

**SECTION - H**  
**TYPES OF NEW AGE BUSINESS**



# Types of New Age Business

# 8

**This module includes :**

- 8.1 FinTech, EdTech, Healthcare, AgriTech, Defence, IT, Space, Robotics, Digital Transformation
- 8.2 Agro entrepreneurship
- 8.3 Women Entrepreneurship
- 8.4 Family Run Business
- 8.5 MSME
- 8.6 Generation Transfer Transaction
- 8.7 Social Entrepreneurship
- 8.8 Emerging Markets

# Types of New Age Business

8

## **SLOB Mapped against the Module :**

To develop detail understanding on different types of new age businesses and startups like agropreneurship, women entrepreneurship, social entrepreneurship, family run business, MSME etc.

## **Module Learning Objectives :**

After studying the chapter, the students will be able to –

- ⦿ Learn to know advantages of New Age Business
- ⦿ Discuss the concept of FinTech, EdTech, Healthcare, AgriTech, Defence, IT, Space, Robotics, Digital Transformation
- ⦿ Describe about Fintech Companies in India
- ⦿ Know the concept of Agro entrepreneurship
- ⦿ Know the concept of Women Entrepreneurship
- ⦿ Understand the concept of Family Run Business
- ⦿ Know the concept of MSME
- ⦿ Discuss all aspects of Generation Transfer Transaction
- ⦿ Know the concept of Social Entrepreneurship
- ⦿ Discuss on Emerging Markets

# Introduction

8

**A**n emerging industry or business is formed around a new product or idea that is in the early stages of development. It is often centered around new technology. Emerging businesses frequently come into existence when one technology begins to eclipse and replace an older technology. Majority of the new business surrounding us like Swiggy, Ola, PharmEasy, Flipkart, Practo, Paytm, etc are based on technology and artificial intelligences. The traditional business houses are also gradually becoming technology oriented so as to get better operational efficiency, expansion of market base and providing better customer's experience.

New emerging technologies like Machine Learning (ML), Artificial Intelligence (AI), Augmented Reality (AR) and Internet of Things (IoT) are resulting in new types of business ideas. These are providing new ways to solve complex business problems. In today's everchanging business environment, technology is playing a decisive role in providing better customer service and experience, innovations and overall success. Emerging technologies can help the organizations to increase their revenue and gain competitive advantage. Some new age businesses are discussed below:

**N**ew age business is where one examines the latest technology has to offer, understands the market, and deduces how to best leverage the technology to unlock the potential for new streams of revenue, new customer segments and better engagement. The adoption of exponential technologies is disrupting the old order and creating a new narrative by not just demanding new skill sets but also opening up opportunities in new markets and transforming existing product categories through innovation.

Advantages of New Age Business :

- a. Adopting technology with outcome of innovation product or services.
- b. Business can be measured in numbers.
- c. It should be Scalable, Profitable and Recurring.
- d. Instant domestic and global presence to targeted audience.
- e. Disrupting the industry.
- f. Workforce vulnerability or creating new job opportunities.
- g. Collaborative and cooperative workplace.
- h. Exponential success rates.
- i. Transforms customer success.

The types of new age businesses are discussed below :

### 8.1.1 Fintech

Financial Technology, that is, Fintech, as it is more often known, is a term used to describe emerging technology that aims to enhance and automate the provision of financial services. At its foundation, fintech uses specialised software and algorithms that are employed on computers and, increasingly, smartphones to assist businesses, business owners, and individuals in better managing their financial operations, processes, and lives. The term “financial technology” is combined with the word “fintech.” It refers to integration of technology for offering financial services. It tries to automate the delivery and use of financial services. It helps companies to better manage their financial operations by making use of algorithms and specialized software.

The word “fintech” was first used to describe the technology used in the back-end systems of established financial institutions when it first appeared in the 21st century. However, since that time, there has been a change toward more consumer-focused services and, thus, a more consumer-focused definition. The creation and application of cryptocurrencies like Bitcoin is also a part of fintech. The traditional international banking sector, with its multi-trillion dollar market capitalization, continues to be where the big money is, despite the fact that fintech sector may garner the majority of headlines.

The Financial Stability Board (FSB) defines FinTech as “technology-enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on the provision of financial services”.

### Brief History of Fintech

Fintech history dates back to the 19th century and even before that. In 1860, a device called PENTELEGRAPH was developed to verify signatures by banks. Fintech may be considered by many as a recent development, but it existed for some time. Early credit cards available in 1950s can be considered as the first fintech product. This was first honest effort to make your payments cashless and while the beginning was humble and limited to restaurants payments, it paved the way for future to develop. It gradually evolved from there to include bank mainframes and online form of stock trading.

The introduction of ATM machine by Barclay’s in 1967 was another milestone. The major fintech growth came in 1971 with setup of NASDAQ as the first electronic stock market. It changed the way bidding is done and modernized the IPO process significantly. This is considered as one of the most important Fintech developments of all times. This was followed by introduction of SWIFT in 1973, another revolutionary service standard.

PayPal was founded in 1998. It was one of the first fintech companies to operate mainly through internet. Two major events were development of Bitcoin in 2009 as the first cryptocurrency and P2P payment systems in 2011. Over the years, improved mobile technology, social media and data encryption further revolutionised the whole thing. This revolution led to mobile payment apps, blockchain networks and many more.

### Fintech Companies in India

There are many fintech companies in India. Names of some of the major fintech companies in India are given below :

1. Paytm
2. Lendingkart
3. MoneyTap
4. PolicyBazaar
5. Incred
6. Instamojo
7. Razopay
8. Shiksha Finance

Brief description of some Fintech companies :

1. **Paytm** : It is an Indian multinational fintech company. It specializes in digital payments, financial services and e-commerce. It was founded in August 2020 by Vijay Shekhar Sharma. It is owned by one97 communications. Its stakeholders include Ant Group, SoftBank Vision Fund, Alibaba Group, Berkshire Hathaway. Paytm crossed 10 crore app downloads in 2017. In May 2019, it launched Paytm first credit card in partnership with Citibank. Paytm introduced digital payments in India through their e-wallets. Later, Paytm expanded to the Universal Payments Interface (UPI) functionality to process payments but still maintains its own payment transfer in parallel.
2. **Lendingkart** : Lendingkart was founded in 2014 by ex-banker Harshvardhan Lunia and ex-ISRO scientist Mukul Sachan as a digital lending platform for SMEs. The company uses big data analytics tools and

machine learning algorithms to assess customer creditworthiness, identify risks, detect fraud, and disburse loans within 72 hours. Lendingkart's in-house data science and data engineering team creates data models for the primary underwriting process. Lendingkart was one of the first lending platforms that automated the underwriting with artificial intelligence and machine learning, allowing those without credit scores to qualify for loans

- 3. MoneyTap :** MoneyTap was founded in October 2015 by three serial entrepreneurs, Bala Parthasarathy, Kunal Verma, and Anuj Kacker. It provides instant personal loans of up to Rs 5 lakhs, with the entire KYC process taking place via its mobile app. In collaboration with banks, the startup aims to provide individuals with quick and flexible personal loans smoothly and efficiently. MoneyTap is India's first company to offer its customers instant lifetime credit of up to Rs. 5 lakhs. It provides instant loans in a completely paperless process and does not require a bank visit. Furthermore, interest is only charged on the amount borrowed. A loan obtained through their app is collateral-free and has loan terms ranging from two months to three years. MoneyTap makes it much easier for people without credit scores to get credit.
- 4. PolicyBazaar :** PolicyBazaar is India's leading insurance product aggregator and marketplace. Founded in 2008, the company initially compared insurance policy prices and provided insurance-related information. The company experienced rapid growth and has since expanded across many horizons. Along with being an insurance marketplace, the company also helps with policy cancellation/renewal and claim settlement. PolicyBazaar makes it easier for small businesses and consumers to compare financial products and policies. Often consumers and businesses in the country would get stuck with one financial institution, which is likely to be a large traditional bank. PolicyBazaar democratizes the financial product landscape by letting consumers know about all their options.
- 5. Incred :** InCred is an NBFC that provides personal, education, home, and SME loan services. It intends to use technology to improve analytics and risk management capabilities. It is backed by the Dutch development finance institution FMO, the US-based asset manager Moore Capital, Elevar, and Alpha Capital. InCred offers personal loans for cases where a traditional bank will not, allowing consumers to get credit even without a credit score.

### 8.1.2 EdTech

Edtech, or education technology, is the practice of introducing information and communication technology tools into the classroom to create more engaging, inclusive and individualized learning experiences. Today's classrooms have moved beyond the clunky desktop computers that were once the norm and are now tech-infused with tablets, interactive online courses and even robots that can take notes and record lectures for absent students.

EdTech sector generally focusing on investment, incubation, growth and market access for education Startups across India and abroad. It refers to a combination of education and technology. These companies use technology to improve student teaching learning experience.

Online content delivery, MOOC, interactive projection screens are all examples of EdTech. The goal of the companies is to reduce the burden on instructors and enhance the learning outcomes and experiences of the students. EdTech companies try to improve the quality of education imparted. Technology is now an indispensable part of our life affecting how we lead our lives. So, it becomes imperative that education sector uses technology for teaching learning process.

#### Leading EdTech companies of India

Some of the leading EdTech companies are listed below :

1. BYJU'S

2. upGrad
3. Simplilearn
4. WhiteHat Jr
5. Chegg
6. Vedantu
7. Unacademy

Brief description of some EdTech companies below :

1. **BYJU'S** : It is an Indian multinational EdTech company. It was founded in 2011 by Byju Raveendran and DivyaGokulnath. It was developed by Think and Learn Pvt. Ltd. In the initial days the company mainly provided online video-based programs. In August 2015, BYJU'S, the Learning App was launched. The company had 15 million users by 2018 out of which 900,000 were paid users. It became the first EdTech unicorn in 2018. It joined hands with Simplilearn, Unacademy, upGrad and Vedantu to become one of the founding members of India's EdTech consortium. In April 2021, BYJU's acquired Akash educational Services Ltd in an estimated USD 950 million cash and stock deal. In September 2020, BYJU's became the sponsor of Indian national cricket team replacing Oppo.
2. **Simplilearn** : It was founded by Mr. Krishna Kumar in 2009. It is a popular platform for online courses. Many global training organizations have recognized Simplilearn and their certifications. Simplilearn is one of the world's leading providers of online training for Digital Marketing, Cloud Computing, Project Management, Data Science, IT, Software Development, and many other emerging technologies.
3. **UpGrad** : UpGrad, India's largest online higher education provider, was founded in 2015 and offers courses in data science, technology, management, and law to individuals, businesses, and professionals in the workforce. The IIT Madras, MICA, NMIMS Global Access, Jindal Global Law School, Duke CE, Deakin University, Liverpool John Moores University, and other prestigious universities collaborated on the design and delivery of every programme. UpGrad has established itself as the leader in the Indian educational system and is well on its way to realising its vision of empowering career success for every member of the global workforce as their trusted lifelong learning partner. It has 85% programme completion rate, a strong tech platform, an outcome-based learning approach, industry-relevant curriculum, strong mentorship, and placement support.

### 8.1.3 Healthcare

We have seen the numerous ways the evolution of technology has impacted everything from our classrooms to our courtrooms, and the healthcare industry is no exception. Healthcare has come a long way since the glory days of bloodletting and trepanation, and now it's evolving more rapidly than ever thanks to dazzling advancements in science and technology. A growing industry where new methods are applied to old problems, the Healthtech sector is rife with innovators that use the latest tech capabilities to more quickly detect diseases, give patients access to the right care and in general make it easier for doctors to do their jobs.

Healthcare technology refers to any IT tools or software designed to boost hospital and administrative productivity, give new insights into medicines and treatments, or improve the overall quality of healthcare provided. Today's healthcare industry is a \$2 trillion behemoth at a crossroads. Currently being weighed down by crushing costs and red tape, the industry is looking for ways to improve in nearly every imaginable area. That is where healthtech comes in. Tech-infused tools are being integrated into every step of the healthcare experience to counteract two key trouble spots: quality and efficiency.

The future of healthcare is shaping up in front of our very eyes with advances in digital healthcare technologies, such as artificial intelligence, VR/AR, 3D-printing, robotics or nanotechnology. We have to familiarize with the latest developments in order to be able to control technology and not the other way around. The future of healthcare lies in working hand-in-hand with technology and healthcare workers have to embrace emerging healthcare technologies in order to stay relevant in the coming years.

### Artificial Intelligence (AI) in Healthcare

Artificial Intelligence (AI) in healthcare is an umbrella term to describe the application of machine learning (ML) algorithms and other cognitive technologies in medical settings. AI in healthcare, then, is the use of machines to analyse and act on medical data, usually with the goal of predicting a particular outcome. A significant AI use case in healthcare is the use of ML and other cognitive disciplines for medical diagnosis purposes. Using patient data and other information, AI can help doctors and medical providers deliver more accurate diagnoses and treatment plans. Also, AI can help make healthcare more predictive and proactive by analysing big data to develop improved preventive care recommendations for patients. AI can assist doctors, nurses, and other healthcare workers in their daily work. AI in healthcare can enhance preventive care and quality of life, produce more accurate diagnoses and treatment plans, and lead to better patient outcomes overall. AI can also predict and track the spread of infectious diseases by analysing data from a government, healthcare, and other sources. As a result, AI can play a crucial role in global public health as a tool for combatting epidemics and pandemics. Healthcare technology is any technology like artificial intelligence (AI), cloud and blockchain required for providing support to healthcare organizations. Covid19 has resulted in many HealthTech startups. Companies PharmEasy, Practo, Netmed have become very popular.

Brief description of some health startups :

1. **PharmEasy** : The company was founded by DharmilSheth and Dr.Dhaval Shah. It provides a web based and mobile based platform for ordering medicines and healthcare products and also to book diagnostic tests. It helps to connect with local pharmacies and diagnostic centers.
2. **Practo** : It is another example of HealthTech Company based out of India. It connects medical community with the patients and helps in automated scheduling of appointment, billing solutions and storing medical records. The company was founded by Shashank ND.

### 8.1.4 Agri Tech

Agriculture technology or Agri Tech is the use of technology in agriculture, aquaculture and horticulture. Use of technology in agriculture increases productivity and efficiency. Agriculture technology can be products or services. Agri-tech is the use of technology for farming that is developed to improve efficiency and profitability. While most commonly used in horticulture and agriculture, agri-tech is also found in forestry, aquaculture and viticulture.

Agri-tech aims to improve farming through information monitoring and analysis of weather, pests, soil and air temperature. Agri-tech also includes the use of automation, such as controlling heaters and irrigation and employing pest control through aerosol pheromone dispersal. Technologies and applications in agri-tech include :

- Drones
- Satellite photography and sensors
- IoT-based sensor networks
- Phase tracking
- Weather forecasts

- Automated irrigation
- Light and heat control
- Intelligent software analysis for pest and disease prediction, soil management and other involved analytical tasks

Backed by increased digitization, government initiatives, and investors interest, the Agritech industry in India is growing at a rate of 25% per year. And as India's startup ecosystem is expanding, entrepreneurs are actively playing their role in generating more business in the agricultural industry. Market players and many new startups are now leveraging technology such as data digitization, data analytics, machine learning, artificial intelligence, SaaS, and IoT to make the agriculture industry more efficient.

