



# SWAVALAMBAN

BECHAIN SAPNO KO PANKH.....

Swavalamban Info Series

Volume-II



## Rural Centric Women Micropreneurs

You must have gone through volume 1 where we talked about the reasons why you should become a Swavalambi and how to go forward with entrepreneurship. If not, you can find it at <https://sidbi.in/en/publication-and-reports>

### Let us have a brief look at what we learnt in volume 1:

1. If walking alone is difficult, it is better to walk along with someone with experience.
2. Don't try to run very fast in the beginning. Gain pace of growth as you mature as an entrepreneur.
3. Don't spread too thin. Developing niche is always a key to success.
4. Be financially literate and stay up to date with the latest developments.
5. Do things where you have acquired skills
6. Do things which are locally feasible/available and support can come forth (in terms of services) from local service providers.
7. Deploy and Borrow adequately – neither too less nor too much.

"It's fine to celebrate success but it is more important to heed the lessons of failure."

- Bill Gates

### From Livelihood to micro entrepreneurship

Anything where you can add value even while serving, presenting (not necessarily manufacturing) is an act of entrepreneurship. So even if we sell vegetables or open a general merchant shop, it is a livelihood activity. If we start chopping the vegetables pack it, and sell in the market, it becomes a micro enterprise.

Wherever you take risk for income generation it is also an act of entrepreneurship.



# Evolution Stages

## (A) Genesis

Starting a business in a small town and rural area can come along with several risks, like:

- Whether the business will generate enough to be sustainable.
- Whether there will be affordable access to raw material and market for the finished goods.
- Whether there will be availability of labour/staff etc. to work in the outfit or chosen service.

Similarly, selling is also difficult. But do not worry. There is a certain risk associated with doing almost anything worthwhile. Even doing job carries risks of termination, stagnation of growth, difficulty in keeping up with the demands of your job. On the other hand, entrepreneurs have the chance to encash rewards associated with risks. Hence, instead of staying aloof from the risks, it is better to try and mitigate them. Below are some of the positive aspects of establishing a business in a small town/rural area:

- The amount of money to be invested for starting a business is low;
- It is comparatively easy to set-up and sustain the business;
- With low cost of living in the rural areas/small towns, you can increase your margins.

### Following steps must be followed in order to start a new business:



### Step 1: Choosing a business or an income generating activity

This step is where the entrepreneur works out what small business or income generating activity to start with and whether it will be the right choice for her. To choose a business or income generating activity, the following thoughts may work:

- Consider your skills and experiences;
- Consider your economic and physical possibilities;
- Consider such business or income generating ideas that have a possibility of being successful in your area;
- Deliberation with an existing entrepreneur already working successfully in the field of your choice.
- Whether there will be some guidance available to you for starting the particular activity.
- Decide what to go for.

“Entrepreneurship is living a few years of your life like most people won't so you can spend the rest of your life like most people cant.”



## Step 2: Taking a closer look at the market

In this step, the entrepreneur will find out if she can make money from the product she is thinking of producing and /or selling in the area where she lives. The following points can be helpful to find out whether there will be demand for her products:

- Know your customer.
- Calculate the costs to know what the minimum selling price of your product can be.
- Make an investigation to answer these questions:
  - ❖ Who is already selling the same products as you?
  - ❖ At what price are they selling for?
  - ❖ Which goods are not available to the people in your area.
  - ❖ Can you earn an income from selling them?

### Examples of small businesses to consider and get inspiration from:

- Rearing chickens
- Garden farming
- Solar light entrepreneur
- Spices/Pickles Making
- Service kiosk
- Tuition class
- Beauty parlour
- Knitting
- Stitching
- Running a shop
- Wood Work
- Bakery
- Restaurants
- Boutique
- Caterer
- Dance/Music School
- Tiffin Service
- Agarbatti/Candle Making
- Honey Making

## Step 3: Calculating the costs involved by making a budget and a cash flow

This step will help the entrepreneur to get an overview to help her plan how to run her business and make an estimate if she can earn a profit out of the business. Making a budget and a cash flow projection will help her in finding out:

How much money she has at her disposal to start the business or income generating activity?

How much investment is required to be put in the business and when?

How much money needs to be spent every month to sell the products?

How much sale per month is expected?

How much income the business is expected to generate?

How much money shall be available to expand the business?



# Fund raising options for startups

The startups ecosystem is growing in India with each passing year. Today creativity is evident by the increasing number of straight-out-of-college entrepreneurs who consider converting challenges into opportunities as the steppingstone to success. They are ready to take risk and walk the entrepreneurial path. One of the necessary companions in the journey is capital.

Most entrepreneurs start with what is often called as FFF funding – friends, families and fools! This is the relatively faster way. Other forms of funding at the very early stage are also called seed rounds, angel funding and incubation. As the business begins to take shape, further capital could be required. As this further capital is larger in size, a more institutional funding source could be required. The typical nomenclature for these rounds is Pre-Series A, Series A, Series B, Series C and so on in the alphabetical journey. Sometimes, intermediate smaller funding rounds are raised, termed bridge rounds, usually from existing investors. Finally, India has in recent years also seen the advent of venture debt, essentially meaning debt funding for startups. The sources of all these funding rounds could be different/ various:

**1 BUSINESS INCUBATORS:** Business incubators help startups to develop by providing services such as management training, technical services, technology support or office space and sometime small amount of funding in exchange for a stake in the startup. Successful incubators also help in next round of fund raising. A number of incubators have developed in India, including in some of the best-known educational institutions like the IITs and IIMs. Each incubator has its own application process and selection



criteria which is usually described in detail on its website.

