can the company proceed with the process of issuing shares.

Value Based Question

- Q1. Harish is working as the chief accountant in ABC infrastructure Ltd. He came to know that the company is planning to announce an interim dividend. He purchased 2000 shares of the Co. at the market price of ₹ 215 with the expectation of an appreciation in the market price. When the price increased to ₹ 537 he sold his holdings & made a handsome profit. Name the related concept which social values have been affected here?
- Q2. By offering shares to its employers what values are promoted by a company
- Q3. Mr. B the financial Manager of ABC Company purchases 100 shares of the Company just before the rights issue was announced. Is the behaviour of the manager ethical? What would you do as a legal advisor of the company.





Suggested Activities:

1. Role play

A group of students can represent an entrepreneurial venture & another group individual should represent venture capitalists.

The entrepreneurs have to present a business idea to seek funds

2. Prepare a fictitious prospectus for an IPO. You have to think of the business, promoters, future projects, investments initiated.
3. Find out 5 entrepreneurial ventures which have received financial assistance from IDBI.
4. Find out from an existing entrepreneur the problems faced by her/him while seeking finance.
5. Visit IFCI & enlist its major activities.



SOLUTIONS TO CROSSWORD PUZZLES

Unit-1: Entrepreneurial Opportunity

Across:

1. Customer
3. Entrepreneur
6. Opportunity
9. Change
12. Innovation
13. Economic
14. Vision

Down:

1. Creativity
8. Skill
9. Competition
10. Product
4. Resources
5. Funds
7. Profit
11. Capital

Unit-2: Entrepreneurial Planning

Across:

1. Sole proprietor
4. Balance sheet
3. Co-operative society
5. Excise duty
6. Business plan
8. Limited Liability
11. Man power
13. Customer duty
14. Shipping

Down:

2. Partnership
4. Breakeven
7. Cash flow
9. Collateral
10. Utility
12. Routing

Unit-3: Entrepreneurial Marketing

Across:

1. Quality
3. Negotiation
4. Labelling
9. Stakeholder
10. Radio
12. Skimming
13. Goal
14. Tagline
16. Customer relation

Down:

2. Trademark
5. Brand
6. Goodwill
7. Advertising
8. Packaging
11. Online
15. Logo

Unit-4: Enterprise Growth Strategies

Across:

2. Acquisition
3. Culture
4. Logistic
6. Merger
8. Franchisor
9. Infrastructure
10. Synergy

Down:

1. Franchise
4. Leadership
5. Collaboration
7. Expansion
11. Conglomerate
12. Leverage

Unit-5: Business Arithmetic

Across:

1. Unit price
3. Gross profit
5. Amortization
6. Return on investment
8. Depreciation
9. Working capital
10. Lead time
11. Cash flow
12. Creditor

Down:

1. Budget
4. Sales budget
7. Variable cost

Unit-6: Resource Mobilization

Across:

2. Flotation cost
4. Broker
7. Liquidity
8. Deficit
9. Nifty
10. Stock
11. Surplus
12. Angel investors

Down:

1. Incentives
3. Seed capital
5. Expansion
6. Finance
11. Securities





APPENDIX

Guidelines for Practical Examination

The main objective of the course in Entrepreneurship is to generate among students the initiative, creativity, self-reliance and enthusiasm so as to empower them to become entrepreneurs, both in spirit and performance. A number of skills such as observation, evaluation, communication, resource mobilization and management, risk assessment, teams building etc. are also to be developed in the students. Leadership qualities, sensitivity to business ethics and adherence to a positive value system are the core disciplines that the course highlights while presenting different concepts related to entrepreneurship.

Such a course should necessarily have a strong experiential component in the form of practical work. The objectives of the practical work are:

- To introduce the world of business by developing core skills and competencies required for an entrepreneur.
- To develop qualities such as leadership, confidence, initiative, facing uncertainties, commitment, creativity, people and team building, integrity and reliability.
- To enable the acquisition of skills and knowledge needed for conducting surveys, collecting, recording and interpreting data, and preparing simple estimates of demand for products and services.
- To enable students to prepare a Project Report.

To equip students with the knowledge and skills needed to plan and manage an enterprise through case studies, conducted and recorded by the students in different fields such as resource assessment, market dynamics, finance management, cost determination, calculation of profit and loss etc.

- To instill important values and entrepreneurial discipline.

Project Details

Students will have to fulfill the following as a part of the project work:

I. Market survey (options given)	10 marks
II. Business plan	10 marks
III. External practical written paper	5 marks
IV. External viva	5 marks
	<hr/>
	30 marks

I. Market Survey

Students will have to conduct the survey in any one of the below mentioned topics and follow the guidelines:

- Conduct a simple market research with the objective of estimating demand for an existing product in the market. Students will have to give an innovative suggestion to the product.
- Conduct a survey for a new innovative product.
- Conduct a survey for study on
 - Smoking habits



- b) Skill Trading Option in an economic backward neighborhood
- c) Wearing Helmets
- d) Attitudes of Road Users
- e) Conservation of Electricity
- f) Rainwater Harvesting

Guidelines for Survey No. A

Students will have to find out the demand for any one of given in the boxes:

