Unit 3rd & 4th

Q 1 Functional Plans: Marketing Plan

MARKETING PLAN

Purpose and Timing of the Marketing Plan- The marketing plan establishes how the entrepreneur will effectively compete and operate in the marketplace. Marketing planning should be an annual activity focusing on decisions related to the marketing mix variables. The marketing plan section should focus on strategies for the first three years of the venture. For the first year, goals and strategies should be projected monthly. For years two and three, market results should be projected based on longer-term goals. Preparing an annual marketing plan becomes the basis for planning other aspects of the business.

Understanding the marketing plan

The marketing plan should answer three basic questions:

- Where have we been? -The history of the marketplace, marketing strengths and weaknesses, and market opportunities.
- Where do we want to go (short term)? - Marketing objectives and goals in the next twelve months.
- How do we get there? -Specific marketing strategy that will be implemented.

The marketing plan should be a guide for implementing marketing decision-making and not a superficial document. The mere organization of the thinking process involved in preparing a marketing plan can be helpful in understanding and recognizing critical issues.

MARKET RESEARCH FOR THE NEW VENTURE

Information for developing the marketing plan may require some marketing research. Marketing research involves the gathering of data in order to determine such information as who will buy the product, what price should be charged, and what is the most effective promotion strategy. Marketing research may be conducted by the entrepreneur or by an external supplier or consultant. Market research begins with definition of objectives. Many entrepreneurs don't know what they want to accomplish from a research study.

Defining the Purpose or Objectives

One effective way to begin the marketing plan is to make a list of the information that will be needed to prepare the marketing plan.

Possible objectives:

- Determine what people think of the product or service and if they would buy it.
- Determine how much customers would be willing to pay for the product.
- Determine where the customer would prefer to purchase the product.
- Determine where the customer would expect to hear about such a product or service.

Gathering Data from Secondary Sources

An obvious source is data that already exists, or secondary data, found in trade magazines, libraries, government agencies, and the Internet. The Internet can provide information on competitors and the industry, plus can be used for primary research. Commercial data may also be available, but the cost may be prohibitive. Free secondary information is available through:

- Bureau of Census and the Department of Commerce.
- State departments of commerce, chambers of commerce, and local banks.
- Private sources of data, such as Predicasts, the Business Index, and the Directory of Business Development Publications, can be found in a good business library.
- A local business library can also provide access to reference sources and articles about competitors and the industry.

The entrepreneur should exhaust all possible secondary data sources, observation, and networking before beginning costly primary data research.

Gathering Information from Primary Sources

Information that is new is primary data. Observation is the simplest approach. Networking is an informal method to gather primary data from experts in the field, can be a valuable low-cost research method.

A recent study found that the most successful ventures were focused on information about competitors, the customer, and the industry. Less successful ventures were more focused on gathering information on general economic and demographic trends. Interviewing or surveying is the most common approach, but is more expensive. The questionnaire used by the entrepreneur should include questions designed to fulfill one or more of the objectives. Questions should be designed so they are clear and concise, without bias, and easy to answer. If the entrepreneur lacks experience, he or she should seek help in developing the

questionnaire through Small Business Development Centers or a local education institution.

Focus groups

- A focus group is a sample of 10 or 12 potential customers who participate in a discussion.
- Groups discuss issues in an informal, open format.
- These groups should be led by an experienced monitor.

Experimentation involves control over specific variables in the research process.

Analyzing and Interpreting the Results

The entrepreneur can enter the results on a computer or hand-tabulate the results. Summarizing the answers to questions will give preliminary insights. Data can then be cross-tabulated to provide more focused results.

CHARACTERISTICS OF A MARKETING PLAN

An effective marketing plan should:

1. Provide a strategy to accomplish the company mission.
2. Be based on facts and valid assumptions.
3. Provide for the use of existing resources.
4. Describe an organization to implement the plan.
5. Provide for continuity.
6. Be simple and short.
7. Be flexible.
8. Specify performance criteria that can be monitored and controlled

The marketing system identifies the major interacting components, both internal and external, that enable the firm to provide products to the marketplace. Environment factors, although largely uncontrollable, should be studied.

Internal environmental factors are more controllable by the entrepreneur:

Financial resources: The financial plan should outline the financial needs for the venture.

