

Setting up of New Business

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Introduction

The First and Second World War effect bring about the great struggle for industrialization in the world, to satisfy the want and need of the people. But industrialization cannot be achieved without the required capitalization and expertise. All resources have been committed to war; the world cannot meet the demand of large business.

The need for industrialization pressed on. In order to save the world from state of lack and poverty, every one goes about with the limited resources that are not carried away by war, to start one small business or the other, with one reason to survive (fight poverty). Every small business entrepreneur received strong support from the government, who in accordance to the law execute her roles, so as to ensure the survival of entrepreneurs in the economy. The governments of USA, Britain, Germany, to mention but a few contribute their resource to entrepreneurship development. This is now the backbone of their industrialization and pride as a nation.

Meaning and Definitions

The meaning of small business cannot be said to be adequate in a single definition. For many of these definitions are based on the background, orientation and environment of the scholar.

- Chris et.al (2000) define, small business as those which are owned and controlled by one or a few persons, with direct owner(s) influence in decision making and having relatively small share of the market in the applicable industry.
- Robert (1994) see small business as an independently owned and operate; has capital contribution from limited number of individuals, would operate in a local area; would probably not be dominant in its field of operation.
- Robert C. A, in his definition see small business being independently owned and operated with small capitalization which come from small individual and cannot command high market share. He further says that, small business can hardly be defined based on number of employee, for this will not have universal application, for the number varies from countries to countries.
- Osize (1984) see small business enterprise as one which is owned, managed and controlled by one or two persons. Family influence in decision making, has an undifferentiated organizational structure, has a relatively small share of the market and employs less than 50 people.

CHARACTERISTICS OF SMALL BUSINESS

The characteristics of small business from the definitions given above can be noted to be:

1. Small management body
2. Small capitalization
3. Small Market share
4. Employ Small number of people
5. Ownership and Control are fused

IMPORTANCE OF SMALL BUSINESS

The importance's are listed bellowed:

I. Creation of employment

II. Provide the large scale businesses with raw material

III. Utilize local materials

IV. Develop local technology


V. Bridge market gap

Small Scale Services and Business Establishments

- Advertising Enterprises
- Marketing and Industrial Consultants
- Industrial testing and R&D Laboratories
- Bakeries
- Candles
- School stationeries
- Water bottles
- Leather belt
- Small toys
- Paper Bags
- Xerox and printing
- T-shirt Printing
- Photography
- Beauty parlours

Role of Small Scale Business in India's Economic Development

- Generation of Employment
- Self Employment
- Lesser Capital Requirement
- Mobilization of Local Resources
- Balanced Regional Development
- Increasing Standard of Living
- Export Promotion
- Feeder to Large Scale Industries
- Diversity in Production

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- Social Advantage
 - Share in Industrial Production
 - Optimization of Capital
 - Conservation of Foreign Exchange

Steps involved in Establishing a new Enterprise

- ❖ Selection of a project
- ❖ Deciding on constitution choice of form of ownership
- ❖ Obtaining registration
- ❖ Obtaining Clearance
- ❖ Arranging for land and shed
- ❖ Arranging for plant and machinery
- ❖ Procuring Raw materials
- ❖ Arranging finance
- ❖ Obtaining finance
- ❖ Implementing the project


Project Report

A Project Report is a document which **provides details on the overall picture of the proposed business**. The project report gives an account of the project proposal to ascertain the prospects of the proposed plan/activity.

Project Report is a **written document** relating to any investment. It contains data on the basis of which the project has been appraised and found feasible. It consists of information on economic, technical, financial, managerial and production aspects. It enables the entrepreneur to know the inputs and helps him to obtain loans from banks or financial Institutions.

Need and Objectives of Project Report

- **Selecting Best Investment Proposal:** Project report is an efficient tool for analyzing the status of any investment proposal. It shows the expected profitability and risk associated with the project and this way helps in choosing the best option.
- **Approval of Project:** It is essential for registration or approval purposes of the proposed project. Different authorities like District industries center, Directorate of industries, government departments, etc. require project reports for giving approval.
- **Tracking:** The Project report assists in tracking the current activities of the project. It helps team members and other stakeholders to check the project progress from time to time and helps in finding out any deviations against the original plan.
- **Visibility:** Another important advantage of having the project report is that it gives full insight into the project. It gives a clear description of activities to be undertaken and avoids any confusion or disorder.

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- **Risk Identification:** Identification of risk is a significant step for the completion of every project. The project report enables in spotting the risk early and taking all corrective actions timely.
 - **Cost Management:** Project report helps in managing the expenses through regular reporting of all activities. It sets the standard cost of every operation in advance and helps in finding out any deviation in these costs through tracking of the project.
 - **Financial Assistance:** It is an important tool for availing financial assistance from financial institutions or fund providers. The project report enables financial institutions in judging the profitability of the proposed project and then takes the decision accordingly for approving the funds.
 - **Test Business Soundness:** Project report helps in testing the profitability and soundness of the proposed project. It tells the total estimated costs, possible income and risk associated with any proposal.

Importance of Project Report

- Service as a master plan
- Describes roadmap
- Contains the feasibility study
- Foresees requirements for a project
- Forecasts financial rewards
- Decision making
- Raising finance
- Ensures survival
- Permission and concessions
- Evaluation of organizational goal



Thank You