**2 ANGEL INVESTORS:** Angel investing provides capital to a startup in exchange for convertible debt or ownership equity. Angel investors are affluent individuals like entrepreneurs, professionals, industrialists or even investors. They could be High Networth Individuals (HNIs), or those that invest through Family Offices (FOs), through personal networks or through angel networks. Angel networks are essentially a group of individuals who are interested in funding startups but their individual risk and financing appetite or ability to evaluate an investment opportunity may not be best suited to investing alone and hence the desire to come together with a group. Angel investors are often valuable in sharing

their expertise and advise with entrepreneurs and in unlocking their own networks to help the startup grow. They can be approached directly.

**3 CROWDFUNDING PORTALS:** Crowdfunding portals, a phenomenon that is more prevalent in the west, are platforms which help raise small contributions from a large number of people, using social media and crowdfunding websites to bring investors and entrepreneurs together. Equity based crowdfunding is illegal in India.

**4 VENTURE CAPITAL (VC) FUNDS:** VC funds are essentially means to pool money from investors in a structured manner for investing in startups. India has a vast number of VC funds investing across funding stages. From seed funds to those that specialise in Pre-Series A to funds that

provide financing Series A onwards, there is a full spectrum of VC funds seeking promising startups with strong teams and growth potential. These funds are run by a team of people referred to as fund managers, and who are generally experienced in nurturing startups. Every VC fund has its own program for connecting with new startups and they often work with investment advisors, but it is possible to approach them directly as well. A good VC fund manager would typically support the entrepreneur in building the business on all fronts, including strategy, people, marketing and customer acquisition, governance and further fund raising.

**5 VENTURE DEBT:** A relatively recent phenomenon, venture debt has fast become an option for startups that need capital but are hesitant in

complicating an already fragmented cap table or diluted shareholding. Venture debt is typically for startups that have seen some growth and are generating cash flows. The quality of existing investors is often a critical criterion for receiving venture debt and it is best sought together with existing investors.

**6 STRATEGIC INVESTORS AND CORPORATE VENTURE FUNDS:** Strategic investors and corporate venture funds are corporates/businesses who would like to invest in the startup with an eye to the synergies and/or benefits that would accrue to their core business. Many tech companies have formed their own venture arms to stay abreast of tech developments. It is possible to approach these investors through existing investors and advisors, and directly as well.

**7 HEDGE FUNDS, PENSION FUNDS, DEVELOPMENT FINANCE INSTITUTIONS (DFIs) AND PRIVATE EQUITY (PE) FUNDS:** These are typically the source for larger investment rounds that are required/ raised when the startup has reached a certain scale.

Besides these, there are other avenues of support for entrepreneurs and startups. The government has launched several grants and schemes to support entrepreneurship, including special initiatives to encourage women entrepreneurs and rural innovation.

In addition, the ecosystem has evolved to include accelerators (focused programs designed to help startups scale), startup advisors and mentors as well as a number of boutique and niche investment advisors who are willing to provide guidance and feedback to entrepreneurs. All it needs is an idea, a dream and the courage to work hard to realise that dream.

## MCLR OF LEADING BANKS

One-year MCLR (in %)

STATE BANK OF INDIA	8.45
BANK OF INDIA	8.70
PUNJAB NATIONAL BANK	8.45
BANK OF BARODA	8.70
UNION BANK OF INDIA	8.60
HDFC BANK	8.70
AXIS BANK	8.80
ICICI BANK	8.75
INDUSIND BANK	9.85
KOTAK MAHINDRA BANK	8.90

MCLR is the Marginal Cost of Funds Based Lending Rate. It is the minimum interest rate below which a bank cannot lend, except in some cases allowed by the Reserve Bank of India. The MCLR methodology came into effect from April 1, 2016.

Interest rate charged to MSME borrowers depends on loan amount, tenure, secured / unsecured nature and other parameters as found appropriate by the bank. Typically interest rates charged to MSME borrowers starts from 11 per cent.

SIDBI encourages you to apply for the next edition of the most coveted **MSE awards – 2019**. The last date to apply has been extended to June 30, 2019. To know more, check out: [bit.ly/2K13ORP](http://bit.ly/2K13ORP)

Having strong governance and transparency creates accountability and keeps the start-up honest to its own mission

## NURTURING START-UPS

Nupur Garg

Start-ups are like babies. Their founders, like any parent, believe their idea is the best. They devote time, energy and resources to nurture this idea with the end goal of creating success. Yet, not all start-ups make it. There are many reasons why start-ups fail, even those with fantastic and promising ideas. And most of them can be attributed to a single root cause - not laying the correct foundation.

Let me elaborate. The most important thing for any living or non-living being that grows organically or inorganically is a strong foundation that has the ability to support an increasing size and feed growth while maintaining a flexible, yet consistent structure. Be it the foundation of a building, initial code for software, roots of a plant or the early childhood for human beings, businesses too are widely referred to as organic beings.

So, what is the correct foundation for this organic being? What makes a strong organisational DNA?

In my view, it is "culture" - simple word, but a critical aspect that defines the character of an organisation. It goes beyond defining the business

objectives, growth targets, mission statements and customer values. It

good governance, compliance, people and a long term view to building a business that will grow and sustain in decades to come. For example, having a strong governance and oversight mechanism creates accountability and keeps the start-up honest to its own mission.

