

# What No one Ever Tells You about Starting Your Business-Facilities and Procedures for Entrepreneurs

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Hundreds of thousands of people start their own businesses every year, and untold more dream about the possibility of becoming their own bosses. While entrepreneurship has its many potential rewards, it also carries unique challenges. To start a business of your own you need to understand the environment to set up an enterprise of your own. Starting a business involves planning, making key financial decisions and completing a series of legal activities. To run a successful business, you need to learn all about your existing and potential customers, your competitors and the economic conditions of your market place. In both developed and developing countries, the Government is turning to small and medium scale industries and entrepreneurs, as a means of economic development and a veritable means of solving problems. It is a seedbed of innovations, inventions and employment. The Government has announced series of steps to promote industrial development by way of rationalization of the policies to encourage the new entrepreneurs as well as existing units. Entrepreneurship helps in the development of nation. A successful entrepreneur not only creates employment for himself but for hundreds. Deciding on a right project can lead you to the road to success. Entrepreneurship helps in the development of nation. A successful entrepreneur not only creates employment for himself but for hundreds. Deciding on a right project can lead you to the road to success.

## Startup India Stand up

Our Prime Minister unveiled a 19-point action plan for start-up enterprises in India. Highlighting the importance of the Standup India Scheme, Hon'ble Prime minister said that the job seeker has to become a job creator. Prime Minister announced that the initiative envisages loans to at least two aspiring entrepreneurs from the Scheduled Castes, Scheduled Tribes, and Women categories. It was also announced that the loan shall be in the ten lakh to one crore rupee range.

A startup India hub will be created as a single point of contact for the entire startup ecosystem to enable knowledge exchange and access to funding. Startup India campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage startups with jobs creation.

Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem for nurturing innovation and Startups in the country. This will drive sustainable economic growth and generate large scale employment opportunities. The Government,

through this initiative aims to empower Startups to grow through innovation and design.

What is Startup India offering to the Entrepreneurs?

Stand up India backed up by Department of Financial Services (DFS) intends to bring up Women and SC/ST entrepreneurs. They have planned to support 2.5 lakh borrowers with Bank loans (with at least 2 borrowers in both the category per branch) which can be returned up to seven years.

PM announced that “There will be no income tax on startups’ profits for three years”

PM plans to reduce the involvement of state government in the startups so that entrepreneurs can enjoy freedom.

No tax would be charged on any startup up to three years from the day of its establishment once it has been approved by Incubator.

This major contents of the book are with small scale industry definition and incentives, significance of SSI sector, institutional network to assist the small scale industry, for example national level institutions, Small Industries Development Organisation (SIDCO), National Small Industries Corporation (NSIC), state level institutions, rural entrepreneurship growth and potentials, means of finance (share capital, reserves and surplus, retained earnings), district industries centre for rural enterprise development, etc.

This book is a unique guideline for those who are looking for starting a new business and wants to start some industry with the help of different concerned departments. It also covers the export guidelines. We are confident that this book will prove to be important guidelines for new entrepreneurs.

## 1 SMALL SCALE INDUSTRY DEFINITION AND INCENTIVES

Significance of SSI Sector

Definition of Small Scale and Ancillary Industry

Incentives and Facilities for SSI Sector

Assistance to SSI by SIDBI

Streamlining of Procedures for Direct Assistance

Scheme for Development of Industrial Infrastructure

Raw Material Procurement for SSI Sector

Marketing Support for Small Scale Industries

Marketing Assistance Programmes of NSIC

Dissemination of Technology Information to Small Industries

Technology Bureau for Small Enterprise

TBSE- A Nerve Centre for Technology

Range of Services

Technology Information

Match Making

Finance Syndication

Export Promotion

Support Services

Export Oriented Unit (EOU)

Small Scale Services & Business Enterprises (SSSBE's)  
List of Activities not Recognize as SSSBE's  
Environmental Restrictions

## 2 INSTITUTIONAL NETWORK TO ASSIST THE SMALL SCALE INDUSTRY

National Level Institutions

Small Industries Development Organisation (SIDCO)

National Small Industries Corporation (NSIC)

Development Commissioner (Small Scale Industries)

State Level Institutions

State Financial Corporations (SFCs)

National Co-operative Development Corporation (NCDC)

Technical Consultancy Organizations (TCOs)

District Industries Centres (DICs)

State Industrial Development Corporations (SIDCs)

State Small Industries Development Corporations (SSIDCs)

Financial Institutions

Small Industries Development Bank of India (SIDBI)