Management team: An effective management team responsibilities assigned is needed for implementing the marketing plan.

Suppliers: Suppliers used are generally based on a number of factors, such as price, delivery time, and quality.

Company mission: Every new venture should define the nature of its business and what it hopes to accomplish

THE MARKETING MIX

The actual short-term marketing decisions in the marketing plan will consist of four important marketing variables, called the marketing mix:

1. Product or service.

2. Pricing.

3. Distribution.

4. Promotion.

Each variable should be described in detail in the strategy section of the marketing plan.

STEPS IN PREPARING THE MARKETING PLAN

Step 1: Defining the Business Situation- The situation analysis is a review of where the company has been and considers many of the environmental factors. The entrepreneur should provide a review of past performance of the product and the company. Industry analysis should include information on market size, growth rate, suppliers, new entries, and economic conditions.

Step 2: Defining Target Market/Opportunities and Threats- The entrepreneur should have a good idea of who the customer or target market will be. The defined target market will usually represent one or more segments of the entire market. Market segmentation is the process of dividing the market into smaller homogeneous groups..The process of segmenting is:

a. Decide what general market or industry you wish to pursue.

b. Divide the market into smaller groups based on characteristics of the customer.

c. Select segment or segments to target.

d. Develop marketing plan integrating the parts of the marketing mix.

Step 3: Considering Strengths and Weaknesses- It is important for the entrepreneur to consider its strengths and weaknesses.

Step 4: Establishing Goals and Objectives- Before strategy decisions can be outlined, the entrepreneur must establish realistic marketing goals and objectives. These answer the question "Where do we want to go?" These goals should specify such things as market share, profit, sales, market penetration, pricing policy, and advertising support. Not all goals and objectives must be quantified. It is a good idea to limit the number of goals to between six and eight.

Step 5: Defining Marketing Strategy and Action Programs- Strategy and action decisions respond to the question "How do we get there?" It incorporates:

1. Product or Service- This includes a description of the product and may include more than the physical characteristics. It involves packaging, brand name, price, warranty, image, service, features, and style.

2. Customer Service- Meeting customer needs and creating loyalty involves a number of low-cost steps:

- In writing develop a statement of customer service principles.
- Train those employees who have direct contact with customers.
- Establish a process for evaluating customer service.
- Reward employees who are most effective in providing quality customer service.
- Make regular contact with customers.
- Invest in quality telephone equipment.
- Meet customer expectations.

Customer service is especially important for e-businesses.

3. Pricing- One of the difficult decisions is determining the appropriate price for the product. Factors such as costs, discounts, freight, and markups must be considered. Marketing research can help determine a reasonable price that consumers are willing to pay.

4. Distribution- This factor provides utility or makes the product convenient to purchase when it is needed. This variable must be consistent with other marketing mix variables.

Type of channel, number of intermediaries and location of members should be described. Regardless of the type of business, it is usually necessary for the new venture to have a website. The Internet will become an increasingly important medium for information and distribution. Direct mail or telemarketing may be considered. Direct mail marketing is one of the simplest and lowest in entry costs. But the direct- marketing or Internet strategies are not a guarantee for success. The entrepreneur should evaluate all possible options for distribution.

5. Promotion- The entrepreneur needs to inform customers as to the product's availability using advertising media such as print, radio, or television. Usually television is too expensive unless cable television is a viable option. Larger markets can be reached using direct mail, trade magazines, or newspapers. A website may also create awareness and promote the product and services of the venture. It is possible to make use of publicity as a means of introduction. It is important that the marketing strategy and action programs be specific and detailed enough to guide the entrepreneur through the first year.

Step 6: Coordination of the Planning Process- The management team must coordinate the planning process. The entrepreneur may be the only person involved but may lack experience in preparing the plan. Assistance is available from many sources, such as the SBA.

Step 7: Designing Responsibility for Implementation- The plan must be implemented effectively to meet all of the desired goals and objectives. Someone must take the responsibility for implementing each decision made in the marketing plan.

Step 8: Budgeting the Marketing Strategy- Planning decisions must also consider the costs involved in the implementation of these decisions. This budgeting will be useful in preparing the financial plan.

