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Exception: certain class of companies whose financial statements comply with accounting standards prescribed, u/s 133 of the companies Act 2013, cannot apply the securities premium account for the purposes mentioned against point's no. 2 and 4 above.

WARRANTS: a derivative instrument that gives warrant-holder a right to buy the underlying stock at a pre-determined strike price.

- common life of 10 years.
- It has an **inherent conversion ratio fixed** at the time of issue.
- In India, in the case of preferential allotments, the buyer of the warrants has to pay **25% of the price, upfront.**

Warrants are also issued to institutional investors and other strategic investors, by the way of preferential allotment, to allow such entities to increase their stake if the company performs well.

100+



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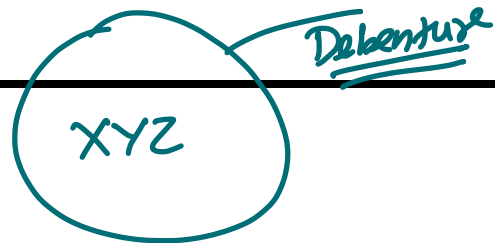
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1. average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange **during the six months** preceding the relevant date or,
2. average of the weekly highs and lows of the closing prices of the related shares quoted on a stock exchange **during the two weeks** preceding the relevant date.

The warrants **do not carry any dividend or voting rights.**

after warrants are converted into equity shares, investor gets these rights.

equity shares



CONVERTIBLE DEBENTURES

- conversion premium as well as the timing of the conversion be determined and reported in the prospectus.
- If the conversion takes place at or after 18 months but before 36 months from the date of allotment, the holder of the debenture will have the option to convert either partially or fully if the conversion takes place during this time period.
- Unless the conversion duration is made optional with "put" and "call" options, a conversion term, that is longer than 36 months, will not be approved.

CD - ~~A~~ → 36M Call/Put

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- If the fully convertible debentures have a conversion time that is longer than 18 months, there will be a mandatory requirement for a credit rating.

As per SEBI guidelines 3 different forms of convertible debentures can be issued in India.

- ✓ 1. Debentures that are **automatically convertible** and have a conversion provision that takes effect after 18 months.
- ✓ 2. Debentures with an **optional conversion feature** that allow for the conversion to take place within 36 months.
- ✓ 3. Debentures that **allow for conversion after 36 months** but have "call" and "put" features in addition to that provision.

	<u>CONVERTIBLE DEBENTURES</u>	<u>WARRANTS</u>
#1	debenture and option cannot be separated from one another	#1 If issued as an attachment to debenture, can be removed at any time.
#2	Need to be associated with other instrument	the ability to be issued on their own #2

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Debt
↓
equity

conversion results in just an accounting transfer, exercised for monetary compensation	exercise of warrants leads to the injection of additional capital into the company. #3
majority of convertibles have a call provision, which provides the issuer with the option to either refund the debt or force conversion. This decision is based on whether the conversion value is more than or lower than the call price	usually cannot be cancelled
often have more time until they expire.	Have lesser time to expire.
In case of optionally convertible debentures, no forfeiture is involved.	if issued on preferential basis, 25% amount is paid upfront and is forfeited if the holder decides not to convert these into equity shares

#imp

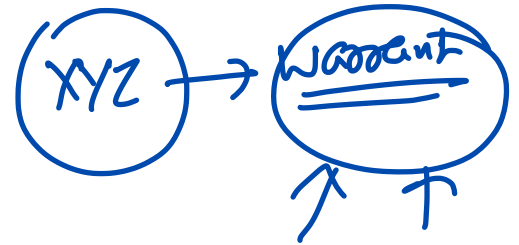
VALUATION OF WARRANTS: methods used to value options can be used to value warrants because warrant is comparable

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to a call option on equity stock of the corporation that is issuing the warrant.

Following variables have an effect on the gap that exists between the current market price of the warrant and its minimum acceptable level:

1. fluctuation in the prices of the stocks
2. Remaining time before expiration
3. Risk free interest rate
4. The Value of the Stock
5. Exercise Price



$$C_0 = S_0 N(d_1) - E/e^{rt} N(d_2)$$

C_0 (Current price) $S_0 \rightarrow$ Current

THE BLACK SCHOLES MODEL

Current stock price = S_0 = Rs. 125

Total Number of warrants issued = 1.6 lakh

Exercise Price = E = Rs. 100

Time to expiration of warrants (t) = 6 months (0.50 year)

Annual SD of Stock Price Changes (σ) = 0.40

Risk free Interest Rate (r) = 8%

\log_n is a mathematical operation.

