

**Notes on Stimulation, Support & sustainability**

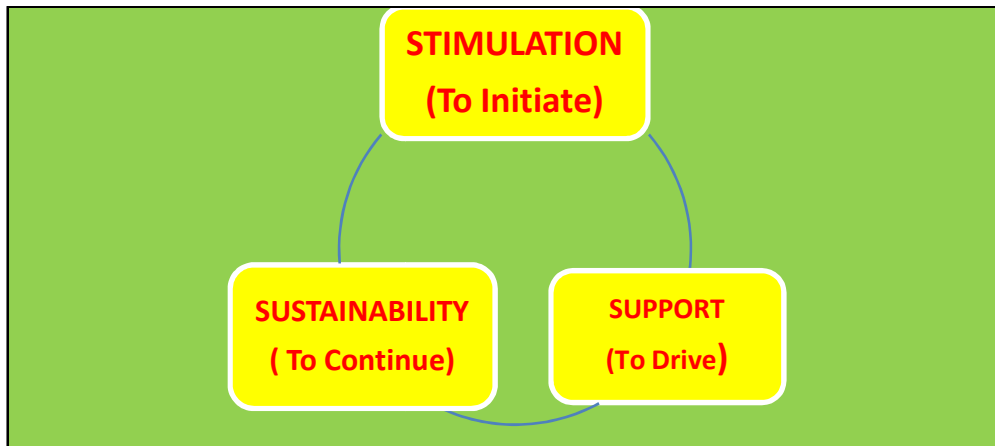
**Subject – Entrepreneurship Development (ED)**

**Chapter – Unit 2**

**For B.COM (Day), Semester – 4<sup>th</sup>**

**Teacher – Pampa Jana**

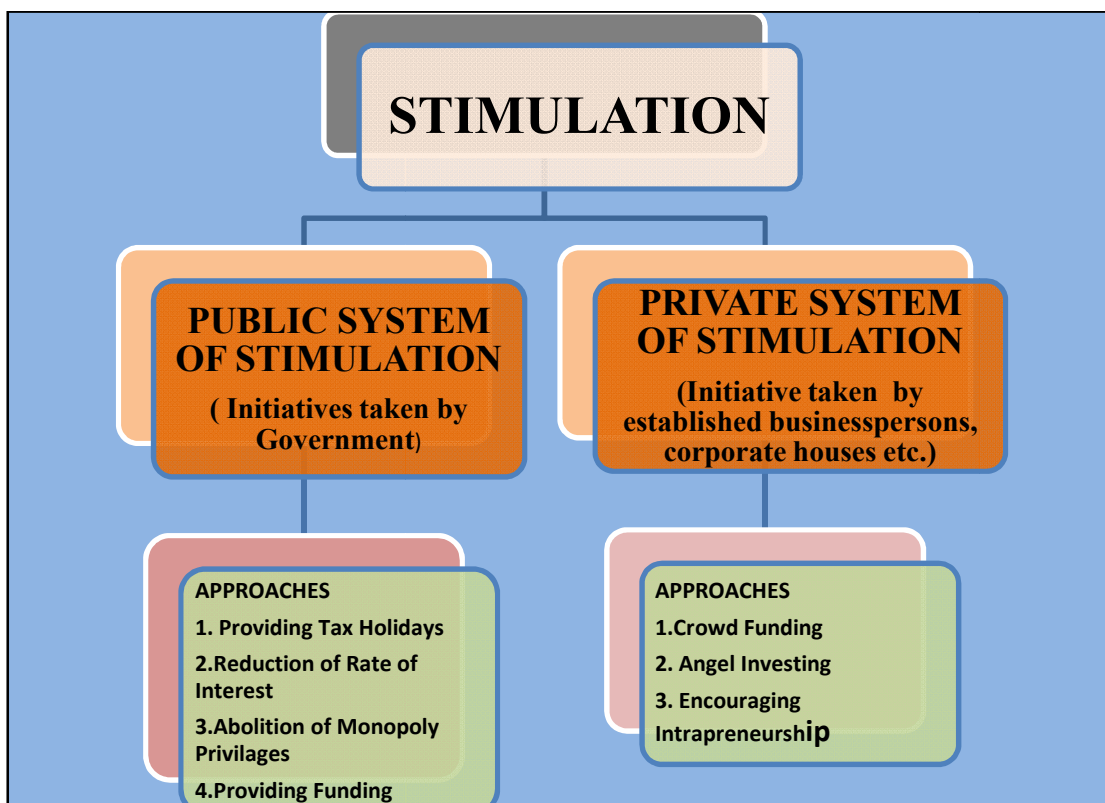
- In today's competitive globalized business paradigm, entrepreneurship happens to be a vital element for sustainable development of any economy.
- In order to build a favorable entrepreneurial ecosystem, entrepreneurs should be provided with a platform where they can :-
- ❖ **Come up with Innovative ideas ( i.e. get stimulated)**
- ❖ **Get adequate assistance ( i.e. get support)**
- ❖ **Ensure their survival in the long run (i.e. be sustainable)**