The agritech sector is also witnessing increased fund availability over recent years. Despite weak economic conditions because of the COVID-19 pandemic, the Indian agritech ecosystem received investments of around \$300-350 million in 2020. Many industry experts now believe the number will soon reach \$1 billion.

### Background

Technology played an important role in the agriculture sector. There have been many agricultural revolutions which resulted in transformation of the sector. Industrial revolution introduced agricultural machinery. In the 20th century, major advances in agricultural productivity could be noticed new agricultural machinery and also insecticides and pesticides. Information technology has been applied to agriculture in the 21st century which resulted in agricultural robots, agricultural drones and driverless tractors.

### Challenges faced by the Agritech Industry in India

Like every industry, the agritech industry in India is also facing its own set of challenges. And for the agritech sector to remain on its growth trajectory, agritech ecosystem stakeholders must come up with innovative solutions.

1. **Lack of Financial Services** : Lack of adequate data prevents the adoption of financial services, such as credit and insurance. In a study conducted by ThinkAg, a platform for Agri and food innovation, it was revealed that only 30% of the farmers get access to finance from formal sources, while about 50% of the small and marginal farmers are unable to borrow from any source.
2. **Less use of Digital Infrastructure** : There is limited digital infrastructure data and digital records of transactions across the agriculture value chain. So, to make the value chain more efficient, the sector agritech needs more advanced digital infrastructure.
3. **Issues in Market Linkage** : Farmers are unable to get fair price due to limited sales channels. So, issues in market linkage must be solved to strengthen the economic sustainability of farmers.

### Agri Tech Start up

Agritech start ups use technology to solve the problems of the farmers. It uses technological innovations to improve productivity, efficiency and profitability of the agricultural sector. According to NASSCOM, India has 450 agritech start-ups and the number is growing at a rate of 25%.

A brief description of one such agritech company is given below :

1. **Nutrifresh** : It is an agri-tech startup which focusses on chemical free produce. It brings in hydroponic farming based on Internet of Things (IoT). The startup was founded by Sanket Mehta and Ganesh Nikam. It attracted a pre-series funding of 5 million USD.

## Entrepreneurship and Startup (ENTS)

- Nutrifresh** : It is an agri-tech startup which focusses on chemical free produce. It brings in hydroponic farming based on Internet of Things (IoT). The startup was founded by Sanket Mehta and Ganesh Nikam. It attracted a pre-series funding of 5 million USD.
- CropInTechnology** : CropIn is an AI-led agritech startup that is focused on helping the world's agritech ecosystem players to sustainably "maximize their per-acre value" by combining pixel-level data derived from satellite imagery in combination with IoT and field intelligence. Started by Krishna Kumar, the agritech startup has digitized over 13 million acres of farmland, enriched the lives of nearly 4 million farmers, and gathered data on 388 crops and over 9,500 crop varieties. As per the startup, it has a 92% score on adaptability and over 98% client retention rate.
- Bijak** : Founded in April 2019 by Daya Rai, Jitender Bedwal, Mahesh Jakhotia, Nikhil Tripathi, Nukul Upadhye, Bijak is a B2B marketplace for suppliers and buyers across India's Agri value chain. Bijak aims to bridge the information asymmetry and lack of accountability in agricultural commodities trading. Since its launch, Bijak has expanded across 22 states, 400 regions, and 80+ commodities.
- Stellapps** : Stellapps is an IIT-Madras incubated end-to-end dairy technology solutions startup founded by Jinesh Shah, Praveen Nale, Ramakrishna Adukuri, Ranjith Mukundan, Ravishankar Shiroor, and Venkatesh Seshasayee. It produces and procures comprehensive farm optimization and monitoring support, which helps dairy farmers and cooperatives maximize profits while minimizing effort. Sellapps leverages internet of things (IoT), big data, cloud, mobility, and data analytics to improve agri-dairy supply chain parameters, including milk production, milk procurement, cold chain, animal insurance and farmer payments.
- Aibono** : Started by Vivek Rajkumar in 2014, Aibono claims to be India's first AI-powered fresh food aggregator, pioneering the Seed-to-plate™ platform. Seed-to-plate is a next-generation disruption that synchronizes real-time production with real-time consumption of super perishable fruits & vegetables by using predictive analytics, precision farming, and just-in-time harvests.

### 8.1.5 Defence

In the tech-driven world, where every sector is rapidly adopting technology, the defense sector hasn't been left behind in the race. Over the days, they have been equipping themselves with the latest developments and have been advancing at a great scale. Artificial intelligence (AI), robotics, and the internet of things (IoT) are the technologies optimizing defense operations and augmenting military efficiency. Military technology, range of weapons, equipment, structures, and vehicles used specifically for the purpose of warfare. Transportation technology moves soldiers and weaponry; communications coordinate the movements of armed forces, and sensors detect forces and guide weaponry. Let's explore more about technology in the defense sector and the ways it is strengthening the future of the defense sector.

Military equipment with AI capabilities can effectively handle a lot of data. It is proven to be really beneficial for training the soldiers as well. Virtual and augmented reality technology will also be efficiently utilised in the future. Lethal autonomous weapon systems; autonomous/unmanned/robotic systems; block chain-based automation; command, control, communication, computer & intelligence; surveillance & reconnaissance; cyber security; human behaviour analysis; intelligent monitoring systems; manufacturing and maintenance; simulators/test equipment; and speech/voice analysis using Natural Language Processing are some of these. AI-based signal intelligence systems will improve the armed forces' capacity for gathering, compiling, and analysing intelligence. The AI-based tools employed in the project's development will benefit the defence forces in ways including decision support, sensor data analysis, predictive maintenance, situational awareness, accurate data extraction, and security.

India imports defence equipment from Russia and Ukraine. If India can become self-reliant in the manufacturing of defence equipment then it fulfil its objective of strategic autonomy. India aims to bring down defence import by at least 2 billion US D by 2022.

India has around 194 defence tech startups which are producing innovative technology solutions for the defence sector. Central government is providing support through its Defence Excellence initiative.

Some well-known defence startups are listed below.

- a. IdeaForge
- b. Tonbo Imaging
- c. CM Environsystems
- d. VixEverts

Indian defence forces have embraced technology with open arms and have made tremendous progress in the last two decades. With a continual focus on building a formidable defence infrastructure, India has built a series of expansive and secure defence networks across tri-forces including a robust cyber & space command (DCA & DSA).

These essentially form the communication backbone of the forces and are the launchpad for the next generation of defence networks, but enhancements in the areas of Jointness, Technology led security solutions and ISR (Intelligence, Surveillance & Reconnaissance), interoperability and cyber security are now imperative.

### India's Defence Startups

1. **ALPHA** : One among the most reputed defence R&D, manufacturing, systems integration and offset management companies in India, ALPHA is a fast growing defence electronics & avionics organisation for design and manufacturing, founded with the vision to support the Make In India initiative. Leadership and management donned by armed forces veterans with rich expertise in the design, manufacturing, and on-field commissioning and maintenance of RADAR, satellite communication, electro optics, software defined radios, guided missiles systems. Their broad portfolio of core technologies and systems have achieved broad adoption in the Indian defence platforms such as Battle Tanks, Ships, Fighter aircraft, Helicopters, UAVs, Simulators, Avionics equipment, Tactical Communication Eqpt and Satellite Communication
2. **Dynamic Technologies** : Dynamic Technologies designs and builds highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications. With futuristic design, engineering and manufacturing facilities in Europe and India, the company is able to deliver products and manufacturing solutions to customers in 6 continents. A leading vertically integrated supplier to the global defence and aerospace sectors, it has advanced engineering capabilities in areas including Non-Destructive Testing for aero structures, space grade welding, heat treatment of aluminum alloys, fluorescent penetrant inspection, resistant spot welding, and measurement & inspection (CMM, Laser Tracker and Articulated Arm) which are NADCAP accredited and approved by global OEMs like Airbus, Boeing, Bell Helicopter and HAL.

### 8.1.6 Space

For space travel and space exploration, AI is essential. It aids in carrying out duties that astronauts would otherwise be unable to complete, including system control, star and black hole mapping, and analysis of cosmic happenings. Astronauts use artificial intelligence (AI) to help with their strenuous space missions that would be impossible to carry out if simply dependent on human capabilities. In space research, such as the mapping of unknown galaxies, stars, and black holes, as well as the study of cosmic occurrences, communication, autonomous StarCraft navigation, monitoring, and system control, AI has demonstrated its immense potential and is a game-changer.

Space entrepreneurs try to solve unsolved problems and reap the benefit of advantage of being early movers. India's contribution to global space trade is insignificant. The only major service provided by India is the space launch service. Indian Space Research Organisation or ISRO have created significant capacity in the sector So, there is great potential for space entrepreneurs.

### 8.1.7 Robotics

One of the technologies that have most significantly increased mobile robotics and automation is AI. It concerns the capability of an AMR to make quick, effective decisions. Robots (software) may now carry out instructions or jobs in a new way thanks to the use of artificial intelligence to robotics. Robots with artificial intelligence (AI) have computer vision that allows them to navigate, assess their environment, and decide how to react. Here is where robotics and artificial intelligence might mesh. Robots are being sought after by businesses more and more as a way to transcend beyond automation and take on difficult, high-level activities. A robot's ability to successfully navigate its environment, recognise items in its immediate vicinity, and aid people with a variety of tasks, including bricklaying, installing drywall or robotic-assisted surgeries.

Robotics business has many customers which include consumers and product manufacturers across various industries. There is now a strong focus on automation. Robotics business will benefit from this shift towards automation. Preferred client for robotics business is a large business which will need robotics in manufacturing. Robotics is now widely used in healthcare sector. Robotics companies make money by developing highly complex robotics and selling them to other companies. However, robotics is not a new phenomenon. One of the earlier examples of using robots was handling of frozen hamburgers with Adept washroom robots in 1991.

### 8.1.8 Digital Transformation

One of the most important efforts that many firms have started or are starting is digital transformation (DX). The perfect storm of numerous technologies, including SaaS, Mobile, Robotics, IoT (Internet of things), Virtual Reality (VR), etc., is significantly influencing how businesses are undergoing digital transformation. However, we think that Machine Learning (ML) and Artificial Intelligence (AI) will be the two main technologies that drive enterprises through the Digital Transformation. AI is transforming society and people's lives, and it is increasingly acting as an economic and organisational growth catalyst.

Digital transformation is impacting how business is conducted now a days. Big data impacted marketing activities of many companies. Firms who have done better data analytics seemed to have performed well. Buying behaviour of the customers have also been impacted by digital transformation. It has changed the way information is shared by the customers thereby creating opportunities for the companies.

Some of the advantages of digital transformation is given below :

- a. Better management of resource
- b. Better experience for the customer
- c. Customer insights based on data
- d. Improved productivity
- e. Increased efficiency

In India, among every two Indians, one is considered to be dependent on agriculture for their livelihood. Around 52 % of the land area is cultivatable in India compared to 11% in the world. There is need for technology integration for change in the agricultural landscape. Entrepreneurship helps in development of the economy by creating job opportunities. Entrepreneurship in the agricultural sector is important for the growth of rural economy in a country like India. Agro entrepreneurship can be helpful to the economy in the following ways :

- a. Increasing employment opportunities in the rural sector
- b. Prevents rural to urban migration
- c. Helps in development of agro-based industries

An agripreneur is an entrepreneur whose business is agriculture or agriculture related. A successful agripreneur needs to understand consistency, creative thinking, smart working, risk taking, communication, and finding market opportunities.

Agro Entrepreneurship solves the following problems :

- ⊙ Reduced agriculture-related burdens.
- ⊙ Assures employment opportunities especially to rural people
- ⊙ Reduced migration of youths from rural to urban
- ⊙ Increased economy rate
- ⊙ Reduced industrial development
- ⊙ Reduced urban pressure

Obstacles in Agri-Entrepreneurship Development :

1. Small illiterate owners face difficulties in converting their farm into enterprise due to lack of information, investment, innovation and market exposure.
2. Service awareness needs to be created first among farmers before promoting the same through self-employed groups.
3. Impact of free services extended by government organizations to the farmers is enormous in the promotion of services which makes the farmers neglect the services offered by self-employed teams.
4. Need of back up services by self-employed experts in terms of technical and business-related information, access to marketing agencies, essential input and tools suppliers and monitoring stations to undergo modern technological development.
5. Agri-Entrepreneurs face more legal barriers as created by specific organizations, cooperatives and private traders.

6. Hesitations from people's organizations in utilizing huge investments and state of the art technologies affect the profitability of their organizations and ultimately results in losing the interest towards their enterprises and leaders they follow.

### Barriers to Agri-entrepreneurship Development

From the viewpoint of Uplonkar and Biradar (2015), Agri entrepreneurship development is necessary for improving the production and productivity. Despite of the fact, the rate of attainment is extremely low in India due to following reasons :

1. Agriculture is largely a means of livelihood for most of the farmers. It is difficult for the uneducated small owner to turn their farming into an enterprise due to lack of adequate information, capital, technology and connectivity with the market.
2. There is a need to create consciousness among the farmers about the benefits of these services as they are unaware about it.
3. The free service provided by the Government organizations for promotion of services should be discontinued. As lots of farmers, especially the politically associated leaders feel that the government is liable for providing extension and technical advisory services to the farmers. In addition, the services of these organizations do not reach to small farmers, particularly those living in distant areas. This concept of free service makes the farmers reluctant to avail compensated services offered by the local self-employed technicians.
4. There is need of regular back up services for self-employed technicians, contact with the marketing agencies, suppliers and research stations who are involved in the development of modern technologies.
5. They have to face several legal restrictions and obstacles and private traders involved in such business generally ignore these rules and disturb the fair trade environment.
6. Lastly, Organizations feels risk in making heavy investments and implementing modern technologies which affect the profitability. Thus, resultant farmer members lose interest in their own enterprises as well as in that of their leaders.

