



ENTREPRENEURIAL DEVELOPMENT

UNIT - I

SECTION-A

1. Who is an entrepreneur?

An entrepreneur is a starter. An entrepreneur is an initiator, a challenger and a driver. Some one that creates something new, either an initiative, a business or a company.

2. What is the entrepreneur?

An entrepreneur is an individual who, rather than working as an employee, runs a small business and assumes all the risks and rewards of a given business venture idea or goof or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes.

3. Meaning of Entrepreneur Ship.

Entrepreneurship is the process of designing launching and running a new business, which is more often than not, initially a small business, offering a product, process or service for sale or hire. The people who create these businesses are called entrepreneurs.

4. Define Entrepreneurship.

A.H. Cole has defined entrepreneurship as “ The purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain, or earn profit by production and distribution of economic goods and serves”.

SECTION-B

1. State the qualities of an entrepreneur.

A Close analysis of the concept of entrepreneur made in the preceding paragraphs reveals the following as the qualities/traits of a successful entrepreneur.

- (1) Capacity to take risk
- (2) Capacity to work hard
- (3) Energetic
- (4) Drive
- (5) Self-confidence
- (6) Intelligence and knowledge
- (7) Ability to foresee future
- (8) Willingness to change
- (9) Ability to mobilise resources
- (10) Willingness to take responsibility.



2. What are the functions of the Entrepreneur?

An entrepreneur performs all the functions right from the conceiving of an idea up to the establishment of an enterprise.

(1) Generating Business Idea

Generating of idea is the first and foremost functions of an entrepreneur. Essentially there are only two ways in which business idea can be created namely (1) Generating own idea (2) Developing someone else's idea. The second is far more common because virtually every successful business is a development of an earlier business concept. These include areas such as management buyouts/buy-ins, corporate spin-off, franchising and buying an existing business.

(2) Determining Business Objectives

The next function of an entrepreneur is determining business objectives. He should lay down his objectives clearly. He should clearly state the nature of business and the type of business. In other words, he has to specify clearly whether the business, which he decides to start, belongs to manufacturing activities or trading or service-oriented organisation.

(3) Product Analysis

The next important function of an entrepreneur is product analysis and market research. He should conduct market research in order that the data regarding the product which he likes to manufacture can be systematically collected.

(4) Deciding the form of Enterprise

Another important function of an entrepreneur is deciding the form of an enterprise. It should be decided by taking into account the factors such as nature of the product, volume of investment, nature of activities, types of product, quality of product, quality of human resource etc.,

(5) Promoting the enterprise

Once the form of ownership is decided, the next step is undergoing the necessary legal formalities as required under the relevant statute if any to establish an organisation. In case of sole trading concern and partnership firms, there are not many legal formalities when compared to joint stock companies and co-operative societies.

2. Explain the types of entrepreneurs.

1. Novice Entrepreneur
2. Habitual Entrepreneur
3. Nascent Entrepreneur
4. Serial Entrepreneur
5. Portfolio entrepreneur.

(1) Nascent Entrepreneur

A Nascent entrepreneur is an individual who is in the process of starting a new business. The concept of nascent entrepreneur appears to reflect most closely the complex entrepreneurial process.

1. The desirability of starting a business.
2. The extent to which their skills and abilities would contribute to the success of the business.



(2) Novice Entrepreneur

A novice entrepreneur is an individual who has no prior business ownership experience as a business founder inheritor of a business or a purchaser of a business.

(3) Habitual Entrepreneur

A habitual entrepreneur is an individual who has prior business ownership experience. A nascent entrepreneur can either be a novice entrepreneur or a habitual entrepreneur.

(4) Serial Entrepreneur

A serial entrepreneur is an individual who has sold or closed an original business established another new business sold or closed that business and continues this cycle of entrepreneurial behaviour.

(5) Protfolio Entrepreneur

A portfolio entrepreneur is an individual who retain an original business and builds a portfolio of additional business through inheriting establishing or purchasing them. He is one who grows by leaps and bounds.

SECTION-C

1. Write in detail the classification of entrepreneurs.

(1) Classification of D. Ucbasaran P.Westhead and M.Wright basedon the behavioural of entrepreneur.

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2. Habitual Entrepreneur
3. Nascent Entrepreneur
4. Serial Entrepreneur
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1. Nascent Entrepreneur

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(2) The extent to which their skills and abilities would contribute to the success of the business.

2. Novice Entrepreneur

A novice entrepreneur is an individual who has no prior business ownership experience as a business founder inheritor of a business or a purchaser of a business.



3. Habitual Entrepreneur

A habitual entrepreneur is an individual who has prior business ownership experience. A nascent entrepreneur can either be a novice entrepreneur or a habitual entrepreneur.

4. Serial Entrepreneur

A serial entrepreneur is an individual who has sold or closed an original business established another new business sold or closed that business and continues this cycle of entrepreneurial behaviour.