Mosquito repellent cream	Towels	Powder	Papad
Milk	Wall clock	Ghee	Salt
Curds	Organic dals	Mineral water	Basmati rice
Ball	Umbrella	Dry fruits	Fitness equipment
Car tyres	Mattress	Hand blender	Frozen food
Bed sheets	Keyboard	Cookies	Tiles
Crayons	Lip balm	Cooking oil	Curtain materials
Educational Toys	Hair color	Plastic chairs	Microwave oven
Bathroom fittings	Non-stick cookware	Sweets	Toaster
Geyser	Cooker	Candy	
Water dispenser	Craft glue	Pickle	

- Students can also select any other product.
- An innovative idea regarding the product must be suggested by the student.
- The product, along with the innovation may be discussed in class and finalized.
- Avoid products whose use is discouraged/banned by the society and government like alcohol/pan masala, tobacco products, etc.

Identify one product from the given box which you like to manufacture [pre-assumption]. Now, make a project on the identified product, keeping in mind the following:

1. Think of an innovation in the selected product, (innovation could be in product content, feature, design, packaging, distribution, strategy, service etc.)
2. Test the feasibility of this innovation via market analysis, using an objective questionnaire.
3. Competition analysis (2-3 existing brands in the same category).
4. Questionnaire analysis
5. Recommendation to the company (For example, if you have chosen hair oil and if you want to find out the demand for Dabur Vatika then please give suggestions to the company as to how they can improve their product)

Two examples have been provided for students as to how questionnaires have to be framed and analysis to be done.





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Market Survey on Hair Oil

Purpose of survey: To collect primary data for the preparation of class XII Entrepreneurship market survey report, the product being researched is "Hair oil". The idea of attaching a vibrating scalp massager to the hair oil bottle is also being researched here.

General instruction

1. Filling personal details is optional.
2. All the questions are compulsory.
3. Only one alternative option to be chosen other than the places specified.
4. Answer by ticking of the most appropriate option.

Disclaimer: All information provided will be treated as confidential.

Personal details

Name _____ Age _____

Occupation _____ Email _____

Q1. Do you use hair oil?

☐ Yes

☐ No

Q2. Which brand of hair oil do you use?

☐ Keokarpin

☐ Daburamla

☐ Bajaj almond drops

☐ Mustard oil

☐ Olive oil

☐ Coconut oil

any other please specify _____

Q3. Are you satisfied with the hair oil you are using?

☐ Yes

☐ No

Q4. How frequently do you oil your hair?

☐ Daily

☐ 2-3 times per week

☐ Once a week

☐ Once a month

Q5. When do you apply oil on your hair?

☐ 10 hour before shampooing

☐ 3-6 hours before shampooing

☐ Overnight

Q6. What motivated you to buy this hair oil?

☐ Price

☐ Brand image

☐ Quality

☐ Any other please specify

Q7. Which informative source influences your decision to buy this hair oil?

☐ Family recommendation

☐ Beauty clinics

☐ Friends

☐ Advertisements

Q8. Which pack size do you prefer the most?

☐ 50 ml

☐ 100 ml

☐ 150 ml

☐ 200 ml

☐ 300 ml

☐ Any other please specify

Q9. According to you, what would be the reason for oiling hair regularly?

☐ to make it strong

☐ to improve hair luster

☐ to control hair fall

☐ to prevent dryness and dandruff

☐ to have long hair

☐ all the above

Q10. Will you prefer to buy a hair oil attached to a vibrating scalp massager and when you tilt the bottle on to bottle of head not only will the oil ooze out but your scalp will also get massaged, thus leaving you with clean hands even after using oil?

☐ Yes

☐ No

Thank you for your co-operation and precious time.

(As you can see in this questionnaire, the first question asks whether the person uses hair oil or not. In case more respondents say that they do not use hair oil, then the student has to change the product. The last question caters to the innovation associated with the product).



Market Survey

Product: Washing Detergent

Purpose of the survey: To collect primary data for preparation of Class-XII Entrepreneurship Market Survey Report. Feasibility of a newly innovated stain removing detergent patch is also being studied.

General instructions:

1. Filling personal details is optional.
2. All questions are mandatory.
3. Choose only one response.
4. Respond by ticking (✓) the most appropriate option.

Disclaimer: All responses will be treated as confidential and used for academic purpose only.

Personal Details

Name: _____ Age: _____

Gender: ☐ Male ☐ Female

Occupation _____ Email: _____

Questionnaire

1. How do you wash your clothes?
☐ Hand Wash ☐ Washing Machine
☐ Laundry ☐ Both hand wash and washing machine
2. Which washing machine detergent are you using now?
☐ Ariel ☐ Surf Excel
☐ Tide ☐ Rin
☐ Others _____
3. Which hand wash detergent powder are you using now?
☐ Ariel ☐ Surf Excel
☐ Tide ☐ Rin
☐ Others _____





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4. What motivated you to buy this washing detergent?

