

## Module-5

### Business Plans

#### Institutions supporting Business opportunities

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6. State Industrial Area Development Board (SIADB)
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9. Small Industries Development Bank of India(SIDBI)
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#### Chapter-a: Business plans:

##### 1. Introduction

A business plan is a comprehensive document outlining the objectives, strategies, and operational aspects of a business. It serves as both a strategic guide and a tool to communicate the business vision to stakeholders.

- **Definition:** A formal statement that includes the business goals, the rationale for their attainability, and the plans for reaching them.
- **Key Features:**
  - Helps align the team with a shared vision.
  - Serves as a communication tool for investors and partners.
  - Aids in monitoring progress and adapting strategies.

- **Examples:** Startups use it to attract venture capital; established firms utilize it for expansion or restructuring.

## 2. Purpose of a Business Plan

A business plan serves multiple critical functions for entrepreneurs and stakeholders:

1. **Strategic Planning:**
  - Offers a roadmap for business growth and operational efficiency.
  - Facilitates long-term and short-term goal setting, guiding decision-making processes.
2. **Financial Management:**
  - Aids in projecting financial requirements and managing resources effectively.
  - Acts as a tool to attract potential investors and secure funding from banks.
3. **Operational Guidance:**
  - Provides clarity on organizational roles and resource allocation.
  - Outlines steps to implement strategies and achieve milestones.
4. **Risk Management:**
  - Helps identify potential challenges and their solutions.
  - Mitigates risks through detailed contingency planning.
5. **Communication Tool:**
  - Aligns the goals of all stakeholders with the vision of the enterprise.
  - Convinces investors, partners, and employees about the business's viability and profitability.

## 3. Content of a Business Plan

The business plan is a structured document encompassing the following components:

**Table 8.1**  
**Contents of a**  
**Business Plan**

Sl No.	Contents	Pages
1.	Cover page and table of contents	2
2.	Executive summary	2
3.	Business concept	4
4.	Management summary	4
5.	Business strategy	2
6.	Operations plan	4
7.	Marketing plan	4
8.	Financial plan	4
9.	Appendices	10

- **Cover Page and Table of Contents (2 Pages):**

- **Cover Page:** Includes the business name, logo, and tagline, along with the date and prepared by details.
- **Table of Contents:** Lists all sections of the business plan, ensuring easy navigation for readers.
- **Executive Summary (2 Pages):**
  - A concise overview of the business plan.
  - Highlights the business concept, goals, financial outlook, and key strategies.
  - Designed to grab the reader's attention and provide a snapshot of the entire plan.
- **Business Concept (4 Pages):**
  - Details the nature of the business, the products or services offered, and the target market.
  - Describes the value proposition and how the business differentiates itself from competitors.
- **Management Summary (4 Pages):**
  - Information about the ownership structure and organizational hierarchy.
  - Profiles of key team members and their qualifications.
  - Includes the management philosophy and leadership approach.
- **Business Strategy (2 Pages):**
  - Outlines the company's strategic objectives and how they will be achieved.
  - Includes market positioning, competitive advantage, and long-term plans for growth.
- **Operations Plan (4 Pages):**
  - Focuses on day-to-day operations, including production processes, supply chain management, and quality control.
  - Details about location, facilities, and infrastructure.
- **Marketing Plan (4 Pages):**
  - Explains strategies for customer acquisition and retention.
  - Includes pricing, promotion, and distribution channels.
  - Market research and segmentation are also discussed.
- **Financial Plan (4 Pages):**
  - Includes profit and loss statements, cash flow projections, and balance sheets.
  - Highlights funding requirements and financial forecasts.
  - Addresses break-even analysis and ROI expectations.
- **Appendices (10 Pages):**
  - Supplementary materials such as charts, graphs, legal documents, resumes of key personnel, and technical specifications.
  - Adds depth and credibility to the business plan.

## **Presenting a Business Plan**

Presenting the business plan effectively is as crucial as its content.

- **Key Principles:**
  - **Clarity:** Use simple language and avoid technical jargon unless necessary.
  - **Customization:** Tailor the presentation to the audience (investors, banks, or partners).

- **Engagement:** Use visuals like charts, graphs, and infographics to make key points stand out.
- **Time Management:** Keep the presentation concise but informative.
- **Steps for Presentation:**
  - **Introduction:** Start with the executive summary.
  - **Highlight Value Proposition:** Explain what makes the business unique.
  - **Detail Key Elements:** Present market analysis, financial projections, and strategies.
  - **End with a Call to Action:** Specify what is being sought (funding, partnership, etc.).



