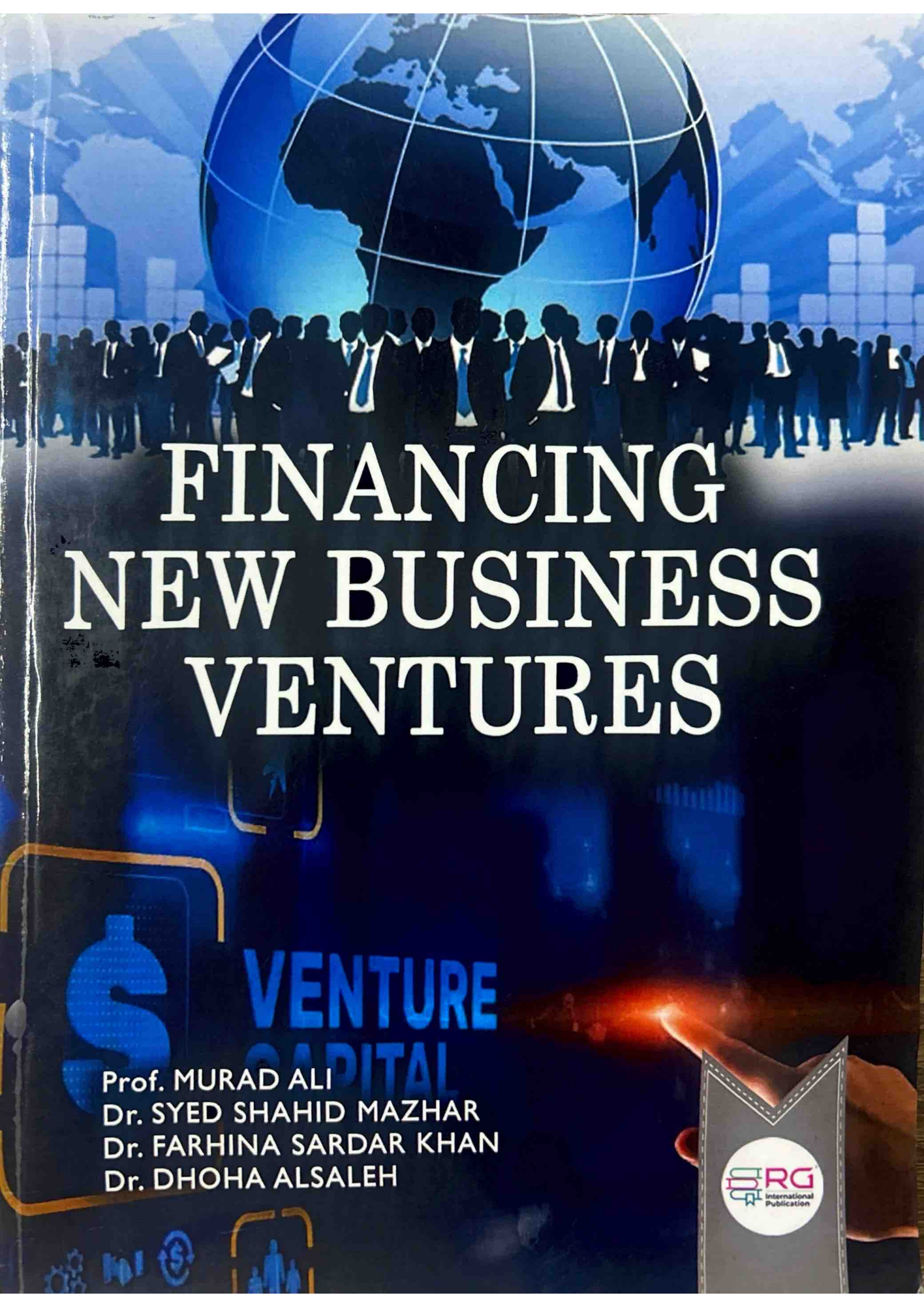




FINANCING NEW BUSINESS VENTURES

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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.

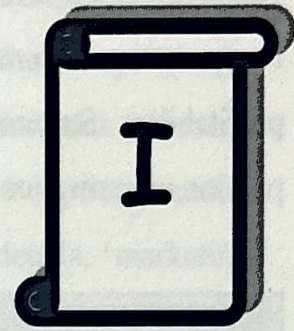
The content has been prepared in a simple and student-friendly manner to facilitate easy understanding. It is hoped that this book will serve as a valuable resource for students, educators, and aspiring entrepreneurs in developing the necessary financial skills to successfully launch and sustain new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

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ESSENTIALS OF NEW BUSINESS 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 BUSINESS 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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