(2) Portfolio entrepreneurship's classification based on American agricultural

1. Innovative Entrepreneurs.
2. Initiative Entrepreneurs.
3. Fabian Entrepreneurs.
4. Drone Entrepreneurs.

1. Innovative Entrepreneurs

Innovative entrepreneurs look at the opportunity for introducing a new technique of production process or a new commodity or a new market or even reorganise the enterprise. They are competitive and possess inventiveness which enable them to invent new products.

2. Imitative Entrepreneurs.

Imitative entrepreneurs are also known as adaptive entrepreneurs. They adopt successful innovation introduced by innovative entrepreneurs. They do not involve in inventing new products methods etc.,

3. Fabian Entrepreneurs.

Fabian entrepreneurs are characterised by great caution and scepticism in practicing any change in their organisations. They are easily adaptable to the changing environment. They adopt change only when they realise that failure to adopt will lead to loss or collapse of the enterprise.

4. Drone Entrepreneurs.

Drone entrepreneurs are characterised by a refusal to adopt and use opportunities to make change in production. They are conservative. They always feel comfortable with their old fashioned technology of production.

(3) Classification based on the type of Business carried on by them.

1. Business Entrepreneurs.
2. Trading Entrepreneurs.
3. Industrial Entrepreneurs.
4. Corporate Entrepreneurs.
5. Agricultural Entrepreneurs.

1. Business Entrepreneurs.

Business Entrepreneurs are individual. They normally work alone and so they are also known as solo operators. Business entrepreneurs conceive an idea of a new product or services and start a business to produce that product or service.



2. Trading Entrepreneurs.

Trading Entrepreneur are undertaking trading only. They do not normally carry out production activities. They identify potential markets activate demand for their products and create a desire in the minds of buyers to buy their products. They are essentially manufacturers who identify the needs of customers and tailor to produce goods with ingenuity to meet the marketing needs. Industrial entrepreneurs are called product oriented persons.

3. Corporate Entrepreneurs.

Corporate Entrepreneurs are innovative in organising and managing a corporate body. They are called promoters. They have special skills in planning organising developing and managing a corporate enterprise.

4. Agricultural Entrepreneurs.

Agricultural Entrepreneurs are involve in agricultural activities such as raising and marketing of crops, fertilizers and other inputs of agriculture.

(4) Classification based on Technology Adopted

1. Technical Entrepreneur
2. Non-technical Entrepreneur
3. Professional Entrepreneur

1. Technical Entrepreneur

Technical entrepreneur as the name implies are worried more about production and quality of good produced. They are not all bothered about marketing. They improve the techniques of production. They possess production skills.

2. Non-technical Entrepreneur

Non-technical entrepreneurs are not concerned with the technical aspects of the product, which they are dealing. They are concerned more about marketing rather than production.

3. Professional Entrepreneurs.

Professional entrepreneur are those who are interested in establishing an enterprise not with an idea to manage it but to sell it after it is set up and starts functioning. He sells out the running business and starts another venture with the sale proceeds.

(5) Classification based on Motivation

1. Pure Entrepreneurs
2. Induced Entrepreneurs
3. Motivated Entrepreneurs
4. Spontaneous Entrepreneurs

1. Pure Entrepreneurs.

Pure entrepreneurs are individuals and are motivated by psychological and economic rewards. They undertake work to attain personal satisfaction in work, ego or status. They believe in their own performance while undertaking business activities.



2. Induced Entrepreneurs.

Governments all over the world offer various incentives to induce the people to undertake entrepreneurial task such as assistance, concessions, subsidies, and infrastructure facilities to start a venture.

3. Motivated Entrepreneurs.

Motivated entrepreneurs are new entrepreneurs who are motivated by the desire for fulfilment. They start ventures due to the possibility of producing and marketing new products in the market.

4. Spontaneous Entrepreneurs.

Spontaneous entrepreneurs are those persons who possess natural talents. They are born and not made entrepreneurs. They are very bold and take initiative to start their venture. They have confidence in their talents. All these factors motivate them to start venture. They start their own enterprise spontaneously.

(6) Classification based on Development stage

1. First Generation Entrepreneurs

First generation entrepreneurs are those who possess innovative skill. He is an innovator and combines his skill and technology to produce a good marketable product or service. They do not possess any family business background beforehand. In fact, they are self made entrepreneurs.

2. Modern Entrepreneurs

Modern entrepreneurs keenly watch the changes in demand and start a venture to fulfil the current market needs. They adopt changes very quickly.

3. Classical Entrepreneurs

Classical Entrepreneurs are those persons who are concerned more about customers as well as market. They take business as an integral part of life. They normally start a venture of self-supporting nature. They are particular about maximising their return. They are traditional and stereotype in their approach.



UNIT –II

Section-A

1. What are the commercial banks?

A commercial bank is a type of financial institution that accepts deposits, offers checking account services, and makes business, personal and mortgage loans, and offers basic financial products like certificates of deposit and savings account to individual and small businesses.

2. What is the main responsibility of District Industries centre?

District industries centre have emerged since 1978 has the model agency for development of small and village industries it provide all the support service needed for development for SSI in the country.