☐ Price

☐ Quality

☐ Brand Image

☐ Any Others _____

5. From where did you come to know about your detergent?

☐ Friends

☐ Family

☐ Retailers

☐ Advertisements

6. Do promotional schemes (For example, Buy 1 get 1 free) influence you in buying the product?

☐ Yes

☐ No

7. Does your washing machine detergent remove stains from your clothes the very first time itself?

☐ Yes

☐ No

8. Have you faced difficulty in removing stains from clothes during the wash?

☐ Yes

☐ No

9. Do you think that stain can be removed only washing by hand?

☐ Yes

☐ No

10. Will you buy a new detergent patch (like band aid), which when put on stains on the clothes, will remove them immediately?

☐ Yes

☐ No



Stains on clothes



Examples for questionnaire analysis / suggested solutions:

Q1. How do you wash your clothes?

The questionnaire was surveyed from 50 respondents to know which method of washing clothes they prefer the most. Out of 50 respondents, 20 prefer using the washing machine whereas 10 respondents prefer to washing clothes by hand, 15 respondents wash their clothes both by hand and washing machine and only 5 respondents like to give their clothes to the laundryman. So, we can conclude by saying that maximum number of women likes to wash their clothes with the help of washing machine on the other hand very few women likes to give their clothes to laundryman for washing.

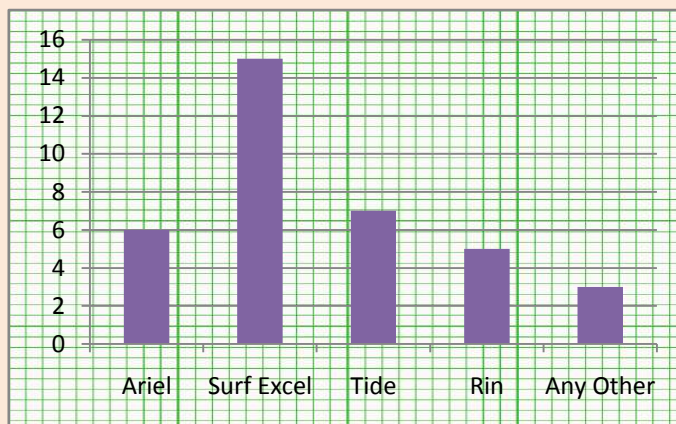


Preference of ways of washing clothes

Q2. Which washing machine detergent you are using now?

According to the survey conducted 35 women wash their clothes with the help of washing machine. Surf Excel is the detergent which is preferred most by 15 respondents. Tide is the next detergent which is preferred by 7 respondents whereas, Ariel and Rin are used by 6 and 4 respondents respectively.

So, we can conclude that Surf Excel washing machine detergent has the greatest demand in the market whereas Tide and Ariel are gaining demand among customers. There were a few more detergents like Asset, Amway etc. which are used by very few respondents.



Preference of washing machine detergent

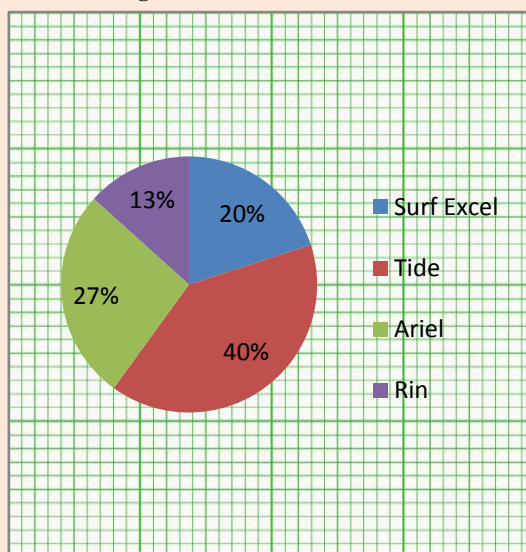




Q3. Which hand wash detergent are you using now?

As per the bar diagram alongside 15 respondents wash their clothes by hand. Tide is the detergent which is preferred most by 6 respondents whereas Ariel, Surf Excel and Rin are used by 4, 3, and 2 respondents respectively.

Tide is the detergent which has a great demand among the respondents who wash clothes by hand. As it provides good quality at a reasonable price. Whereas Ariel, Surf Excel and Rin have to improve in order to gain market demand.

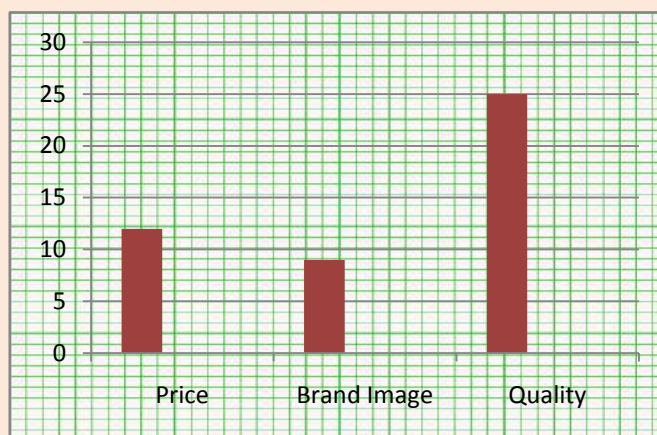


Preference of hand wash detergent

Q4. What motivated you to buy this washing detergent?