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N is **Cumulative Distribution Function** of the standard normal distribution. It represents a standard normal distribution with **mean = 0 and standard deviation = 1**

Applying the Black Scholes model involves four steps:

First Step: Calculate d_1 and d_2

$$d_1 = \frac{\log_n(S_0/E) + (r + \sigma^2/2)t}{\sigma\sqrt{t}}$$
$$d_1 = \frac{\log_n(125/100) + (0.08 + 0.16/2)0.50}{0.40\sqrt{0.50}}$$
$$= (0.2231 + 0.08)/0.2828 = 1.0718$$
$$d_2 = d_1 - \sigma\sqrt{t}$$
$$= 1.0718 - 0.2828 = 0.7890$$

Second Step: Find $N(d_1)$ and $N(d_2)$:

$N(d_1)$ and $N(d_2)$ represent the **probabilities that a random variable**, that has a standardised normal distribution, will **assume values d_1 and d_2** .

$$N(d_1) = N(1.0718) = 0.8582$$

$$N(d_2) = N(0.7890) = 0.7849$$

Probability dist.

Third Step: Estimating the present value of the exercise price, using the continuous discounting principle

$$E/e^{rt} = 100/e^{0.08*0.50} = 100/1.0408 = \text{Rs. } 96.08$$

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Fourth Step: Plug the numbers in the Black Scholes Formula:

$$\text{Current price } (C_0) = S_0 N(d_1) - E/e^{rt} N(d_2) = 125 \times 0.8582 - 96.08 \times 0.7849 = 107.27 - 75.41 = \text{Rs. } 31.86$$

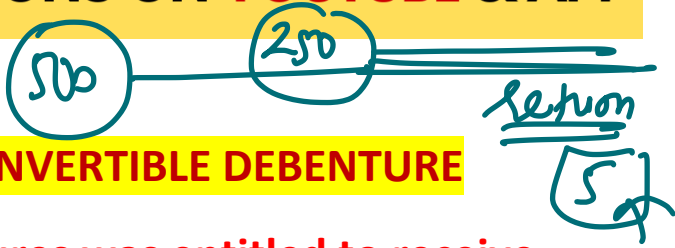
Excel functions **NORM.DIST**, **EXP** and **LN** have been used for computing the values.

VALUATION OF COMPULSORILY CONVERTIBLE (PARTLY OR FULLY) DEBENTURES

Debentures that can be converted into equity shares at the choice of the holder can be issued internationally under the heading of "**convertible debentures**".

Tata Iron and Steel Company made available partly convertible debentures with a par value of Rs. 1,200 in June 1989.

- Mandatory conversion of Rs. 600 par value into equity shares of Rs. 100 at a premium of Rs. 500 on February 1, 1990
- An interest rate of 12% per annum payable twice yearly
- redemption of the non-convertible portion at the end of 8 years.



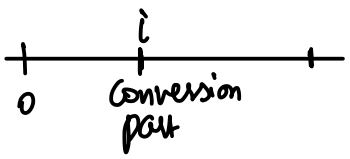
VALUE OF A PARTIALLY CONVERTIBLE DEBENTURE

The holder of such debentures was entitled to receive

- #1 ✓ • **interest** at a predetermined rate throughout the term
- #2 • **Equity shares** upon partial conversion
- #3 • **Payment of portion of the debenture** that was not convertible:

$$V_0 = \sum_{t=1}^n \frac{I_t}{(1+k_d)^t} + \frac{aP_i}{(1+k_s)^i} + \sum_{j=m}^n \frac{F_j}{(1+k_d)^j}$$

int *shares* *partly*



V_0 is the value of the convertible debentures at the time of issue,

$$V_0 = \sum_{t=1}^n \frac{I_t}{(1+k_d)^t} + \frac{aP_i}{(1+k_s)^i} + \sum_{j=m}^n \frac{F_j}{(1+k_d)^j}$$

- I_t is the interest receivable at the end of t ,
- $n \rightarrow$ life of the debenture,
- $a \rightarrow$ number of equity shares receivable when part conversion occurs at the end of period i ,
- $P_i \rightarrow$ expected price for equity share at end of the period i ,
- $F_j \rightarrow$ instalment of principal repayment at the end of period j ,
- $k_d \rightarrow$ investor's required rate of return on the debt component
- $K_s \rightarrow$ investor's required rate of return on the equity
- $m \rightarrow$ time when the repayment of the instalments of principal starts (the instalments of principal are paid over the period m to n)