3. Give any two sources of funds for IDBI.

1. TO provide financial assistance to industrial enterprise
2. To Provide technical administrative assistance for promotion management or expansion of industry

Section-B

1. What are the functions of DIC?

The important function of DIC are summarised as below

1. Identification of entrepreneur

DIC main function is to identify new entrepreneur for which they conduct motivated programme throughout the district especially in the head quarters of panchayat union

2. Conducting surveys

DIC conduct survey on the potential of industries to select projects. They conduct survey of the existing traditional and new industries and raw materials and human resources. They may market forecast of various products they prepare techno-economics feasibility reports for identify products.

3. Registrations under SSI

The register the SSI which selects the project provisionally initially and there after permanent registration is also made. Registration enables SSI unit to get assistance from financial institution.

4. Recommending the loan

DIC recommend the application form for SSI unit for the purchase of land and buildings to various financing institution functioning at state and centre levels.



5. Guiding in selection of machinery and equipment

DIC guide the entrepreneur is selecting suitable machinery equipment material etc., It uses necessary certificate for importing and exporting etc.,

2. What are the functions of the ICICI

1. Providing finance in the form of long term or medium term loans or equity participation
2. Sponsoring and under writing new issues of shares and other securities
3. Guaranteeing loan from other private investment sources
4. Making funds available for reinvestment by revolving investment has rapidly as possible
5. Providing projects advisory service i.e. offering advice (1) To private sectors companies in the pre investment stages on government policy and procedures feasibility studies and joint venture search, and (2) to central and state government on specific policy related issues.

3. Explain the functions of small Industries services institute.

Small Industries Service Institutes were set up with an objective of provide consultancy and training to small entrepreneurs. It covers both existing as well as prospective entrepreneurs. The industrial Management Training Division of the DCSSI's office co-ordinates its activities.

1. Assistance/ Consultancy to Prospective Entrepreneurs.
2. Assistance/Consultancy rendered to existing units.
3. Preparation of state industrial profiles.
4. Preparation/updating of District Industrial Potential Surveys.
5. Project Profiles.
6. Entrepreneurship Development Programmes.
7. Motivational Campaigns.
8. Production Index.
9. Management Development Programmes.
10. Skill Development Programmes.
11. Energy conservation
12. Pollution Control
13. Quality Control & Up gradation
14. Export promotion
15. Intensive Technical Assistance.



SECTION-C

1. Explain the All India Financial Institutions

Rapid and large scale industrialisation is considered as one of the most important goals of less developed countries. Industrialisation of any country is closely associated with the provision of adequate long-term finance. India is no exception to this. But unfortunately when the industrialisation drive was started, the existing financial arrangements in our country were found inadequate. The banking system, which was working on the traditional British banking principle, has helped the industry to meet the needs of short-term finance only. The investing class in our country has not developed to the desired extent.

1. Industrial Finance Corporation of India Ltd.(IFCI)

The Industrial Finance Corporation was established in 1948 under the Industrial Finance Corporation Act, 1948 as the statutory corporation. The principal objective of the corporation is to provide long and medium term funds to the industrial units in our country. Initially the corporation was authorised to assist only public limited companies in the private sector and the co-operative societies, which are of able to secure assistance from the banking companies, or form the Capital market. In 1960 the IFC act was amended to widen there scope of its activities adds thereby public sector units, private limited companies and partnership concerns were also made eligible for its assistance. The act was further amended in the years 1970 and 1973 and its scope was further expanded. Today the IFCI role entire industrial spectrum of the country.

2. Industrial Development Bank of India (IDBI)

The Industrial Development Bank of India is the leader in the Indian capital market. It has both regulatory and development functions. The IDBI was established in July1964 as a wholly owned subsidiary of the Reserve Bank and later its ownership has been transferred to the Central Government. Thus, it is now functioning as an autonomous corporation.

FUNCTIONS OF THE IDBI

The overall activities of the IDBI can be classified into three broad categories viz.,

a. Coordination,

The IDBI co-ordinates the functions and operations of all the financial Institutions including IFCI, ICICI, the LIC and the Unit Trust of India into an integrated financial structure so that each may contribute to the total effect i.e. the growth of the economy.



b. Financing Function

As an industrial financier, the bank assists all the deserving projects, which are not in a position to assemble funds in the normal channels. In other words the endeavour of the bank is that no worthwhile projects to languish for want of institutional support. The bank assists the projects both directly and indirectly.

c. Promotional Functions

The IDBI is authorised to perform promotional activities with two objectives such as

- Balanced regional development and
- Acceleration of industrial growth.

The activities directed towards the first objective include the identification and follow up the projects located in backward areas. These directed towards fulfilling the second objective, which include efforts to build up an appropriate framework for industrial development.

3. Industrial Credit and Investment Corporation of India (ICICI)

The creation of industrial credit and Investment Corporation of India is another milestone in the growth of the Indian Capital Market. It was incorporated in the year 1955 as a company registered under the companies act. It was sponsored by a mission from the World Bank for the purpose of developing small and medium industries private sector.