### Scope for Agribusiness in India

Bansal (2011) presented a detailed account regarding the scope of Agri entrepreneurship in India which are as follows :

1. India is gifted with diverse ago-climate, which assists production of temperate, sub- tropical and tropical agricultural produce.
2. Demand for agricultural inputs like feed and fodder, inorganic fertilizers, bio-fertilizers have increased.
3. Applications of biotechnology in agriculture is boon for production of seed, bio- control agents, industrial harnessing of microbes for different products.
4. Economic growth will be enhanced by harnessing the export. According to World Trade Organization (WTO), India has immense potential to recuperate its present position in the World trade of both raw and processed form of agricultural commodities. At present processing is done at primary level only and the rising standard of living expands opportunities for secondary and tertiary processing of agricultural commodities.
5. Large coastal line and internal water courses should be utilized for production of marine and inland fish. Ornamental fish culture already gaining popularity due to growing aesthetic value among the citizens of India.
6. The livestock wealth provides vast scope for production of meat, milk and milk products, poultry products

- etc.
7. The forest resources can be utilized for production of forestry by-products.
  8. Beekeeping and apiary can be taken up on great extent in India.
  9. By improving technique of production, enhancement in domestic consumption and export of mushroom production can be done.
  10. The farmers should be encouraged and educated for organic farming as organic farming has highest potential in India as the pesticide and inorganic fertilizer application are less in India compared to industrial nations of the world.
  11. Huge opportunities for production and promotion of bio-pesticides and bio-control agents for protection of crops.
  12. Due to plateauing in the productivity of high yielding varieties; seeds, hybrid and genetically modified crops have the highest potential in India in the future.
  13. Owing to declining groundwater level and labor scarcity for agricultural operations like weeding, transplanting and harvesting, micro-irrigation systems and labour-saving farm equipments have potential in coming years.
  14. Production of vegetables and flowers under greenhouse conditions can be harnessed for the export.
  15. Trained human resources in agriculture and allied sciences will acquire on agricultural extension system due to deteriorating state finance resources and down-sizing the present government agricultural extension staff as consulting services.
  16. Lastly, employment opportunities have increased in marketing, transport, cold storage and warehousing facilities, credit, insurance and logistic support services because of enhanced agricultural production.

### **Government Scheme for promoting Agri-business**

#### **1. E-NAM**

National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India. Its vision is to promote uniformity in agriculture marketing by streamlining of procedures across the integrated markets, removing information asymmetry between buyers and sellers and promoting real time price discovery based on actual demand and supply. Integration of APMCs across the country through a common online market platform to facilitate pan-India trade in agriculture commodities, providing better price discovery through transparent auction process based on quality of produce along with timely online payment.

#### **2. National Mission for Sustainable Agriculture (NMSA)**

National Mission for Sustainable Agriculture (NMSA) has been formulated for enhancing agricultural productivity especially in rainfed areas focusing on integrated farming, water use efficiency, soil health management and synergizing resource conservation. NMSA will cater to key dimensions of 'Water use efficiency', 'Nutrient Management' and 'Livelihood diversification' through adoption of sustainable development pathway by progressively shifting to environmental friendly technologies, adoption of energy efficient equipments, conservation of natural resources, integrated farming, etc.

#### **3. Pradhan Mantri Krishi Sinchai Yojana (PMKSY)**

Har Khet ko Pani "Prime Minister Krishi Sinchayee Yojana" Government of India is committed to accord

high priority to water conservation and its management. To this effect Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been formulated with the vision of extending the coverage of irrigation 'Har Khet ko pani' and improving water use efficiency 'More crop per drop' in a focused manner with end to end solution on source creation, distribution, management, field application and extension activities.

#### 4. **Paramparagat Krishi Vikas Yojana (PKVY)**

The Paramparagat Krishi Vikas Yojana (PKVY), an initiative to promote organic farming in the country, was launched by the NDA government in 2015. According to the scheme, farmers will be encouraged to form groups or clusters and take to organic farming methods over large areas in the country. The aim is to form 10,000 clusters over the next three years and bring about five lakh acres of agricultural area under organic farming. The government also intends to cover the certification costs and promote organic farming through the use of traditional resources. To avail the scheme, each cluster or group must have 50 farmers willing to take up organic farming under the PKVY and possess a total area of at least 50 acres. Each farmer enrolling in the scheme will be provided INR 20,000 per acre by the government spread over three years' time.

#### 5. **Pradhan Mantri FasalBima Yojana (PMFBY)**

Pradhan Mantri FasalBima Yojana (PMFBY) is the government sponsored crop insurance scheme that integrates multiple stakeholders on a single platform. Its objectives are to provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases, to stabilise the income of farmers to ensure their continuance in farming, to encourage farmers to adopt innovative and modern agricultural practices and to ensure flow of credit to the agriculture sector.

#### 6. **Gramin BhandaranYojna**

It intends to create scientific storage capacity with allied facilities in rural areas. It focuses to meet the requirements of farmers for storing farm produce, processed farm produce and agricultural inputs, promotion of grading, standardization and quality control of agricultural produce to improve their marketability and prevent distress sale immediately after harvest by providing the facility of pledge financing and marketing credit by strengthening agricultural marketing infrastructure in the country.

#### 7. **Livestock insurance Scheme**

This scheme aims to provide protection mechanism to the farmers and cattle rearers against any eventual loss of their animals due to death and to demonstrate the benefit of the insurance of livestock to the people and popularize it with the ultimate goal of attaining qualitative improvement in livestock and their products.

#### 8. **Scheme on Fisheries Training and Extension**

It was launched to provide training for fishery sector so as to assist in undertaking fisheries extension programmes effectively.

#### 9. **National Scheme on Welfare of Fishermen**

This scheme was launched to provide financial assistance to fishers for construction of house, community hall for recreation and common working place. It also aims to install tube-wells for drinking water and assistance during lean period through saving cum relief component.

#### 10. **Micro Irrigation Fund (MIF)**

The government approved a dedicated Rs5,000 crore fund to bring more land area under micro-irrigation as part of its objective to boost agriculture production and farmers income. The fund has been set up under NABARD, which will provide this amount to states on concessional rate of interest to promote micro-irrigation, which currently has coverage of only 10 million hectares as against the potential of 70 million hectares.

**W**omen entrepreneurs may be defined as a woman or a group of women who initiate, organise and run a business concern. Women entrepreneurs are those women who think of a business enterprise, initiate it, organise and combine factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running it.

“Women entrepreneurs are those women who innovate, initiate or adopt a business activity”. - Schumpeter

“A woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women.” - Government of India

Women Entrepreneurship has unlocked a plethora of prospects in economic as well as social development across the globe. It is undeniable that once more women come to work, economies grow; it is evident that women’s economic, entrepreneurial activity impact on economic growth and affluence (GEM, 2004).

### **Women Entrepreneurship in India**

The increasing presence of women as entrepreneurs has led to significant business and economic growth in the country. Women-owned business enterprises are playing a prominent role in society by generating employment opportunities in the country, bringing in demographic shifts and inspiring the next generation of women founders.

With a vision to promote the sustainable development of women entrepreneurs for balanced growth in the country, Startup India is committed towards strengthening women entrepreneurship in India through initiatives, schemes, creation of enabling networks and communities and activating partnerships among diverse stakeholders in the startup ecosystem.

#### ***Background of Women Entrepreneurship in India***

In India till 1970s Government approach towards woman was restricted to welfare only, afterwards the focus shifted toward development of woman, and from 1980 onward government took multidisciplinary approach. In sixth five years plan (1980-85) Government came up with three dimensional plans of education, employment & health and it stressed on improvement of the status of woman in the society. In 1987 Support to Training-cum-Employment for Women (STEP) was established to promote employment and woman independence. Eighth sixth five years plan (1992-97) can be marked as a paradigm of Woman Empowerment in India. In 1993 Government launched Pradhan Mantri Rozgar Yojana (PMRY) to promote rural women entrepreneurship. Rashtriya Mahila Kosh (RMK) was launched in the year 1993 to provide loan with low rate of interest to woman entrepreneurs. Government had also initiated number of schemes to support the rural women for agriculture based entrepreneurship. During ninth five years plan (1997-2002) Government has launched number of programs like- Trade Related Entrepreneurship Assistance and Development (TREAD), Swarna Jyanti Gram Swarozgar Yojana (SJGSY), Swarna Jayanti Sehkari Rozgar Yojana (SJSRY) to accelerate women entrepreneurship. In the Tenth five years Plan (2002-2007) National Common Minimum Programme (NCMP) was launched with the mission of empowering woman indifferent

## Entrepreneurship and Startup (ENTS)

dimensions-economic, social political, educational, legal. During this phase Women's Component Plan (WCP) was executed to endorse various development schemes related to woman. A committee was constituted with feminist economists in Eleventh five years Plan (2007-2012) to ensure gender sensitive distribution of public resources.

### Role of Women Entrepreneurship

Women entrepreneurship plays vital role in economic role development which has already been recognized all over the world. Government and various agencies are promoting woman entrepreneurship through various schemes and incentives across the world. Over the last few decades women have already proved their ability in business world. But In India the number of women entrepreneur is not at all (Sharmila, 2020). At Present women constitute only 13.76% of the total entrepreneurs, i.e., 8.05 million out of the 58.5 million entrepreneurs

These establishments in total, owned by females, provide employment to 13.45 million people. Though the representation is far below the other countries Like US, UK, Russia, Brazil (Google, Bain & company, 2019). There are certain factors which are hindering woman entrepreneurship - Male dominant society is reluctant to allow women entrepreneur.

Women often face lack of support and less cooperation from the family members which demotivate them to become entrepreneur. Financial institutions has a notion that women entrepreneurs may leave the business for family obligations, due to that financial institutions also reluctant to provide financial support to Woman entrepreneurs. Family obligation of women like nurturing children also sometimes hinders woman from entrepreneurship. Lack of information about numerous financial scheme, training & workshop of the government relating to women entrepreneurship development also keep some women away from receiving the assistances. In backward and remote areas, less education, lack of familiarity about recent technological progress also act as a bar for woman entrepreneurship (Kaviarasu & Francis, 2018).

Though there are so many bars, still women emerged as successful entrepreneurs in India. Following factors play pivotal role behind their success –

- Intention to stand independently and freedom to take decisions.
- Expectation of Self-identity and self-respect
- Higher education qualification, knowledge
- Strong desire to break the stereotypes
- To be a role model
- Family cooperation
- Need of additional income push women
- Unemployment and under employment work as accelerator.
- Success stories of woman entrepreneur in friends and family circle
- Government schemes and policies

Few business ideas with low investment for Women which they can start :

- Yoga Trainer
- Freelance Writing Business
- Own Business of Clothing
- Food/Tiffin Service Business suits Most Women

- Women can turn Hobby into a Business
- Nice Consultancy Business
- Graphics Designing Business Ideas for Women
- Like Consulting, Counselling Business too suits Women
- Image Consultants
- Financial Advising Business Idea
- Freelance Writing for women
- Language Instructing Business Idea
- Masseur Business for Women
- Physiotherapy Business for Women
- Music for all Business
- Enabling Local Artisans to sell their wares
- Travel Blogging as a Business for Women
- A Home Chef Business Idea

### Successful Women Entrepreneurs in India

#### **Kiran Mazumdar-Shaw**

Starting out as an enzyme maker in 1978, Kiran Mazumdar-Shaw made Biocon into a biopharmaceutical company of global reckoning, step by step. Without in family business legacy, a management degree, mainly it was determination and bare old hardwork that grew her to where she is. Mazumdar-Shaw built her knowledge business by leveraging intellectual capital like Azim Premji and N.R. Narayana Murthy. For the years biotech was a black box which few people could gauge. So, the business model was not widely understood. From producing enzymes for an Irish partner, Mazumdar-Shaw proceeded to developing patented manufacturing knowledge, moved into agreement research and drug development, generating the building blocks for future in biopharmaceuticals.

#### **Divya Gokulnath: Co-founder BYJU'S**

Divya co-founded Byju's an educational platform to help students learn better. She completed her engineering degree from RV College and was preparing for her GRE to continue her studies abroad. This is when she joined Byju Raveendran's classes as his student.

Soon Divya became a teacher at Byju's and then got married to him. When it was time to launch the platform Byjus chose her to do it with. Today, BYJU's is the most valuable ed-tech company in the world. Divya was featured as one of LinkedIn's top voices in 2019.

#### **Falguni Nayar: The Founder of Nykaa**

Falguni is the founder of Nykaa.com and is popularly known for her entrepreneur journey in India. Equipped with 25 years of experience and grandly successful career in financial services, she took the leap to launch Nykaa.com. Today, Falguni Nayar, an IIM Ahmedabad graduate has built an empire of beauty and skin-care retailing. Her biggest achievement in her early days was being able to build a brand of Nykaa. Today, it truly is a go-to platform for beauty.

She was titled the “Most powerful business” by Business Today and received the “Woman Ahead” award at the Economic Times. Nykaa has recently entered the unicorn club with its fresh Rs 100 crore (\$13 million) funding from existing backer Steadview Capital. She definitely is one of the most famous female entrepreneurs in India that you should know about. According to CNBCTV18, her net worth is Rs 1,300 crore.

### **Khushboo Jain: Co-Founder and COO, ImpactGuru.com**

Khushboo Jain co-founded Impact guru and leapt into the entrepreneurial life with a mission to help India’s crowdfunding startup scenario. She works as the COO of the company and leads the marketing arm, communication and design teams. Khushboo has a lot of educational experience.

She studied Business Management from Sydenham College, Mumbai, then earned an MBA in Marketing from Welingkar Institute of Management Development & Research. She has even studied fashion marketing at the London College of fashion and at Parsons.

Recently, Khushboo has also been recognised in several lists and occasions. She featured in the fortune 40 under 40 lists in India and was amongst the Top 15 winning women entrepreneurs at 2019 Women Transforming India Awards NITI Aayog & United Nations.

### **Radhika Ghai Aggarwal: Co-Founder & CMO, Shopclues.com**

Radhika Ghai started Shopclues after a decade’s worth of experience in industries like retail, eCommerce, fashion and lifestyle, advertising and public relations. This tech-driven entrepreneur has done an MBA from Washington University. She is definitely a noteworthy woman entrepreneur in India. She was the first Indian woman to join the Unicorn club.

Radhika also holds a postgraduate degree in Advertising and Public Relations. Radhika has worked with Nordstrom on strategy planning and with Goldman Sachs in its Wealth Management group in New York and Menlo Park, US. She started Shopclues in Silicon Valley in 2011 with her co-founders Sanjay Sethi and Sandeep Aggarwal.

### **Shahnaz Hussian: CEO of Shahnaz Herbals**

Shahnaz got her education in La Martiniere Lucknow and was married while she was a teenager. This led to her becoming a mother extremely early in life. Today she is known as the “Queen of Herbal Beauty Care” and has been awarded Padma Shri by the Government of India in 2006. She has become one of the most prominent businesswomen in India and runs her business in over 138 countries.

She specialized in cosmetology and trichology while managing the duties of being a wife, a mother and a daughter-in-law. In 1977, she started a salon in the veranda of her house in Delhi, with an investment of 37,000 from her father. This is when she thought of starting a herbal clinic. She founded her company in 1977 and worked on building ayurvedic herbal cosmetics.

Today, she has been awarded as a national Entrepreneur India Award 2015 for Outstanding Ayurvedic Innovations from Entrepreneur Media India, FICCI, NEN and NASSCOM, National “Woman Super Achiever” Award in Mumbai, sponsored by Femina and many more.