Industrial Development Bank of India (IDBI)

Industrial credit and Investment Corporation of India (ICICI)

Industrial Financial Corporation of India (IFCI)

National Bank of Agricultural and Rural Development (NABARD)

Commercial Banks

Export-Import Bank of India (Exim Bank)

## 3 RURAL ENTREPRENEURSHIP GROWTH AND POTENTIALS

Studies on Rural Entrepreneurship

Rural Entrepreneurship in India

Rural Entrepreneurship in Tamilnadu

Rural Entrepreneurship in Dindigul District-Growth and Potentials

Socio-economic Status of Sample Entrepreneurs

Productions

Investment

Income and Employment Potentials

Problems for Rural Entrepreneurship

Suggestions for Promotion of Rural Entrepreneurship

Conclusion

## 4 COOPERATIVES FOR RURAL ENTERPRISE DEVELOPMENT

Introduction

Co-operative Society

Co-operative Movement and Handloom Co-operative Societies

A Study on Handloom Weavers Cooperative Society

Methodology-Design of the Study

Concepts

Co-operative Weavers

Industrial Co-operative Weavers  
Evaluation of Handloom Weavers' Co-operative Societies  
Registration of the Co-operative Society  
Management Executives  
Organisational Structure of Co-operative Society  
Characteristics of Weavers' Co-operative Society  
Objectives of a Weavers' Co-operative Society  
(a) Purchase of Yarn  
(b) Dyeing Process  
(c) Loosening, Twisting, Rewinding and Warping  
(d) Dressing and Sizing  
(e) Piecing  
(f) Fixing the Warp with the Loom and Weaving  
Functions of Weavers' Co-operative Society in Pudur Block  
Functions of Industrial Weavers' Co-operative Society in Pudur Block  
Socio-Economic Status of Weaver-Member of the Co-operative Societies in Pudur Block  
Employment Level and Wage  
Annual Household Income  
Expenditure Pattern of the Weavers  
Savings of the Members of the Co-operatives  
Problems of Weavers.  
Suggestions

## 5 VOLUNTARY ORGANISATIONS FOR RURAL ENTREPRENEURSHIP

Literacy Campaign in Madurai District  
Arivoli Mahalir Iyyakkam in Madurai District  
Arivoli Mahalir Iyyakkam after DWCRA Assistance  
Rural Enterprise Development by AMI-Few Case Studies  
Fair Price Shops  
Production of Soap Powder, PTC  
Canteen by Women Group at BDO Office  
Milk Depot

## 6 TERM FINANCE

What is Term Finance ?  
Economic Viability  
Market Survey  
Technical Feasibility  
Appropriate Technology  
Promoters' Technical Competence  
Acquisition of Fixed Assets and Tying up of Raw Materials  
Infrastructure  
Financial Appraisal  
Cost of Project  
Means of Finance  
1. Share Capital  
2. Reserves and Surplus  
3. Retained Earnings  
4. Long Term Borrowings

5. Deferred Payments  
6. Other Resources  
Debt-Service Coverage Ratio (DSCR)  
Internal Rate of Return  
Exchange Rate of Deposit (ER) or Domestic Resources Cost (DRC)  
Working Capital  
Permanent and Variable Working Capital  
Financing the Regular Working Capital  
Financing Variable Working Capital  
Factors Determining Working Capital Requirements  
a) Nature of Business  
b) Production Policies and Seasonal Fluctuations  
c) Manufacturing Process  
d) Turn-Over of Circulating Capital  
e) Growth and Expansion of Industry  
f) Business Cycle Fluctuations  
g) Term of Purchase and Sale  
h) Dividend Policy  
i) Other Factors  
Sources of Funds for Working Capital  
Public Deposit  
Ceiling of the Rate of Interest on Deposits  
Ceiling on Brokerage  
Maintenance of Liquidity of Assets  
Retirement of Current Liabilities below Book Value  
Trade Credit, Bank Overdraft and Inter-company Loans  
Bank Overdrafts  
Cash Credit from Bank  
Inter Company Loans