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COST OF A PARTIALLY CONVERTIBLE DEBENTURE

$$NS_0 = \sum_{t=1}^n \frac{I_t(1-T)}{(1+r_c)^t} + \frac{aP_i b}{(1+r_c)^i} + \sum_{j=m}^n \frac{F_j}{(1+r_c)^j}$$

a → (b)
P_i

- **NS₀** is the net subscription price realised at the time of issue
- **I_t** is the interest rate payable at the end of period t,
- **T** is the tax rate applicable to the firm,
- **a** is the number of equity shares to be given when part conversion occurs at the end of period i,
- **P_i** is the price per equity share at the end of period i,
- **b** is the proportion of P_i that will be realisable net if the firm were to issue equity shares to the public,
- **F_j** is the instalment of principal repayment at the end of period j,
- **r_c** is the discount rate representing the cost of capital,
- **m** is the time when the repayment of the instalments of principal starts.

VALUATION OF OPTIONALLY CONVERTIBLE DEBENTURES

- similar to that for a compulsorily convertible debenture.

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- A premium may be paid by the market for the option, available with the debenture-holder, to decline the conversion.
- The amount of such premium will depend on the future prospects of the issuing company.

$$\frac{100}{5} = 20$$

1 CD \rightarrow 5 shares

CR

CONVERSION RATIO (CR) AND CONVERSION PRICE (P)

CR can be defined as the number of equity shares that can be obtained in exchange for one debenture upon conversion.

- **conversion price** is the price per share that the holder really pays when the conversion takes place.

In Jan 2016, AB Limited issued convertible debentures at a par value of Rs 100 each. The holder of a debenture has the ability to convert 1 debenture into 5 equity shares at any time prior to the maturity date of January 1, 2022.

This results in a conversion ratio of 5 (CR). When the par value of Rs. 100 is divided by 5, the resulting number is the price per share, P, which is Rs. 20.

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OBJECTIVE OF ISSUING WARRANTS AND CONVERTIBLE DEBENTURES

CONVENTIONAL EXPLANATIONS



1. possible for businesses to **inexpensively issue debt**
2. potential to offer equity shares at some point in the future and put an additional charge on top of the current pricing.

MODERN FINANCE EXPLANATION

MATCHING OF CASH FLOWS

- can be easily serviced **Int Rate**
- low initial interest burden may be tempting to a developing but risky company. if the company is successful, the investors will try to convert their investment.

FINANCIAL SYNERGY: It is impossible to evaluate the risk characteristics of the issuing company

- offer some degree of protection against inaccurate risk assessments.

AGENCY COST linked with financing can be mitigated with the use of convertible debentures and debentures that come with warrants.

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Agency costs of debt arise when debtholders place limits on the use of their capital if they believe that management will take actions that favour shareholders instead of debtholders.

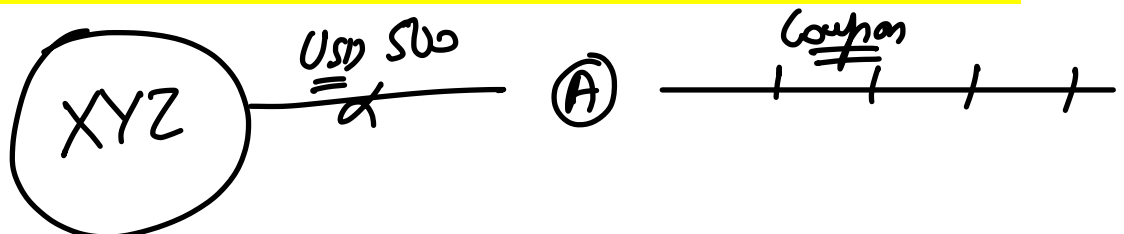
The **agency cost of equity** is when there exists a conflict of interest between management and shareholders.

WAYS TO REDUCE EQUITY AND DEBT AGENCY COSTS:
appropriate budget planning, adherence to accounting principles, limits on business expenses, and implementation of employee programs.