Start-ups go through different pivot points and triangulate a wide variety of inputs from investors, advisors, customers, in fact anyone and everyone. An eye on the long term goal, a strong management team and the ability to have robust debates both internally and at the board level can be the differentiator that defines final outcome. Similarly, fundamentals such as processes, controls and metrics can become crucial in the face of month-on-month double digit growth.

All of this has to start at the beginning. There is no substitute for the discipline of taking the right decisions, avoiding the oft-preferred tax and regulatory shortcuts, investing in people and keeping a keen eye on operations. It allows for founders to think about sustainable operating and financial metrics, hiring and leveraging critical talent, inviting like-minded investors and creating an ecosystem that is fully aligned in its ultimate common objective of creating value for all.

In today's market where headlines are governed by valuations and the glamour of making millions and billions beckons, it is easy for founders to get attracted to up-rounds and shift focus from business building to valuation building. And there are enough investors to support this approach as well - it is a game of passing-the-parcel till the music stops and someone is left holding the parcel.

—The author is Regional Lead - South Asia, Private Equity Funds, International Finance Corporation

gets into saying how would be the core organisation to support all of these. Culture includes a focus on

### MEET A HERO

## FROM A FULL-TIME JOB TO being an entrepreneur

**Uma Bhati, 23**, always wanted to feed people and to fulfill her dream she quit her full-time job as a digital marketing professional. She started a franchise business by opening a 'Burger Art' kiosk in Noida sector 76 and roped in two of her friends, Advitya Bahl and Anshu Tanwar to invest in her idea. "I took the lead and convinced my friends, Advitya Bahl and Anshu Tanwar to invest in my idea," said Uma. Her kiosk operates between 4 pm to 12 am. She manages to sell on an average 50 burgers on weekdays and goes up to 90 burgers each day during weekends. Along with her at the kiosk are two chefs who help her while she manages the counter. They also help her in delivering burgers to nearby locations. Even her partners help her deliver the burgers and at times she herself takes the responsibility. She contributes 30 per cent of the profit to 'Burger Art'. "Currently, I am just gaining experience through this franchise business and plan is to launch my own brand which will sell burgers, sandwiches and pasta from kiosks. I want to have several kiosks in New Delhi, Noida and Gurugram," said Uma. She wants her plan to materialise within a year.

**BUSTING MYTHS**

**#1** Business involves a lot of taxations.  
**Fact:** Every commercial act involves taxation. Managing taxation of your business is effortless. One needs to understand the nature of their business and its taxes. There are ample resources in the form of expert advice to help one with taxes and save money.

**#2** Only with prior experience one can start their business.  
**Fact:** There is no overnight success, but an idea can change one's destiny. Successful entrepreneurs relied on their vision. Experience always helps; however, it does not guarantee success in business.



### Step 4: Keeping a track of money

In this step, the entrepreneur needs to work out how much money she has utilized in the business, how much earnings have been made and what remains at her disposal. Here, the entrepreneur will consider how to keep a track of her expenses and income, so that, she always has surplus money to pay for any expected or unexpected business requirement.

"If you want to build a successful business, make sure you have three things – a big market opportunity, great people, and more than enough capital."

## Developing a Business Plan

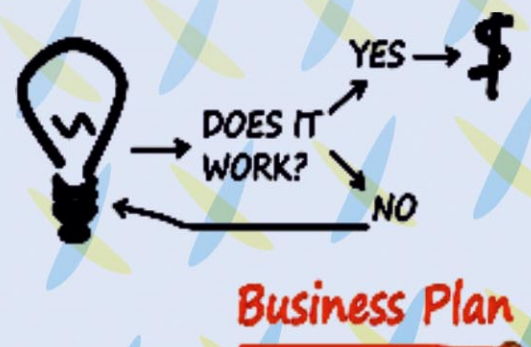
To get a basic idea, hope you have gone through our info series 1. If not, do peruse that.

A business plan is simply a road map that provides directions to the entrepreneur so that she can plan the future of her business. Let us look at an example of a business plan:

BUSINESS PLAN	
1 Name of the business woman	Laxmi Devi
2 Name and type of business	Laxmi Devi Vegetable shop
3 Address	Ainlapali, Patnagarh, Balangir, Odisha
4 Sales target every month	Rs. 8,000
5 Fixed cost	Rs. 900
6 Variable cost	Rs. 4,800
7 Amount of money I need for my loan	Rs. 15,000
8 Amount of money I can pay back every month	Rs. 900

An example of a business plan template:

Particulars	Amount
Sales (A)	Rs. 8,000
Less: Other expenses: (B) <i>(Other than Fixed expenses)</i>	Rs. 4,800
Sales Minus Other expenses (A-B)	Rs. 3,200
Fixed Cost (D) <i>Like, Rent, Light bill etc.</i>	Rs. 900
Profit (A-B-D)	Rs. 2,300





# Fundamentals of a Successful Entrepreneur

A successful entrepreneur possesses several qualities which contribute to her success. Some such qualities are:

## Leadership skills

To be successful in business, leadership skill is very important. You should be able to lead your business or income generating activity and inspire people with whom you will work.

## Hard work

Work consistently every day. Making money in business largely depends on your hard work. Are you present to open your business every day? Do people have faith in you? Do you sell a quality product or service?

## Willingness to take risks

You should not be afraid to take risks to advance the business and improve revenues.

## Competitive spirit

The desire to do better than those involved in similar business as yours around your area can improve your business by attracting more people to buy from you.