TYPES OF FINANCIAL ASSISTANCE OF THE ICICI

1. Underwriting of public issues and offer or sale of industrial securities.
2. Direct subscription to such securities
3. Securing loans in rupees payable over periods up to 15 years.
4. Providing similar loans in foreign currencies for payment of imported capital equipments and technical service.
5. Guaranteeing payments for credit made by others.
6. Providing credit facilities to manufactures for promoting sale of industrial equipments on deferred payment terms.
7. Providing financial services like leasing instalment sale and asset credit.

4. Unit Trust of India (UTI)

UTI channelizes funds to corporate sector in many ways. It acquires equity shares in companies and subscribes to debentures and preference shares issued by corporate entities. It makes direct subscription of public issue of



new shares and debentures by companies. It obtain private placement of instruments. It also underwrites public issue of shares by companies. Besides, it obtains firm allotment of shares in them.

Besides, UTI offered a variety of investment schemes to the investing public. Thereby it provides small investors with avenues of investment in the capital market. By deploying the funds collected in diversified portfolio it tries to maximise the return on behalf of investors.

1. To stimulate and pool the savings of the middle and lower income groups.
2. To enable them to share the benefits and prosperity of the rapidly growing industrialisation in the country.
3. To ensure safety of savings of the individuals by diversification of the investment portfolio.
4. Channel the scattered savings into sound productive avenues of investment.

5. Life Insurance Corporation of India (LIC)

LIC mobilises the savings of the public in the form of insurance premium and invests the funds in profitable companies. It provides medium and long term finance to the industries. By participating in the capital of the IFCI and SFC it indirectly helps industries. It plays an important role in the capital market as buyers of industries securities and as underwriters of new issues in the private sector. It makes its investment in all the three sectors. I.e. public sector co-operative sector and private sector. Of them, public sector receives as major share because LIC generally invests its funds in government securities.

LIC as one of the strong pillars of the Indian economy has been contributing substantially by way of investment of its surplus funds in nation-building activities.



UNIT-III
SECTION-A

1. What do you mean by project report?

Project report is a written document that summarises a business opportunity and defines how the identified opportunity is to be seized and exploited. It is a schemes, design, a proposal of something intended or devised. It helps in indentifying and clarifying many of the issues that need to be addressed as an entrepreneurial venture organised, launched, and managed.

2. What do you mean by Feasibility Study?

Feasibility study refers to a structured and systematic analysis of the various aspects of a proposed entrepreneurial venture designed to determine its workability. A well-prepared feasibility study can be an effective evaluation tool to determine whether an entrepreneurial idea is a potentially sucessful one. It can also serve as a basis for the all-important businessplan.

3. Meaning of Generating Ideas.

Entrepreneurs need idea to start and to grow their entrepreneurial ventures, Generating ideas is an innovative, creative process. Its also one that will take some time, not only in the beginning stages of the entrepreneurial venture but also throughout the life of the business.

4. Meaning of Business opportunity.

Opportunities are ideas. They may be referred as something that exists on paper. Opportunities that turned by individuals into profitable and functioning bussinesses are referred to as realised opportunity.

SECTION-B

1. Explain the methods of Generating ideas.

According to Mary Coulter, there are four different approaches to generate ideas. There are,

1. Environmental Scanning
2. Creativity and Creative problem Solving,
3. Brainstorming, and
4. Focus Groups.

(1) Environmental Scanning

One technique that entrepreneurs can use to generate ideas is environmental scanning, which means the screening of large amounts of information to detect emerging trends. Some important “Ideas” that stimulate your own idea creation by scanning the around you are listed down below:

- a. Read your local and other major metropolitan newspapers.
- b. Read business publications.
- c. Read popular consumer and news magazines.
- d. Review the fiction and nonfiction best-seller lists.
- e. Review government and Subscribe to relevant trade publications.



- f. Review government and subscribe to relevant trade publications.

(2) Creativity and creative problem solving

Creativity is the ability to combine ideas in a unique way or to make unusual associations between ideas. Traditional logical thinking is like parallel railroad tracks going on forever, but never crossing, whereas creative thinking means linking new concepts in unusual ways. It means cross thinking by seeing new angles, connections, and approaches.

(3) Brainstorming

One of the most familiar and widely used approaches to generate ideas is brainstorming. Brainstorming is an idea-generating process for developing creative solutions that encourage as many alternatives as possible while withholding criticism. Brainstorming is a relatively simple technique.

(4) Focus Groups

The final structured approach to generate ideas is the use of focus groups. These groups provide information as to proposed products or services in a structured setting. In a typical focus group, a moderator focuses the group discussion on whatever issues are examined. Either way a focus group can provide an excellent way to generate new ideas and to screen proposed ideas and concepts.