FOREIGN CURRENCY CONVERTIBLE BOND (FCCB)

USD

- a bond issued in a **currency other than the issuer's domestic currency**, i.e., foreign currency.
- A convertible bond is a **hybrid of debt and equity instruments**.
- The **term is around 5 years**
- Holders are **exposed to exchange rate risk and credit risk**.



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- holder gets a **regular coupon and principal payment**, but they also get the option to convert the bond into equity shares.
- *The conversion rate at which the bonds will be converted to equity is specified in the terms of issue of the bonds.*
- **if the stock price is below the conversion price on the relevant date, he will not convert the bond into equity shares.**
- FCCB investors are usually hedge funds and foreign investors.
- FCCB is an **unsecured** instrument
- It has a **fixed rate of interest**

Interest/ coupon and redemption price are to be payable in foreign currency

MEZZANINE FINANCING/ UNSECURED DEBT

- hybrid type of debt and equity financing matures in > 5 years.
- it **provides money to small or medium-sized companies** that are in **relatively early stages of development**

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- Because its **risk level falls midway** between that of secured loans made by lenders such as banks, and venture capital provided by equity investors who take a stake in the company.
- It **gives the lender the right to convert the debt in to equity** of the company in case of default.
- **normally for raising funds for specific projects** or to finance an acquisition.
- It **can provide higher returns to investors** compared to normal debt instruments.
- ***for the issuing company, its cost is lower than the cost of equity capital*** **Therefore, it can be considered as very expensive debt or cheaper equity.**
- **It may be structured with partially fixed and partially variable interest rates.**

INNOVATIVE HYBRIDS

combinations of 2 distinct forms of securities: a conventional debt or equity security and an over-the-counter derivative (a forward contract, or swap, or option).

HYBRIDS AS CONVERTIBLE BEARER FORM BOND

- A bearer form convertible Eurobond was issued by the British firm Carlton in the year 1992.
- The subordinated issuance had a term of 15 years and paid a coupon of 7.5%,
- Which was at least 2% less than comparable straight Eurobonds issued at the time.

HYBRIDS AS A RISK MANAGEMENT STRATEGY FOR

COMMODITIES:

$\$1000$ inf

Oil \Rightarrow

- Standard Oil of Ohio Company was the issuer of the oil-linked bond at the end of June in the year 1986.
- The bond had a face value of \$37,500,000 and comprised of zero-coupon notes that would mature on March 15, 1992.
- The bearer of each \$1,000 note was guaranteed to receive face value at maturity, in addition to an amount equal to the excess, if any, of the price of crude oil (West Texas Intermediate) over \$25 multiplied by 200 barrels.
- This promise was made to the holder of each note.
- The upper bound for the price of WTI was set at \$40.

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- Which meant that the highest amount an investor could receive at maturity was $(\$40-\$25) \times 200$, which equalled \$3000, in addition to the \$1,000 par value of the security.
- In addition, commencing on April 1, 1991, each note holder had the opportunity to redeem their respective note prior to its maturity on the 1st and 15th of each month, subject to the terms outlined above.

TO MANAGE FOREIGN EXCHANGE RISKS:

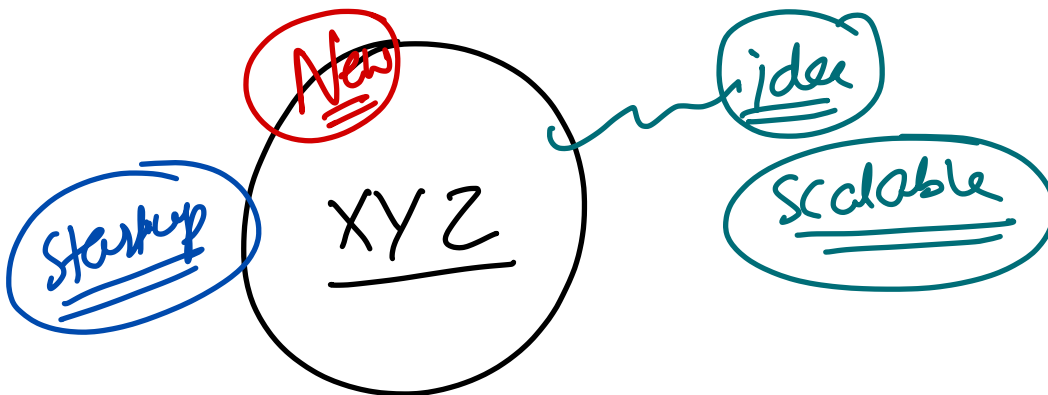
- Bonds denominated in two different currencies: Sperry Corporation, through a Delaware financing subsidiary, issued a US\$56 million dual currency bond in February, 1985.