## Ambition

To be successful in a business you have to have a goal to reach out to and do whatever it takes to reach the goal. For example, you have started stitching work at home, you can put a goal to buy another stitching machine next year, employ one more person, so that you can take more orders of stitching clothes and earn more.

## Why women entrepreneurs are so important today?

It is important that more and more women come forward to join the entrepreneurial ecosystem since:

- Women are around half of the population of the world.
- Women have proved that despite challenges and stereotypes, they still shine in every field.
- Traditionally, women have been kept outside the domain of economic activities. This deprives the country of the opportunity to utilize a big share of its workforce.
- Growth of women leads to growth of the society as a whole.
- Economic status of women is one of the most important indicators of social development.
- When women earn, it brings more economic stability to the families and ensures better future for the children.



One of the key requirements to start a business is the need for funds. Today, we shall talk about an avenue by the name [psbloansin59minutes.com](http://psbloansin59minutes.com) which is an online marketplace which enables in-principle approval for Micro, Small and Medium Enterprises (MSME) business loans (term loan/working capital loan) from ₹ 1 lakh to ₹ 5 crore in less than 59 minutes from public and private sector banks and Non-Banking Financial Companies (NBFCs).

This platform has set a new benchmark by reducing the in-principle loan

processing turnaround time from days to 59 minutes. Post receiving in-principle approval letter, the loan is expected to be sanctioned/dispensed in around eight working days.

This user-friendly portal offers contactless journey where a borrower is not required to visit any bank branch for in-principle approval. The platform uses advanced algorithms to analyse data points from various sources such as Income Tax Returns (ITR),

# A BUSINESS LOAN IN 59 MINUTES

Goods and Services Tax (GST) data, bank statements etc.

## THE BRIEF PROCESS TO AVAIL A LOAN INVOLVES THE FOLLOWING STEPS:

**REGISTRATION:**  
Register on [www.psbloansin59minutes.com](http://www.psbloansin59minutes.com)

com using name, email ID and mobile number.

**CONSENT PAGE:**  
Provide confirmation to various statements on the consent page.

**GST PAGE:**  
Provide GST username, GST identification number and enter the One-Time-Password (OTP) received on the mobile number

registered with GST.

For more than one GST registrations, follow the above mentioned steps to add other GST account details.

A borrower who is not registered with GST needs to self-declare business and sales related details by entering them manually.

**ITR PAGE:**  
Upload the latest ITRs up to

three years in Extensible Markup Language (XML) format.

## BANK STATEMENT PAGE:

Select number of bank accounts. Maximum of three bank accounts can be selected.

Select the bank name and upload latest six months bank statements in PDF format.

## BASIC / LOAN DETAILS PAGE:

Provide business contact details, directors/partners related details and other basic details.

Confirm the details of existing credit facility as fetched from bureau.

Enter details related to current funding requirements.

## MATCHES:

View all the lender proposals that have been matched with the proposal.

The borrower can see the loan amount, rate of interest, Equated Monthly Installment (EMI) and processing fee of the various proposals listed on the page.

Select a preferable lender and branch.

## CONVENIENCE FEE PAYMENT:

Pay convenience fee.

## RECEIVE IN-PRINCIPLE APPROVAL:

Congratulations! for receiving in-principle approval letter. A copy of the letter will be sent to

the mailing addresses of the borrower and the preferred lender.

## INELIGIBLE PROPOSALS:

In case the borrower is ineligible for a contactless journey, the borrower can still choose to forward the proposal for manual processing by selecting the bank, state and city. An e-mail will be sent to the borrower as well as the bank branch.

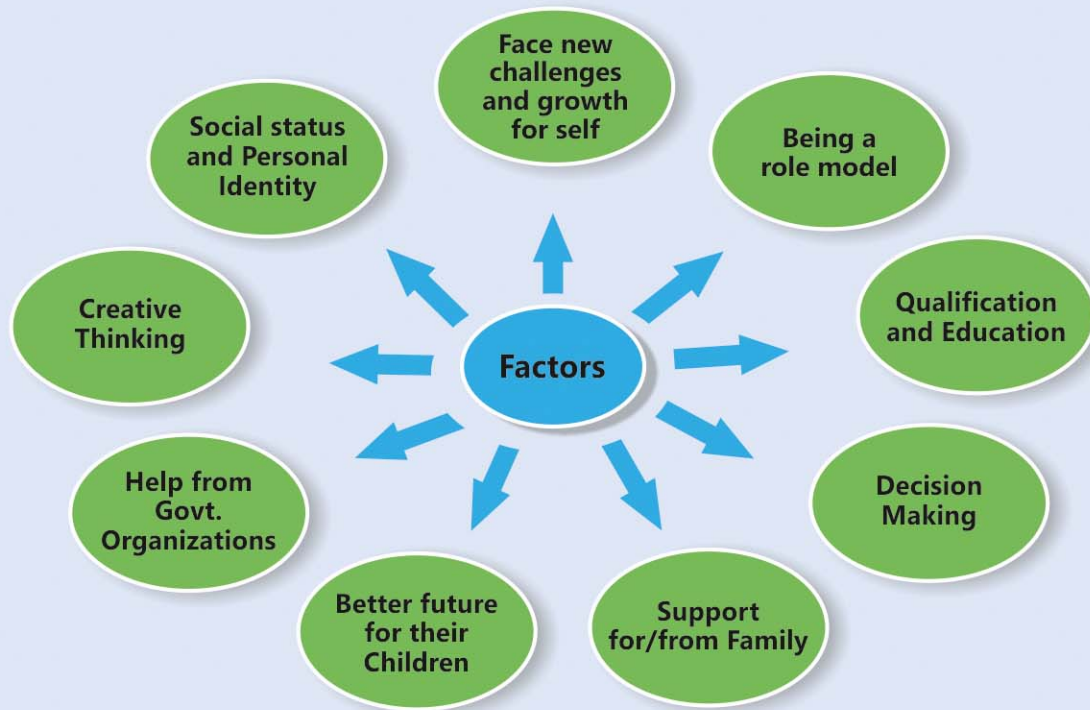
It is a micro-services driven auto scalable platform that not only provides own niche excellence, but also integrates multiple service providers into a single powerful engine having hundreds of Application Program Interface (APIs) and thousands of data points. The platform leverages growing digital data footprints and integrates advanced technologies to automate and digitize the lending processes for borrowers and bankers.