Step 9: Implementation of the Marketing Plan- The marketing plan is meant to be a commitment to a specific strategy. A commitment to make adjustments as needed by market conditions is also valuable.

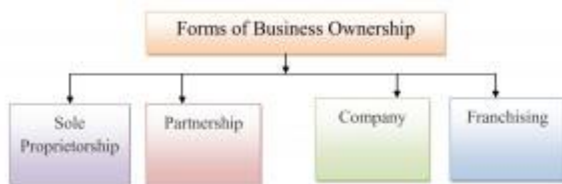
Step 10: Monitoring Progress of Marketing Actions- Monitoring of the plan involves tracking specific results of the marketing effort. What is monitored is dependent on the specific goals and objectives outlined.

Q 2 Organizational Plan

Forms of Business Ownership

The perspective entrepreneurs need to identify the legal structure that will best suit the demands of the venture before deciding how to organize an operation for business. For establishing a business the most important task is to select a proper form of organization as the conduct of business, its control, acquisition of capital, extent of risk, distribution of profit, legal formalities, etc. all depend on the form of organization. The necessity for choosing a suitable form derives from changing tax laws, the availability of capital or fund, liability situations, and the complexity involved in formation of business. The most important forms of business organization are as follows:

- Sole Proprietorship
- Partnership
- Company
- Franchising



1. Sole Proprietorship

A sole proprietorship is owned by only one person. This is the most common form of business ownership. It can include small retail stores, mechanic services and even inventors or musicians seeking to sell their products online. It is fairly easy to establish a sole proprietorship, and the process of running them is fairly simple.

Advantages of Sole Proprietorships

i. Ease of starting and ending the business

ii. Being your own boss.

iii. Pride of ownership as sole proprietors have taken the risk and deserve the credit.

iv. Leaving a legacy behind for future generations.

v. Retention of company profit

vi. No special taxes

Disadvantages of Sole Proprietorships.

i. Unlimited liability is the responsibility of business owners for all of the debts of the business.

ii. Limited financial resources. funds available are limited to the funds that the sole owner can gather.

iii. Management difficulties. many owners are not skilled at record keeping.

iv. Overwhelming time commitment. the owner has no one with whom to share the burden.

v. Few fringe benefits. fringe benefits can add up to 30% of a worker's income.

vi. Limited growth

vii. Limited life span. if the sole proprietor dies or leaves, the business ends.

2. Partnership

A partnership is similar to sole proprietorship, except more than one person is involved. Two or more people come together to work at a given business and share in the profits (or losses) or that business. Like sole proprietorship, a partnership is relatively easy to set up and doesn't have to pay the sort of taxes that larger corporations do. However, the partners themselves are responsible for business losses and liabilities, and partnerships founded on informal agreements may run into interpersonal problems when the company struggles.

Advantages of Partnerships

i. More financial resources. two or more people pool their money and credit.

ii. Shared management and pooled/ complementary knowledge. partners provide different skills and perspectives.

iii. Longer survival. partners are four times as likely to succeed as sole proprietorships.

iv. No special taxes.all profits of partners are taxed as personal income of the owners.

Disadvantages of Partnerships

i. Unlimited liability.

ii. Each general partner is liable for the debts of the firm, no matter who was responsible for causing those debts.

iii. You are liable for your partners' mistakes as well as your own.

iv. Division of profits. sharing profits can cause conflicts.

v. Disagreements among partners.

vi. Disagreements can arise over division of authority, purchasing decisions, and so on.

vii. Because of such potential conflicts, all terms of partnership should be spelled out in writing to protect all parties.

viii. Difficult to terminate. for example: Who gets what and what happens next?

3. Company

A company is a business, which is considered a separate entity from owner; even having the legal rights of a person.

Advantages of Corporations.

i. Limited liability.

Limited liability is probably the most significant advantage of corporations. Limited liability means that the owners of a business are responsible for losses only up to the amount they invest.

ii. More money for investment

To raise money, a corporation sells ownership (stock) to anyone interested or corporations can also raise money from investors through issuing bonds. Corporations may also find it easier to obtain loans.

iii. Size.

Corporations have the size and resources to take advantage of opportunities anywhere in the world.

iv. Perpetual life

The death of one or more owners does not terminate the corporation.

v. Ease of ownership change i.e. selling stock changes ownership.