## 7 TAX INCENTIVES & CONCESSIONS

Complete Tax Holiday  
Five-Year Tax Holiday for New 100% Export Oriented Units Permissible Deductions from Gross Total Income  
Income from Newly Established Industrial Undertakings or Hotel Business in Backward Areas [Sec. 80HH]  
Income from Newly Established Small Scale Industrial in Certain Areas [Sec. 80HHA]  
Deduction in Respect of Profits and Gains from Projects Outside India [Sec.80HHB]  
Deduction in Respect of Profits and Gains from Housing Projects in India [Sec. 80HHBA]  
Deduction in Respect of Export Turnover [80 HHC]  
Deduction in Respect of Earnings in Convertible Foreign Exchange [Sec. 80HHD ]  
Deduction for Export of Computer Software [Sec. 80HHE]  
Deduction in Respect of Profits and Gains from Industrial Undertakings or a Ship or the Business of a Hotel  
Amount of Deduction :  
Deduction in Respect of Profits and Gains from Business of Collecting and Processing of Bio-Degradable Waste [Sec. 80JJA]  
Deduction in Respect of Employment of New Regular Workmen [Sec. 80JJAA]  
Deduction in Respect of Interest on Bank Deposits, Certain Securities etc.[Sec. 80L]  
Deduction in Respect of Royalties etc. from Certain Foreign Enterprises [Sec. 80-o]

## 8 WORKING CAPITAL

Permanent and Variable Working Capital

Financing the Regular Working Capital

Financing Variable Working Capital

Factors Determining Working Capital Requirements

a) Nature of Business

b) Production Policies and Seasonal Fluctuation

c) Manufacturing Process

d) Turn Over of Circulating Capital

Growth and Expansion of Industry

Business Cycle Fluctuations

Terms of Purchase and Sale

Dividend Policy

Other Factors

Source of Funds for Working Capital

Public Deposit

Ceiling of the Rate of Interest on Deposits

Ceiling on Brokerage

Maintenance of Liquidity of Assets

Retirement of Current Liabilities below Book Value

Trade Credit, Bank Overdraft and Inter-Company Loans :

Bank Overdrafts

Cash Credit from Bank

Inter Company Loans

## 9 DISTRICT INDUSTRIES CENTRE FOR RURAL ENTERPRISE DEVELOPMENT

Performance of Provisional and Permanent

Registration Scheme

Performance of Cottage and Handicrafts Industry

Registration Scheme

Self-Employment for Educated Unemployed Youth Scheme (SEEUY)

State Capital Investments Subsidy Scheme

Low Tension Power Tariff and Generator Subsidy Scheme

Interest Free Sales Tax Deferral and Waiver Scheme

Problems of the DIC in Dindigul District

1. Poor Contact with the Beneficiaries

2. Inadequacy of Technical Staff

3. Proliferation of Supporting Institutions

4. Shortage of Staff

5. Delay in Sanctioning Approvals

6. Training Opportunities

7. Restrictive Bank Credit

8. Inadequate Transport Facilities

Recommendations

## 10 ALL INDIA FINANCIAL INSTITUTIONS

Small Industries Development Bank of India (SIDBI)

Objectives  
Sphere of Business  
Schemes of Assistance  
Indirect Assistance  
Direct Assistance  
Credit Rating for SSI with the help of SIDBI  
SIDBI Provides Foreign Currency Loans  
SIDBI's Venture Capital Fund Provides Assistance  
Lines of Credit are Established by SIDBI  
Development and Support Services by SIDBI  
Technology Upgradation  
Programmes Implemented for Enterprise Promotion  
Programmes for Human Resource Development of the SSIs  
Programmes for Technology Upgradation  
Institution Building  
Special Purpose Funds in SIDBI  
Rural Industries Programme by SIDBI  
SIDBI's Various other Schemes in Details  
Promoters' Contribution  
Interest and Discount Rate Structure  
Scheme of Pre-shipment Credit in Foreign Currency (PCFC)  
Eligibility  
Choice of Currency  
Interest  
Minimum Amount  
Disbursements  
Repayment  
Margin  
Security  
Scheme for Pre-shipment Credit in Rupees (PCR)  
Eligibility  
Disbursements  
Repayment  
Margin  
Security  
Scheme of Export Bills Financing in Foreign Currency (EBF)  
Scheme of Foreign Letter of Credit (FLCs)  
Scheme of Post-shipment Credit in Rupees (PSCR)  
Small Industries Development Bank of India, Addresses of Offices  
National Bank for Agriculture and Rural Development (NABARD)  
Mission  
Major Activities  
Credit activities  
1. Short-Term Refinance Eligible Institutions  
2. Medium and Long-term Refinances Eligible Institutions  
3. Conversion & Rescheduling of Refinance  
Period  
Criteria for Refinance  
Ultimate Beneficiaries  
Quantum of Refinance  
Rates of Interest  
Margin Money  
Direct Finance