[psbloansin59minutes.com](http://psbloansin59minutes.com) is a comprehensive and unique platform integrated seamlessly with existing infrastructure of banks. This is the only platform having banker interface covering branch level integrations. The platform along with offering ease of finance to borrowers, also offers quality information to the banks by using multiple technology interventions so as to provide faster solutions for internal decision-making processes of bankers.





## Factors that motivate women to become entrepreneur



## Constraints faced by women entrepreneurs

Women entrepreneurs face many challenges and constraints in starting and thereafter running business of their own. Some of the constraints are:

### Access to finance

From property rights to access to finance, women face various challenges that prevent them from starting a business.

### Cultural and social norms

In many places, women are restricted to the household due to prevalent social norms and stigmas owing to which it is difficult for them to come out and start their own venture.

### Lack of info or limited access to info

Compared to male business owners, women in business lack access to various information. For example, finance and technology.

### Education

Due to social bias, women often lack access to professional education in comparison to their male counterparts.

"It's necessary to find a mentor who can invest time to know your personal capabilities and business model."



# Do's and Don'ts for Women Entrepreneurs

Do's
Market and competition survey/study
Registration of enterprises and entrepreneurs
Feasibility analysis of enterprises
Business plan formulation
Costing and pricing of products and services
Inventory and stock management practices
Focusing on 4 Ps (Product, Price, Place & Promotion)
Book keeping and accounting
Professionalism
Marketing of goods and networking
Risk mitigation through insurance and other financial products

Don'ts
Lack of planning
No market study
No cost and benefit analysis
No study on availability of capital
Blindly following someone else's path
Restricting ideas due to social norms
Putting feet in too many ventures at a time.
No insurance- no risk mitigation
Lack of accounting - not aware on profit or loss
Lack of proper assessment of your working environment

## Do's

- 1) **Market and competition survey/study-** Ideas and opportunities for business come from our surrounding environment which has seen a major shift. Be it food, cloth, fashion, entertainment, communication, or style of living itself, all are changing at a very fast pace. In order to adjust to the new & emerging socio-cultural changes, people constantly require new goods and services. Such needs offer business opportunities to an entrepreneur. Sensitivity to perceive people's needs and convert them into a business opportunity is a crucial characteristic that needs to be developed by the entrepreneur.
- 2) **Registration of enterprises and entrepreneurs-** Majority of the micro enterprises especially those owned and managed by women exist in informal sector and therefore their businesses are unprotected and unsecured. Cumbersome paperwork further dissuades most of the entrepreneurs from registering and formalizing their enterprises and availing benefits of government schemes. This has been addressed by the launch of Udyog

- Aadhar portal and services. As a first step towards formalization, registration of enterprises under Udyog Aadhar has been made very convenient and easy. The registration can be done online and is free of cost; it requires no documentation and is easily accessible through mobile phone platform also. Benefits include availing government scheme which will include loans without guarantee, easy and low cost credit, financial backing from the government for participating in business expos, subsidies that give a boost to margins, concession in electricity bills, etc. Udyog Aadhaar registration will enable the units/enterprises to seek information and apply online about various services being offered by all Ministries and Departments.
- 3) **Feasibility analysis of enterprises-** Before starting any enterprise, it is of paramount importance to understand and test the feasibility of that particular enterprise. Factors like demand and supply, availability of resources (manpower, funds etc.) associated with that particular enterprise should be looked at in order to assess the feasibility.