Disadvantages of corporations.

i. Extensive paperwork

A corporation must prove all its expenses and deductions are legitimate.A corporation must keep detailed records.

ii. Double taxation

Corporate income is taxed twice.The corporation pays tax on income before it can distribute to stockholders.The stockholders pay tax on the income they receive from the corporation.

iii. Two tax returns

A corporate owner must file both a corporate tax return and an individual tax return

iv. Initial cost.

Incorporation may cost thousands of dollars and involve expensive lawyers and accountants.

4. Franchising

Franchising is a business arrangement in which the owner of a trademark, trade name, or copyright has licensed others to use it in selling goods or services. It can be sole proprietorship, partnership or company form.

A**dvantages of franchises:**

i. Personal ownership

You are still your own boss, although you must follow the rules, regulations, and procedures of the franchise.

ii. An Established Business

A franchise offers the advantage of operating under the banner of an already established business. The ideas, the brand, the operating techniques and much more are already tried and tested and in place ready to be implemented again and again at a new location as each franchisee takes up the mantle.

iii. A Known Brand

Operating under the banner of a franchise allows a franchisee to take advantage of the previously established brand of the business. This means there will (in theory) be far less work (and cost) involved in trying to establish and build on the brand of the business. It will already be known and trusted by the market and therefore should produced a steady stream of brand-loyal customers.

Disadvantages of a Franchise

i. No Control

The first and most significant disadvantage of a franchise is the fact that the franchisee has no control of the business or how it is run (or very limited control). The rules of the business are already established and part of the franchise agreement. How the business operates is set out by the brand of the franchise and it is very rare that a new franchisee will be able to operate outside of these borders.

ii. Tied To Suppliers

Operating a business, you'd probably like to keep costs down. Finding the cheapest suppliers to minimise your overheads and maximise your profits. But being part of a franchise means you'll be required to use the franchise supply network.

iii. Cut Of Your Profit

The franchisor will expect a cut of your profit. You do all the hard work and still have to pay them for the privilege of using their name (and support). When times are hard, this might mean a further reduction in already low profits and a struggle for your business.

Q 3 Financial plan

Step 1. Create and review a financial plan. Basically, a financial plan is a written set of goals, strategies and timelines for accomplishing these goals: buying your first home, funding or managing a retirement nest egg, funding your children's education, paying off debts, and so on. Writing out this plan, whether on a yellow pad, a spreadsheet or with the help of a certified financial planner (CFP) professional motivates you to be accountable and implement your to-do list of action steps. It provides direction, gives you a benchmark from which to evaluate your progress, and helps you prioritize the most efficient use of your financial resources.

Be sure to review your plan periodically to adjust for changing financial circumstances or desires, or life events such as a change in marital status, job loss, retirement, the birth of a child, or a death in the family.

Step 2. Organize your financial records. It's much easier to successfully manage your finances if you know what those finances are. So gather up the following financial records:

- investment accounts
- bank statements
- tax returns
- mortgage and credit card statements
- insurance policies
- estate planning documents

Then organize them so you can find and access them easily. By getting them all together, you'll be able to more easily evaluate where you're at today and can set the stage for your goals and priories going forward. And while you're at it, don't forget to inventory your personal possessions. This documents not only their value for planning purposes but also provides a record for your insurance company in the event your possessions are lost due to a theft or natural disaster.

Step 3. Calculate your net worth. Once your financial records are organized, calculate your net worth. This is simply a matter of figuring out what you *own* less what you *owe*. If your assets (house, bank accounts, investments and so on) exceed your liabilities (mortgage, student loans, credit card debts, etc.), then your net worth will be positive. On the other hand, if you owe more than you own, you'll have a negative net worth.

Net worth is the best measurement of the state of your financial health and should be used as the basis for any financial decisions you make. Your goal should be to increase your net worth on an annual basis. At year-end, you should recalculate your net worth and compare it against last year's benchmark. By doing this, you'll instantly be able to see your progress.

Step 4. Establish a spending plan. A spending plan details where your money comes from and where it goes. The inflows include your salary, bonus, interest income and any other source of income you have. Inflow is the part that's generally easiest to recall. The outflow section is a detailed listing of where your money goes. The most important outflow should be your savings. If you're living within your means, then your inflow will equal your outflow.