2. Characteristics of a successful business plan

P. Gallagher in his article in "Getting Down to Business", Success has given tips for preparing a business plan. They are reproduced below:

1. Clear, realistic financial projections.
 2. Detailed market research.
 3. Detailed competitor research.
 4. Descriptions of key decisions makers.
 5. Thorough summary.
 6. Proof of vision
 7. Good formatting and clear writing
 8. Brief and concise.
 9. A plan that captures you.
3. Explain the purposes of a project report.

The business plan is an important document for entrepreneurs.

1. Development Tool

Business plan acts as a development tool for entrepreneurs. It forces entrepreneurs to address important issues. It provides a check and balance for the entrepreneurs.

2. Helps to clarify the Ventures vision and mission

Organisation vision and mission statement are important elements in planning the entrepreneurial venture. They describe and explain to the others what the entrepreneurial ventures is about. It focuses the entrepreneurs to consider their purpose, values and expectations.



3. Defines planning and evaluation guidelines

Business plan is a working document that should be used beyond the start-up phase. It guides the decision maker, on planning and evaluating issues throughout the life of the business.

4. Helps Entrepreneurs to secure Financial Resources

Another important purpose, which a plan serves to an entrepreneur, is helping to secure needed finance. Potential lenders never provide finance to business ventures especially for a new ventures without some type of analysis of financial data both current as well as future.

SECTION-C

1. What are the sources of Business idea?

Various entrepreneurship researches have looked at the source of an entrepreneur ideas. These studies have shown that the sources of their ideas are unique and varied.

1. Personal Interests or Hobbies

An important source of ideas is personal interests or hobbies. Many entrepreneurial ventures were formed because of an entrepreneurs love of doing something such as restoring antique automobiles banking grandmas scrumptious praline chocolate brownies etc.

2. Entrepreneurs work experiences etc.

Another potential sources of ideas and a popular one is an entrepreneur work experiences, knowledge and skills. By tapping into the knowledge of a particular industry or a market gained by working in it entrepreneur can pinpoint areas of potential opportunity.

3. Products and services currently available

The third source of possible ideas is looking at products and services currently available. Here both familiar and unfamiliar ones are to be analysed. Such analysis is to be made by finding answers to the following questions.

4. Exhibitions and Trade Fairs

Visiting exhibitions, trade fairs and industrial fairs may give us lot of ideas as the products.

5. Research Institutions

Research institutions are in a position to supply a list of new products developed. These institutions may be approached to select a suitable and viable project.

6. Creative Thinking

To become a successful entrepreneur creative thinking is a must. He should look at new ways of doing old things. Analysis of old ideas is capable of revealing the modern ideas.

7. Recycling of waste materials

Some leading industries waste materials are very much useful for the production of other products. The waste material of sugar factory known as bagasse is an important raw material for making alcohol.



8. Improving Existing products

Existing products may be improved as per the requirements of the consumers. A wet grinder industry may improve its product to get rice powder rather than rice paste.

9. Advertisements

A close analysis of message given by advertisement in various media will disclose what kinds of products are commonly produced in our country. This sort of analysis would help an entrepreneur to decide his product, its quality cost etc.

10. Short supply/ Excess Demand for certain goods

In real life we come across short supply of certain products. It shows clearly that production of those goods will be definitely successful.

11. Success of friends and relatives

Successful stories of friends and relatives are another source of ideas. Such stories are capable of inspiring people and drive them to appraise and undertake new projects.

12. Experience of Existing Entrepreneurs.

Sharing the experience of entrepreneur in the field will give vague idea of possible projects. Existing entrepreneurs are in a position to tell us what are all scarce materials obtained from other states? What spares are difficult to obtain? What type of services which is find difficult to get, Etc.,



Entrepreneurial Development

PART-A

Unit-IV &V

1. What do you meant by EDP?

EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise.

2. What are roles of EDP?

Entrepreneur Development Programmes (EDP's) play a great role in the development of business and industry. EDP's are based on the thinking that the attitude of the people can be changed by developing their skills. These are not just training programmes but it is a technique which helps to increase motivation, working capacity and knowledge of the prospective entrepreneurs.

3. Meaning of SSIs

These are the industrial undertakings having fixed investment in plant and machinery, whether held on ownership basis or lease basis or hire purchase basis not exceeding Rs. 1 crore.

4. What is franchising?

Franchising means some entrepreneurs are ready to take an idea, build a business, find their own financing, and take the risk of starting with very little and hopefully building a successful venture. Others want the opportunity to be their own boss, but aren't excited about blazing their own trail. For these more risk-adverse entrepreneurs, franchising may be just what they are looking for.

Franchising is a business model wherein an individual operates their own location of a larger, more established company.



5. What is Entrepreneurship Development?

EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise.

6. What is micro-enterprise?

Micro-enterprises are small businesses with minimal employees and capital. Due to a lack of quality education, jobs and training available to people in poverty in developing countries, micro-enterprises add value to the economy and lives by creating small business opportunities, improving income, and promoting commerce.