## 6. Why Do Some Business Plans Fail?

- **Failure to Address Customer Problems and Needs:**
  - A business plan that overlooks the actual requirements, pain points, or desires of the target audience risks irrelevance.
  - Lack of customer-centric strategies leads to poor product-market fit and weak customer interest.
- **Unrealistic Goals Set by Promoters:**
  - Setting overly ambitious or unattainable objectives without considering market conditions or available resources.
  - Overestimation of financial performance, sales targets, or market growth can lead to failures in execution.
- **Lack of Commitment to the Business by Promoters:**
  - Insufficient dedication from promoters, such as lack of effort, focus, or persistence.
  - Promoters may abandon the business prematurely when faced with challenges, causing the venture to fail.
- **Inadequate Financial Planning:**

- Underestimating costs or overestimating revenues leads to cash flow problems.
- Lack of contingency planning for unforeseen financial setbacks.
- **Poor Market Research:**
  - Insufficient understanding of market trends, customer preferences, and competitor strategies.
  - Ignoring demographic or geographic variations in demand.
- **Lack of Experience of Promoters:**
  - Inexperienced promoters may lack the necessary skills to handle critical aspects like strategy, operations, and finance.
  - Poor decision-making due to a lack of prior exposure to business challenges can result in failure.
- **Lack of Professionalism:**
  - An unstructured approach to management, poor communication, and absence of standard business practices can alienate stakeholders and disrupt operations.
  - Non-professionalism reflects poorly on the business, making it difficult to gain trust from investors and customers.

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## 7. Procedure for Setting up an Enterprise