HYBRIDS TO MITIGATE INTEREST RATE RISK:

- Collared Floating Rate Notes (FRNs): The United Kingdom severed its ties to the European Exchange Rate Mechanism in the fall of 1992, so liberating its domestic monetary policy from the limitations imposed by its previous connection to the Deutschemark.
- The first issue of collared floating-rate notes denominated in sterling was spearheaded by Salomon Brothers in London

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- Investors were provided a flat LIBOR rate, with a minimum interest rate of seven percent, which was seven and a half percentage points higher than the prevailing London interbank offered rate for six months, and a maximum interest rate of 11%.



START UP FINANCE

CHAPTER 20 MODULE D ABFM

START-UP OR START-UP as a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business. New businesses that intend to grow large beyond the solo founder.

ENTREPRENEURSHIP: All new businesses, including self-employment and businesses that never intend to become registered

MODEL: Under the **Department for Promotion of Industry and Internal Trade (DPIIT), start-ups India was established** to effectively handle the incentive disbursement process for new businesses.

APPLICATION PROCESS: *The start-up India Hub [2016], an online portal*, that offers a variety of services under Start-up India, and connects aspirants to other significant ecosystem builders.

- **the need for a letter of recommendation from an incubator or industry group was dropped** in order to profit from the projects.
- All applications are gathered, reviewed, and granted certificates of recognition for complete and qualified applications within 48-72 working hours on this platform.

ENACTMENT OF PLAN

On January 16, 2016, a "Start-up India Action Plan" was unveiled in order to include all these goals under a single overarching policy framework for the entire country while taking into account all facets of the Start-up ecosystem.

It included **19 recommendations** for actions that fell into **three categories:**

1. Financial assistance and incentives,
2. Industry-academia collaboration, and
3. Simplification and coercion.

- Each of the States and UTs currently has at least one recognised Start-up.

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- The Department for Promotion of Industry and Internal Trade (DPIIT) has recognised 69636 businesses nationwide as part of the Start-up India Program
- Through April 2022, with **Delhi and Karnataka having the highest totals.**

BENEFITS TO START-UP UNDER THE START-UP PLAN

- tax incentives, government funding support, capital gain tax exemptions, priority treatment for Start-ups in public procurement, etc.
- it has also **developed the Atal Innovation Mission** with **Self-employment and Talent Utilization (SETU)** programme
- **DPIIT has also providing monetary support** to the ecosystem through the recently **created Start-up India Seed Fund Scheme (SISFS)**, which has an allocation of Rs. 945 crore for early stage Start-up businesses.

START-UP DEFINITION IN INDIA: An entity shall be considered a Start-up:

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1. **Up to 5 years** from the date of its **incorporation/registration**

2. If turnover for any of the FY has not exceeded Rs. 25 crore

ABC → X/2

3. If it is working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property

EXCEPTION: Provided that any such entity formed by splitting up or reconstruction of a business, already in existence, shall not be considered a "Start-up".

EXPANDED START-UP DEFINITION GSR NOTIFICATION

127 (E),

1. If it is incorporated as a private limited company or registered as a partnership firm (registered under Section 59 of the Partnership Act 1932) or a limited Liability partnership (under the Limited Liability Partnership Act, 2008) in India, and

2. **Up to 10 years** from the date of its incorporation/registration.

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3. If its turnover for any of the Financial Year since Incorporation / registration has not exceeded 100 crore and

4. It is working towards innovation, improvement or development of products or processes or services or if it is a scalable business with a high potential of employment generation or wealth creation.

EXCEPTION TO RULE: any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered as a Start-up.

CHALLENGES FACED BY START-UPS

1. Failure to plan appropriately
2. Unrealistic Expectations
3. Knowledge and skills gaps
4. Time management and productivity
5. Lack of Leadership
6. Fierce Competition, lack of demand, and Ineffective marketing
7. Winning Trust of Customers
8. Hiring Suitable Candidates
9. Partnership Decision Making.