Special Focus  
Removal Regional/Sectoral Imbalance  
Monitoring Implementation of Projects  
High-tech and Export Oriented Projects  
Development Activities  
Institutional Development  
District Development Offices  
Research and Development Fund  
Soft Loan Assistance Fund  
Agricultural and Rural Enterprises Incubation Fund (AREIF)  
Rural Promotion Corpus Fund (RPCF)  
Credit and Financial Services Fund (CFSF)  
Linking SHGs to Credit Institutions  
Regulatory Activities  
Resources  
Other Funds  
International Borrowings (generally through GOI)  
Eligible Institutions  
Lending Terms & Conditions  
Mode of Refinance  
Automatic Refinance Facilities  
Schematic Refinance Schemes Under NFS Schemes with Prior Sanction  
Production Credit Facilities  
Application for Sanction/Release of Refinance Under Automatic Refinance Facility  
Promotional/Development Programmes under NFS  
Training-cum-Production Centre (TPC)  
Introduction  
Target Group  
Eligible Institutions  
Nature of Assistance  
Process  
Rural Entrepreneurship Development Programme (REDP)  
Introduction  
Target Group  
Eligible Institutions  
Nature of Assistance  
Training of and by Master Craftsmen  
Introduction  
Target Group  
Eligible Institutions  
Semfex-II  
Introduction  
Target Group  
Purpose  
Nature of Schemes  
Artisan Guilds  
Mother unit  
Common Service Centres  
Agriculture and Rural Enterprises Incubation Fund (AREIF) Venture Capital Fund  
Introduction & Objectives  
Assistance to Rural Women in Non-Farm Development (ARWIND)  
Introduction & Salient Features etc.  
Pilot Project for Linking Self-Help Groups (SHGs) with Banks



Technical, Monitoring & Evaluation Cells (TME Cells)  
District Rural Industries Project (DRIP)  
Annexure -I Spectrum of Small, Cottage, Tiny and Village Industries  
Annexure - II Illustrative List of Small Scale Service/ Business Enterprises  
Annexure -III Illustrative List of Activities which are not recognised as Small Scale Industry/Business Enterprises (SSSBE's)  
National Small Industries Corporation (NSIC)  
Marketing Assistance for SSI Products  
Scheme for ISO-9000 Certification  
Gujarat Industrial & Investment Corporation (GIIC)  
Innovative Strategies  
Financial Services  
Guidelines of Different Scheme  
Term Loan under the Normal Refinance Scheme  
Other Schemes for Existing Units  
Equipment Refinance Loans  
Corporate Loans  
Leasing  
Hire Purchase  
Bills Discounting/Rediscounting Schemes  
Eligibility Criteria for Leasing/Hire Purchase and Bills Discounting  
Line of Credit to NBFCs  
Loan Against Asset Securitisation  
Merchant Banking  
Joint and Associate Sector Projects

## About NIIR

**NIIR PROJECT CONSULTANCY SERVICES (NPCS)** is a reliable name in the industrial world for offering integrated technical consultancy services. NPCS is manned by engineers, planners, specialists, financial experts, economic analysts and design specialists with extensive experience in the related industries.

Our various services are: Detailed Project Report, Business Plan for Manufacturing Plant, Start-up Ideas, Business Ideas for Entrepreneurs, Start up Business Opportunities, entrepreneurship projects, Successful Business Plan, Industry Trends, Market Research, Manufacturing Process, Machinery, Raw Materials, project report, Cost and Revenue, Pre-feasibility study for Profitable Manufacturing Business, Project Identification, Project Feasibility and Market Study, Identification of Profitable Industrial Project Opportunities, Business Opportunities, Investment Opportunities for Most Profitable Business in India, Manufacturing Business Ideas, Preparation of Project Profile, Pre-Investment and Pre-Feasibility Study, Market Research Study, Preparation of Techno-Economic Feasibility Report, Identification and Section of Plant, Process, Equipment, General Guidance, Startup Help, Technical and Commercial Counseling for setting up new industrial project and Most Profitable Small Scale Business.

NPCS also publishes various process technology, technical, reference, self employment and startup books, directory, business and industry database, bankable detailed project report, market research report on various industries, small scale industry and profit making business. Besides being used by manufacturers, industrialists and entrepreneurs, our publications are also used by professionals including project engineers, information services bureau, consultants and project consultancy firms as one of the input in their research.

Our Detailed Project report aims at providing all the critical data required by any entrepreneur vying to venture into Project. While expanding a current business or while venturing into new business, entrepreneurs are often faced with the dilemma of zeroing in on a suitable product/line.

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