FINANCING NEW BUSINESS VENTURES

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PREFACE

In today's dynamic and competitive business environment, entrepreneurship plays a crucial role in driving economic growth, innovation, and employment generation. The success of any new business venture largely depends on the availability and effective management of financial resources. Understanding the various sources, methods, and processes of financing is therefore essential for aspiring entrepreneurs, managers, and students of commerce and management.

This book on "Financing New Business Ventures" is designed to provide a comprehensive understanding of the financial aspects involved in starting and managing a new venture. It covers the essential concepts ranging from the fundamentals of business setup to advanced methods of raising funds through various financial instruments and institutions.

The syllabus is systematically organized into five units. **Unit I** introduces the essentials of new business ventures, including the need, scope, franchising, location strategies, registration procedures, and the role of government agencies and financial institutions. **Unit II** focuses on venture financing, explaining its meaning, historical development, types, and the estimation of financial requirements including working capital and capital structure decisions.

Unit III deals with various sources of debt financing such as term loans, leasing, hire purchase, and money market instruments, along with working capital management techniques. **Unit IV** explores equity financing options including private equity, angel funding, venture capital, crowd funding, and government support schemes. **Unit V** highlights modern methods of fund raising, investor decision processes, and recent trends in venture capital and startup financing.

This book aims to bridge the gap between theoretical knowledge and practical application by incorporating real-world examples, institutional frameworks, and current trends in venture financing. Special emphasis is given to the Indian financial system, government initiatives, and support mechanisms available for startups and small enterprises.

The content has been prepared in a simple and student-friendly manner to facilitate easy understanding. It is hoped that this book will serve as a valuable resource for students, educators, and aspiring entrepreneurs in developing the necessary financial skills to successfully launch and sustain new business ventures.

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I

ESSENTIALS OF NEW BUSINES VENTURE

UNIT-I

Setting up new Business Ventures – Need - Scope - Franchising - Location Strategy, Registration Process - State Directorate of Industries- Financing for New Ventures - Central and State Government Agencies - Types of loans – Financial Institutions - SFC, IDBI, NSIC and SIDCO.

1.1 ESSENTIALS OF NEW BUSINES VENTURE

Individuals or organisations can start a new enterprise or business activity to satisfy a market need, solve a problem or serve a purpose. They can launch a business venture to start, develop and operate a thriving institution that supports specific objectives and generates profits. Discovering the answer to 'What is a business venture?' can help you understand this investment option and decide whether it can help an entity achieve its goals. In this article, we define a business venture, give its characteristics, review traits of entrepreneurs, highlight business venture examples and compare a business venture with a startup.

The answer to 'What is a business venture?' is that it's a new business or business activity that entrepreneurs or institutions launch that involves the potential for a return and risk. The entrepreneur, owner or founder assumes the risk to satisfy specific clients for a return on investment. Some entities can start business

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Prof. Murad Ali (Ph.D., MBA, UGC NET) is a Professor in Business Management at Veer Bahadur Singh Purvanchal University, Jaunpur, India. He has served as the Dean of the Faculty of Management Studies and Department Head at the university. He is an alumnus of the Mahatma Gandhi University, Kerala. With twenty-seven years of teaching experience, he has contributed to corporate practice, postgraduate teaching, and administration in India and abroad. He has published over thirty-five research papers in national and international journals and completed projects funded by the University Grants Commission (UGC) and the Ministry of Higher Education, Saudi Arabia. He serves on the editorial boards of scholarly journals, including the Amity Journal of Marketing, Commerce and Business Studies.Prof. Ali won the Best Teacher Award in 2012 at King Abdulaziz University and the Dewang Mehta Award in 2019. The Uttar Pradesh Government honoured him for developing the BBA curriculum aligned with NEP 2020 and implementing it across state universities. He has trained entrepreneurs, teachers, and management professionals in India and abroad under government agencies, including the M/o MSME, UGC, and Ministry of Higher Education.Prof. Ali has taught in globally recognised programs accredited by AACSB, AMBA, and EPAS-EFMD, including Executive MBA programs at King Abdulaziz University, Jeddah. His research interests span Entrepreneurship, Total Quality Management, Marketing, and Business Communication, with focus on minimalism and sustainable development.