Having a balanced spending plan should be a financial priority regardless of where you are in life or what your net worth is. A spending plan identifies the key areas where you want your resources to go and highlights wasted spending. It can also provide an early warning of impending financial problems.

If this is your first time establishing a spending plan, consider using a software tool such as a spreadsheet or a software package like Quicken to help you. These tools could significantly cut down the amount of time and effort it takes to develop your plan.

Step 5. Build an emergency fund. Ideally, you want to have enough cash on hand to cover three to six months of basic living expenses should you lose your regular sources of income. Depending on your job security, you may want to increase the number of month's worth of reserves. For example, self-employed individuals may want to have twelve months of reserves, especially if their income is variable in nature.

Step 6. Reduce or minimize consumer debt. Debt drags down the rest of your financial efforts like a heavy anchor. If your consumer debt--credit cards, student loans, auto loans and personal loans--is eating up 15 to 20 percent or more of your monthly spending, make reducing it a priority. And why waste funds paying what are most likely very high interest rates on your cards and loans?

Step 7. Draft four, key estate-planning documents. Every adult should have (1) a will; (2) a durable power of attorney, which appoints someone to handle your legal and financial affairs if you're unable to; (3) a living will, which declares what life-sustaining medical treatments you want should you be incapacitated; and (4) a health-care durable power of attorney, which appoints someone to oversee your medical interests should you no longer be able to. Different states have different names for the medical documents, but they're all critical to your smart financial planning.

Step 8. Obtain adequate insurance. Managing risk is essential to your long-term financial security. The point of having insurance, from medical and disability coverage to life, auto and homeowner's, is to protect you from financial catastrophe. Simply stated, you buy insurance to cover expenses you couldn't make out of your own pocket. It's imperative to keep in mind that you should buy insurance when you don't need it, because when you do need it, you can't get it.

Q 1 Sources of Finance

There are basically three types of business organizations and for every sort of business organization sources of finance are really important to have. Through these sources of finance, business meets its basic and day to day needs. Sole proprietorship and partnership form of business organization are mostly run on small scale basis. They generally meet their fixed and working capital requirements from their owned capital. It is only the company form of organization, which is run on large scale basis. It requires huge amount of funds to purchase fixed assets, meeting day to day expenses of business and for modernization and replacement of machinery. Let's discuss the major joint stock company sources of finance in detail.

Sources of Finance in Business

(A) There are two major sources of finance for meeting the financial requirements of any business enterprises, which are as under:-

1. Owners Fund
2. Borrow Fund

1. **Owners Fund** Owners fund is also called as Owners Capital or owned capital. It consists of the funds contributed by the owners of business as well as profits reinvested in business. A company cans raise owner's funds in the following ways:-

- Issue of equity shares
- Ploughed back profits

2**. Borrow Fund** The second source of funding to a business is the borrowed fund. Borrowed fund consists of the amount raised by way of loans or credit. It is also known as borrowed capital. The borrowed fund is procured from the following sources;-

- Debentures
- Bank Loans
- Loans from specialized financial institutions
- Other long term financial institutions
- Types of Business Finance

All businesses require an adequate finance. They need money for investment in fixed asset such as land, building, machinery etc. Once business is in operation, money is needed for Working Capital, such as purchase of raw material, payment of wages, utility bills etc.. A going concern also requires extra capital to cover a temporary cash flow crisis, or purchase new improved machinery or simply to expand the business. The financial requirements of a business, on the basis of time duration, are usually classified under three heads which are as follow:-

1. Short Term Finance
2. Medium Term Finance
3. Long Term Finance

1.**Short Term Finance** Short term Sources of finance is defined as money raises for investment in business for a period of less than one year, it is also named as working capital or circulating capital or revolving capital.

The purpose and amount of obtaining short term capital varies with the nature and size of the business. Generally the short term capital is required

for meeting the day to day expenses of business such as payment of utility bills, wages to the workers, unforeseen expenses, seasonal upswings in business, increasing inventories raw material, work in progress and finished goods etc.