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10. Financial
Management

11. Securing funding
12. Cyber Security

STATE START-UP POLICY

- It **provides crucial funding, mentorship, and market access support** to grow into significant contributors to the economy of the state in terms of revenue and job creation.
- to **provide incentives to key Start-up stakeholders** such as incubators and institutions of higher education, in order to encourage development of India's Start-up ecosystem.
- There is at least **1 Start-up that has been recognised by the DPIT operating in each of the 36 states and Union Territories.** Each of the 623 districts has acknowledged at least one Start-up that has been recognised by the Department for Promotion of Industry and Internal Trade (DPIIT))

PITCH PRESENTATION: It is a slide presentation usually using either Power point or Keynote Slides in the

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background that helps the entrepreneur to showcase its business and provide the reasons for which an investor should invest into the business.

- came into picture in the late 1990s, during the dotcom boom.

The entrepreneur should focus on the following, while preparing slides for pitch presentation:

- The Problem Statement
i.e., The issues faced by business/society
- Solutions to solve the issue
- Business Model
- The Technology used
- Business and Commercial Activity
- The Competitive Environment
- The Team Composition
- Predictions and Significant Events
- Present Status and Timelines for Execution
- Executive Summary and call for action

- should be **clear and concise**
- It should emphasise the most significant aspects of the enterprise, rather than all of the details.

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- It should **answer the maximum questions** that an investor might have while investing in the venture and should be flexible.
- it should address any concerns that the investor might have regarding the venture.

Pitch Deck is an intuitive, all-in-all presentation building platform exclusively for start-ups, offered by Start-up India.

- The platform focusses primarily on helping users build their first pitch deck from scratch with next to zero design effort.

PROGRAMMES AND COMPETITIONS FOR START-UPS

INCUBATOR GRAND CHALLENGE: As part of the **Atal Innovation Mission's** Established Incubation Centres (**EIC**) programme, the Incubator Grand Challenge has been introduced as a means of **recognising incubators.**

- EIC programme provides ramp **up support to accomplished** incubators in order to supplement, enhance, and improve their incubation capacity manifold.

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- EIC programme works **to develop a useful innovation and entrepreneurship** ecosystem by strengthening linkages with a variety of national and international stakeholders.

START-UP INDIA YATRA: It was started with intention of travelling across **Tier 2 and Tier 3 cities** in India in search of entrepreneurial talent and assisting in the expansion of the Start-up ecosystem.

- **PRIMARY OBJECTIVE:** To identify prospective business owners living in non-metropolitan areas and provide them with a venue in which they can pursue their dreams of running their own companies.
- **to assist them in overcoming the constraints** posed by the lack of resources in their region.
- to visit every single district in the country.

LIST OF THE IMPORTANT ELEMENTS THAT ARE INCLUDED:

1. The **mobile van** for the Start-up India travels across the states and records ideas

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2. The Start-up Yatra has been **carried out in 23 states** and **220 districts**, having an effect on **about 7,80,000 people** interested in starting their own businesses.
3. A total of approximately 1,450 opportunities for entrepreneurs to participate in an incubator programme have been made available.
4. Throughout the course of the day, a **boot camp** will be held, which will include idea validation, awareness workshops, and pitching sessions.

RULE 170(1) OF GFR 2017: an exemption from the requirement to submit an earnest money deposit or bid security in public procurement bids, as stated in Rule 170(1) of GFR 2017

- Rule 173 was notified vide GFR 2017 in order **to relieve the condition of past turnover and prior experience** for **DPIIT-recognized Start-ups** in all proposals for government tenders.

THE INSOLVENCY AND BANKRUPTCY CODE 2016 (IBC 2016)

It provides a **framework for the expeditious resolution** of insolvency cases involving corporate persons, partnership firms, and individual debtors.

MCA has notified Start-ups that they are "**Fast Track Firms,**" which will allow them to wind up their activities **within 90 days rather than the 180 days** that are required for regular enterprises.

- **start-up companies with simple debt structures** or that meet such conditions as may be specified,
- to wound down their operations within 90 days after making an application for winding down on a fast track basis.
- **an insolvency professional (IP)** will be arranged for the Start-up.
- This individual will be in charge of the company (the promoters and the management will not be permitted to run the business) for the purpose of liquidating its assets and paying its creditors within 6 months of the appointment.

- After being appointed, IP is responsible for the prompt closure of the company, the sale of assets, and the reimbursement of creditors in line with the distribution rules established by the IBC.