Dr. Syed Shahid Mazhar (UGC-NET, M. Com, MBA, Ph.D) is a Professor in Business Management, Former Head, Integral Business School, Integral University, Lucknow. He is an alumnus of the University of Allahabad, Prayagraj. He has over twenty-one years of teaching experience in commerce and management and has held several administrative positions at the university. Prof. Shahid has 51 publications, including 16 Scopus-indexed publications, 28 conference papers/proceedings, nine books, 15 book chapters, 17 PhD thesis supervisions, more than 60 master's thesis guidance, and six patents, and has been recognised with numerous research awards, including best researcher, best research presentation, and best Indian research award. He has served as a thesis evaluator and examiner for many universities. He has delivered guest lectures at prominent universities and institutes, such as the UGC-Malaviya Mission Teacher Training Centre (MMTTC), AMU, Khwaja Moinuddin Chisti University, Lucknow, and Amity University, Lucknow. He was awarded the Excellence Award 2021 for his outstanding research work. Prof. Shahid is a Managing Editor of IRJM, a journal at Integral University, and a reviewer to many Scopus-indexed journals. research work. He has successfully conducted and attended several conferences, workshops, FDPs, and STCs. Dr. Shahid is guiding research scholars in the areas of international trade, MSMEs, microfinance, venture capital, Indian capital markets, and Islamic banking. His teaching experience extends to financial and management accounting, cost and management accounting, financial management, and research methods in business.

Dr. Farhina Sardar Khan (M. Com, Ph.D. UGC NET) is an Associate Professor in the Department of Commerce, Integral University, Lucknow. She is an alumnus of the University of Allahabad, Prayagraj. She has over seventeen years of teaching and research experience in commerce and management. Her research area is Banking and Finance, HRM, and her subject expertise is in Financial Management, Financial Accounting, Management Accounting, and Auditing. Dr. Farhina has published more than fifty-five research papers in Scopus, Web of Science, ABDC, and UGC CARE journals. She has authored nine books and ten edited chapters. She has five patents and a project grant from Integral University. She has supervised scholars in research areas on topics, viz. Psychological Contract, Bank Service Quality, Higher Education Institution motivational factors, Emotional Intelligence, Financial Inclusion, Fintech, Digital Payment Gateways, GST, Green Finance, and environmental taxation. Dr. Khan has delivered guest lectures in many universities and served as a thesis evaluator and examiner. She has received nine research awards for her research work and an education excellence award. She is a reviewer of Scopus-indexed journals and an editorial board member of journals. She has presented papers at international/national conferences and attended workshops, FDPs, and STCs in her area. She is actively involved in organising activities with NGOs and has conducted many more workshops, FDPs, seminars, and webinars in her department.

Dr. Dhoha AlSaleh is an Assistant Professor of Digital Marketing at Abdullah Al Salem University - Kuwait. She received her MBA and PhD in Business Administration (Marketing) from Southern Illinois University-Carbondale, USA, with honours. Dr. Dhoha completed her summer research fellowship in University of Missouri - St. Louis, USA. She was the director of the Alumni Office and Associate Professor of Marketing at the Gulf University for Science & Technology in Kuwait. She was the director of the Alumni Office and Associate Professor of Marketing at Gulf University for Science & Technology - Kuwait. Dr. Dhoha is an active researcher. In 2020, she was elected as the first Kuwaiti female member of the Arab-German Young Academy of Sciences and Humanities (AGYA) in Germany. She has published in top-tier journals in her field, such as the International Marketing Review, Industrial Marketing Management, Journal of Business & Industrial Marketing, Artificial Intelligence Review, and Journal of Consumer Marketing. Her research interests include consumer behaviour and technology, digital marketing and social media, and artificial intelligence. Dr. Dhoha has received numerous research grants from local and international research funding organisations, such as the Kuwait Foundation for the Advancement of Sciences in Kuwait (KFAS) and the Arab-German Young Academy of Sciences and Humanities in Germany (AGYA). She is an active reviewer for several international journals, including the Journal of Consumer Marketing, Journal of Services Marketing, and Journal of Research in Interactive Marketing. In addition to her interest in research, Dr. Dhoha is also consulted by top financial/governmental institutions such as the National Bank of Kuwait, Boubyan Bank, and the Kuwait Foundation for the Advancement of Sciences, for her knowledge and passion in the field of Marketing skills, Creative Thinking and Innovation, and Branding Strategies. Despite her busy schedule, Dhoha makes time for students and community service, and is a member of several local community organisations.

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