The various sources of short term finance are as under:-

- Trade creditor open book account
- Advance from customers
- Installment credit
- Bank Overdraft
- Cash credit
- Discounting bills
- Against bill of lading

2.**Medium Term** Finance Medium term sources of finance are required for investment in business for a medium period which normally ranges from one to five years. The medium term funds are required generally for the repair and modernization of machinery, renovation of the building, adoption of new methods of production, carrying advertisement campaign on large scale in newspapers, television etc.

The various sources of medium term finance are as under:-

- Commercial Banks
- Debentures
- Loans from Specialized Credit Institutions

3. **Long Term Finance** Long term sources of finance refer to the funds, which are required for investment in business for a period exceeding up to five years. It is also named as long term capital or fixed capital. Long term sources of finance are mostly required for the purchased of fixed assets, such as land, building, machinery etc. modernization and expansion of business. The amount of long term finance varies with the nature of business, size of

business, nature of the product manufactured, the number of goods produced, and the method of production etc.

The various sources of long term finance are as under:-

- Equity shares
- Issue of right shares
- Debentures
- Loans from industrial and financial institutions
- Leasing
- Ploughing back of profits

Q 2 Debt and Equity Financing

Equity Financing

You may have some cash you want to put into the business yourself, so that will be your initial base. Maybe you also have family or friends who are interested in your business idea and they would like to invest in your business. That may sound good on the surface to you, but even if this is the best arrangement for you, there are factors you must consider before you jump in. If you decide to accept investments from family and friends, you will be using a form of financing called equity financing.

One thing that you want to be clear about is whether your family and friends want to invest in your business or loan you some money for your business. That is a crucial distinction! If they want to invest, then they are offering you equity financing. If they want to loan you money for your business, then that is quite different and is actually considered debt financing.

Advantages of Equity Financing

- You can use your cash and that of your investors when you start up your business for all the start-up costs, instead of making large loan payments to banks or other organizations or individuals. You can get underway without the burden of debt on your back.

- If you have prepared a prospectus for your investors and explained to them that their money is at risk in your brand new start-up business, they will understand that if your business fails, they will not get their money back.
- Depending on who your investors are, they may offer valuable business assistance that you may not have. This can be important, especially in the early days of a new firm. You may want to consider angel investors or venture capital funding. Choose your investors wisely!

Disadvantages of Equity Financing

- Remember that your investors will actually own a piece of your business; how large that piece depends on how much money they invest. You probably will not want to give up control of your business, so you have to be aware of that when you agree to take on investors. Investors do expect a share of the profits where, if you obtain debt financing, banks or individuals only expect their loans repaid. If you do not make a profit during the first years of your business, then investors don't expect to be paid and you don't have the monkey on your back of paying back loans.
- Since your investors own a piece of your business, you are expected to act in their best interests as well as your own, or you could open yourself up to a lawsuit. In some cases, if you make your firm's securities available to just a few investors, you may not have to get into a lot of paperwork, but if you open yourself up to wide public trading, the paperwork may overwhelm you. You will need to check with the Securities and Exchange Commission to see the requirements before you make decisions on how widely you want to open up your business for investment.

Debt Financing

If you decide that you do not want to take on investors and want total control of the business yourself, you may want to pursue debt financing in order to start up your business. You will probably try to tap your own sources of funds

first by using personal loans, personal loans, home equity loans, and even credit cards. Perhaps family or friends would be willing to loan you the necessary funds at lower interest rates and better repayment terms. Applying for a business loan is another option.

Advantages of Debt Financing

- Debt financing allows you to have control of your own destiny regarding your business. You do not have investors or partners to answer to and you can make all the decisions. You own all the profit you make.
- If you finance your business using debt, the interest you repay on your loan is tax-deductible. This means that it shields part of your business income from taxes and lowers your tax liability every year. Your interest is usually based on the prime interest rate.
- The lender(s) from whom you borrow money do not share in your profits. All you have to do is make your loan payments in a timely manner.
- You can apply for a Small Business Administration loan that has more favorable terms for small businesses than traditional commercial bank loans.

Disadvantages of Debt Financing

- The disadvantages of borrowing money for a small business may be great. You may have large loan payments at precisely the time you need funds for start-up costs. If you don't make loan payments on time to credit cards or commercial banks, you can ruin your credit rating and make borrowing in the future difficult or impossible. If you don't make your loan payments on time to family and friends, you can strain those relationships.