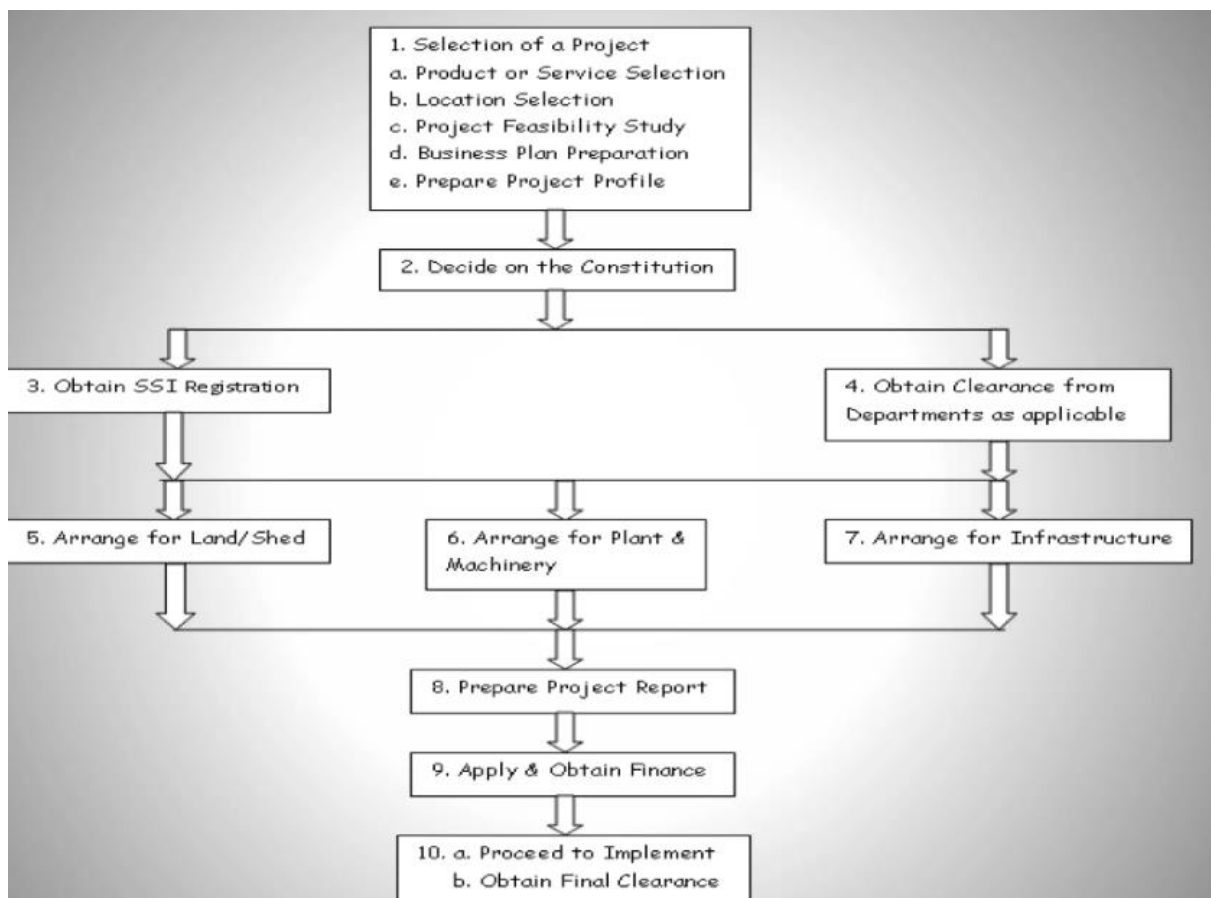


Fig. Procedure for Setting up an Enterprise

- **Selection of a Project**

- Choose a product or service.
- Select a suitable location.
- Conduct a feasibility study.
- Prepare a business plan and project profile.
- ☐ **Decide on the Constitution**
- Decide whether the enterprise will be a sole proprietorship, partnership, company, etc.
- ☐ **Obtain SSI Registration**
- Register the Small-Scale Industry (SSI) with appropriate authorities.
- ☐ **Obtain Clearance**
- Get necessary clearances or approvals from government departments as needed.
- ☐ **Arrange for Land/Shed**
- Identify and acquire land or a building (shed) for operations.
- ☐ **Arrange for Plant & Machinery**
- Purchase or lease necessary equipment and machinery.
- ☐ **Arrange for Infrastructure**
- Ensure utilities like water, electricity, and transport facilities are in place.
- ☐ **Prepare Project Report**
- Develop a detailed project report including plans, costs, and execution strategy.
- ☐ **Apply & Obtain Finance**
- Seek funding from banks or financial institutions.
- ☐ **Implementation**
- a. Start implementing the project.
- b. Obtain final clearances for operations.

## **Chapter b: Institutions supporting Business opportunities:**

### **1. Introduction**

- Institutions supporting business opportunities play a crucial role in addressing challenges faced by entrepreneurs, particularly in the MSME sector.
- They provide essential services such as financial assistance, technical support, infrastructure development, training, and market linkages. Operating at central, state, and district levels, key organizations include MSME-DO, SIDBI, NABARD, State Industrial Development Corporations, and District Industries Centres.
- These institutions foster entrepreneurship by promoting innovation, offering policy support, and ensuring access to resources, contributing significantly to economic growth and business sustainability.

### **1.2 Institutions Supporting Business Opportunities**

#### **1. Central Level Institutions**

- National Board for Micro, Small & Medium Enterprises (NBMSME)
- MSME-Development Organization (MSME-DO)
- National Small Industries Corporation (NSIC)

#### **2. State Level Institutions**

- State Directorate of Industries and Commerce
- State Financial Corporations (SFCs)
- State Industrial Development Corporation (SIDC)
- State Industrial Area Development Board (SIADB)