## **Story of a Rural Women Entrepreneur**

This is an inspiring story of Padma Barui, a micro entrepreneur who has managed to break many barriers. She is now selling her products online. The venture has been started with one woman, later the number went up to 150. Women of the Ruppur area of Bibhum (district in Indian state of West Bengal) have dexterity in Kantha Stitching but had never utilised their skill and diligence. Padma Barui, mother of a young child came to know about Self

Help groups from Newspaper (only one she could read in Panchayat office). She formed the group in 2003. The women members started with making quilts, Sarees and bags which were sold through village vendors at a minimal rate. Padma suddenly met a vendor who got stalls in Poush Mela(Trade Fair) at Bolpur, Birbhum ( District in Indian state of West Bengal). She along with her women colleagues came to the fair with all their handicrafts. They got adequate business and could make handsome profits. In 2017, these women started exploring online stores, trade fairs, and exhibitions with the use of mobile phone and applications of different apps. They have expanded their reach to Bihar, Orissa, and proper Kolkata even in Delhi by associating with retail partners and traders during the journey period. Padma turned herself into a successful entrepreneur and also proved herself a good mother by making her daughter an honours graduate. The journey path was not smooth enough she faced innumerable challenges. Lack of resources and support from government made things difficult for her. Women employees perform all the official duties as accountants, designers, purchase and marketing managers, sale development and promoters. The organisation run by her with 150 existing members of 13 Self Help Groups provides a conducive working atmosphere and financial emoluments. The enterprise now expanding with networks with the help of use of ICTs, computers, internet and mobile phones.

A family run business is the ones where more than half the shares are controlled by the members of the family. All family businesses have started their journey and entrepreneurial venture of one or more individuals. Most of the family businesses have started as a small entity but grew in size over time with involvement of family members. Family members put in effort and money move from family to business and vice versa. Most of the key responsibilities are handled by the family members during the early growth phase of the enterprise. Family business however suffers from problems which can lead to crisis.

### Advantages of Family Run Businesses

Family businesses are still thriving in today's competitive economy. The following are some of the advantages of family run business :

#### 1. Stability

Family businesses are ideal in nature as they are loyal to the principles of the founder and top leadership, which results in overall stability within the organization. Leaders usually stay in the position for many years, until a life event such as illness, retirement, or death results in change.

#### 2. Commitment

There is a greater sense of commitment and accountability by all family members due to involvement of reputation stake of the entire family. This level of commitment is almost impossible in non-family businesses. It is natural that all family members demonstrate and share a level of commitment to the firm since the core of any family business is a shared business vision and identity.

#### 3. Leadership

In family run business, most of the time leadership is centred to the senior most people in the family. So, each family members show faith and loyalty in the top leadership.

#### 4. Trust

Since all family members know each other and related by blood relations, there is feeling of trust in each other.

#### 5. Flexibility

In family run business, all family members can take any role which the business needs. You won't hear, "Sorry, this is not my job" in a family business. They can take several different tasks outside of their formal role in order to ensure the success of the company.

#### 6. Decreased Cost

All family members contributing land, labour, capital and entrepreneurship means there will less cost of running and managing business. In hard times just like COVID-19, family members even can take a pay cut or work without any pay.

### 8.4.1 Problems faced by family run businesses leading to crisis.

#### Family

##### Generation 1

Control-oriented patriarch insensitive to the changing needs of the children

##### Generation 2

- E
- Sibling rivalry manifested by partiality and poor adherence to the family values and tradition
- Murmurs and quiet protests about lack of many things and unhealthy comparisons by married youngsters.

##### Generation 3

- Complaints about lack of sharing of information, consultation. Critical commitments on decisions taken without consultation
- Complaints about lack of opportunities and rewards by several family members with differential needs

#### Business

##### Stage 1

- Too much personal supervision and lack of delegation of key decisions.
- Too much informality and lack of norms for most things

##### Stage 2

- Family executives fail to evolve new decision-making mechanisms, both on strategy and operational coordination.
- Non-family professionals feel not involved

##### Stage 3

- Family executives pursue projects of their interest without a common approach to decision-making.
- New businesses are set up to accommodate the needs of growing number of family members.
- Business divisions act as independent silos affecting a feeling of shared ownership.

Source: The 10 commandments of family business by Kabil Ramachandran

### 8.4.2 Succession planning in Family Business

Business ownership is an area of concern and succession planning is important in business. Succession has to be planned and the next leader needs to be groomed. It is always challenging to select the best leader from the potential successors. The successor and the person whom he is succeeding have to ensure that the baton changing, and the succession process is smooth. So, grooming the future leader and good policies for succession can be helpful in the succession in the long run.

### 8.4.3 Examples of some Family Run Businesses in India

1. **TATA Group** : TATA group was established in 1868 by Jamshedji Tata. It is the largest conglomerate of India with products and services in over 150 countries. It is operating in 100 countries across six continents. The group got global recognition after acquiring several companies globally. Each of the company operates independently under the supervision of board of directors and shareholders. Some of the significant Tata group companies include Tata Steel, Tata Power, Tata Consultancy Services, Tata communications among others. They have recently acquired Air India.
2. **GMR Group** : GMR was founded in 1978 by G.M. Rao. It is an Indian multinational conglomerate with head quarter in New Delhi. The company has interests in infrastructure like airports, roads and manufacturing like sugar, agribusiness and ferro alloys. It comprises of several companies like GMR Energy, GMR Airports, GMR infrastructure and GMR enterprises.

#### 3. Reliance Industries

The Reliance organization was brought into existence by the late Indian business tycoon Dhirubhai Ambani. Hailing from the state of Gujarat Dhirubhai was the son of a teacher. What is surprising is that one of the richest men at the time of his death once worked at a petrol pump in Yemen. He left Yemen in 1958 and returned to India with the aim of entering the textile market. Hence Reliance was born.

Dhirubhai's first employees included his younger brother and nephew and former schoolmates. In 1973 the company was renamed Reliance Industries. At the time of his death in 2002 Reliance was already a conglomerate having its business in the Oil and Gas, Refining, petrochemical, Electricity, Telecom, and Financial services industry. Due to his untimely death, Dhirubhai had not left a will behind. After a bitter feud, the assets were split between the two brothers Mukesh and Anil Ambani.

#### 4. Wipro

Wipro Limited was brought into glory by the man known as the Czar of the Indian IT industry, Azim Hashim Premji. Azim was born into a family that already had its roots in business. His father Mohamed Hashim Premji was known as the Rice King of Burma and after Independence was even invited by Jinnah to live in Pakistan which he declined. Azim Premji graduated in Electrical Engineering from Stanford University, USA. He returned to India post the death of his father in 1966.

He initially took care of his father's business but after IBM was forced to leave India in 1980 he saw an opportunity to fill a gaping hole in the IT Industry in the country giving birth to Wipro. Today Wipro has emerged as one of the global leaders in the software Industry. Premji has two sons– Rishad Premji and Tariq Premji. Both the sons serve on the board of the company but Rishad has been named as the successor.

#### 5. Dr. Reddy's Laboratories

Dr. Reddy's Laboratories is an Indian multinational pharmaceutical company founded by Dr. Kallam Anji Reddy. Dr. Reddy was the son of a turmeric farmer from Andhra Pradesh. Dr. Reddy founded Dr. Reddy's laboratories in 1984. The company entered the Indian pharmaceutical sector by reverse-engineering the best-known drugs of western MNCs at a fraction of their prices.

During the 1990s the company began trying to discover its own patentable drugs. Dr. Reddy passed away in 2013 after suffering from cancer. His son Kalan Satish Reddy currently serves as chairman of the company. His brother-in-law G.V. Prasad serves as the co-chairman and managing director of Dr. Reddy's Laboratories.

**6. HCL Technologies**

HCL Technologies Limited was founded by Shiv Nadar an Indian industrialist and philanthropist. Shiv Nadar began HCL in 1976 in partnerships with several friends and colleagues from his job at Walchand group's College of Engineering, Pune (COEP). HCL was founded with an investment of ₹ 1,87,000.

As of 2020, the company boasted revenues of \$10 billion. His only child Roshni Nadar Malhotra serves as the chairperson of HCL Technologies and the first woman to lead a listed IT company in India.

# Micro Small and Medium Enterprises (MSME)

## 8.5

**M** SMEs account for 90% of businesses, 60 to 70% of employment and 50% of GDP worldwide. As the backbone of societies everywhere they contribute to local and national economies and to sustaining livelihoods, in particular among the working poor, women, youth, and groups in vulnerable situations. (United Nations, 2022) The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation, exports and overall growth and development of the country's economy. The MSME sector is responsible for about 40 per cent of the exports and 45 per cent of the total manufacturing output in India. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

### Definition of MSME in India

The Central Government, hereby notifies the following criteria for classification of micro, small and medium enterprises with effect from 01.07.2020, namely :

- (i) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;
- (iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Revised Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
<b>Manufacturing Enterprises and Enterprises rendering Services</b>	Investment in Plant and Machinery or Equipment: Not more than ₹1 crore and Annual Turnover ; not more than ₹ 5 crore	Investment in Plant and Machinery or Equipment: Not more than ₹10 crore and Annual Turnover ; not more than ₹ 50 crore	Investment in Plant and Machinery or Equipment: Not more than ₹50 crore and Annual Turnover ; not more than ₹250 crore

The European Union (EU) contemplates the following three criteria: staff headcount, annual turnover and annual balance sheet total for classifying MSME. OECD member countries define MSME as per with EU definition with some variations. World Bank also has no such standard definition and uses criteria that are compatible

with International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). These classifications are aligned with the EU specificity. In USA there is no categorization for different sizes of operations—micro, small and medium, rather it categorises according to the exporting and non-exporting manufacturing firms and classifies its SMEs with revenue and employee head count. The common parameters are count and turnover were noticed while comparing across countries.

### Impact of MSMEs on people's lives

1. MSMEs aim to make workers' lives better. they help them by providing jobs, loans, and other services.
2. MSMEs contribute to the advancement of innovative technologies, the expansion of infrastructure, and the modernization of the sector as a whole, all of which improve labourers' working conditions.
3. They also offer high-quality certification services and state-of-the-art testing labs.
4. MSMEs are now supporting product development, design innovation, intervention, and packaging in keeping with current trends, ensuring that clients receive the highest quality products.
5. The prime minister's employment generation programme (PMEG) scheme, which was created by the Indian government and is handled by the ministry of MSMEs, is a financing facility for ambitious entrepreneurs who want to start a micro-business. it also aids in the improvement of the lives of rural people.

### Role and Importance of MSMEs in Indian Economy

MSMEs are a vital part of the Indian economy and have made significant contributions to the country's socio-economic growth. They create job possibilities and contribute to the development of the country's backward and rural areas. MSMEs contribute almost 8% of the country's GDP, around 45% of manufacturing production, and about 40% of exports. With this significant contribution, it isn't an exaggeration to call them the 'backbone of the country.'

MSMEs currently employ over 46.6 million people, as per the national sample survey (2019).

let's look at their role and importance in the Indian economy.

#### (a) Economic stability

Because of MSME's contribution to manufacturing, exports, and jobs, it benefits other industries. MNCs frequently purchase semi-finished and additional items from small businesses, such as clutches and brakes, by vehicle manufacturers. Even after the GST is implemented, it helps bridge the gap between small and large companies. 40% of the total MSMEs sector has also implemented GST registration, which has increased the government's revenue by 11%.

#### (b) Cheap labour

One of the critical challenges in large-scale firms is to retain human resources through effective human resource management professionals. However, when it comes to MSMEs, the labor requirement is lower, and it does not necessitate the use of a highly skilled laborer. as a result, the owner's indirect expenses are also minimal.

#### (c) Large-scale employment generation

MSMEs seek to improve the lives of workers by offering employment, loans, and other services. Furthermore, it provides many opportunities for unemployed people to take advantage of. India produces over 1.2 million graduates annually, with approximately 0.8 million engineers. So far, no economy has been able to offer such a vast number of freshmen in a single year. MSMEs play a significant role in supporting India's young talent as they join the workforce.

### (d) A significant contribution to “make in India”

Thanks to MSMEs, the prime minister of India’s trademark campaign, “make in India,” has been simplified. It serves as a foundation for making this ambition a reality. Furthermore, the government has urged the banking institutions to offer more credit to small and medium-sized businesses.

The MSME sector plays a vital role in the lives of ordinary people and the country’s economic growth. In recent years, many youths have been inclined toward entrepreneurship, and MSME sectors are fully supporting it. So, it is necessary to help the MSME sector financially, and is continuously progressing towards it.

- Since its formation, the MSME segment has proven to be a highly dynamic Indian economy sector. MSMEs produce and manufacture a variety of products for both domestic as well as international markets. They have helped promote the growth and development of khadi, village, and coir industries. They have collaborated and worked with the concerned ministries, state governments, and stakeholders towards the upbringing of rural areas.
- MSMEs have played an essential role in providing employment opportunities in rural areas. They have helped in the industrialization of these areas with a low capital cost compared to the large industries. Acting as a complementary unit to large sectors, the MSME sector has enormously contributed to its socio-economic development.
- MSMEs also contribute and play an essential role in the country’s development in different areas like the requirement of low investment, flexibility in operations, mobility through the locations, low rate of imports, and a high contribution to domestic production.
- With the capability and capacity to develop appropriate local technology, provide fierce competition in domestic and international markets, technology-savvy industries, a contribution towards creating defense materials, and generating new entrepreneurs by providing knowledge, training, and skill up-gradation through specialized training centers.

### Indian Government response in the Covid Crisis period

Government of India had declared uncollateralized loans of Rs.3 lakh crores for MSMEs, with 100% Credit Guarantee and 12 months moratorium on principal repayment cover 45 lakh MSME Units. A support proposal was taken to inject Rs.20,000 crore equity through Subordinate Debt for stressed MSMEs. Proposal for E-market associations for MSMEs across the board made to confer marketing openings. The MSMEs definition was revised by uplifting investment limits and incorporating turnover criteria. A new comprehensive classification has been circulated for manufacturing and service units on 26.06.2020, to help the present and potential entrepreneurs. Now, there is no difference among manufacturing and service sectors. The criteria revision will bring about many benefits to facilitate MSMEs to grow. For taking steps toward ease of doing business the turnover of exports will be exempted from the limits of turnover for all categories micro, small or medium. The alteration in criteria of categorizing the MSMEs is beneficial for the exporters.

Source: msme.gov.in

### Technology and Digital Infrastructures in MSME

Over the past decades, the dissemination of technology and digital infrastructures has opened up new and seemingly unparalleled opportunities for sustained growth and innovation. Markets have become more interconnected, digital products and services have mushroomed around the world, and digital innovations have helped to improve productivity and competitiveness.

However, a significant yet often overlooked segment of the global economy has remained largely excluded from the benefits of the “digital revolution”: micro, small enterprises (MSEs) tend to be under digitalized and may therefore struggle to exploit fully the opportunities afforded by digitalization. This is an especially alarming problem given that MSEs play a critical role in economies and societies as creators of jobs and as drivers of growth and poverty alleviation. In short, MSEs are key to attaining the Sustainable Development Goals, which were launched by the United Nations in 2015 as “a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity”.