- 4) **Business plan formulation-** A business plan is the blue-print of an enterprise. Before actual launching of an enterprise, entrepreneurs need to prepare it to get an clear picture of the volume and type of product/ services to be produced, the kind of resources required, the investment needed, the risks involved, the marketing strategies to be followed, competition in the business and the profit expected. While a well- planned business infuses confidence in the entrepreneur, it is often also necessary to secure finance and other resources for the enterprise.
- 5) **Costing and pricing of products and services-** While costing is the process of determining the total cost required to produce and sell a product or service, pricing is the process of determining the amount to be charged from the customer for a product or service. Pricing is the key element of marketing. It is often based on the cost of production, competitors' price offer and the extent of profit producer desires. Both costing & pricing are used to decide the minimum that can be charged to draw customers and at the same time, cover all costs involved in the business alongside generating profit without driving customers to competitors.
- 6) **Inventory and stock management practices-** For managing an enterprise, it is necessary to ensure timely supply and availability of materials in the right quantity, of the right quality and at the right price. These materials could be basic raw materials needed for production, packaging & maintenance, spare parts or tools, goods in progress (semi-finished goods) and finished goods – both in stock and in transit. Every enterprise therefore must maintain an 'inventory of materials'. The inventory of a micro enterprise, though simple, is quite significant. It has many advantages including having materials readily available when required for production/ use, quantity discounts resulting in large order and allowing an entrepreneur to meet the requirements of the customers. However, "holding of inventory" has certain costs called "carrying costs" as well which need to be assessed according to the scale of the business and budget availability.
- 7) **Book keeping and accounting-** For every owner of an enterprise it is important to keep a track of whether her business is making profit or running on losses. In addition, an entrepreneur requires to balance the cash flow to keep her unit running. Micro enterprises need simple accounting but keeping proper business account is a must for monitoring success of enterprises of all sizes. Business needs working capital for day to day operation and long term finances for modernization, growth and expansion. It is necessary therefore, to anticipate its requirement, locate resources and ensure smooth flow. This is however, possible only if the accounts are recorded properly.
- 8) **Marketing of goods and networking –** Marketing is about creating customer loyalty, identifying customers' needs and to provide a service better than the competitors so as to develop and expand the customer base. Marketing is a crucial factor for success of an enterprise. Very often goods/services are produced without carrying out market study. The prevalent social norms don't provide women entrepreneurs adequate exposure to market place and marketing practices. This negatively affects their negotiation skills and leaves them with little bargaining power. Women entrepreneurs need to develop marketing management capacity and negotiation skills so as to determine - what to sell to whom, how, when and at what prices so as to ensure growth of the business. Focussing on Product, Price, Place and Promotion of product will determine the success of any business venture.
- 9) **Risk mitigation through insurance and other financial products-**Most of the micro enterprises face the constraints of space and insecure working conditions. This increases their exposure to risks as compared to their established and secured counterparts. Insurance of assets/business units here becomes important for the entrepreneur to help risk proof their businesses.



## Don'ts

- 1) **Lack of planning** - Any new venture requires a plan of the steps to be followed in order to increase the success probability of the business. Jumping in the business straightaway without having a plan may lead to the entrepreneur finding herself stuck in midway.
- 2) **No Market study** – It is very crucial to study the market of targeted business. Without studying the requirements of customers, changing trends of the market, the entrepreneur may find herself with loaded stock and no demand.
- 3) **No Cost and Benefit Analysis** – Business by its very nature, is done to generate profit. It is therefore important to assess what are the costs involved in the business along with the profits the business is expected to generate. Without this study, it is possible that the business may generate sales, but the high cost of the business may lead to overall losses which eventually defeats the whole point of running your venture.
- 4) **No study on availability of capital** – If one has not assessed what resources are available at her disposal to invest in the business and what needs to be brought in, the business may suffer from inadequate investment which may prove to be quite detrimental to its growth.
- 5) **Blindly following someone else's path** – If we are doing business just because someone else's idea was successful and not doing any study on our strengths and weaknesses, it may lead to failure of the business. While it is good to be inspired by good ideas, it is equally important to be aware of the resources available at your end to run that particular business.
- 6) **Restricting ideas due to social norms** – As far as women entrepreneurs are considered, it has been seen that several social norms are imposed upon them which lead them to not follow their own intuition and end up being led by others. It is important to have confidence in one's conviction and abilities and follow with your own dreams and ideas.
- 7) **Putting feet in too many ventures at a time** – Any business needs time and focus. If the entrepreneur puts herself in several ventures at once, it may get difficult to give the time each business needs which may ultimately lead to failure of the businesses.
- 8) **No insurance**- no risk mitigation – Just to save current costs, many entrepreneurs deter from insuring their businesses. But this can prove to be very dangerous for the business in the long run. It is very crucial to plan for contingencies and cover the business for any potential threats. If not, it may lead to the collapse of business in event of any hazard.
- 9) **Lack of accounting** – Being not aware of profit or loss or existing cash flow of one's business can be very detrimental for an entrepreneur. Without proper accounting and record keeping, a successful business idea with potential demand and market can also fail.
- 10) **Lack of proper assessment of your working environment** – Majority of existing micro enterprises operate in scanty spaces, which sometimes lack proper ventilation, sitting and toilet spaces. These may result in severe breathing, vision and back problems in long run for the entrepreneurs. Investing in such enterprises should therefore be avoided. Businesses can be sustainable only if they run in harmony with the natural environment. Entrepreneur has to assess whether her business will nurture the natural environment or will it have a detrimental impact on it. Also, she has to look for ways for minimizing or reversing any negative effects that her business might generate.

“Passion, creativity, and resilience are the most crucial skills in business. If you've got those, you're ready to embark on the journey.”

**The above shall equally fit on all types of entrepreneurs.**



## Challenges in starting up and Running a Business

To start a new business is an up-hill task. Many different kinds of challenges may arise on the way while starting and running a business. Some of the challenges are:

- **Organizing funds for starting the business:** Every business needs capital to start. You may have a good idea and the capability to do the business, but in the absence of proper capital to start, the business may not be able to start and sustain.
- **Overcoming social barriers and getting full support of family members:** For women entrepreneurs, going out, making negotiations, purchasing items and selling to others are challenging in certain parts of the country even in today's time and age. This is due to the perceived social norms which dictate the roles of men and women in the society. For a woman from a rural area, it is often very difficult to start a business until her family members extend their full support.
- **Finding a good market:** A good market where you can sell your products is an essential part of a business. Without a good clientele, a business cannot survive and grow.
- **Purchasing good quality items to sell in a shop:** A new entrepreneur, due to less experience, may not be able to make proper assessment of the right quality and price of items. Sometimes, it may also lead to losses because you cannot find right quality of products for a right price. It is very crucial to find the balance between quality and price so as to develop a loyal customer base and establish your market standing.
- **Managing cash flow:** At times, the business may require additional investment due to unforeseen circumstances, changing market or changes in costs. If there has not been adequate planning of the cash flow, the entrepreneur may find herself in cash crunch which may also lead to untimely failure of the business.