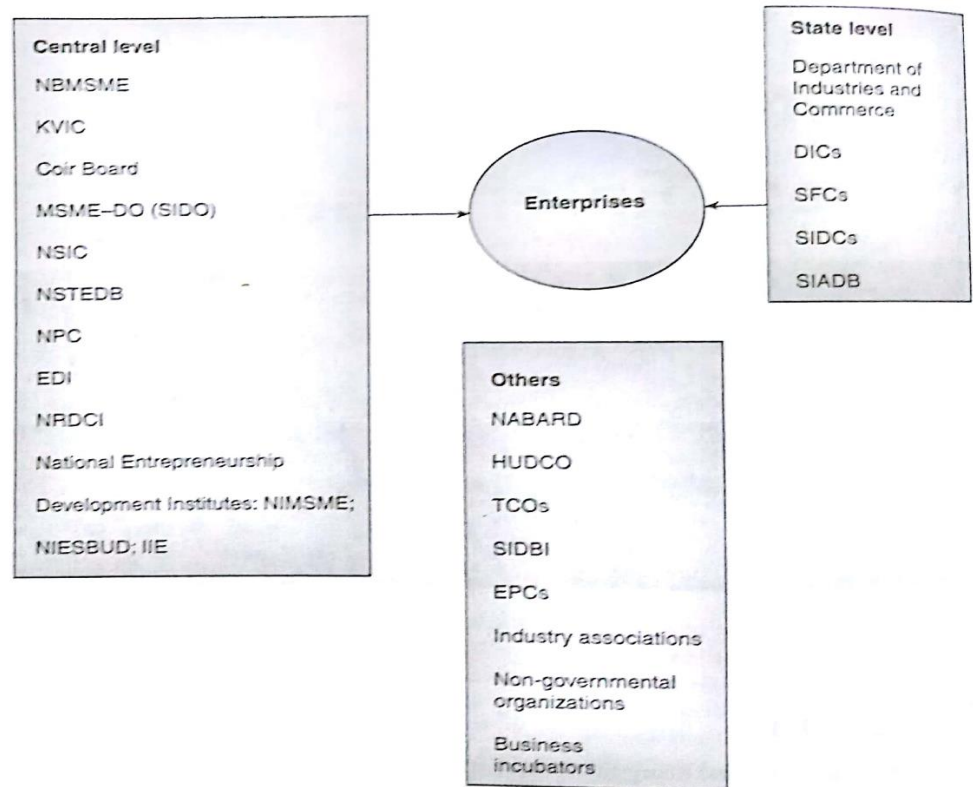
#### **3. District Level Institutions**

- District Industries Centres (DICs)

#### **4. Other Institutions**

- National Bank for Agriculture and Rural Development (NABARD)
- Technical Consultancy Organizations (TCOs)
- Small Industries Development Bank of India (SIDBI)
- Export Promotion Councils (EPCs)
- Non-Governmental Organizations (NGOs)

**Figure 9.1  
Institutional  
Support for  
Enterprises**



## **2. Central Level Institutions:**

### **i. National Board for Micro, Small & Medium Enterprises (NBMSME)**

1. Apex advisory body under the Ministry of MSME.
2. Focuses on policy formulation for the MSME sector.
3. Advises the government on financial, technical, and marketing needs of MSMEs.
4. Promotes entrepreneurship through training and skill development.
5. Coordinates with central and state governments, industry associations, and NGOs.
6. Monitors and evaluates government schemes for MSMEs.
7. Encourages innovation and competitiveness in the MSME sector.
8. Acts as a platform for addressing challenges faced by MSMEs.
9. Helps bridge the gap between government initiatives and industry requirements.
10. Supports infrastructure and technology development for MSMEs.

### **ii. MSME-Development Organization (MSME-DO)**

1. Operates under the Ministry of MSME to promote and develop MSMEs.
2. Advises on policy formulation and industrial development for MSMEs.
3. Facilitates entrepreneurship through capacity building and skill development.
4. Manages a network of MSME Development Institutes across India.

5. Provides consultancy services for project selection and management.
6. Assists in technology transfer and modernization of MSMEs.
7. Promotes market linkages and globalization of MSMEs.
8. Offers financial and technical support to entrepreneurs.
9. Encourages sustainable practices and energy-efficient technologies.
10. Conducts training programs and workshops to enhance entrepreneurial skills.
11. It has 60 offices, 21 autonomous bodies under its management. It has a network of 30 MSME development institutes, 28 branch MSME Development institutes, 4 testing centres, 7 field testing stations.

**iii. National Small Industries Corporation (NSIC)**

1. A public sector enterprise established in 1955 to support small-scale industries.
2. Provides raw material procurement assistance to MSMEs.
3. Facilitates participation in government tenders through the Single Point Registration Scheme.
4. Organizes buyer-seller meets, trade fairs, and exhibitions for market promotion.
5. Offers credit support and financial assistance to MSMEs in collaboration with banks.
6. Promotes technology transfer and adoption of innovative solutions.
7. Operates business incubation centers to support start-ups and entrepreneurs.
8. Provides skill development and training programs for workforce enhancement.
9. Assists MSMEs in export promotion and international market entry.
10. Implements government schemes aimed at strengthening the MSME sector

**3. State Level Institutes:**

**i. State Directorate of Industries and Commerce**

The State Directorate of Industries and Commerce is the apex body at the state level responsible for formulating policies and programs to promote industrial development. Its primary objectives include:

- **Policy Implementation:** Implementing state industrial policies and creating an environment conducive to industrial growth.
- **Entrepreneurship Development:** Organizing training programs, workshops, and seminars to nurture entrepreneurship.
- **Support Services:** Facilitating clearances, approvals, and licenses for industries.
- **Sector-Specific Growth:** Promoting growth in small-scale, medium, and large industries by identifying thrust areas.
- **Coordination Role:** Acting as a liaison between industries and other government departments.