On the basis of the survey, the maximum numbers of respondents are motivated to buy a washing detergent because of the quality of detergent, 25 respondents look at quality whereas 12 and 8 respondents focus on price and brand image of the detergent, respectively.

So, we conclude that quality is the most important factor in selecting a detergent followed by brand image and price.



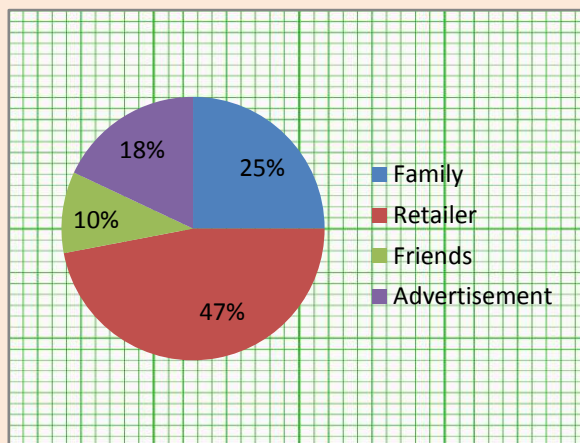
Factor motivating to buy the product



Q5. From where did you come to know about your detergent?

According to the survey, 47% of the 50 respondents came to know about the detergent from TV advertisements, whereas 12 and 4 respondents came to know about it from family and friends, respectively. 9 respondents came to know about their detergents from retailers.

As the maximum number of respondents got to know about their detergent from advertisements, this shows us how effective TV advertisements are as a means of promoting brands.



Source of information

Q6. Do promotional schemes (For example, Buy 1 get 2 free) influence you in buying the product?

As depicted in the bar diagram, maximum number of respondents i.e. 39 out of 45 respondents are influenced by the promotional schemes like buy 1 get 1 free, whereas 6 respondents are not influenced by such promotional schemes.

So we conclude say that promotional schemes play a major role in influencing customers buying the product.



Effect of promotional schemes





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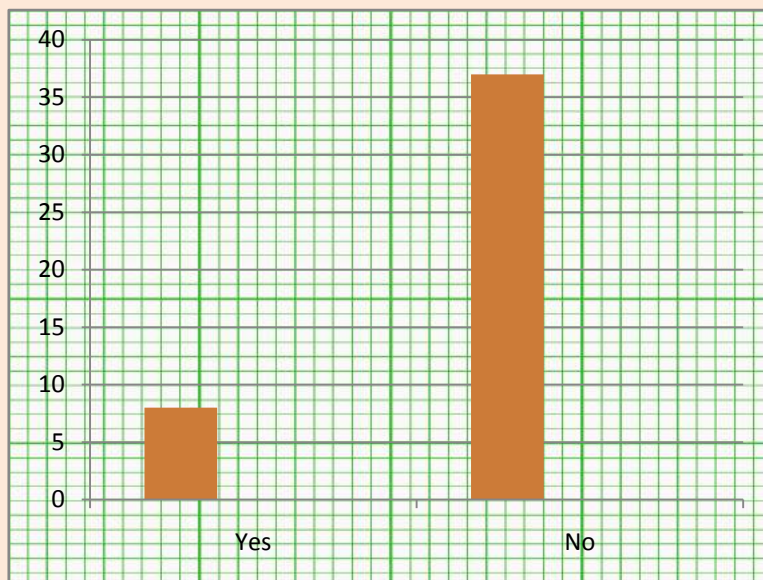
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Q7. Does your washing machine detergent remove stains from clothes after the very first use?

According to the survey, 37 respondents say that their washing machine detergent does not remove the stain from their clothes the very first time, whereas 8 insist that their washing machine detergent removes stains from their clothes the very first use.

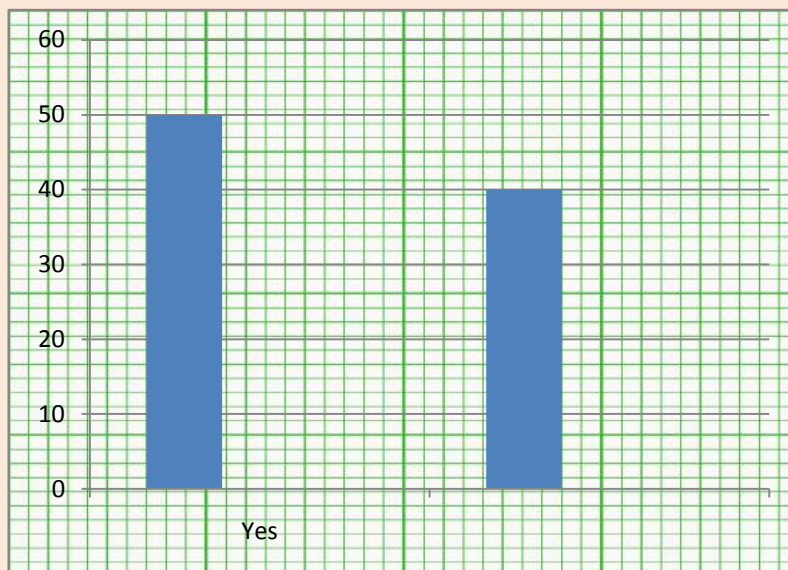
From this we infer that the maximum number of respondents face difficulties while removing stains from clothes.