## Legal compliances required for Running a Business

To start a business, it is necessary to follow some rules and regulations. An entrepreneur needs registration and licenses to sell her products. Let's look at some of the requirements.

- **Trade license:** A trader has to get a trade license. There are 3 kinds of businesses and trades for which trade license is necessary:
  - ❖ **Industries license:** Small, medium and large scale manufacturing factories
  - ❖ **Shop license:** Dangerous and Offensive trades like a sale of firewood, cracker manufacturer, candle manufacturer, barber shop, dhobi shop etc.
  - ❖ **Food establishment license:** Restaurants, hotels, food stall, canteen, the sale of meat & vegetables, bakeries etc.
- **FSSAI license:** A business in India that deals with food is known as a Food Business and it comes under 'Food Safety and Standard & Authority of India (FSSAI)'. An entrepreneur selling food items is known as a Food Business Operator (FBO). All FBOs need to register themselves. An FBO needs an FSSAI license once her business reaches an annual turnover of more than 12 lakhs rupees.
- **Taxation norms:** Businesses in India are required to pay tax to the government. For a business having an annual turnover of more than Rs. 20 lakhs it is compulsory to register under Goods and Service Tax (GST). On registration, a business will get a GSTIN, a 15-digit code which is a unique GST identification number. A business having an annual turnover of less than Rs.20 lakhs (Rs 10 lakhs for North Eastern and hill states) may or may not register itself under GST.



## Different skill training schemes for Entrepreneurs

For an entrepreneur, it is essential to learn the specific skills that drive her entrepreneurial endeavor. Mastering certain skills set will help the women entrepreneurs to start and run successful enterprises. Here is a list of some of the skill development schemes/ institutions initiated by government for women entrepreneurs to develop their entrepreneurial skills:

- **Deen Dayal Upadhyaya Grameen Kaushalya Yojana:** Rural youths from 15 to 35 years of age ( up to 45 years in case of SC/ST/Women/PVTG/PWD) get a variety of skills training covering over 250 trades across a range of sectors such as Retail, Hospitality , Health, Construction, Automotive, Leather, Electrical, Plumbing, Gems and Jewelry, etc. This also includes soft skills like functional English and functional Informational Technology Literacy, etc.
- **Pradhanmantri Kaushal Vikash Yojana:** This is for skills training of youth implemented by the Ministry of Skill Development and Entrepreneurship through the National Skill Development Corporation (NSDC). Under this Scheme, Training and Assessment fees are completely paid by the Government. Any unemployed youth, college / school dropout having a verifiable identity proof like Aadhaar / Voter ID and a bank account can enroll in this scheme. The scheme also imparts training in Soft Skills, Entrepreneurship, Financial and Digital Literacy. For more details, one may visit the official website of PMKVY at <https://pmkvyofficial.org/>
- **Skill development for minorities:** Under the Seekho aur Kamao (Learn and Earn) scheme, minority youths can upgrade their skills in various modern/traditional skills depending upon their qualification, present economic trends and market potential, which can earn them suitable employment or make them suitably skilled to go for self-employment.
- **Rural Self Employment Training Institutes (RSETI):** RSETIs are managed by Banks with active co-operation with the Government of India and State Governments. It is established in every district of the country. These institutions ensure necessary skill training and skill up-gradation of the rural BPL youths to mitigate the unemployment problem. Concerned lead bank in the district takes responsibility for creating and managing it. After successful completion of the training, the banks provide credit linkage assistance to the trainees to start their own entrepreneurial ventures.

The programmes are of short duration ranging from 1 to 6 weeks and could fall into the categories listed below:

- ❖ Agricultural Programmes – Agriculture and allied activities like dairy, poultry, apiculture, horticulture, sericulture, mushroom cultivation, floriculture, fisheries, etc.
- ❖ Product Programmes – Dress designing for men and women, incense sticks making, football making, bag, bakery products, leaf cup making, recycled paper manufacturing, etc.
- ❖ Process Programmes – Two-wheeler repairs, radio/TV repairs, motor rewinding, electrical transformer repairs, irrigation pump-set repairs, tractor and power tiller repairs, cell phone repairs, beautician course, photography and videography, screen printing, domestic electrical appliances repair, computer hardware and DTP.
- ❖ General Programmes – Skill development for women
- ❖ Other Programmes – Related to other sectors like leather, construction, hospitality and any other sector depending on local requirements.

### LOOKING UP FOR GROWTH

Small is big. Anyone who is big today started small a few years back. Once you stabilize a vocation, then look at what all emerging opportunities are available where you can synergise.

Besides what is learnt while starting the business, look at proper growth plan, the partnerships which can be explored, the fund sources for growth- appropriate and adequate. The technology, marketing, human resources, working capital all would need to be looked at. Your skills need to be refreshed. Your employees have to be skilled or if they are already they need to be kept updated. We shall cover this in the next issue.