It also monitors the performance of industrial clusters, ensuring balanced regional development.

**ii. District Industries Centres (DICs)**

DICs act as the nodal agencies at the district level for promoting and supporting small-scale and medium enterprises (SMEs). Their roles and responsibilities include:



- **One-Stop Solution:** Providing single-window clearance for all industrial needs in the district.
- **Financial Assistance:** Assisting entrepreneurs in availing loans and subsidies under government schemes.
- **Skill Development:** Conducting skill training and entrepreneurship development programs tailored to local needs.
- **Market Support:** Facilitating marketing support, including participation in trade fairs and exhibitions.
- **Industrial Mapping:** Identifying industrial potential and resources in the district to encourage investment. DICs play a crucial role in rural industrialization and employment generation by focusing on local resources and talents.

**iii. State Financial Corporations (SFCs)**

SFCs are established under the State Financial Corporations Act, 1951, to provide financial assistance to small and medium enterprises (SMEs). Key features include:

- **Financial Support:** Offering term loans, working capital, and venture capital to industries.
- **Sector Focus:** Prioritizing sectors such as manufacturing, agro-based industries, and IT startups.
- **Entrepreneurial Support:** Funding new and innovative business ideas, particularly from first-time entrepreneurs.
- **Subsidized Lending:** Offering loans at concessional rates under government-backed schemes.
- **Advisory Services:** Providing guidance on project reports, business planning, and financial management. SFCs act as catalysts for industrial growth by bridging the gap between financial needs and institutional support.

**iv. State Industrial Development Corporations (SIDCs)**

SIDCs are specialized state government enterprises aimed at promoting industrial development through infrastructure and financial support. Key functions include:

- **Infrastructure Development:** Developing industrial estates, parks, and clusters.
- **Project Promotion:** Identifying and promoting new industrial projects, especially in backward areas.
- **Financial Role:** Assisting industries in obtaining funding from national and international sources.
- **Public-Private Partnerships:** Facilitating joint ventures between the public sector and private investors.
- **Sectoral Growth:** Focusing on specific sectors like IT, textiles, and pharmaceuticals for rapid development. SIDCs ensure balanced regional development and act as enablers for large-scale investments in the state.

**v. State Industrial Area Development Boards (SIADBs)**

SIADBs are established to manage and develop industrial areas and estates within the state. Their responsibilities include:

- **Land Acquisition:** Acquiring land and making it available for industrial purposes.
- **Infrastructure Provision:** Building roads, power supply, water facilities, and communication networks in industrial areas.
- **Zoning and Planning:** Ensuring proper zoning to avoid conflicts between industrial and residential or agricultural areas.
- **Environmental Compliance:** Ensuring industries follow environmental regulations to maintain sustainability.
- **Maintenance and Upgradation:** Regularly upgrading industrial infrastructure to meet modern standards.

SIADBs contribute significantly to the development of industrial hubs and clusters, attracting both domestic and foreign investment.

**4. Other Institutes:**

**i. National Bank for Agriculture and Rural Development (NABARD)**

NABARD, established in 1982, is the apex institution for financing and supporting agriculture and rural development. It plays a crucial role in driving rural prosperity.

- **Credit Support:** NABARD provides credit for agricultural and rural development projects. It finances activities like irrigation, soil conservation, rural electrification, and agro-processing industries.
- **Rural Infrastructure Development Fund (RIDF):** Supports state governments in creating rural infrastructure, such as roads, bridges, and cold storage facilities.
- **Refinancing Role:** NABARD refinances rural credit institutions like regional rural banks (RRBs) and cooperative banks, ensuring sufficient credit flow to rural areas.
- **Entrepreneurial Development:** Facilitates self-employment by supporting rural enterprises and agro-based industries through training and financial aid.
- **Promotion of Farmer Producer Organizations (FPOs):** Encourages small and marginal farmers to form FPOs for better bargaining power and profitability.
- **Digital Initiatives:** Promotes financial inclusion through digital payment solutions in rural areas.

NABARD has been instrumental in improving the quality of life in rural areas by fostering sustainable development.