Q8. Have you faced any difficulty in removing stains from your clothes while washing by hand?

According to the survey, 40 respondents face difficulty while washing by hand, whereas 5 respondents did not face any problem.

The maximum number of respondents face difficulty. If a new detergent patch is introduced which will remove stains people may accept that product.

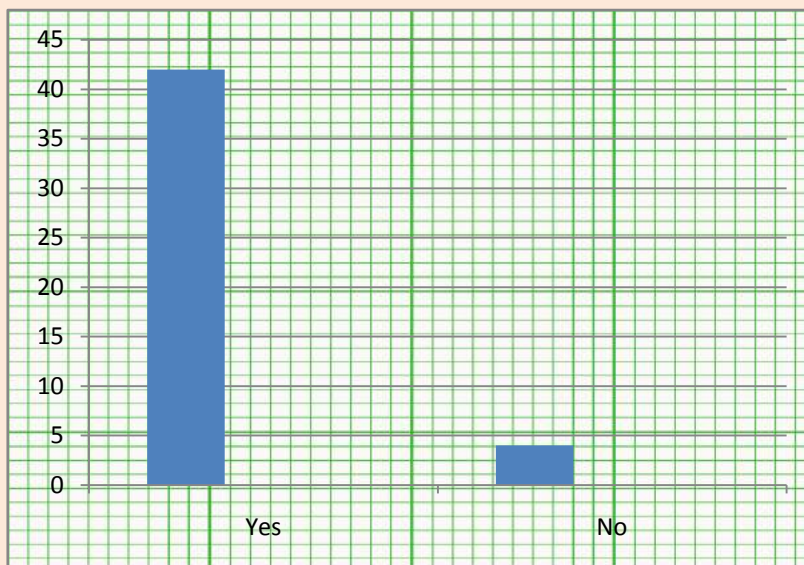




Q9. Do you feel that stains can be removed only washing by hand?

According to the survey, 42 respondents believe that the stains can be removed only washing by hand, whereas 3 believe that the stain cannot be removed by washing by hand.

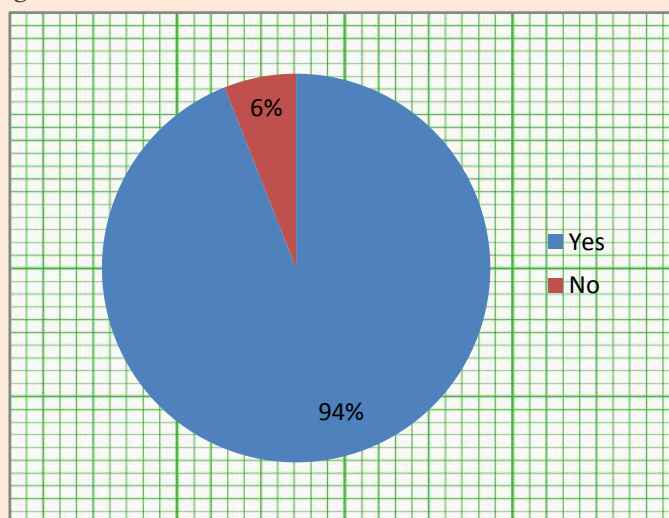
Can stains be removed only washing by hand?



Q10. Will you buy a new detergent patch (like band aid) which can be put on a stained portion of the cloth, to remove the stain immediately?

On the basis of survey, 43 respondents agree to use the new detergent patch which when put on a stained portion of cloth, will remove that stain immediately. On the other hand, 2 respondents did not accept the new detergent patch.

From this we conclude that if the product, the washing detergent patch, when introduced in the market will have a good demand.



Preference of new detergent patch



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Guidelines for Survey no. B

Students can choose any new innovative product which does not exist in the market as of now, and find out the demand for that product.

1. Test the feasibility of this innovation via market analysis, using objective questionnaire as a tool.
2. Questionnaire analysis: Frame all the 4 P's of marketing:
 - i) Product
 - a) Features
 - b) Design
 - c) Brand name
 - d) Logo – tagline
 - e) Package
 - f) Label
 - ii) Price
 - a) Pricing strategy
 - b) Price to retailers, wholesalers
 - c) Price for different segments
 - iii) Place
 - a) Transportation
 - b) Warehousing
 - c) Distribution strategy
 - d) Channel
 - iv) Promotion
 - a) Techniques
 - b) Strategy
 - c) Design at least 5 advertisings using different mediums
3. Social responsibility/message



Market Survey Product: Printer

Purpose of the survey: To collect primary data for the preparation for Class-XII Entrepreneurship project on Market Survey. The product being researched is a printer. Feasibility of a newly innovated pencil printer for home use by students, is also being studied.

General instructions:

1. Filling personal details is optional.
2. All questions are mandatory.
3. Only one answer has to be chosen, unless specified otherwise.
4. Answer by ticking (✓) the most appropriate option.

Disclaimer: All information provided will be kept confidential and used for academic purpose only.