## Entrepreneurship Life Cycle

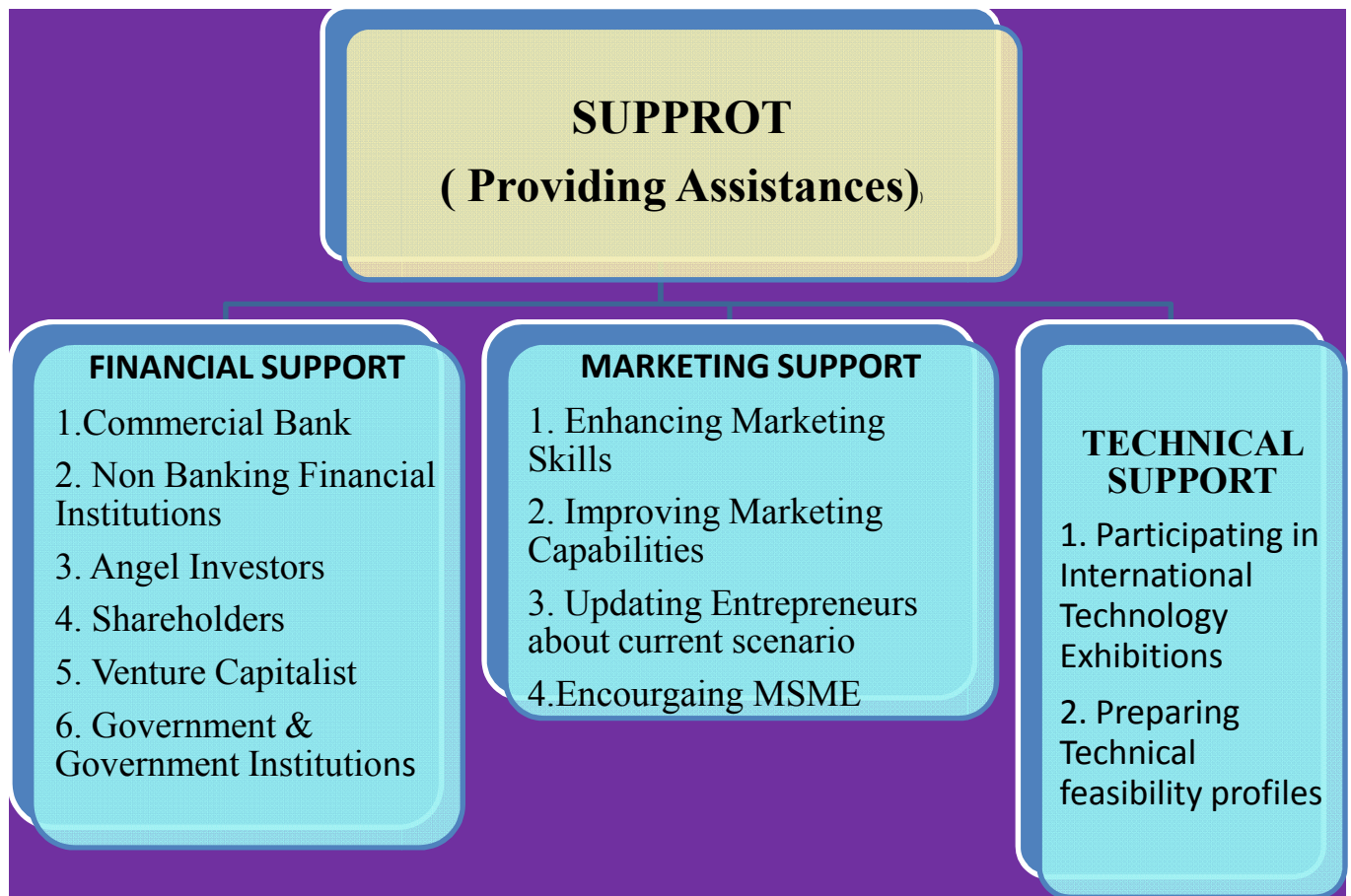
### 1. STIMULATION –

In the context of entrepreneurship Development , stimulation refers to the act of identifying & motivating individuals , who possess a certain level of imagination & creativity, to learn & gain insights about practical business strategies, such that they become competent enough to provide for their customers.



