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B.Com Honours

Semester I

Calicut University

Fundamentals of Entrepreneurship

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1. Entrepreneurial Support System in India

Starting and scaling a business requires a robust ecosystem of support. The Government of India, along with state governments and private bodies, has established a network of organizations to assist entrepreneurs with training, financing, technology, and market access. This module covers the national and regional support systems, incubators and accelerators, venture capital and angel funding, and the entrepreneurial landscape of Kerala, including the Kerala Start-up Mission (KSUM).

Key Support Agencies in India

Agency Name	Primary Focus	Core Services Provided	Target Audience
SIDBI	Refinance and direct finance.	Provides working capital loans, venture fund investing, and startup refinancing.	Micro, Small, and Medium Enterprises (MSMEs).
NABARD	Rural and agricultural development.	Refinances rural credit institutions, supports rural non-farm enterprises.	Rural and Agri-entrepreneurs.
MSME-DI	Industrial consultancy and training.	Conducts entrepreneurship development programs (EDPs), provides technical guidance.	Aspiring and new entrepreneurs.
NSIC	Marketing and raw material support.	Assists in raw material procurement, facilitates participation in tenders.	Small scale industrial units.

Detailed Operations of National Agencies

SIDBI (Small Industries Development Bank of India): Established in 1990, SIDBI serves as the principal financial institution for coordinating the functions of institutions engaged in financing and promoting micro, small, and medium enterprises. It provides direct finance through loans for technology upgradation, working capital, and refinancing support to commercial banks and

state-level financial institutions. Under schemes like SMILE (SIDBI Make In India Soft Loan Fund for MSMEs), it offers soft loans at concessional interest rates.

NABARD (National Bank for Agriculture and Rural Development): NABARD is the apex development bank in India, mandated to provide and regulate credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts, and other rural crafts. It supports rural entrepreneurship development programs and funds rural infrastructure projects, helping agricultural producers integrate with modern supply chains.

2. Incubators and Accelerators

Incubators and accelerators provide critical infrastructure, mentoring, and networking opportunities to early-stage ventures:

Business Incubators

Provide physical office space, shared admin services, and basic mentoring to startups in the pre-revenue or ideation phase. The relationship is open-ended and typically lasts 1-3 years. They focus on survival.

Startup Accelerators

Structured, fast-track programs (typically 3-6 months) designed for startups with existing products/traction. They provide seed capital, intensive mentoring, and culminate in a "Demo Day" to pitch to investors.

Key Differences Between Incubators and Accelerators

- **Duration:** Incubators operate on a long-term, flexible timeline (1-3 years), while Accelerators are short-term, intensive cohorts (3-6 months).
- **Startup Stage:** Incubators target early ideation-stage founders, whereas Accelerators require an existing product with market traction.
- **Investment Model:** Incubators rarely provide direct capital, while Accelerators routinely invest seed capital in exchange for equity.
- **Prominent Indian Examples:** CIIE (IIM Ahmedabad), NSRCEL (IIM Bangalore), IIT Madras Incubation Cell, and KSUM TBIs.

3. Funding Sources: Venture Capital and Angel Investors

Securing equity financing is vital for high-growth startups. The two primary sources of early-stage private equity are:

Angel Investors Affluent individuals who invest their personal capital in seed-stage startups. They make smaller investments, provide personal mentorship, and take higher risks in exchange for equity. They invest early in the lifecycle.	Venture Capital (VC) Firms Professional investment firms that pool institutional capital to invest in scalable startups with proven product-market fit. They invest larger amounts (Series A onwards), require board seats, and demand rapid growth.
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Comparison of Venture Capital and Angel Financing

Dimension	Angel Investors	Venture Capital Firms
Source of Funds	Personal wealth of individual investors.	Pooled institutional capital (pension funds, etc.).
Investment Stage	Seed and early stage.	Growth stage (Series A, B, and beyond).
Management Involvement	Advisory and informal mentorship.	Highly structured; requires board representation.
Average Ticket Size	Smaller (₹10 Lakhs to ₹1 Crore).	Larger (₹5 Crores and above).

4. Alternative Funding Sources

When traditional equity or debt is unavailable, entrepreneurs explore alternative models:

- **Crowdfunding:** Raising small amounts of capital from a large number of people, typically via internet platforms. Split into:
 - *Reward-based:* Backers receive the product early (e.g., Kickstarter).
 - *Equity-based:* Backers receive micro-shares in the business.
 - *Debt-based:* Peer-to-peer (P2P) lending platforms where backers lend money for interest.
- **Government Grants:** Non-repayable funds provided by government departments (like DST or BIRAC) to support technological innovations and research.
- **Microfinance:** Small loans offered to low-income individuals or micro-enterprises who lack access to traditional banking channels, promoting micro-entrepreneurship.

5. Start-up Hubs, Clusters, and Educational Institutions

Co-locating businesses in dedicated hubs and clusters helps start-ups access shared infrastructure, reduce logistic costs, and pool specialized labor. Furthermore, modern educational institutions play a vital role in fostering entrepreneurship through on-campus entrepreneurship cells (E-Cells), campus incubators, and offering specialized courses to bridge academic knowledge with practical business execution.

6. Kerala's Entrepreneurial Landscape

Kerala has emerged as one of the leading start-up ecosystems in India, characterized by high literacy rates, a strong digital infrastructure, and active government backing. The state's strategy focuses on developing technology startups, promoting social enterprises, and supporting traditional sectors like tourism, agriculture, and healthcare through innovative business models. NRI remittances and returnee expertise have also provided unique capital and mentoring networks. High density of IT parks (InfoPark, TechnoPark) supports tech startups.

7. Government and Private Support Agencies in Kerala

Kerala's local ecosystem is supported by several specialized agencies:

- **KSIDC:** Kerala State Industrial Development Corporation, which provides large-scale infrastructure, project financing, and single-window clearances for medium and large enterprises.
- **K-BIP:** Kerala Bureau for Industrial Promotion, which facilitates industrial promotion and coordinates promotional activities across the state.
- **KIED:** Kerala Institute for Entrepreneurship Development, which focuses on providing systematic entrepreneurship training, skills development, and capacity-building programs.

8. Kerala Start-up Mission (KSUM)

KSUM is the nodal agency of the Government of Kerala for implementing startup policies. It drives several key initiatives:

Infrastructure & Incubators

Establishment of Technology Innovation Zones, offering co-working spaces, advanced fabrication labs (Fab Labs), and state-sponsored incubator facilities. It manages local incubator setups.

Grants & Funding Schemes

Provides seed funds, innovation grants, patent support, and coordinates with national VC funds to match investments for local startups. It offers Startup Box kits.

Special KSUM Programs

- **LEAP Coworking Spaces:** State-wide co-working hubs offering low-cost infrastructure for registered start-ups.
- **Idea Grant Scheme:** Provides initial grants up to ₹2 Lakhs for prototyping and early validation.
- **Student Entrepreneurship Policy:** Offers attendance and grace marks to university students who build start-ups on campus.

9. Industry Associations and Self-Help Groups (SHGs)

Networking and self-help groups play a vital role in sustaining local entrepreneurship:

- **KSSIA (Kerala State Small Industries Association):** The largest organization representing small-scale industries in Kerala, helping them lobby with the government, resolve disputes, and organize trade fairs.
- **Kudumbashree:** Kerala's community-based micro-enterprise network run by women. It has successfully mobilized millions of women to set up micro-enterprises in agriculture, food processing, and handicraft sectors, serving as a global model for poverty eradication and gender empowerment.

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