# 7 INITIATIVES MICRO AND SMALL BUSINESS OWNERS SHOULD KNOW

The Micro, Small and Medium Enterprise (MSME) sector plays a significant role in the growth of the Indian economy. They employ over 11 crore people. Over the past year, the government has announced several new initiatives.



## 6 Support for Pharma MSMEs

The Indian government has formed MSME pharma clusters to support the sustainability and growth of pharma companies. These clusters would address common issues for businesses like technology, skills, access to capital and market access. The government has promised to bear 70% of the cost of establishing these clusters.



## 7 Legal procedures simplified

To ensure that entrepreneurs are able to access timely credit, companies with a turnover greater than ₹500 crore have to be registered on Trade Receivables e-Discounting System (TReDS) platforms like Receivables Exchange of India (RXIL). This is an electronic platform set up by SIDBI and National Stock Exchange to support easy financing of MSMEs. You can check [www.rxil.in](http://www.rxil.in) to know more.



## 4 Mandatory procurement by CPSUs

All Central Public Sector Undertakings (CPSUs) that were mandated to procure 20% of their annual procurement from MSMEs have to now source at least 25% of their requirement from this sector. Also, the government directed that out of the 25%, CPSUs should make mandatory procurement of 3% from women entrepreneurs and 4% from MSMEs owned by Scheduled Cast/Scheduled Tribe (SC/ST) entrepreneurs<sup>2</sup>. To facilitate this, all CPSUs must compulsorily be a part of the public procurement portal Government e-Marketplace (GeM).



## 5 Government e-Marketplace (GeM)

The Government e-Marketplace (GeM) is a portal where government agencies procure various products from different sellers in the country. Recently, the Department of Commerce entered into a pact with SIDBI to make it easier for MSMEs, Self Help Groups, women entrepreneurs and other loan beneficiaries to sell their products on the platform. Special initiatives like 'Start-up Runway' and 'Womaniya' help entrepreneurs sell their products directly to government institutions.



## 3 59-minute loan portal

The government introduced an online business loan portal through SIDBI where MSMEs can avail loans in 59 minutes or less. Business owners can visit the official website, [www.psbloansin59minutes.com](http://www.psbloansin59minutes.com) to get loans ranging from ₹1 lakh to ₹5 crore. Over 1,10,000 proposals have already been processed through this platform with sanctions worth ₹17,300 crore till September 30, 2019.



## 1 Credit linked capital subsidy scheme

The Credit Linked Capital Subsidy Scheme (CLCSS) provides a subsidy of 15% on institutional finance of up to ₹1 crore. The aim of this scheme is to facilitate the upgradation of technology in MSMEs. Entrepreneurs can avail subsidies on loans from banks such as Bank of Baroda, State Bank of India, Punjab National Bank and Small Industries Development Bank of India (SIDBI) among others<sup>1</sup>.



## 2 MSME Sampark

MSME Sampark is a digital platform that directly connects jobseekers (students who graduate from MSME Technology Centres) to small businesses and entrepreneurs. To know more, you can check: [www.sampark.msme.gov.in](http://www.sampark.msme.gov.in)



## MEET A HERO

JOANITA FIGUEIREDO

## From a nurse to a job provider to the blind

Pursuing your passion gives a different kind of satisfaction in life and fifty-six-year-old Joanita Figueiredo who runs Metta Foot Reflexology Centre in Bandra, Mumbai is a perfect example. Her centre is unique because Joanita has employed therapists who are visually impaired. "About ten years ago I came across these people at the National Association for the Blind in Mumbai. They conveyed to me that nobody was willing to employ them because they couldn't see. That's when my inner voice told me that I should do something for them," said Joanita. She currently employs 15 people, three of whom are women.

In the eighties, she was a nurse at Jaslok Hospital in Mumbai and during those days she developed a keen interest in curative medicines, preventive medicines, nature therapy and yoga. In 2008, she had learnt foot reflexology in Thailand.

In the initial days, she used to charge just 100 bucks for an hourly foot massage and still people were reluctant to come to her as they believed the blind may not do justice to the service they are paying for. "Today we charge ₹400 on weekdays and ₹500 on weekends for an hourly massage session. We also take up special projects where we go and provide our service in offices, weddings and other events," said Joanita. When asked about how she feels about emerging as a job creator, she said, "I feel wonderful. I might just be a drop in the ocean. But ultimately, I am also making a difference in the lives of people."



# Useful Links

1. More information about SIDBI is available at <https://www.udyamimitra.in/>
2. More information on bankability kit  
<https://udyamitra.in/Content/MSEbankabilitykit2.pdf>
3. Visit <https://www.udyamimitra.in/FAQs> to get answers to your inquisitive queries
4. Prospective entrepreneurs may register themselves on  
<https://site.udyamimitra.in/Login/Register>
5. You can register as both buyer or seller on Government e Marketplace (GeM) website at <https://gem.gov.in/>
6. SC/ST and women entrepreneurs can borrow loans between Rs. 10 lakh and Rs. 1 Crore to start a manufacturing, trading or service unit under Stand Up India. Details are available at <https://www.standupmitra.in/>
7. Women Entrepreneurs visit <https://niti.gov.in/women-entrepreneurship-platform-web>
8. For mentorship support please write to us at [pnd\\_ndo@sidbi.in](mailto:pnd_ndo@sidbi.in)

#### Disclaimer

This series has been brought out for aspirant Swavalambis. These are not necessarily the views of Small Industries Development Bank of India (SIDBI) or a complete treatment of the subject.

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