## **2. SUPPORT –**

In the context of entrepreneurship, Support refers to the act of assisting the entrepreneurs in various forms (e.g. Financial, Marketing, Technical etc.). The various initiatives adopted by the Government & non- Government organisation has resulted in many innovative & feasible entrepreneurial ideas being generated at various levels.



### **Financial Support –**

An entrepreneur requires funds for starting a new venture & for sustaining it in the long run. Additional funds are required when an existing enterprise plans for expansion & / or diversification.

Any organisation requires funds for 2 purposes

- a) For procurement of Assets. ( The capital that is needed is Fixed Capital)
- b) For day to day running of the organisation. ( The capital that is needed is working Capital)

### **Factors determining the requirement of Fixed Capital –**

- 1) Nature of the organisation.
- 2) Nature of the Finished product.
- 3) Scale of operation
- 4) Mode of acquisition of fixed assets.

## **Factors determining the requirement of Working Capital –**

- 1) Nature of the organisation.
- 2) Scale of operation
- 3) Market competitiveness
- 4) Credit policy.

## **Sources of Finance**

- a) Shareholder
- b) Family, relatives
- c) Government & Government Organisation
- d) Commercial Banks
- e) Development Banks
- f) Non – banking Financial Institution
- g) Angel Investor
- h) Venture Capitalist.

## **MARKETING SUPPORT –**

It is a strategic tool used in business development & is crucial for the growth & survival of businesses. Large business organisations have enough resources & plenty of Capabilities to market their products/ services. In order to help MSME, the Government from time to time develops various marketing assistance schemes.

### **Objective–**

- a) Enhancing the marketing skills
- b) Updating entrepreneurs about current market scenario.
- c) Undertaking market research for specific products/ service.
- d) Providing more business opportunities.
- e) Providing Platform to interact with major institutional buyers.

## **TECHNICAL SUPPORT –**

The term technology refers to the methods, systems & devices which are the result of scientific knowledge. It refers to the application of these for practical purposes. In the context of entrepreneurship, technology refers to the use of machinery, devices & other advancements in the field of science to support & sustain organisational operations.

### **Objectives –**

- a) To empower potential entrepreneurs by providing requisite technical assistance.
- b) To initiate technology transfer between related organisation.
- c) To provide platform for MSMEs to meet & discuss business & technical partnership.