The opportunities for digitization of MSEs are: (a) increased access to information and an improved ability to communicate; (b) the ability to trade and to access markets more easily and over greater distances; (c) access to a variety of financial services with low barriers to entry; (d) new pathways to enterprise formalization; (d) digital transformation and entrepreneurship as fundamental shifts in value creation; and (e) synergies with the development and diffusion of green businesses and technologies. As for the digitalization barriers faced by MSEs, are: (a) digital divides and locally incomplete digital infrastructures; (b) multifaceted digital skill shortages among MSEs; (c) low adoption readiness, risk averse cultures and gender barriers; (d) MSEs’ often marginal positions in value chains and platform markets; and (e) challenges in implementing appropriate cybersecurity and data protection measures.

From the opportunities and barriers pointed above, four key observations are distilled :

1. MSEs do not digitalize “automatically” and by default; instead, digitalization is driven by deliberate decision-making on the part of MSEs, which may be hampered by incomplete information and risk-averse attitudes.
2. The extent to which MSEs are able to increase their productivity through digitalization is determined by their internal capabilities: depth of digital adoption, digital skills, innovation orientation and flexible management.
3. The potential depth of digitalization and the associated capability levels depend on an MSE’s size, degree of formalization, export orientation and the information intensity of the sector in which it operates.
4. MSE digitalization is affected by three sets of external influences: the local digital ecosystem, an MSE’s business network, and its broader social and policy environment. Microenterprises are more directly dependent on their environment than other types of MSE.

# Generation Transfer Transaction

## 8.6

In contemplating any transaction business owners and families of closely-held organisations have several concerns about the transfer of control of the firm, generation of moderate value and liquidity to the family members as well as owners, after transaction, and about the possession of growth of capital.

The three main important considerations for transaction transfer are :

- ⦿ Continuation of operating control
- ⦿ Maintenance of liquidity
- ⦿ Growth of capital

### Traditional alternatives of Transfer Transaction

- ⦿ Outright sale
- ⦿ Public offering
- ⦿ Establishing an ESOP
- ⦿ Straight leveraged recapitalisation

The family led business tries to make partner with Private Equity for transition, the reason is not only capital funding but continuing with growth by building right board of directors for mentoring next generation, proper resource utilisation. The older generations may try to transfer the business to professional managers and private equity helpful as strategic partner. Private equity injects strategic elements to firm, and not only simply capital providers, helps to make the return, drive growth and value creation. Long term strategic alliance with private equity partner can provide better outcome for investment.

### Case of BRAZOS (Private Equity Partner, LLC)

Providing solutions to family businesses

Brazos successfully invested and worked with family owned and operated businesses. This knowledge and perception about the firm helped this LLC to recognize the specific needs of families when considering a contract with a private equity investment group. Families and business owners of closely-held companies have certain concerns while considering a transaction, counting the control, creation of value and liquidity, and capital funding.

Brazos has developed Generation Transfer Transaction® (GTT®), a non-control equity recapitalization transaction with flexible transaction structure and to address a variety of these considerations. All the traditional alternatives of transfer transaction are present in this structure.

Source : Solutions for Closely-Held and Family Businesses: Brazos Equity Partners, LLP (brazosinv.com)

**S**ocial entrepreneurship is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world.

Every business has to follow a particular structure, proper design and a framework to create value to the end users in particular, three crucial measures are there to climb the path of success-ability to make profit for the owner, ability to serve the humanity with a radical positive change, and ability of balancing between the profit motive and social change. The first measure is related to the traditional profit seeking business; the second method is applicable to traditional non-profit charities; and the third measure applies to the framework of social entrepreneurs.

Social entrepreneurship can be defined as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

With the definition given above, a social enterprise business model can be seen as a structure and framework which a social enterprise follow to bring about an affirmative change while accruing a healthy financial turnovers. Besides to the basic framework, there are a wide spectrum of feasible social entrepreneurship business models are available to choose from.

Wolfgang Grassi (2012) has identified nine variants of social business models. According to him, three factors are guiding these social business models: the objective, the nature of integration, and the target customers. He has explored the method in which these factors intersected with the three categories of business models (profit making, non-profit and hybrids).

### **Who is a Social Entrepreneur?**

A social entrepreneur is a person who pursues novel applications that have the potential to solve community-based problems. These individuals are willing to take on the risk and effort to create positive changes in society through their initiatives. Social entrepreneurs may believe that this practice is a way to connect you to your life's purpose, help others find theirs, and make a difference in the world.

A social entrepreneur is interested in starting a business for the greater social good and not just the pursuit of profits. Social entrepreneurs may seek to produce environmentally-friendly products, serve an underserved community, or focus on philanthropic activities. Social entrepreneurship is a growing trend, alongside socially responsible investing (SRI) and environmental, social, and governance (ESG) investing.

The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profit for his or her investors – philanthropic and government organizations for the most part – or for himself or herself. Instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur’s value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own. This does not mean that social entrepreneurs as a hard-and-fast rule shun profit making value propositions.

### Differences between Social Entrepreneurs and Business Entrepreneurs

Although these two forms of business can be similar, here are some key differences :

#### (a) Emphasis on Team vs. Individual

The “Stanford Social Innovation Review” notes that venture capitalists invest in private business on the basis of a new company’s leadership team and the organization that supports it. Philanthropists – individuals who raise and donate money for charitable causes – rather than venture capitalists are often the primary investors in social entrepreneurs’ projects. They’re more likely to gauge the viability of a project based on the individual at the helm. The review challenges the focus on the individual in light of research showing that successful change depends on a range of competencies – competencies that require strong leadership but that rarely can be undertaken by a sole individual.

#### (b) Perceptions of Value

For the business entrepreneur, value lies in the profit the entrepreneur and investors expect to reap as the product establishes itself in a market that can afford to purchase it. The business entrepreneur is accountable to shareholders and other investors for generating these profits. To the social entrepreneur, there’s also value in profits, as profits are necessary to support the cause. That said, value for the social entrepreneur lies in the social benefit to a community or transformation of a community that lacks the resources to fulfill its own needs.

#### (c) Measure of Profitability

The ventures of business entrepreneurs are always designed to turn profits that benefit stakeholders, such as shareholders or private investors. Social entrepreneurs also may engage in for-profit activities. However, they often structure their organizations as nonprofits, or they donate their profits to the causes they support.

#### (d) Approach to Wealth Creation

Although the business entrepreneur and the social entrepreneur are similarly motivated to change the status quo, their missions differ significantly. The business entrepreneur is driven to innovate within a commercial market, to the ultimate benefit of consumers. If successful, the innovation creates wealth. The venture’s success is gauged by how much wealth it creates. To the social entrepreneur, wealth creation is necessary, but not for its own sake. Rather, wealth is simply a tool the entrepreneur uses to effect social change. The degree to which minds are changed, suffering is alleviated or injustice is reversed represents the organization’s success.

### Significance of Social Entrepreneurs

- ☉ **Focus on Social Problems** : Social Entrepreneurs mainly focus on social problems. They initiate innovation by mobilizing the resources available to build social arrangements in response to social problems.

- **Change Agent in Social Sector** : Social Entrepreneurs act as change makers in society who in turn influence others to contribute to the development of mankind. They work not only as a strong catalyst in society, but as change agents in the social sector.
- **Bring the Changes** : They adopt a mission to create and sustain social value; recognizing and rigidly pursuing new opportunities, engaging in a process of continuous innovation, adaptation and learning.
- **Increased Accountability** : They act boldly without being limited by resources in hand and exhibit heightened accountability to the constituencies.
- **Improve People's Lives** : People are attracted to social entrepreneurs like the Nobel Peace Prize laureate Muhammad Yunus for many of the same reasons that they find business entrepreneurs like Steve Jobs so compelling – these extraordinary people come up with brilliant ideas and against all the odds succeed at creating new products and services that dramatically improve people's lives.
- **Help in Achieving Inclusive Society** : They are also playing a pivotal role in the inclusive recovery and rebuilding of communities at the grassroots level.

### Social Enterprise Business Models

Social enterprises apply business solutions to social problems. The ultimate goal is to achieve sustainability by enabling non-profits to support themselves financially in innovative ways instead of relying solely on grants and donations. Since there are no shareholders in a non-profit organization, the profits from the related social enterprise are completely re-invested in the work of the organization.

The emergence of revenue-generating activities for non-profits has created a new operating model where business principles, market characteristics and values (competition, diversification, entrepreneurship, innovation, and a focus on the bottom line) co-exist and work with traditional public sector values like responsiveness to community and serving the public interest. Essential to the success of a social enterprise is an effective business model.

Business model	How it works	Examples	Key success factors
Entrepreneur support	Sells business support to its target population.	Microfinance organizations, consulting, or tech support	Appropriate training for the entrepreneur
Market intermediary	Provide services to clients to help them access markets.	Supply cooperatives like fair trade, agriculture, and handicraft organizations.	Low start-up costs, allows clients to stay and work in their community.
Employment	Provide employment opportunity and job training to clients and then sells its products or services on the open market.	Disabilities or youth organizations providing work opportunities in landscape, cafes, printing, or other business.	Job training appropriateness and commercial viability.
Free-for-service	Selling social services directly to clients or a third-party payer.	Membership organizations, museums, and clinics.	Establishing the appropriate fee structure vis a vis the benefits.
Low-income client	Similar to fee-for-service in terms of offering services to clients but focuses on providing access to those who couldn't otherwise afford it.	Healthcare (prescriptions, eyeglasses), utility programs	Creative distribution systems, lower production and marketing costs, high operating efficiencies.

## Entrepreneurship and Startup (ENTS)

Cooperative	Provides members with benefits through collective services.	Bulk purchasing, collective bargaining (union), agricultural coops, credit unions.	Members have common interests/needs, are key stakeholders, and investors.
Market linkage	Facilitates trade relationships between clients and the external market.	Import-export, market research, and broker services.	Does not sell clients' products but connects clients to markets.
Service subsidization	Sells products or services to an external market to help fund other social programs. This model is integrated with the non-profit organization; the business activities and social programs overlap.	Consulting, counselling, employment training, leasing, printing services, and so forth.	Can leverage tangible assets (buildings, land, employees) or intangible (expertise, methodologies, or relationships).
Organizational support	Similar to service subsidization, but applying the external model; business activities are separate from social programs.	Similar to service subsidization– implement any type of business that leverages its assets.	Similar to service subsidization.

## 8.8.1 Concept of Emerging Markets

**E**ntrepreneurship is becoming a preferred career path by many people. Over the years, the market and technology has seen a lot of changes. In the past two years of the pandemic, Indian economy and consumer demands have taken a great spin. With new challenges there will be advanced solutions and emerging trends that will impact entrepreneurship greatly.

Let's take a look at the latest entrepreneurship trends to pay attention to over the next few years.

1. Digitalization in every phase
2. Launch of Startup India
3. Increasing spend on social media and digital marketing
4. Growth in new technology
5. Micro-influencers are helping drive sales
6. Growth of Entrepreneur Communities

In this contrary, the dynamic and continuously evolving global business context, different economies play a central role in the elevation and establishment of firms with idea of expanding their market globally. With this, internationalization, regarded as the most challenging approaches, can offer a chance for micro, small and medium enterprises (MSMEs) to pursue for performance and growth. In this vein, with developed countries, the contribution of emerging markets (EMs) has become as gradually important competitors on the global business sphere.

Emerging markets are characterized by fast economies, in which they offer an opening for SMEs to run. Hence, entrepreneurial firms, MSMEs in particular, can take lead with unique characteristics of emerging markets to efficiently operate and flourish in both domestic and international markets.

The emerging markets are identified for its manufacturing adroitness, and the services sector is expeditiously developing. The cultural groups are a business source both in emerging markets and amongst emerging market entrepreneurs in host markets. Different theoretical lenses may clarify ethnic entrepreneurship in emerging markets, including institutional and business group theories as well as the resource-based view, and so further our understanding of entrepreneurship in emerging markets.

## 8.8.2 Emerging Markets for Entrepreneurs

An essential component of entrepreneurship is investing. Entrepreneurs must invest their profits on technologies, services, assets, and concepts that guarantee on-going growth if they want to succeed in a cutthroat market. Although most business executives are already aware of this, it's not always evident what these investments entail. There is always some risk associated with investment, and this is especially true for business owners who invest

in the future of their firm rather than just their personal riches. In that vein, here are some emerging markets that business owners in all sectors should think about :

1. **Cyber security and Cloud Computing :** Any entrepreneur should spend money on effective cyber security for their company, regardless of the sector of employment they are in. The frequency and intensity of cyber-attacks are increasing, and 60% of small enterprises fail within six months of a cyber-attack. Depending on their unique circumstances, small businesses will require different tools and services. However, in the majority of cases, even a small investment in improved cyber security can speed up growth. Cyber security is a helpful marketing tool for partners and clients who are growing more worried about data protection, in addition to preventing expensive attacks.

On the other hand, the Cloud Computing Business is growing at a remarkable rate as more companies realize the power of the cloud and its unparalleled and terrific potential. The immense growth of Cloud Computing made Businesses shift to the cloud. However, some entrepreneurs remain sceptical of the blooming cloud market is a testament to how quickly cloud has gone mainstream. Cloud start-ups continue to attract venture capital funding from the companies.

- **BugBase :** BugBase is a global marketplace of ethical hackers, hosting crowd sourced bug bounty programmes for start-ups and enterprises.
- **Securden :** Started by ex-Zoho executives Balasubramanian Venkatramani and Kumaran Balan in 2017, Securden is an all-in-one platform for next-gen privileged access governance offering access to security and governance platforms for DevOps, IT services, and cloud environments.
- **WiJungle :** Founded by Karmesh Gupta, along with cousin Praveen Gupta, in April 2017, WiJungle is a Jaipur-based cybersecurity startup that offers a Unified Network Security Gateway, enabling organizations to manage and secure their entire network through a single window.
- **Seconize :** Founded by Sashank Dara and Chethan Anand, Seconize empowers enterprises to proactively manage their cyber risks, optimize security spending, prioritize remediation's, and ensure compliance. The Bangalore-based cyber-security start up, through its IT risk and compliance management.
- **KloudMate :** KloudMate is a platform for cloud observability used by millions of developers to create serverless applications. KloudMate helps businesses save operational expenses, raise customer satisfaction, and increase sales by detecting performance bottlenecks in modern distributed applications, identifying faults, and increasing developer productivity.
- **Zenduty :** Zenduty centralises warnings, reliably informs the appropriate parties, and gives them the tools to work together and act quickly. Teams and individuals can set their own pace and working methods thanks to Zenduty's flexible on-call scheduling, notifications, and escalation policies.

2. **Tax Management :** Tax services are one investment that business owners sometimes ignore. Even though taxes are one of life's few constants, their price isn't fixed. Investments in personnel or services to assist with these decisions are frequently justified given that the appropriate tax approach can result in considerable savings.