7. What is MSME sector?

The Micro- Small and Medium Enterprises (MSMEs) are small sized entities, defined in terms of their size of investment. They are contributing significantly to output, employment export etc. in the economy. They perform a critical role in the economy by providing employment to a large number of unskilled and semi-skilled people, contributing to exports, raising manufacturing sector production and extending support to bigger industries by supplying raw material, basic goods, finished parts and components, etc.

8. What do you mean by diversification?

This means launching new products or services on previously unexplored markets. Diversification is the riskiest strategy. It involves the marketing, by the company, of completely new products and services on a completely unknown market.

9. What are the different types of Franchising?

1. Product Franchising:
2. Manufacturing Franchising:
3. Business-format Franchising:



10. What is a Networking?

In information technology, networking is the construction, design, and use of a network, including the physical (cabling, hub, bridge, switch, router, and so forth), the selection and use of telecommunication protocol and computer software for using and managing the network, and the establishment of operation policies and procedures related to the network.

PART-B

11. What are the objectives of EDP?

- To identify and train the potential entrepreneurs in the region
- To develop necessary knowledge and skills among the participants in EDPs
- To impart basic managerial knowledge and understanding
- To provide post-training assistance
- To develop and strengthen entrepreneurial quality and motivation
- To analyze the environmental issues related to the proposed project
- To help in selecting the right type of project and products
- To formulate the effective and profitable project
- To enlarge the supply of entrepreneurs for rapid industrial development
- employment generation and wider dispersal of industrial ownership
- To analyze environmental set up relating to small industry and promoting it
- Removing unemployment
- enhancing industrial development

12. Explain the various phases of EDPs.

1. Pre-training phase
2. Training phase
3. Follow-up phase



1. Pre-training phase

Pre-training phase consists of all activities and preparation to launch training programme. Pre-training phase of EDP consists of the following activities:

- Selection of entrepreneurs for the training programme.
- Arrangements of infrastructure are for the programme like selection of place of training.
- Deciding guest faculty for the programme from education industry and banks.
- Taking necessary steps for inauguration of programme.
- Formation of selection committee to select trainees from the programme.
- Making provision with regard to publicity and campaigning for the programme.

2. Training Phase

The primary objective of training programme is to develop motivation and skill or competency amongst the potential entrepreneurs. Care should be taken to impart both theoretical and practical knowledge to various trainees. The training phase of EDP will be so designed that it will answer the following questions:

- Whether the attitude of the entrepreneur has been tuned towards the proposed project or no.
- Whether the trainee has been motivated to accept entrepreneurship as a career.
- How the trainee behaves like an entrepreneur.
- Whether the trainee has sufficient knowledge on resources and technology or not.
- What kind of entrepreneurial traits he lacks and what steps should be taken to set it.



3. Follow-up Phase

- Follow up phase of EDP has been termed as post-training phase. The ultimate objective is to develop competent entrepreneurs.
- So that they can start their project. Post-training phase is a review phase of training programme. It consists of reviewing of work in the following manner:
- Review of pre-training work
- Review of actual training programme
- Review of post training programme so that cost effectiveness of the present programme can be evaluated.

13.Explain the roles of EDPs

1. Stimulatory Role.
2. Supportive Role
3. Sustaining Role
4. Socio-economic Role

14. State the need for Institutional Finance for Small scale enterprises

- Small enterprises in India are literally small in size and resources including financial resources.
- Due to the lack of own funds, small entrepreneurs fall prey to local money lenders who are generally known as exploiters by charging exorbitant high rate of interest.
- Burden of high interest rate on borrowed capital from local money lenders, on the one hand, and failure of entrepreneurs in repaying loans due to their weak financial position, on the other, makes their financial position more and more vulnerable.
- Failure in repaying loans in extreme cases leads the money lenders to usurp the assets of small entrepreneurs.



- Availability of funds from local money lenders is, moreover, uncertain and untimely also.
- Small entrepreneurs need protective finance under set rules and regulations not the exploitative finance without any prescribed rules and regulations.

15. Discuss the importance of entrepreneurship development programme (EDP)

- Creation of Employment Opportunities
- Capital Formation
- Balanced Regional Development
- Use of Local Resources
- Improvement in per Capital Income
- Improvement in the Standard of Living.
- Economic Independence
- Preventing Industrial Slums
- Reducing Social Tension
- Facilitating Overall Development

16. Discuss the need for Entrepreneurship Development in India.

- Entrepreneurs promote capital formation by mobilizing the idle saving of the people.
- They create immediate and large-scale employment by establishing small-scale enterprises. Thus, they reduce the unemployment problem in the country, i.e., the root cause of all socio-economic problems.
- They promote balanced regional development by establishing small-scale enterprises in rural, remote and less developed regions.
- They help reduce the concentration of economic power.
- They promote the equitable redistribution of wealth, income and even political power in the interest of the country.
- They encourage effective resource mobilization of capital and skill which might otherwise remain unutilized and idle.
- They, by establishing industries, induce backward and forward linkages which stimulate the process of economic development in the country.
- Last but no means the least; they also promote country's export business, i.e. an important ingredient to economic development.