INSPIRE "INNOVATION IN SCIENCE PURSUIT FOR

INSPIRED RESEARCH" Awards-Manak, which is being run

by the **Department of Science and Technology** (DST) in collaboration with the National Innovation Foundation - India (NIF), an autonomous body of the DST, is to **encourage and inspire young people between the ages of 10 and 15 who are currently enrolled in classes 6th through 10th.**

- to foster an environment that encourages youngsters to think creatively and innovatively.
- From the approximately 3.2 million nominations that were received from schools, **around 50,000 of the best ideas were chosen to earn a grant of Rs. 10,000/- each to be used toward the production of a project model** and participation in a district-level exhibition and project competition.

NATIONAL START-UP AWARD 2021: Start-ups that are developing ground-breaking technologies or solutions, businesses that are scalable and have a good chance of creating jobs or riches, and ventures that are having a measurable positive effect on society are examples of good candidates.

Award show is broken up into different categories like:

- Providing India with **innovative solutions** to real problems and challenges;
- **Developing innovative technologies,** solutions, and products from India to the rest of the world
- **Building businesses that are scalable, sustainable, and responsible;** and delivering measurable development gains.

- The winning Start-ups in the competition **received monetary prizes** in addition to support from the government.
- Each candidate received **access to an investor link and individualised mentoring.**

SCO (SHANGHAI COOPERATION ORGANISATION)

START-UP: Which is a venue for the stakeholders from the Start-up environment from all SCO Member states to communicate and collaborate with the purpose to promote entrepreneurship and innovation to establish knowledge exchange ecosystems and boost scaling prospects by giving solutions in the field of innovation.

- The number of days required to do so has been cut in half, from 18 to 4.
- This was accomplished by decreasing the number of procedures from 10 to 3

WOMEN CAPACITY DEVELOPMENT PROGRAMME

(WING)

- Offers training and a platform for women-led businesses as part of its capacity development efforts.
- Female Entrepreneurs, backed by Lending and Venture Funding from SIDBI Institutions are arranged by accepting applications on the "Start-up India Hub,"

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- **shortlisted women entrepreneurs are asked**, after a process of screening by experts, to meet with these institutions **for both equity and debt finance**.
- A **Virtual Incubation programme** for Women Entrepreneurs was run in partnership with Zone Firms to provide unpaid acceleration support to 20 women-led technology Start-ups for a period of three months.

(Govt E-Marketplace) GEM START-UP RUNWAY

introduced a designated area for Start-ups to set up shop and sell their goods.

- Swayatt, which stands for "**Start-ups, women and Youth Advantage through e-transactions**," is the name of a Start-up runway that was recently introduced on the **government market place by the Ministry of Commerce and Industry** in an effort to entice more Start-Ups to participate in the Government E Market place.
- The listing will only be open to companies who have been **certified by the DPIIT**.

INNOVATION ZONES: The government is establishing Innovation Zones at the level of Urban Local Bodies (ULBs) in order to enhance the basic level of public service delivery and governance.

to improve the overall quality of life for citizens and to handle local problems in the areas of sanitation, cleanliness, health, trash, water, taxation, traffic, enforcement, and any and all other facets of citizen services supplied by ULBs.

- **Investigate novel approaches to resolving these kind of problems** through the use of grand challenges, hackathons, problem-specific pitching sessions, reverse pitching sessions, and any other method you can think of.
- **Assist with the development of ideas** all the way through to their validation, including proof of concept, prototype creation, product creation, product testing, pilot projects, etc.
- Acquire eligible items, processes and solutions.

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- Integrate such creative problem-solving strategies into the operational procedures of the ULB, and work to understand them.
- Establish relevant connections with commercial incubators, research organisations, academic institutions, and other key stakeholders at various phases of the innovation adoption process.

LEARNING SESSIONS

START UP FINANCE PART II

STATES START-UP RANKING was established in April 2017 with the intention of harnessing the force of **competitive unionism** and fostering the growth of a thriving Start-up ecosystem across the nation.

- The ranking framework is based on **seven reform areas** that are essential to the expansion of Start-up ecosystems.

START-UP INDIA SHOWCASE [JAN 16, 2016]

- an online discovery platform that features **virtual profiles of India's start-up scene**.
- **showcases start-ups** in various fields, such as finance technology, enterprise technology, social impact technology, education technology, and health technology.
- Each start-up profile includes a pitch about their product, innovation, and unique selling proposition (USP).

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- The platform **provides social and digital networking opportunities** and assists in discovering new business opportunities.
- Start-ups that have proven their capabilities on other national platforms can use this platform to offer their products to the market.