Personal Details

Name: _____ Age: _____

Gender: ☐ Male ☐ Female

Occupation _____ Email: _____

Questionnaire

1. Which brand of printer do you own?
☐ HP ☐ Dell ☐ Epson ☐ Lenovo ☐ Any other _____
2. What type of printer do you own?
☐ LaserJet ☐ Inkjet ☐ All-in-one printer (scanner, fax, printer)
3. Which printer do you prefer?
☐ Colour ☐ Black and White ☐ Both
4. For what do you use the printer?
☐ Printing pictures ☐ Printing assignments ☐ Printing documents
5. How many pages do you print in a month?
☐ 5-10 pages ☐ 10-20 pages ☐ 20-30 pages ☐ 50 and above
6. Who influenced you at home to buy the current printer?
☐ Own decision ☐ Family ☐ Friends ☐ Printer retailers ☐ Others
7. From where did you purchase it?
☐ Company showroom ☐ Online purchase ☐ Friends/relatives (second hand)
☐ Department store, like Croma etc. ☐ Abroad (specify where) _____
8. The price range of your printer is.
☐ ₹ 5000-10000 ☐ ₹ 10000-15000 ☐ ₹ 15000-20000 ☐ ₹ 20000 and above





9. What is most important feature of your current printer?
- ☐ Wi-fi connectivity ☐ Compatible with all types of computers
- ☐ Quality of printout ☐ Scanner, fax and photocopy features.
- Any other _____

10. What features do you consider while purchasing a printer?

	Most important	Somewhat important	Not important
Brand name			
Quality			
Price			
Size			
Speed			
Style/ design			
Durability			
Guarantee			
Warranty			
After sales service			
Accessories			

11. Which new feature would you like in your (next) new printer? (tick if more than one is required)
- ☐ Speed ☐ Quality of print ☐ Wireless ☐ Light weight ☐ Ink free
- ☐ Eco friendly (uses pencil for printing)
12. Do you face any problem in refilling the toner/frequent purchasing of toner/jamming of ink because of not using the printer for a long time?
- ☐ Yes ☐ No
13. Would you buy a printer which uses lead pencils for printing black and white prints and colour pencils for colour printouts?
- ☐ Yes ☐ No



Thank you for your co-operation and precious time.



Guidelines for Survey no. C

Students can choose any one of the given topics (mentioned on page 1) or any other topic suggested by the teacher which is of social relevance.

1. A questionnaire must be framed
2. Analysis for the questionnaire should be done
3. Solutions for the social problem to be given.

Outreach Programme: Survey Format for Parents

Name _____

Age _____ Tel. No. _____ Income _____

Occupation: Business/Profession/Service

1. No. of children.
a) One b) Two c) Three
2. Which two wheeler have you given to your child?
a) Scooty b) Scooter c) Bike d) Cycle
3. Which brand?
4. When did you get the vehicle for your child?
a) 14 yrs b) 15 yrs c) 16 yrs d) 17 yrs e) 18 yrs
5. What was the reason for getting him the vehicle?
a) School transport b) Evening transport c) reward
6. How did your ward convince you?
a) Emotionally b) Good result c) Birthday gift d) Any other
7. Any mishaps? Extent:
8. Does your ward wear a helmet?
a) Always b) At times c) rarely
9. Did your ward go through any formal training?
a) Yes b) No
10. Do you feel that your city needs "Two wheeler" training school?
11. Did your child get his/her license himself/herself?
a) Yes b) No
12. When did your child get his/her license?
a) At 18 years b) After 18 years c) Before 18 years d) Not yet
13. What amount of money you spend monthly for the maintenance of two-wheeler?
a) Less than ₹1000 b) ₹1000-1500 c) ₹1500-2000 d) More than ₹1000
14. Are you happy by giving him/her a two wheeler?
a) Yes b) No





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Format for Presentation of Market Survey Report

1. The project should be done individually.
2. The project should be hand written in white one side ruled sheet or single colored sheets only.
3. Page limit – 20 to 25.
4. The survey report should be original and proper analysis for all questions in the questionnaire should be done.
5. The format for presentation of report which should be arranged in the following sequence:
 - a) External cover page
 - b) Acknowledgement
 - c) Executive summary
 - d) Index
 - e) Introduction to the topic (*Introduction, objectives*)
 - f) Profile of the organization
 - g) Data analysis and interpretation
 - h) Conclusion and recommendation
 - i) Photographs
 - j) Bibliography
 - k) Appendix
 - l) Teacher's observation
 - m) Signature of teacher

a) **Example: Format for external cover page.**

Market Survey Report on Hair Oil	
Under the guidance of: (Name of the teacher)	Submitted by: (Name of the student) Roll No.:
(Logo of the school) (Name and address of the school) Batch 2014-15	

b) **Acknowledgement**

I, (name of the student) do hereby declare that this project is my original work and I would like to thank (name of the teacher) for her wholehearted support and guidance for making it possible to complete this project on time.

I would also like to thank my friends and family members for their kind support and guidance without which this project would not have completed.