17. Explain the Micro, Small and Medium Enterprises.

The MSMED Act, 2006 defines the Micro, Small and Medium Enterprises based (i) on the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of goods and (ii) on the investment in equipment for enterprises engaged in providing or rendering of Services.

The investment in plant and machinery is the original cost excluding land and building and other items specified by the Ministry of Small Scale Industries. The guidelines with regard to investment in plant and machinery or equipment as defined in the MSMED Act, 2006 are:

| Nature of activity of the Enterprise | Investment in plant and machinery excluding land and building for enterprises engaged in manufacturing or production, processing or preservation of goods | Investment in equipment excluding land and building for enterprises engaged in providing or rendering of services (loans up to Rs 1 crore) |
|--------------------------------------|---|--|
| Micro | Not exceeding Rs.25.00 Lakhs | Not exceeding Rs.10.00 Lakhs |
| Small | More than Rs.25.00 lakhs but does not exceed Rs.500.00 lakhs | More than Rs.10.00 lakhs but does not exceed Rs.200.00 lakhs |
| Medium | More than Rs.500.00 lakhs but does not exceed Rs.1000.00 lakhs | More than Rs.200.00 lakhs but does not exceed Rs.500.00 lakhs |

18. What is franchising? Evaluate its merits and demerits.

Franchising means some entrepreneurs are ready to take an idea, build a business, find their own financing, and take the risk of starting with very little and hopefully building a successful venture. Others want the opportunity to be their



own boss, but aren't excited about blazing their own trail. For these more risk-adverse entrepreneurs, franchising may be just what they are looking for.

Franchising is a business model wherein an individual operates their own location of a larger, more established company.

Merits:

- Cost-Effective Expansion
- Marketing Support
- Additional Sources of Revenue
- Acquiring Talented Managers
- Scalability

Demerits:

- Capital Investment
- Less Control
- Costly Legal Action
- Regulation

PART-C

19. Discuss briefly the role of government in organizing EDPs.

- Small industries development organization (SIDO)
- Management development Institute(MDI)
- Entrepreneurship development institute of India (EDI)
- All India Small Scale Industries Board(AISSIB)
- National Institution of Entrepreneurship and Small Business Development(NIESBUD),New Delhi
- National Institute of Small Industries Extension Training
- National Small Industries Corporation Ltd. (NSIC)
- Risk Capital and Technology Finance Corporation Ltd.(RCTFC)



- National Research and development corporation (NRDC)
- Indian Investment Centre
- Khadi and village industries Commission(KVIC)
- Indian Institute of Entrepreneurship(IIE)
- Miscellaneous Organisation
- National Alliance of Young Entrepreneurs(NAYE)

20. Discuss briefly the problem of EDPs.

- No Policy at the National Level. .
- Problems at the Pre training Phase
- Over Estimation of Trainees. .
- Duration of EDPs.
- Non Availability of Infrastructural Facilities.
- Improper Methodology.
- Mode of Selection.
- Non Availability of Competent Faculty
- Poor Response of Financial Institutions

21. What are the problems faced by Small Scale Industries in India?

- Poor capacity utilization
- Incompetent management:
- Inadequate Finance:
- Raw material shortages
- Lack of marketing support
- Problem of working capital
- Problems in Export



- Lack of technology up-gradation
- Multiplicity of labor laws.
- Inability to meet environmental standards
- Delayed payments
- Poor industrial relations:
- Strain on government finances:
- Concentration of industrial units
- Inadequate dispersal
- Widespread sickness
- Lack of awareness
- Government interference

22. Discuss the stages of growth involved in the process of EDP.

- Pre start up stage
- Start-up stage
- Early growth stage
- Later growth stage

1.Pre start-Up stage

The period during which entrepreneur plan the venture and do the preliminary work of obtaining resources and getting organized prior start- up. There are four activities common to all new ventures.

- Business concept identified
- Product-market research
- Financial planning
- Pre-startup implementation



- Business concept identified
- Market search
- Financial planning
- Pre start up implementation

2. Start -Up stage

The start-up stage is initial period of business. For companies with the product or services to sell, it is first foray into revenue. The startup has no definite time frame. There are two benchmark considerations.

- Entrepreneur wants to meet operating objective such as satisfy revenue and cost targets.
- Marketing operating objective

3. Early Growth Stage

Once the venture is positioned, successful entrepreneur will experience a stage of early growth. This is a period of intense monitoring and growth can occur at different rates along continuum. At the low end of continuum, Entrepreneur finds that they compete in slow growth market. As result they can achieve immediate success by attracting clients. Between these extreme a majority entrepreneur finds a 'comfort' zone of expansion. Their venture may have growth potential but founder restrains expansion to coincide with personal objective

4. Later Growth Stage

If the enterprise proves successful in early growth stage, it can find itself in competition with the larger companies .This is the later growth stage when the rate of growth may be slower and industry has attracted competitors. Companies reaching this stage often 'go public' with the stock exchange.