For a new business, commercial banks may require you to pledge your personal assets before they will give you a loan. If your business goes under, you will lose your personal assets.

Any time you use debt financing, you are running the risk of bankruptcy. The more debt financing you use, the higher the risk of bankruptcy. Calculate the debt to equity ratio to determine how much debt your firm is in compared to its equity.

Some will tell you that if you incorporate your business, your personal assets are safe. Don't be so sure of this. Even if you incorporate, most financial institutions will still require a new business to pledge business or personal assets as collateral for your business loans. You can still lose your personal assets.

Which is best; debt or equity financing? It depends on the situation. Your financial capital, potential investors, credit standing, business plan, tax situation, the tax situation of your investors, and the type of business you plan to start all have an impact on that decision. The mix of debt and equity financing that you use will determine your cost of capital for your business.

Q 3 List of important institutions that are helping Indian entrepreneurs by providing financial and other supports

A number of support institutions set up by central and state governments help the entrepreneurial activities in various ways. The activities cover a wide range of services li financing, technical guidance, equipment support, training, marketing and providing subsidy and grants. The following institutions are available for providing the above mentioned benefits.

1. Financial Institutions:

i. Industrial Development Bank of India (IDBI)

ii. Industrial Finance Corporation of India (IFCI)

iii. Small Industries Development Bank of India (SIDBI)

iv. National Small Industries Corporation Ltd (NSIC)

v. State Small Industries Corporation (SSIC)

vi. Regional Rural Banks (RRBs)

vii. State Financial Corporations (SFCs)

viii. State Industrial Development Corporations (SIDCs)

ix. Cooperative Banks and Gramin Banks

2. Institutions for technical guidance:

i. Small Industries Development Organisation (SIDO)

ii. District Industries Centres (DICs)

iii. Technical Consultancy Organisations (TCOs)

iv. Small Industries Service Institutes (SISIs)

v. State Small Industries Development Corporations (SSIDCs)

vi. Industrial Development Corporation (IDCo)

vii. Agricultural Promotion and Investment Corporation of Orissa Limited (APICOI

3. Training Institutions:

i. Small Industries Service Institute (SISI)

ii. National Bank for Agriculture and Rural Development (NABARD)

iii. Council for Advancement of Peoples Action and Rural Technology (CAPART)

iv. District Industries Centre (DIC)

Q 4 legal issues

1. **intellectual property rights**

A right that is had by a person or by a company to have exclusive rights to use its own plans, ideas, or other intangible assets without the worry of competition, at least for a specific period of time. These rights can include copyrights, patents, trademarks, and trade secrets. These rights may be enforced by a court via a lawsuit. The reasoning for intellectual property is to encourage innovation without the fear that a competitor will steal the idea and / or take the credit for it.

2. **patents**

A **patent** is a form of intellectual property. A **patent** gives its owner the right to exclude others from making, using, selling, and importing an invention for a limited period of time, usually twenty years. The **patent** rights are granted in exchange for an enabling public disclosure of the invention.

3. **Trademarks**

A **trademark**, trade mark, or trade-mark is a recognizable sign, design, or expression which identifies products or services of a particular source from those of others, although**trademarks** used to identify services are usually called service marks.

4. **Copyrights**

Copyright refers to the legal right of the owner of intellectual property. In simpler terms, **copyright** is the right to copy. This means that the original creator of a product and anyone he gives authorization to are the only ones with the exclusive right to reproduce the work.

5. **Trade Secret**

A **trade secret** is a formula, practice, process, design, instrument, pattern, commercial method, or compilation of information not generally known or reasonably ascertainable by others by which a business can obtain an economic advantage over competitors or customers.

6. **Licensing**

A **Licensing** agreement is an arrangement whereby a licensor grants the right to intangible property to another entity for a specified period, and in return, the licensor receives a royalty fee from the licensee. Intangible property includes patents, inventions, formulas, processes, designs, copyrights, and trademarks.

7. Franchising

Franchising is a form of business by which the owner (franchisor) of a product, service or method obtains distribution through affiliated dealers (franchisees). If buying an existing business doesn't sound right for you but starting from scratch sounds a bit intimidating, you could be suited for franchise ownership.