Making the most of a tax strategy frequently requires the assistance of an expert. Entrepreneurs may not have the time to thoroughly research opportunities and loopholes if they are busy with other matters. Even the busiest CEOs can reduce their operating costs by hiring qualified tax consultants, either as permanent employees or on a contract basis. As their businesses grow, these considerations will become increasingly crucial.

- **Clear :** Veterans in the business today claim that ClearTax, an iconic company in its own right, served as a lighthouse when it was established in the uncharted waters of financial technology. Over the past ten years, Clear, formerly known as ClearTax, has grown steadily. It began as a portal for tax filing and is now expanding into the personal finance and B2B payments sectors. Clear offers both people and corporations cloud-based tax and financial solutions. It offers options for submitting income taxes, reducing taxes owed, investing in mutual funds, investing in e-invoices, using GST software, including billing and filing options, filing IT returns and TDS returns, GST training, and more.

3. **Real estate :** One of the most adaptable investments a businessperson can make is real estate. Investing in commercial real estate can aid in business growth and give them more control over their operations. As an alternative, company owners can buy and sell houses as a secondary source of revenue to support their other ventures.

Real estate investing has a low entrance barrier and offers potential for high returns. There are a few things, nevertheless, that people should take into account before entering the real estate market. Residential property upgrades like a pool take careful planning but can raise sale prices and revenue. Indirect costs should be included in estimates, and contractors should be ASPS certified. Investors can increase their returns if they keep an eye out for these minor details, they can use real estate to accelerate their growth.

- **NoBroker:** App-based listing platform for residential & commercial properties. The platform enables users to search for properties by applying the location filter. Property owners can list their properties by providing necessary information such as location, pictures, area, prices, and more. Also, it offers features like online rent payments, generating rent receipts, etc. The mobile app is available for both Android & iOS devices.
- **Stanza Living:** Stanza Living is a managed accommodation provider for students. It offers fully furnished hostels for students on a monthly rental basis. Offers single and twin-sharing accommodations. Students can search for space of their choice by applying the location filter and schedule visits via the platform.
- **QuikrHomes:** Quikr is a Bangalore-based Indian classified advertising platform founded by Pranay Chulet and Jiby Thomas in 2008. They provide platforms in various categories such as household goods, cars, mobile phones and also real estate. QuikrHomes is a merged property portal of Quikr with Common Floor, launched in September 2015. It allows the users to search for residential, commercial and agricultural properties to either buy or rent out.
- **NestAway:** NestAway enables landlords to list their rental houses and allows home seekers to browse and book furnished homes. Their app allows users to hire furnished homes as well as other services like house cleaning and electric and plumbing inspections. Users of NestAway can look for, reserve, and move into a rental house of their choice in practically all Indian cities. With the use of design and technology, they want to offer better renting solutions. The organisation currently serves all of the major cities, including Bengaluru, Hyderabad, Pune, Mumbai, Delhi, Gurgaon, and more.

4. **Health care and Diagnostics:** Healthcare is one of the most significant industries for AI applications. The biggest medical advances of today mainly include AI. This is crucial for a country like India, where the doctor-to-patient ratio is substantially lower than the WHO-recommended level of 1:1000. (Source: WHO Report, 2022). India's population is expected to rise from 4.8:1000 in 2017 to 6.9:1000 in 2023 as a result of

the expanding use of AI in healthcare, according to the India Health report. The Diagnostics Tech contains approximately 3.4 thousand start-ups, classified according to the technology used for diagnosis, that offer goods and services that help consumers and doctors identify the presence of a disease or condition. This covers businesses that sell analytical algorithms, diagnostic tools, tests, and kits and software, diagnostics and healthcare is one of the most active sectors for investors.

- **Saathi** : Saathi provides India's only biodegradable and compostable sanitary pads.
- **Neuranics Lab** : Neuranics Lab builds a 10-minute diagnostic platform using just two drops of blood.
- **NeoDocs**: Neodocs provides smartphone-based instant lab test kits.
- **Jivika Healthcare**: Jivika Healthcare bridges the gap in healthcare service with innovation, accessibility, and affordable delivery through VaccineOnWheels, ChemoAtHome, and Health&Wellness CentreOnWheels.
- **CARPL**: CARPL.ai is the world's first testing and distribution platform for healthcare AI.
- **Aerobiosys Innovations**: Aerobiosys Innovations aims to solve the unmet clinical needs of critical-care patients by building innovative products that enable them to access quality healthcare at an affordable cost.
- **Algorithmic Biologics**: AlgoBio democratizes molecular information by bringing unprecedented scale efficiencies to molecular discovery and diagnostics.

5. **Education** : India's educational system has underwent a fundamental transformation. It used to be primarily seen as a charity or altruistic activity, but it has subsequently evolved into a separate "business." By FY25, it is anticipated that India's education market will be worth US\$225 billion. India's online education market is expanding quickly, with growth of US\$ 2.28 billion predicted between 2021 and 2025 at a CAGR of about 20%. (Source: IBEF, 2022). Due to rising consumer demand, higher education institutions in India are concentrating on developing online programmes. Investors' top wager is now the educational sector.

- **Byju's** : Through interactions and 3D learning sessions, Byju's hopes to make studying fun for pupils. This is one of the top providers of customised learning programmes in the EdTech industry. At Byju's, students can sharpen their skills and learn from the top instructors in India. They achieved this advantage by making their app user-friendly for students and redesigning their curriculum to accommodate students who study at home.
- **Unacademy** : In 2010, Hemesh Singh launched Unacademy as a YouTube channel. This Edtech startup is now well-known in India's educational technology sector. One of the leading EdTech businesses in India, it is a well-known e-learning platform. Unacademy has so far provided education to over 30,00,000 students. It has teamed up with some of the most experienced teachers to give its pupils tutoring. On Unacademy, there are more than a thousand online courses offered. The majority of the courses on this website are free, although certifications may be fee-based.
- **UpGrad** : One of India's top edtech startups is UpGrad. The company is the Indian government's recognised partner in education for the Startup India Program. The EdTech organisation provides data science and online training in IT, management, and technology to working people, college students, and enterprises. UpGrad gives students the opportunity to learn skills that will boost

their professions through partnerships with numerous prestigious universities. They are also India's #1 provider of online higher education and assist students in obtaining degrees from the best universities in the globe.

- **Vedantu** : 2011 saw the launch of the live online education portal Vedantu in Bengaluru. It provides tailored education for each student. Students in grades 4 through 12 who are pursuing the Indian Certificate for Secondary Education (ICSE) or Central Board of Secondary Education are the main beneficiaries. One of the top Indian startups for educational technology is Vedantu.
- **Edukart** : An online portal called Edukart was created by an Indian Edtech business with the goal of giving students access to higher education. Edukart offers courses from national and foreign universities, including NMIMS, the Indian School of Business, and the London School of Business, among others, including the MBA, Executive MBA, MCA, MSc IT, MA, MCom, BA, BCom, BBA, BCA, and BSc IT. The UGC in India and all other significant educational committees accept the degrees granted on this platform. Students may also receive aid from Edukart with job placement.

6. **IT and Robotics** : Robotics and automation have simplified operations in the manufacturing, healthcare, IT, and other commercial activities. By using both human workers and robotics, many firms are collaborating to reduce boring human tasks, speed up operations, and change corporate procedures. As a result of this phenomenon, the demand for robotics and artificial intelligence technology has significantly increased. Robotics and artificial intelligence developments in particular are rapidly changing how people interact with the technology they are surrounded by.

Robotics is not a cutting-edge technology at the moment. It has already started to affect both complex commercial environments and daily lives. The pandemic's increased adoption has sped up the domain's expansion. For applications including patient screening, remote treatment, food and medication delivery, and disinfection and sanitization, industrial robot manufacturers developed inventive robotics solutions. Additionally, the lack of human labour due to the lockdown pushed firms in the logistics and automotive industries to integrate robotics into their daily operations.

- **VayuJal** : The proprietary technique of VayuJal Technologies takes water from the air and supplies water. An Indian firm called VayuJal Technologies Pvt. Ltd. is working to solve the world's water shortage problem by creating and developing atmospheric water generators (AWGs). In order to quench the thirst of millions, our AWGs were created in 2016 as an inexpensive water extraction option that was also environmentally friendly.
- **UrbanMatrix** : UrbanMatrix provides an operating system for drones.
- **TechXR** : TechXR aims to democratise AR/VR using an affordable patented device—3D mouse for smartphones, so that anyone can create immersive and interactive XR content.
- **Solinas** : Solinas uses robotics and AI solutions to eliminate manual scavenging and do end-to-end management of water utilities.
- **Nosh (Euphotic Labs)** : Nosh is a deep-tech startup building home robots that cook delicious food.
- **LightMetrics** : Lightmetrics is making roads safer everywhere through an AI platform.
- **DTown Robotics** : DTown Robotics designs and develops unmanned aerial/ground solutions for defence and agricultural applications.

7. **Supply chain and Logistics :** The Indian logistics industry, which had a 2019 valuation of USD 160 billion, is anticipated to increase to USD 215 billion during the following two years. In terms of overall logistics performance, India's ranking in the World Bank's Logistics Performance Index (LPI) increased from 54 in 2014 to 44 in 2018. Players in the logistics industry in India are closely monitoring these developments as a result of the rapid spike in demand for their services. The various industries within the logistics category are also ready to take in considerable investments. Currently, the logistics corporations offer services ranging from warehousing and inventory management to transportation. However, they will soon need to add new value-added services, like packaging, labelling, and reverse logistics, to their product mix. Given the government's high focus for this industry, the construction of the infrastructure will undoubtedly pick up in the next years. For the cutting-edge entrepreneurs, this presents a tremendous investment opportunity.

- **Indicold :** Indicold is a tech-enabled B2B cold chain solutions provider.
- Hyphen SCS Hyphen SCS is building India's biggest warehousing and fulfilment platform.
- **ElectricPe :** ElectricPe is working on building India's largest electric vehicle charging platform by partnering with thousands of independent charge point operators.
- **Evre :** EVRE designs, develops and manufactures technologically advanced EV charging solutions and creates sustainable charging infrastructure.
- **Dharaksha Ecosolutions :** Dharaksha Ecosolutions converts crop stubble waste into biodegradable packaging material.

New generation business owners must invest both inside and externally to increase their performance. By making these smart investments, business owners may increase their company's revenue streams, protect themselves from the unexpected, and beat competitors. Even though investing frequently seems like a gamble, thoughtful and well-planned investments in these fields can virtually guarantee success in any market.

## Exercise

## Multiple Choice Questions :

1. Fintech companies mainly provides \_\_\_\_\_
  - a. Technological services
  - b. Production services
  - c. Marketing Services
  - d. Financial services
2. Dynamatic Technologies is a \_\_\_\_\_ startups.
  - a. Fintech
  - b. Edtech
  - c. Defence
  - d. Healthcare
3. Which problem is solved by Agro Entrepreneurship?
  - a. Reduce agriculture-related burdens
  - b. Increase economy rate
  - c. Reduce urban pressure
  - d. All of the above
4. Which one of these is not the scheme launched by the government to support the Agri-business?
  - a. Pradhan Mantri Fasal Bima Yojna
  - b. Gramin Bhandaram Yojna
  - c. E-NAM
  - d. None of these
5. which of the following scheme is not launched by the government for supporting women entrepreneurship
  - a. Pradhan Mantri Rojgar Yojna (PMRY)
  - b. Rashtriya Mahila Kosh (RMK)
  - c. Pradhan Mantri Ujjawala Yojna (PMUY)
  - d. Trade Related Entrepreneurship Assistance and Development (TREAD)

## Entrepreneurship and Startup (ENTS)

6. What is the percentage of women entrepreneurs of the total entrepreneurs?
  - a. 12.33%
  - b. 11.12%
  - c. 13.76%
  - d. 10.12%
7. In a family business \_\_\_\_\_ share are controlled by the members of family.
  - a. 40%
  - b. 20%
  - c. More than 50%
  - d. 30%
8. Which of the following is not a family run business.
  - a. Reliance Industries
  - b. Wipro
  - c. Tata Group
  - d. None of these
9. Micro enterprise should have the investment in plat and Machinery or Equipment.
  - a. Less than 1 Crore
  - b. Less than 2 Crore
  - c. Less than 5 Crore
  - d. None of these
10. MSME sector contributes in export about
  - a. 50%
  - b. 40%
  - c. 70%
  - d. None of these
11. The main important considerations for transaction transfer are
  - a. Continuation of operating control

- b. Maintenance of liquidity
  - c. Growth of capital
  - d. All of these
12. A social entrepreneur is a person who explores
- a. Production opportunities
  - b. Loan opportunities
  - c. Business Opportunities
  - d. All of these
13. A Non-Profit organisation has
- a. Few Share holders
  - b. Large no of share holders
  - c. No share holder
  - d. None of these
14. Which business model sells social services
- a. Entrepreneur Support
  - b. Low- income client
  - c. Employment
  - d. Free for Service
15. Import- Export is the example of
- a. Employment
  - b. Market intermediary
  - c. Organisational Support
  - d. Market linkage

**Answers :**

1. D	2. C	3. D	4. D	5. C	6. C	7. C	8. D	9. A	10. B
11. D	12. C	14. D	15.D						

## Entrepreneurship and Startup (ENTS)

### True and False :

1. Cryptocurrencies like bitcoin are a part of fintech.
2. Chegg is a fintech company.
3. Agro Entrepreneurship increases the migration of youths from rural to urban areas.
4. Economic growth will be enhanced by harnessing export.
5. Divya co- founded Byju's and educational platform.
6. Padma barui is the founder of shopclues.com.
7. In family business there is more feeling of trust.
8. Family business has too much formality and rules and norms.
9. In a small enterprise the investment in plant and machinery or equipment does not exceed ten crore rupees.
10. Micro Enterprise should have annual turnover less than 2 crore.
11. Brazos suhas developed Generation Transfer Transaction.
12. Entrepreneurship is becoming a preferred career path by many people.

### Answers :

1. True	2. False	3. False	4. True	5. True	6. False	7. True	8. False	9. True	10. False
11. True	12. True								

### Fill in the blanks :

1. \_\_\_\_\_ is the first fintech company to operate mainly through the internet in worldwide.
2. Practo is related to \_\_\_\_\_ sector.
3. NMSA has been formulated for enhancing agriculture productivity, especially in \_\_\_\_\_ areas.
4. The full form of E-NAM is \_\_\_\_\_
5. Full form of STEP is \_\_\_\_\_ -
6. Tata Gourp was established in \_\_\_\_\_ year by Jamshedji Tata.
7. HCL Technologies Limited founded by Indian industrialist \_\_\_\_\_.
8. MSME employ over \_\_\_\_\_ million people, as per the national sample survey 2019.
9. The revised classification of MSME in India is applicable with effect from \_\_\_\_\_.
10. The family led business tries to make partner with \_\_\_\_\_ for transition.