DIGITAL DEMO DAY is a **conference and display for new technology companies** who are just getting started in **Germany**.

- It provides a **platform for industrial tech Start-ups, primarily in the fields of virtual reality (VR), augmented reality (AR), internet of things (IoT) cyber security**, smart devices, drones, and robotics, to showcase their digital technologies for people to test out and get in touch with.

ANIMAL HUSBANDRY START-UP GRAND CHALLENGE was initiated by the **Department of Animal Husbandry and Dairying** in collaboration with **Start-up India**.

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- The **first edition** of the same publication was released by the **Prime Minister in 2019**,
- the **second edition of the same publication was released by the Prime Minister in 2021** during an **event marking National Milk Day in Anand, Gujrat.**

AYUSHMAN PMJAY START-UP GRAND CHALLENGE

consists of **inviting Start-ups** that are primarily working in the fields of **medical devices, digital health, hospital services, hospital management, health communication, medical** workforce training and capacity building, and reducing the cost of operations, amongst other fields.

TEXTILE GRAND CHALLENGE: India is a **significant participant** in the global textile and clothing manufacturing industry.

INNOVATION CHALLENGE was launched with the goal of developing a **Portable Device for Water Quality Testing.**

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- launched by the Department of Drinking Water and Sanitation's National Jal Jeevan Mission (NJJM) in collaboration with the Department of Drinking Water and Information Technology.
- Both surface water and groundwater are used as sources of potable water in rural regions, with groundwater accounting for 80% of the total.

MNRE START-UP GRAND CHALLENGE has been kicked off to achieve the goal of **lowering carbon emissions** while also ensuring energy security and access.

- aim to investigate the potential for bigger contributions from renewable resources in the fields of **livelihood, health, water, and innovation in products, services, and business models.**
- The **Ministry of New and Renewable Energy (MNRE)** offers a one-of-a-kind opportunity for innovative businesses and entrepreneurs to solve some of the most pressing problems that the Renewable Energy Sector in India is now facing.

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START-UP INDIA SINGLE USE PLASTIC INTERNATIONAL CHALLENGE

- Single use plastic International Challenge in order to encourage inventors and Start-ups to develop design solutions.
- Grants will be provided to the selected Start-ups so that they can pilot their solutions with F&B Partner in Goa.
- During COVID 19, the food and beverage industry made significant strides toward expanding the usage of SUP.

CHALLENGE:

- Reverse Logistics
- Circular Reuse/ Refill models
- Digital Options for Stand-Up Paddleboards
- Alternatives to Plastics Intended for Single-Use Only

RESEARCH PARK: As of May, 2021, the following **eight new research** parks had been established:

- IIT Delhi
- IIT Guwahati
- IIT Kanpur
- IIT Kharagpur
- IIT Gandhinagar
- IIT Hyderabad
- IIT Mumbai
- Iisc Bangalore

SINGLE POINT REGISTRATION SCHEME

- MMSME has initiated a scheme known as **Single point Registration**.
- The Indian Government is the single biggest buyer of a wide variety of products.
- Under the Single Point Registration Scheme, the National Small Industries Corporation (NSIC) is willing to register any micro and small businesses that have an Udyog Aadhar Memorandum (UAM) or an EM Part - II (Optional).
- Those micro and small businesses who have begun commercial production **but have not yet reached their one-year anniversary** of operation are the ones that are qualified to be registered under this programme.
- The registration certificate that is awarded to Micro and Small Enterprises as part of the Single Point Registration Scheme is valid for **a period of two years**, after which it will be subject to review and must be renewed.
- This review and renewal will be determined by an evaluation of the Registered Micro and Small

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Enterprise's continuous Commercial and Technical Competence in manufacturing or producing.

- Micro and small enterprises that fall under the Single Point Registration umbrella and have a maximum annual revenue of **Rs. 5 lacs** are **eligible to receive a Provisional Registration certificate**.
- This certificate is **valid for one year** and can be used by businesses that have **already begun commercial production** but have not yet reached their first anniversary in business.

TAX EXEMPTIONS

SECTION 56(2) (VII B): It was implemented by means of the Finance Act 2012 with the intention of **discouraging the generation and use of unaccounted money through the subscription of shares**

- This was done with the intention of preventing tax evasion.
- The **total value** that is greater than **the fair market value** is considered to constitute revenue for the company

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