(Name and sign of student)



c) **Executive summary**

This should not be more than a page and it contains in a concise form the details about the entire project. Any person who wants to know about the project should be able to understand it once they read the executive summary.

d) **Index**

The entire chapter list should be indicated along with page numbers

e) **Introduction to the topic**

This will be around 1–2 pages having details about the project. For Example, in the above mentioned topic you can write in detail about the reason as to why you have chosen hair oil (in this case) as your product and what do you expect to find out.

Objectives: 1 page (3–4 points)

For example:

- To understand the oil industry as a whole.
- To find out the possibility of marketing a new hair oil product in the market etc.

f) **Profile of the organization/product**

Write in detail about the organization/competitive product or brands that you have chosen. (Page limit for this chapter will depend upon the project).

g) **Data Analysis and interpretation**

A questionnaire should be prepared for the purpose of analysis

Guidelines for preparation of questionnaires:

- i) The number of questions should be a minimum of 8 and maximum 12.
- ii) Either typed or handwritten.
- iii) All questions should be closed ended, except of one open-ended question.
- iv) Minimum number of questionnaires to be filled should be least 20.
- v) Analysis of all the questions to be done.
- vi) Analysis in the form of a pie diagram or bar chart (on a graph sheet).
- vii) Interpretations of the analyses based on the pie diagram/bar chart to be mentioned.

h) **Conclusion and recommendations**

The complete findings of the project is to be presented in this chapter, in point form (2 pages)

i) **Bibliography**

Names of books used and website addresses

j) **Appendix**

Definitions of terms used;

All the filled in questionnaires to be attached here

k) **Market survey proforma**

See attached proforma





Market Survey Evaluation Proforma (For teacher's use)

Student's name: _____

Roll no.: _____

Class: _____

Section: _____

Teacher's assessment

Basis	Maximum marks	Marks obtained
1. Initiative, cooperativeness and participation	2	
2. Creativity in presentation	2	
3. Content, observation and research work	3	
4. Analysis of situations	3	

Overall remarks

.....
Internal teacher's signature

Date.....

.....
External teacher's signature

Date.....

School stamp



Project-II Business Plan (10 Marks)
Outline for the Business Plan Presentation

- 1) Your business idea: (Main product or service)

Product	Services	Trading
Chocolates Soap Detergent powder/liquid soap Sandwiches	Tiffin service Crèche Pet care center	Stationery Flower shop

- 2) Name of your business, its logo and tagline
(Refer to unit 3, Class XII Entrepreneurship Book)
- 3) Are there similar products or services in the market?
- 4) What is your competitive advantage and what is your unique selling proposition (USP)?
- 5) Your marketing plan:
- Your market research plan (Describe your competitor, demand for your product/service – is it available or you think you can create it?)
Talk about atleast 3 competitors if it is an existing product. If it is a new product, then analyse the demand for the product.
 - Your target customers and how will you reach them?
Example: children, teenager, homemaker, working persons etc.
 - Your advertising and promotion ideas
Just mention the tools of promotion mix which you will be using.
 - Packaging (if applicable)
Eco-friendly packaging
 - Distribution (How do you intend reaching your customers?)
Channel of distribution – direct and indirect
 - What does quality mean for your product or service?
ISI, Agmark, FPO etc.
- 6) What is the cost per unit of your product or service? Also, show the computation or explain the logic.
Compute fixed cost – ANY of the following details can be added
- | | |
|------------------------|--------------|
| 1) Consultancy charges | 2) Salary |
| 3) Rent | 4) Insurance |
- Variable cost – Any of the following details can be added*
- | | |
|--------------------|-----------------|
| 1) Packing charges | 2) Raw material |
| 3) Power | 4) Wages |





- ENTREPRENEURSHIP

ENTREPRENEURSHIP

- ENTREPRENEURSHIP



Proforma for evaluation (For teacher's use)

Business plan evaluation proforma

Student's name: _____

Roll no.: _____

Class: _____

Section: _____

Teacher's assessment

Basis	Maximum marks	Marks obtained
1. Product selection and details	1	
2. Profit and loss statement	2	
3. Fixed and variable cost details	2	
4. Start up cost calculation	2	
5. Computation of breakeven point	3	

Overall remarks

Internal teacher's signature

Date.....

External teacher's signature

Date.....

School stamp





III. External Practical Written Paper

Teachers who will be conducting the external practical examination should frame their questions for 5 marks from any one OR a combination of the following topics:

1. Calculation of EOQ
2. Calculation of working capital requirements
3. Calculation of breakeven point
4. Identification and calculation of start-up costs/fixed cost/variable cost

Permission Letter

In an attempt to facilitate better understanding of the subject "Entrepreneurship", CBSE has made it mandatory for the student opting for the subject, to undertake an "Industrial visit/Survey" as a part of the curriculum.

Photo of student

This is to certify thatof class

.....section.....is a bonafide student of

..... and has been permitted within the framework of CBSE to undertake this visit.

Looking forward to your cooperation in making this activity a success and a great learning experience for the student.

Thanking you.