**Answers :**

1. Paypal	2. Health	3. Rainfed	4. Electronic National Agriculture Market
5. Support to Training-Cum-Employment	6. Crisis	7. Shiv Nadar	8. 46.6
9. 1st July 2020	10. Privet Equity		

**Short Essay Type Questions :**

1. Discuss the role of Artificial Intelligence in Healthcare.
2. Explain the challenges faced by the Agritech industry in India.
3. What are the different barriers to Agri-entrepreneurship development?
4. Describe the role of women entrepreneurship in economy.
5. What is family run business? Discuss the advantages of it.
6. Write a short note on MSME.
7. Explain the concept of 'Emerging Markets'.
8. Discuss about the 'Generation Transfer Transaction'.
9. Briefly explain the scope of new entrepreneur in cyber security.
10. Discuss in brief the business opportunity in supply chain and logistic management.

**Essay Type Questions :**

1. Discuss in detail how technology is helping India's defence sector with the example of some startups.
2. Discuss the different Fintech startups in India.
3. 'Technology is helping India's Education and Defence sector'- Discuss with examples.
4. Describe the different government schemes for promoting Agri-Business.
5. Explain the problems faced by the family run business with reference to family run businesses in India.
6. Discuss the impact of MSME in people's lives and explain the role and importance of MSMEs in Indian economy.
7. Discuss in detail about the Social Enterprise Business Model.
8. Who is Social Entrepreneur? Mention the difference between Social Exntrepreneurs & Business Entrepreneurs and also discuss the significance of Social Entrepreneurs.

### Suggested Readings:

- ⦿ Kaur Harpreet (2021), Women and Entrepreneurship in India Governance, Sustainability and Policy, Taylor and Francis Group
- ⦿ Yunus Muhammad (2008) Creating a World without Poverty: How Social Business Can Transform Our Lives, Blackstone (Audio Book)
- ⦿ Yunus Muhammad, (2008) Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs, Blackstone (Audio Book)
- ⦿ Nicoletti Bernardo (2017), The Future of FinTech Integrating Finance and Technology in Financial Services, Springer International Publishing

### Web-based Materials:

- ⦿ <https://harappa.education/harappa-diaries/social-entrepreneurship/>
- ⦿ [https://www.startupindia.gov.in/content/sih/en/women\\_entrepreneurs.html](https://www.startupindia.gov.in/content/sih/en/women_entrepreneurs.html)

## ANNEXURE

## CASE STUDY-1:

## GRQ LTD. - BANKRUPTCY OF UNVIABLE COMPANY

**Background:**

M/s GRQ Ltd., established in 2006 by Mr. JS, manufactured and installed custom designed cabinetry for commercial and residential use. Known for its innovative designs and high-quality workmanship, the company expanded rapidly and quickly became profitable. In early 2012, having outgrown their existing facility, the company purchased a substantially larger headquarters and manufacturing facility for ₹15,00,000. The company planned to rent the surplus space to help pay for the cost of the building. Bank-A financed ₹12,00,000 (80 percent of the cost) on a 10 year note at 5 percent, with the remaining ₹3,00,000 being paid in cash by M/s GRQ. This note was secured by a mortgage over the facility, as well as by a lien on fixtures and furniture. In addition, Bank-A granted the company ₹2,50,000 as working capital line with interest at 4 percent/annum, with maturity in April, 2015. This note was secured by accounts receivable. Mr. JS also personally guaranteed both loans.

The company was hit badly by the 2012 financial crisis. Sales plummeted to 60 percent in 2013 and have remained at that lower level since then. The company has been able to rent only 10 percent of its surplus space at substantially reduced rates. The company was placed on the bank's newly established watch list (Stressed NPAs List) in May 2015 due to its net loss in 2014. Subsequently, the bank, believing that the problems were temporary in nature, tried to work with the company, a major employer in its region. The working capital line was increased from ₹2,50,000 to ₹3,20,000 and the maturity of the working capital line was extended for an additional year. The terms of the investment loan were also revised to allow an additional one-year moratorium on principal payments.

M/s GRQ defaulted on its March 31, 2016 interest payment. Based on this default, coupled with the fact that the borrower had been on the watch list (Stressed NPAs List) for almost one year without substantive improvement, the 2015 fiscal statement was now past due as of April 30, 2016, and the owner, Mr. JS, has not been responding to calls from his loan officer, the account has been transferred to the workout unit in accordance with the bank's internal procedures.

**Initial steps upon transfer to workout unit**

The company failed the initial viability assessment based on a debt-to-EBITDA ratio of 9.6 calculated on the basis of 2014 statements in the loan file, although it passed on the collateral coverage parameter with a loan to value ratio of 80 percent. Given the bank's commitment to try to preserve employment whenever possible, it was decided that the bank should take a closer look at the account to determine if there was a possibility of restructuring the exposure.

The account was assigned to Mr. BW, an experienced Credit Officer of the Bank. He immediately conducted a thorough review of the loan file, noting that in addition to the missing fiscal statements, M/s GRQ had failed

to provide its annual cash flow projections together with an aging of accounts receivable and inventory. He consulted the legal team and together they determined that the collateral had been perfected properly and no legal documentation was missing. Mr. BW also ordered an updated property appraisal. As required by the bank's policy, within five days of the account being transferred to the workout unit (Stressed NPAs List), Mr. BW notified the borrower, as well as Mr. JS as guarantor, within 5 days of the loan being transferred to the workout unit (Stressed NPAs List), that (i) M/s GRQ was in payment default with respect to its March interest payment and requested that the past due amount together with late fees and penalty interest be brought current; (ii) M/s GRQ was also in default of the terms of the loan agreement with respect to the delivery of the year-end statements and ageing of accounts receivable and inventory; and, (iii) the loan had been transferred to the workout unit (Stressed NPAs List), introduced himself as the new relationship officer and requested the Mr. JS contact him at his earliest convenience to discuss repayment options.

Fifteen days passed with no word from Mr. JS. Hence, Mr. BW sent a second letter requesting the information and notifying Mr. JS that failure to respond within 15 days would result in M/s GRQ being classified as a "non-cooperative" borrower and transferred to the legal team for collection. Several days later, Mr. JS called and apologized for his tardiness in responding, citing his preoccupation with sales efforts. He also claimed to have just "forgotten" to send the statements and committed to do so when he had a spare moment in the next few days. Mr. BW responded that he would pick the statements up himself the next time he was in the area visiting another client. Mr. JS reluctantly agreed.

During his visit Mr. BW observed that the company's premises were well maintained and the office furnishings were appropriately modest. During a plant tour, he noted that most of the raw materials were pre-cut to customer specifications and that there were a number of finished cabinets in stock. Mr. JS explained that they had been returned by customers during the past two years but he was sure that he would be able to use them for upcoming orders. Mr. BW also noted that Mr. JS seemed uncomfortable and evasive when pressed on the company's financial performance and referred most questions to "his accountant". He also seemed to be more focused on "new business opportunities" than on the day-to-day operations of the company.

### **Financial and business viability analysis**

Mr. BW began his analysis of the company's 2015 statements. He was not surprised to see that the company deteriorated sharply in 2015 but was concerned that the company was now past due on its taxes (See Table for selected financial indicators). The combined effect of a 7 percent decline in sales and increased cost of goods sold (due primarily to suppliers raising their prices to offset the delays in payment) resulted in lower gross profit which was barely sufficient to cover selling, general and administrative expenses. EBITDA was insufficient to cover interest and the company reported a net loss for 2015 of ₹2,83,000, up from the previous year's loss of ₹1,10,000. He also noted the company's declining quick ratio and noted that it was likely overstated due to the generally poor quality of both the accounts receivable (based on the ageing) and inventory. The company's projections showed limited ability to service the debt. They were based on a substantial increase in sales from yet to be identified sources and would require a substantial increase in the working capital line.

## Selected Financial Indicators of GRQ

(₹ in Thousand)

INDICATORS	2013	2014	2015
Profitability Indicators			
EBITDA (margin)	239 (5 %)	207 (9 %)	-10 (0 %)
Operating profit (margin)	172	-110	-283
Net profit (margin)	75	-110	-283
Liquidity			
Quick ratio	1.04	.86	.70
Solvency			
Debt to worth	2.52	2.87	5.12
Debt to EBITDA	6.6	9.6	207.8
Interest coverage	3.2	2.96	.14
Efficiency			
Accounts receivable days	68	97	122
Accounts payable days	65	88	122
Inventory turn days	77	103	100

Having concluded his financial analysis, Mr. BW turned to assessing the viability of the business. He began with GRQ's management. He noted Mr. JS's lack of financial knowledge, his focus on sales which prevented him from recognizing the seriousness of the company's problems, and his limited cooperation with the bank. This led Mr. BW to the conclusion that Mr. JS is not capable to design and manage a turnaround of the company.

He then moved on to compare M/s GRQ with similar companies in the bank's loan portfolio. The comparison was not favorable. While all showed the effect of the economic slowdown, most had managed their financial resources more effectively and exhibited a stronger financial position. Mr. BW also noted that the industry was undergoing a period of major consolidation as strong companies were expanding largely through purchasing equipment and facilities at highly discounted prices at bankruptcy auctions. M/s GRQ is a relatively small player in the industry with insufficient resources to compete effectively against the larger competition. Furthermore, the bank's own internally produced economic projections for the local real estate market did not support growth in the rental market, making it unlikely that the company can rent its substantial surplus space in the near term.

### Deciding on workout strategy

Based on the above, Mr. BW concluded that the company was not viable either from a financial or business perspective and referred M/s GRQ to the legal team. The legal officer working together with Mr. BW proceeded to determine the likely value of the recoveries that would be received at the end of bankruptcy procedure as follows:

Accounts receivable: Age analysis of the receivables as of 31/12/15 revealed that of the ₹6,92,000 outstanding, ₹1,50,000 was within 30 days, ₹75,000 was within 60 days, with the balance of ₹4,67,000 outstanding over 60 days. It was further estimated that the bankruptcy procedure would recover 80 percent of amounts within 30 days, 60 percent of the accounts within 30-60 days and 10 percent was outstanding over 60 days. Total receipts from collection of receivables were calculated as follows:

## Entrepreneurship and Startup (ENTS)

Receivable Category	Amount (₹)	Percentage Recovery	Liquidation Value (₹)
0 – 30 days outstanding	1,50,000	.80	1,20,000
30 – 60 days outstanding	75,000	.60	45,000
Over 60 days outstanding	4,67,000	.10	46,700
<b>Total</b>			<b>2,11,700</b>

**Building:** A recent appraisal of the building shows a market value of ₹12,00,000. Based on experience the bank believes that it should be discounted by 10 percent to reflect its value at auction.

Furniture, fixtures and equipment amount to approximately ₹1,50,000. Furniture and fixtures account for approximately ₹25,000 and will sell at auction for 10 percent of their appraised value. The ₹1,25,000 of equipment is expected to sell for 50 percent of its value.

In total, in a bankruptcy proceeding the bank expects to recover as follows:

Category	Amount recovered (₹)
Accounts receivable	2,11,700
Building	10,80,000
Fixtures	2,500
Equipment	62,500
<b>Total</b>	<b>13,56,700</b>

This amount is then discounted by 10 percent to reflect a further decline in collateral values during the extra year that it will take to conclude an enforcement proceeding.

The legal officer then calculated the NPVs for enforcement vs. bankruptcy proceeding, based on the estimates of relevant legal costs, and assuming, based on prior experience, that enforcement will take one year longer than bankruptcy. Based on the results, the legal officer recommended that the loan be collected through bankruptcy proceedings.

### NPV calculation for recovery from insolvency and enforcement proceedings (Amount in ₹)

Bankruptcy		2016	2017	2018
NPV (₹)	10,76,999			
Liquidation proceeds			13,56,700	
Payment taxes			-50,000	
Cost of proceeding		-3,554	-69,841	

Total net proceeds		-3,554	12,36,859	
Enforcement				
NPV (₹)	9,49,638			
Sale at auction				12,21,030
Payment of taxes				-55,000
Cost of proceeding		-800	-950	-750
Total net proceeds		-800	-950	11,65,280

Recoveries net of costs discounted to present at bank's standard discount rate of 7 percent

### Lessons learnt

Several months later, in response to a question asked by his manager, Mr. BW lists the following lessons learnt from this case:

- (i) The loan was poorly underwritten at inception. The real estate market was already showing signs of distress and the bank failed to adequately assess the likely effect on M/s GRQ's business as well as its ability to rent the surplus space which was considered to be a secondary source of repayment.
- (ii) The loan agreement did not require quarterly financial statements together with the ageing of accounts receivable and inventory or a monthly cash budget which would have allowed the bank to monitor performance more closely and take corrective action earlier.
- (iii) The Early warning signal (EWS) system correctly identified the borrower's declining financial performance but the loan officer's inexperience coupled with an overriding desire to accommodate the borrower and avoid a NPA prevented him from adequately responding to the elevated risks.
- (iv) The restructuring of the loan represented an improper use of the moratorium tool. This option was designed to be used for short periods only to allow time to assess the borrower's financial condition. When the initial grace period expired, the bank should have conducted a full financial analysis and either restructured the loan based on the projected sustainable cash flows or referred the loan to the workout unit.

### Reference:

Aide Memoire on Lending to Micro, Small & Medium Enterprises Sector published by The Institute of Cost Accountants of India.

## PRINTER INK, LTD. - LOAN RESTRUCTURING

### Background

M/s Printer Ink, Ltd. (“M/s PI”) manufactured and sold reusable ink cartridges for use in home and office printers throughout India and the neighboring countries. The company prospered under the direction of its sole owner, Mr. BL, and in December, 2012 Bank-B loaned the company ₹10,66,000 to fund its growth and purchase new equipment. The loan was payable in 59 monthly instalments of ₹16,666 and a final instalment of ₹82,706 plus interest at 6 percent. The loan is secured by a mortgage on real estate, as well as pledges over furniture, fixtures and equipment. Sales began to drop in mid-2013 as the economy began to slip into recession. Mr. BL took some modest steps to cut expenses but expecting that the downturn would be short-lived, held off on making sharper cuts. Sales and profits continued to fall throughout 2014 and the company reported a loss in its 31/12/2014 year end statements, the first in its ten-year history. The balance of the term loan as of March 1, 2015, is ₹6,32,684 with the next monthly instalment of ₹16,666 plus interest of ₹3,163 due on March 31, 2015.

Since the inception of the loan, Mr. BL had made it a habit to meet the bank officials on a quarterly basis. On March 6, 2015, he called to schedule the next meeting. During the conversation with his loan officer of Ms. BR, Mr. BL warned her that the company would show a loss, and would need a waiver of its debt to EBITDA and quick ratio covenants as well as some “short-term payment relief” to allow the company to adjust to its reduced sales levels. Ms. BR suggested meeting at 9 am, on Monday, March 9.

For the meeting, Mr. BL began to prepare a set of projections to support his request for relief. But the more he worked, the more worried he became. No matter how he changed the assumptions, the company would not report a profit until August 2015 and by that time it would have run out of cash. It was with a heavy heart, that he headed to the meeting with the bank.