**ii. Technical Consultancy Organisations (TCOs)**

Technical Consultancy Organisations (TCOs) were set up by financial institutions and state governments to provide technical, managerial, and financial consultancy to entrepreneurs and industries.

- **Project Identification and Development:** TCOs assist entrepreneurs in identifying viable projects by assessing market potential and local resources.
- **Feasibility Studies:** They prepare detailed feasibility reports, including technical, financial, and market viability, helping entrepreneurs secure funding.

- **Skill Development and Training:** Conduct training programs for prospective entrepreneurs, focusing on areas such as financial management, marketing strategies, and technology adoption.
- **Technology Upgradation:** TCOs advise industries on adopting new technologies to enhance productivity and competitiveness.
- **Cluster Development:** They play a vital role in promoting industry clusters by encouraging resource sharing, common facilities, and infrastructure development.
- **Support for Small Industries:** TCOs specialize in assisting small and medium enterprises (SMEs), offering affordable consultancy services tailored to their needs.

TCOs serve as a bridge between entrepreneurs and resources, facilitating the growth of industries, particularly in underdeveloped regions.

### **iii. Small Industries Development Bank of India (SIDBI)**

SIDBI, established in 1990, is the principal financial institution for promoting, financing, and developing the Micro, Small, and Medium Enterprises (MSME) sector in India.

- **Credit and Financial Assistance:** SIDBI offers direct and indirect financial assistance through term loans, working capital, and venture capital.
- **Startup Ecosystem Development:** SIDBI provides venture capital support to innovative startups and facilitates their access to global markets.
- **Technology Upgradation:** SIDBI promotes technology adoption among MSMEs by financing modern machinery and equipment.
- **Cluster Development Programs:** It supports the development of industry-specific clusters to promote resource sharing, infrastructure development, and market access.
- **Export Facilitation:** SIDBI provides financial support to MSMEs engaged in exports and helps them participate in international trade fairs and exhibitions.
- **Policy Advocacy and Capacity Building:** Works closely with governments to frame policies and provides training programs to enhance the managerial and operational capabilities of MSMEs.

SIDBI plays a vital role in empowering the MSME sector, which contributes significantly to employment generation and economic growth in India.

### **iv. Export Promotion Councils (EPCs)**

EPCs are industry-specific organizations set up by the Government of India to promote and support exports. They play a key role in boosting the country's international trade.

- **Export Guidance:** EPCs provide exporters with insights into international market trends, regulations, and opportunities.
- **Trade Facilitation:** Organize participation in trade fairs, buyer-seller meets, and exhibitions to promote Indian products globally.
- **Documentation Support:** Assist exporters in understanding and completing export-related documentation, such as customs and shipping requirements.
- **Market Research and Intelligence:** Conduct research on global markets and share the findings with exporters to help them strategize.
- **Capacity Building:** Offer training programs on quality standards, packaging, and compliance with international norms.

- **Incentive Awareness:** Inform exporters about government schemes, incentives, and subsidies to reduce costs and increase competitiveness.
- **Networking and Collaboration:** Act as a platform for exporters to collaborate with overseas buyers and government agencies.

EPCs play a crucial role in strengthening India's global trade position by enhancing the competitiveness and quality of Indian exports.

## **V . Non-Governmental Organizations (NGOs)**

NGOs are voluntary, non-profit organizations that actively contribute to social and economic development. Their role in industrial and entrepreneurial development is significant.

- **Skill Development:** NGOs conduct training programs to enhance the employability and entrepreneurial skills of marginalized and rural populations.
- **Microfinance and Livelihood Programs:** Provide financial assistance and microloans to small entrepreneurs, especially in rural areas, enabling them to start or expand their businesses.
- **Self-Help Groups (SHGs):** Promote SHGs among rural women and other disadvantaged groups, fostering collective entrepreneurship.
- **Cluster Development:** NGOs play a pivotal role in developing industrial clusters by mobilizing communities, providing technical support, and facilitating market linkages.
- **Advocacy and Policy Influence:** Work with governments to advocate for policies that promote inclusive industrial growth and sustainable development.
- **Technology Dissemination:** Facilitate access to low-cost and appropriate technologies for small enterprises.
- **Sustainability Initiatives:** Promote eco-friendly practices and industries to ensure sustainable industrial growth.

NGOs are catalysts for inclusive development, focusing on empowering marginalized groups and fostering equitable economic growth.