.....
Principal

.....
Teacher Incharge





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Resource Credits

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2. Entrepreneurship
By: Roy (Oxford)
3. Mergers and Acquisitions
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4. Mergers and Acquisitions
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5. Market Your Way To Growth
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9. The Journal of Private Enterprise/What Business Ethics Can Learn from Entrepreneurship
By: Stephen, R. C. Hicks, Rockford College Illinois
10. <http://www.thehindubusinessline.com/features/weekend-life/the-earth-at-this-innovators-feet/article3865588>.
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For images

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Recommended Readings

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2. Women of Vision
By: Alam Srinivas
3. Stay Hungry Stay Foolish
By: Rashmi Bansal



4. Connect The Dots
By: Rashmi Bansal
5. Follow Every Rainbow
By: Rashmi Bansal
6. Everyday Entrepreneur
By: Aruna Bhargava
7. Entrepedia
By: Prof. Nandini Vaidyanathan
8. Entrepreneurship Formulas
By: Ark Sarma
9. The Game Changers
By: Yuvnesh Modi, Rahul Kumar, Alok Kothari
10. The Game Changer
By: A.G. Lafely & Ram Charan





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HOW TO PLAY

- VYRAL is a game based on journey of entrepreneurship, its opportunities and challenges.
- The game can be played between 2-10 people.
- Players need a Dice, buttons (rubber and other small objects) as players on the board.
- Distribute 10 pieces of paper among players as representative money.
- Begin from the START point and reach to the END.
- Roll the dice and move equal number of digits shown on the dice.
- Player gets a second chance if the number 6 is shown on dice.
- Upon reaching the box No. 4 of Idea, write down your idea on a paper.
- Upon reaching the box No. 8, discuss your idea with other players and get their feedback.
- Upon reaching Box No. 15, ask other players if they like your idea and would like to lend some representative money (papers) to your idea.
- If you are crossing Box No. 18, put some representative money (papers) on the board.
- Upon reaching a box with RED virus, follow it downwards to its tail.
- Upon reaching a box with BLUE virus, follow it upwards to its tail.
- Upon reaching the boxes with "Question Mark" like 30, 35, 74, 81; you have a choice to go ahead or wait for another chance. If you decide to go ahead on that Box, you have to submit all your representative money on board.
- One who reaches to the END first, will win all the representative money



ENTREPRENEURSHIP



END

100 Scale-Up	99 Investors Conflict	98 Big Account	97 Investment Deal	96 Negotiations	95 Pitch	94 Royalty Earned on Product License	93 Provide Training	92 Found Resellers	91 IP Conflict
90 Sale	89 Partner Quits	88 Deal Didn't Go Through	87 Project Went Beyond Scope	86 Reward Team	85 News Coverage	84 Create Franchise	83 Plan to Scale Up	82 Payment Dispute	81 Fire Employees to Manage Cost
80 Apply Project Management Best Practices	79 Strengthened Payment Policy	78 Lost to Competition	77 Big Lead	76 Restructure	75 Raised Pre-Seed Fund	74 Give Up to Family Pressure	73 Outsource & Reduce Fixed Cost	72 Unexpected Expenses	71 Business Downtime
70 Taxation	69 Regulatory Filing	68 BREAK EVEN	67 Market Visibility	66 Manage Cash Flow	65 Effectively Managed Relationship	64 Deadline Missed	63 Sale	62 Personal Health Affected	61 Add Value by Saving Time & Money
60 Improve Process	59 Improve Product & Service	58 Unlearn & Learn	57 Lost Focus from Customer	56 Key Employee Quits	55 Customer Service	54 Sale	53 Co-Marketing Agreement	52 Partner for Products or Services	51 Find Common Audience
50 Customer Priority Changed	49 Hire Interns & Employees	48 Market Not Ready to Invest	47 Applied for Incubation	46 Peer Pressure	45 Find Mentors	44 Refocus	43 Lost Focus from Customer	42 Build Relationships	41 Network and Promote in Events
40 Engaged Audience in Groups & Forums	39 Domain Name Infringement	38 Promote on Event Sites	37 Partner For Promotion and Prizes	36 Conceptualize & Promote Through Online Events	35 Accept Job Offer & Give Up	34 Online Press Releases & Classifieds	33 Issues with Product & Service	32 Publish Marketing Collaterals	31 Lag Phase
30 Give Up to Luxuries?	29 Create a Website or Blog	28 Find Places to find Ideal Customers	27 Lost in Comfort Zone	26 First Sale	25 Customer Has No Budget	24 Market & Promote	23 Visualize Ideal Customers	22 Create a Marketing Mix	21 Produce & Test for Quality
20 Arrange Raw Material & Suppliers	19 Build Team: Partner or Hire	18 Take Risk, Invest & Start up	17 Incorporation & Tax Certificate	16 Patents, Copyrights & Trademarks	15 Arrange Finances: Friends & Family	14 Prepare Business Plan	13 Plan Expenses & Consult Auditors	12 Revenue Model & Pricing Research	11 Market Demand, Size & Feasibility
10 Ideal Customers	9 Define Product & Service	8 Feedback & Improvise	7 Prototype	6 Original Solution	5 Research & Innovate	4 Idea	3 Empathize & Discover Self	2 Identify Problem	1 Observe & Scan Environment



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START



Honest

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Novel

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Innovate

Neutralize



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