### Transfer to Workout Unit

When he arrived for the meeting, Mr. BL was surprised to see that his loan officer, Ms. BR, was accompanied by another Officer whom he had not met before. Ms. BR began the meeting by introducing Mr. WH, from the Workout Unit. She explained that the bank’s early warning system was designed to detect problems at an early stage when they are most correctable. M/s PI had been on the watch list for the past year because of its declining sales, rapid rise in debt to EBITDA ratio and increases in accounts receivable, inventory and payable days outstanding. Although the company’s loan is not past due, the decision has been made to transfer the loan to the Workout unit due to its continued deteriorating financial condition which has resulted in losses and covenant defaults as well as Mr. BL’s admission that it will be unable to continue to service its debt. After wishing Mr. BL well, Ms. BR left the meeting.

Although a bit offended as Mr. BL considered his company to be an excellent customer of the bank, he began by reviewing the 2014 results. Mr. BL was pleasantly surprised to find that Mr. WH was well prepared and quite knowledgeable about the company. He asked good questions and spent the time to get behind the figures and the projections. He even made a couple of helpful suggestions to improve the company's performance. As the meeting concluded, Mr. WH promised to review the projections in-depth and while being careful not to make any promises, agreed to try to develop a solution which would allow the company to survive.

### Financial and Business Viability Analysis

Selected Financial Indicators of M/s PI

INDICATORS	12/31/13	12/31/14	Projected Sustainable Cash Flow
Profitability Indicators (₹ 000)			
EBITDA	190	84	120
Operating profit	74	-33	31
Net profit	59	-33	25
Liquidity			
Quick Ratio	1.32	1.19	--
Solvency			
Debt to worth	1.52	1.17	
Bank debt to EBITDA	4.5	7.9	3.3
Interest coverage	2.16	1.86	1.89
Efficiency			
Accounts receivable days	62	95	--
Accounts payable days	89	95	--
Inventory turn days	135	120	--

Mr. WH began his analysis by duly noting that M/s PI, like most borrowers, had experienced a sharp decline (some 20 percent) in sales in 2014. This, coupled with the inability to adjust cost of goods sold or selling, general and administrative expenses, quickly enough resulted in a loss of ₹33,000 for the year. Liquidity declined reflecting the liquidation of current assets to fund operating losses. Leverage was up as the company was forced to rely on suppliers to fund its operating needs.

Turning to the projections, Mr. WH believed that they were both conservative and realistic. The projections assumed slightly decreased sales for the next 3 years which was in line with the bank's own internal economic forecasts. Although the company would not become profitable until August 2015, it would remain profitable thereafter as many cost reductions instituted by Mr. BL were fully implemented. EBITDA would also remain stable in line with the lower sales levels. Although Mr. BL had requested an additional short-term loan of ₹1,00,000, Mr. WH believed that by reducing annual debt service and careful cash management the company would not need any additional funding. After carefully reviewing the bank's assumptions, Mr. BL concurred.

During their meetings, Mr. WH had been very impressed with Mr. BL's knowledge of the company and recognition of the steps needed to turn it around. He was known in the business community as a conservative business man, was well liked by his employees, and maintained close relationships with both his customers and suppliers. While a small player in a much bigger market, the company had an excellent reputation and maintained a diversified customer base, many of which were the local affiliates of large international companies. Industry projections were in line with those of the company – essentially flat sales for the next three years, followed by modest growth thereafter.

Based on the above, Mr. WH felt that the company's problems were more temporary in nature and that there was a basis to proceed with restructuring the loan.

### **Restructuring the loan**

Mr. WH began the restructuring process by reviewing the bank's restructuring guidelines. They recommended a tenor not to exceed five years, EBITDA of at least 110 percent of principal and interest, a maximum rate of 6 percent, and monthly payments of principal and interest with no moratorium on payments. With a sustainable cash flow of ₹1,20,000, most the company could afford to pay on an annual basis was ₹1,09,000. As it was the bank's policy not to waive accrued interest outstanding on its loans, Mr. BL agreed to liquidate his sole remaining savings account to bring the interest current (₹3,163) as of December 31, 2014. These funds will be loaned to the company and will be fully subordinated to the bank debt.

Given these parameters, Mr. BL began to calculate what level of debt the company could repay over five years. It quickly became clear that M/s PI would not be able to repay its outstanding debt in full over a five-year period as the principal payments alone would amount to ₹1,26,536 per year. He then began to reduce the debt in ₹50,000 increments until he reached ₹4,33,000. Principal payments together with interest at 6 percent would total ₹1,09,982, slightly above the ₹1,09,000 maximum target. Mr. BL was unwilling to recommend that the bank forgo the remaining balance of ₹1,99,684 of the loan at this time. He, therefore, recommended that the existing debt be split into two loans, both secured by a mortgage on the land and building, as well as pledges over furniture, fixtures, and equipment. The first loan, or the "A" loan, would be in the amount of ₹4,33,000 and would be payable in 60 instalments of ₹7,250 plus interest at 6%. The remaining balance of ₹1,99,684, would be placed on the "B" note, at 0 percent interest and a bullet maturity of five years. To ensure Mr. BL continued co-operation, the bank would agree in a new master restructuring agreement that the "B" note will be forgiven if the "A" note is repaid in accordance with its terms.

All loans will be governed by a master restructuring agreement which will contain covenants restricting dividends and other withdrawals by Mr. BL, require a monthly cash budget together with quarterly financial statements, the maintenance of debt service coverage at all times of at least 1.1 and provide that EBITDA above ₹1,30,000 be applied to the "A" note until it is paid. The master restructuring agreement covenants would also specify that the "B" note was not to be used in the calculation of the financial leverage covenants.

### Evaluating workout options

After deciding on the parameters of the restructuring, Mr. WH began to calculate the NPV of the various workout options open to the bank. Neither Mr. WH nor the Legal Officer considered enforcement to be a good alternative to pursue. Mr. BL would likely be un-cooperative and the bank could expect at least one appeal and several postponements. It was likely therefore that the bank would not receive any proceeds for a three-year period. Also, as the continued use of their collateral was essential for the company to operate, it was likely that either the company or other creditors would put the company into a bankruptcy proceeding before the bank could file an enforcement proceeding. Never the less, he began by considering the value of the collateral in both a bankruptcy and enforcement scenario.

The loan was secured by mortgage on the land and building as well as pledges over furniture, fixtures and equipment. Ane wappraisal prepared byaninternalappraiser valued the land and building at ₹4,50,000, Mr. WH applied a 10 percent discount to reflect the forced sale nature of the bankruptcy proceeding and then took a further 10% discount to reflect further deterioration during the extended period necessary to conclude the enforcement process. The bank had also received a new appraisal of the furniture, fixtures and equipment. Mr. WH believed that ina bankruptcy proceeding, the furniture and fixtures, valued at ₹25,000, would sell for 10% of appraised value and the equipment (valued at ₹75,000) at 50% of its appraised value. As above, he also discounted these values by an additional 10% to reflect that an enforcement proceeding takes a year longer than bankruptcy. Total liquidation values of the bank's collateral expected from bankruptcy and enforcement procedures are shown in Table below.

Estimated value of collateral in bankruptcy and enforcement proceedings

Collateral	Appraised Value (₹)	Estimated Sale Value (₹) Bankruptcy	Estimated Sale Value (₹) Enforcement
Land and building	4,50,000	4,05,000	3,64,500
Furniture & Fixtures	25,000	2,500	2,250
Equipment	75,000	37,500	33,750
Total	5,50,000	4,45,000	4,00,500

Mr. BL noted that in a bankruptcy proceeding the bank would not receive the full value of its claim (₹6,32,684) from the sale of its collateral. The shortfall of ₹1,87,684 would be considered to be an unsecured claim.

He then proceeded to calculate the liquidation value of the remaining assets of the company as shown below.

### Estimated Liquidation value of M/s PI's assets (excluding bank's collateral)

Asset	Book Value 31/12/2014 (₹ 000)	Percentage Recovery	Liquidation Value (₹000)
Cash	5	100 percent	5
Accounts receivable			
0-30 days outstanding	100	.80	80

## Entrepreneurship and Startup (ENTS)

30-60 days outstanding	50	.60	30
Over 60 days outstanding	203	.10	20
Total Accounts Receivable	363		136
Inventory			
Finished goods	100	.50	50
Work in process	77	N/A	0
Raw materials	16	.75	12
Total inventory	193		62
Total Assets	561		203

He then calculated the cost of a bankruptcy proceeding (₹54,102) as follows:

- Court fees: An advance fee for all filings (debtor and creditor).
- Publication fees: For the publication in the official gazette the opening of the bankruptcy case.
- Administrator: Total remuneration is based on three components: (i) value of the estate, (ii) number of creditors, and (iii) proceeds distributed to creditors. For the purposes of this case, the estate is valued at ₹14,87,000, there are 10 creditors, and distribution proceeds amount to ₹6,48,000.

Thus, in a bankruptcy proceeding, the bank would receive a total of ₹489.669,40 of which ₹4,45,000 represents the proceeds from liquidation of the bank's collateral and ₹44.669,40 for its unsecured claim. Mr. WH then calculated the NPV of the various alternatives using the bank's standard 7 percent discount rate. Based on this analysis, restructuring was the best alternative.

### NPV Analysis of workout options

(₹ in thousand)

	NPV	2015	2016	2017	2018	2019
Restructuring ₹433K term loan	411					
Principal		87	87	87	87	87
Interest		23	16	13	8	3
Total Recovery		110	103	100	95	90
Bankruptcy	400	-	-	490		
Enforcement	343	-	-	-	450	

The discussion at the Credit Committee proved lively as anticipated. Many members questioned why the Bank was willing to forgive the 'B note'; others questioned why Mr. WH did not just extend the maturity until the loan was fully paid. Many felt that the Bank would be better served by allowing the company to file for bankruptcy. Mr. WH defended his decisions, pointing out that without the restructuring the company was certain to fail resulting in the loss of 23 jobs and that the projections showed no ability to service the full amount of the loan on a fully performing basis. The proposed restructuring would allow

the 'A loan' to be returned to a performing status if the company met the repayment terms for one year. The loan agreement also contained a cash flow recapture clause that would require all cash flow in excess of ₹1,30,000 to be applied as a prepayment to the 'A note'. In addition, he was concerned that Mr. BL would lose his incentive to work with the bank as the loan now exceeded the value of the collateral and future growth was severely limited. Once everyone had a chance to speak, the head of Credit Risk Management spoke in favor of the loan restructuring. He reminded the Committee of the Bank's commitment to work with co-operative borrowers and to restructure loans whenever possible. He pointed out the Mr. BL was a long-term customer of the bank; had a successful track record as a businessman; and had always fully cooperated with the bank. Based on these facts, he believed that M/s PI had earned the chance to restructure.

### Lessons learnt

Upon reflection, Mr. WH felt that M/s PI's case contained several important lessons, including:

- ① The importance of the early warning signals and prompt transfer to the workout unit. The early warning signals had correctly identified potential problem say earearlier as sales began to decline. Unfortunately, Mr. BL was unable to cut back quickly enough to avoid losses. But the mandatory transfer of the loan to the workout unit after It had been on the Watch List for a year (and before it be came past due) allowed the bank and the borrower to develop a solution before the company was totally out of cash.
- ② The importance of working with a co-operative borrower: Mr. BL's history of working closely with the bank, coupled with his pro-active approach to instituting corrective actions within the company, gave the bank confidence that he was able to manage the turn-around process within the company. This proved to be a key factor in determining the bank's willingness to move forward with restructuring the debt of an admittedly marginally viable borrower.

**The importance of recognizing when debt is unsustainable.:** While it was true that the bank could have just extended the maturity of the loan to accommodate full repayment, it would have done nothing to improve the company's fundamental problem of over indebtedness. The company would have continued to struggle and there was a high likelihood that it would eventually collapse. It was also unclear if Mr. BL's high level of co-operation would continue if he could not see some light at the end of the tunnel in the form of modest growth and an improved financial position. By its willingness to forgive a portion of the debt conditioned upon the repayment of the 'A loan', the bank has addressed both problems - the debt has been reduced to a sustainable level and Mr. BL has been provided with a powerful incentive to ensure that the company performs as projected. The restructuring also sent a strong signal to the community at large that the bank was willing to work with co-operative borrowers and was committed to saving viable businesses.

### Reference:

Aide Memoire on Lending to Micro, Small & Medium Enterprises Sector published by The Institute of Cost Accountants of India.

## Summary of the Announcements made by the Government of India for the MSME Sector

### Specific to MSME Sector

The Government of India announced collateral free automatic loans worth ₹3 lakh crores for MSMEs, with.

- 100% credit guarantee.
- 12-month moratorium on payment of principal.
- No guarantee fee & collaterals.
- Tenor – 4 years.
- To benefit ₹45 lakh MSME Units.

Udyam se UdyogkaNaya Bharat! Government to support stressed MSMEs with infusion of ₹20,000 crore equity support through subordinate debt.

- Stressed MSMEs or MSMEs with NPA loans will be eligible.
- More than 2 lakh MSMEs likely to be benefitted.
- Government to infuse ₹4000 crore in Credit Guarantee Trust Fund for MSEs.

Big boost for the MSME Sector! Fund of Funds created to infuse equity worth ₹50,000 crore in the MSME Sector.

- A ₹10,000 crore corpus fund created.
- To help potential MSMEs in expansion

Growth beyond leaps and bounds with newly defined MSMEs - Distinction between manufacturing and services MSMEs removed. Investment limits revised upward. Criterion of turnover added.

Breaking the shackles of old definition, MSMEs to grow leaps and bounds.

- Micro enterprises – investment upto ₹1 crore and turnover upto ₹5 crores.
- Small enterprises – investment upto ₹10 crore and turnover upto ₹50 crores.
- Medium enterprises – investment upto ₹20 crore and turnover upto ₹100 crores.

In a major initiative, Global tenders to be disallowed for Government tenders upto ₹200 crore to enable MSMEs to participate in the Government procurement process.

Government of India and CPSEs to clear all receivables of MSMEs in the next 45 days.

E-market linkages for MSMEs across the board to provide marketing opportunities.

**Social media posts relating to other announcements having positive impact on MSMEs.**

₹2,500 crores EPF support for businesses and workers for three more months (August, 2020). This will benefit more than 3.5 lakh units and 72 lakh employees.

Special Liquidity Scheme for non-banking financial companies, micro-finance institutions, housing finance companies' worth ₹30,000 crores.

To cater to liquidity needs of MSMEs, Partial Credit Guarantee Scheme 2.0 for NBFCs worth ₹45,000 crores introduced. Government of India to bear the first 20% of loss.

**Major Relief to Contractors:** All Central Agencies like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc. to grant extensions of contracts up to 6 months without costs to contractor.

Expediting refunds to partnerships, proprietorship & LLPs will help the MSMEs immensely.

**Reference:**

Aide Memoire on Lending to Micro, Small & Medium Enterprises Sector published by The Institute of Cost Accountants of India.