23. What are the problems faced by Women Entrepreneur in India ?

- Family ties
- Male dominated society
- Lack of education
- Social barriers
- Shortage of raw materials
- Problem of finance
- Tough competition
- High cost of production
- Low risk-bearing capacity
- Limited mobility
- Lack of entrepreneurial aptitude
- Limited managerial ability
- Legal formalities
- Exploitation by middle men
- Lack of self-confidence

24. Discuss the role of entrepreneurship in economic development in nation.

- Promotes Capital Formation
- Promotes Balanced Regional Development
- Reduces Concentration of Economic Power
- Wealth Creation and Distribution
- Increasing Gross National Product and Per Capita Income
- Improvement in the Standard of Living
- Promotes Country's Export Trade



- Induces Backward and Forward Linkages
- Facilitates Overall Development

25. What is meant by growth strategy? Explain the need for the growth of Business.

Growth Strategy refers to a strategic plan formulated and implemented for expanding firm's business. Every firm has to develop its own growth strategy according to its own characteristics and environment.

I. Internal Growth Strategies

A. Expansion:

- a. Market penetration strategy:
- b. Market Development strategy:
- c. Product Development strategy:

B. Diversification:

- a) Vertical diversification
 - b) Horizontal diversification
 - c) Concentric diversification
 - d) Conglomerate diversification
 - a) Vertical Diversification
 - i. Backward integration:
 - ii. Forward integration:
 - b) Horizontal Diversification:
 - c) Concentric diversification:
 - d) Conglomerate diversification:
- II. External Growth Strategies:**
- A. Foreign Collaboration:**



26. What is SSI? Describe its role in the Indian economy.

Small scale industries play an important role for the development of Indian economy in many ways. About 60 to 70 percent of the total innovations in India comes from the SSIs. Many of the big businesses today were all started small and then nurtured into big businesses. The roles of SSIs in economic development of the country are briefly explained below.

Role of Small Scale Industries in Indian Economy

- Small Scale Industries Provides Employment
- SSI Facilitates Women Growth
- SSI Brings Balanced Regional Development
- SSI Helps in Mobilization of Local Resources
- SSI Paves for Optimization of Capital
- SSI Promotes Exports
- SSI Complements Large Scale Industries
- SSI Meets Consumer Demands
- SSI Ensures Social Advantage
- Develops Entrepreneurship

27. State the schemes of financial assistant for Women Entrepreneurs in India.

Bharatiya Mahila Bank

Started in 2013, BharatiyaMahila Bank today, has 45 branches spread across India. The bank focuses on helping women who are economically neglected, underprivileged, unbanked or discriminated, but looking forward to starting their own business. The popular loans provided by this bank are:

BMB Shringaar: Under this CGTMSE Scheme, a subsidiary free loan of up to Rs.1 crore can be availed for setting up a beauty parlor /saloon/spa. The interest rate at which the loan is provided is 12.25% (Base Rate + 2.00%) and the repayment can be done within 7 years.

- **BMB Annapurna:** This collateral free loan of up to Rs. 1 Crore is provided for food business and can be repaid in 3 years. This loan is categorized under CGTMSE Scheme and is provided at an interest rate of 11.75% (Base Rate + 1.50%).
- **BMB Parvarish:** Women willing to open a day care center can benefit from this loan provided under CGTMSE Scheme. The term of the loan is up to 5 years and



the collateral free loan provided is up to 1 crore. The interest rate is 12.25% (Base Rate + 2.00%).TREAD Subsidy Scheme for Women

- Provided by the Ministry of Micro, Small & Medium Enterprises, Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women offers a subsidy of up to 30% of the total cost of the project (that will be assessed by lending institutions). The rest of the loan assistance is to be provided by the lending institutions.
- Women who can benefit from this scheme include those who are not being helped by banks. Generally, the applicants under this scheme are illiterate/semi-literate or lesser privileged women.
- The request for subsidy is considered for approval only if it is made through an NGO.

Mahila Udayam Nidhi.

- An initiative of Puducherry Government, Mahila Udayam Nidhi is a subsidy scheme that can be availed by women entrepreneurs willing to set up a new SSI unit in Puducherry State's service sector.
- A project costing Rs. 10 lakhs is offered a seed capital of around 25% as a subsidy.
- Out of the remaining 75%, 65% is offered to be funded as Term Loan while the rest of the 10% is supposed to be funded as Promoter Contribution.
- The repayment of the loan must be done within a period of 6 to 8 years. This is inclusive of moratorium of a span of 1 to 2 years.

Mahila Coir Yojana

- Providing assistance to artisan women living in rural areas (producing coir fibre), The Mahila Coir Yojana Subsidy Scheme is a boon for women looking for funding options.
- The scheme materializes motorized ratts/ motorized traditional ratts that can be used by women for spinning the coir yarns.
- As per the scheme, 75% of the total cost of the motorized ratt would be provided by the Coir Board, while the rest 25% would be raised by financial institutions.
- Only one person from a family can avail the benefits of this scheme.