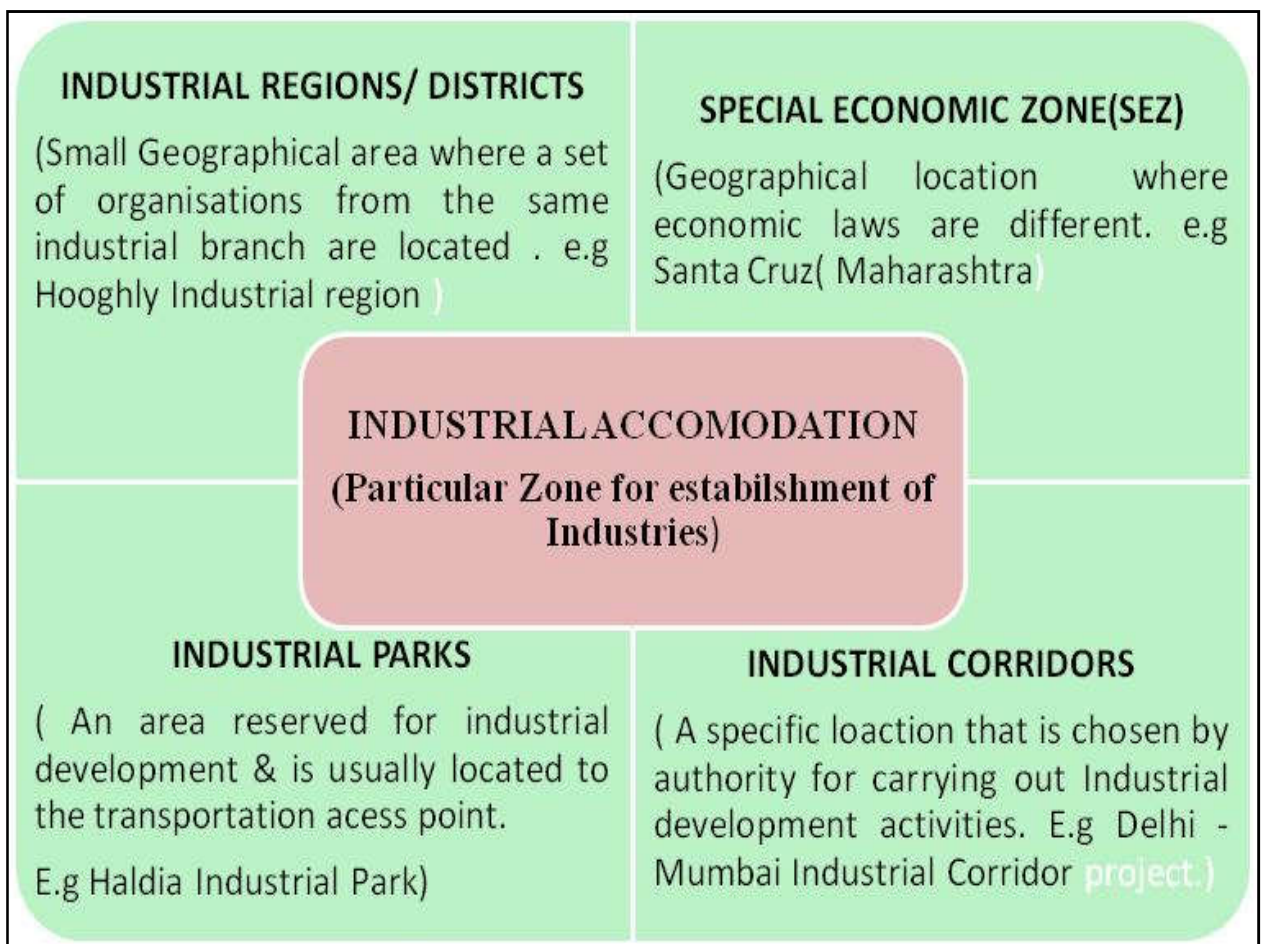
### **3. SUSTAINABILITY-**

In the context of entrepreneurship, sustainability refers to the act of continuous , efficient & profitable maintenance of the activities of a venture over the long period.

Activities for sustaining Entrepreneurship –

- a) Helping in modernization or substitution of existing products
- b) Facilitating quality testing & quality improvement mechanism at low cost.
- c) Creating forums for entrepreneurs to share their mutual problems.

### **ROLE OF INDUSTRIAL ACCOMODATION IN ENTREPRENEURSHIP**



# **Actors of Entrepreneurship**

1. **Industry Association.**
2. **Self – Help Group**
3. **Business Incubators**
4. **Angel Investors**
5. **Venture Capitalist**

## **1. INDUSTRY ASSOCIATION**

An association that is formed to support & protect the rights of a particular Industry & the persons who are associated with that Industry. E.g. Bus owners association

### **Features:--**

1. Non - Profit Organization.
2. Voluntary Association.
3. Status of association
4. Distinct laws & Bye – Laws
5. Income & Expenses
6. Periodic Meetings

## **2. SELP – HELP GROUPS**

It is a voluntary association of people, preferably from the same socio – economic background. They come together for solving their common problems through self – help & mutual help.

### **FEATURES:-**

1. Voluntary Association
2. Mutual Trust & need
3. Periodic Meetings
4. No. of Members (Maximum 20 members in a group)
5. No Collateral/ Mortgage for loan
6. Rate of Interest is high.

## **3. BUSINESS INCUBATORS**

It is an organization, which is designed to stimulate, support & enhance the growth & success of Entrepreneurial ventures by providing resources & services.

## **FEATURES:-**

1. Non- Profit Organizations.
2. Formations ( By Govt. or successful Entrepreneurs)
3. Physical or Virtual support
4. Bundle of support.

## **4. ANGEL INVESTORS**

Angel Investors are usually high net worth individuals who invest their personal wealth in small or medium scale business start- ups in exchange for an ownership stake in the organization.

## **FEATURES:---**

1. High net – worth persons
2. Investment in small start – up firms
3. Own decision making.
4. Individual Investor.
5. Flexible amount of Investment.

## **5. VENTURE CAPITALIST**

The person providing the venture capital is referred to as the Venture Capitalist.

Venture Capital is a type of equity financing which is typically provide to start – up firms & small business that are believed to have long term growth potential.

## **FEATURES:-**

1. Long term Investment.
2. Early stage finance
3. High rate of return
4. Risky Capital.