

FAQ EADR

ROLES OF AN ENTREPRENEUR

Q-1 Define the Entrepreneurial Role of Entrepreneur.

A-1 This is the basic role of the entrepreneur; he/she declares new ideas for the organizations, brainstorms it with the employees and friends and then bears the risk of any unsuccessful implementation.

Q-2 Define the Disturbance Handler Role of Entrepreneur.

A-2 The entrepreneur needs to act as the mediator and bring people with dissenting thoughts to the table and get them motivated to work together. He needs to handle all conflicts and get the team to focus constantly on the goal.

Q-3 Define the Resource Allocator's role of Entrepreneur.

A-3 The entrepreneur needs to find out how the available resources can be allocated between different departments of the organization to suit their demands and necessities. This helps them achieve the organizational goals and the objectives.

Q-4 Define the Negotiator's Role of Entrepreneur.

A-4 The entrepreneur must negotiate on behalf of the organization both internally with the staff as well as with the external investors or collaborators. At such opportunities, the entrepreneurs need to be more focused on their role of being a 'win-win' deal breaker.

Q-5 State the key indicators of the Role and Responsibility of an Entrepreneur in Contemplating and Supplementing Economic Growth.

A-5 ☐ Increase in per capita income

☐ Improvement in physical quality of life

☐ Economic independence

☐ Backward and forward linkages

☐ Innovation

Q-6 Which are the Role of Entrepreneurs in Infrastructural Development?

A-6 ☐ Economic infrastructure

☐ Industrial infrastructure

☐ Tourism infrastructure

☐ Financial infrastructure

☐ Social infrastructure

Q-7 Write the Role of Entrepreneur for Bringing about Social Stability and Balanced Regional Development of Industries.

A-7 ☐ Economic Integration

☐ Mobilization of Local Resources

☐ Balanced Regional Development

☐ Alleviation of poverty

☐ Equitable distribution of national wealth

☐ Creating Investment Opportunities

☐ Community Development

Q-8 Define the role of Liaisoning of the Entrepreneur.

A-8 The entrepreneur should also be the liaison officer for his organization. He should be the source of link with the outside world and business houses, always trying to find an opportunity of working together with other big organizations.

Q-9 Explain the term Economic Integration.

A-9 Entrepreneur reduces the concentration of power in a few hands by creating employment opportunities and helps bring equitable distribution of income. They help in removing the disparity between the rich and the poor by adopting the rules and regulation framed by the government for the effective functioning of business in the country.

Q-10 List the benefits of the promote export for a country by entrepreneurs.

A-10 ☐ Minimisation of dependence on imports from abroad

- ☐ Exploration of new markets
- ☐ Foreign exchange earning
- ☐ Lessening the burden of debt servicing
- ☐ Harnessing the available resources
- ☐ Export of handicraft items
- ☐ Meeting balance of payment deficits

IDEA GENERATION SCREENING

Q1: What is Idea generation?

Ans: It is a creative process of generating ideas

Q2: What is Brainstorming?

Ans: This is a process in which a small group of people interact with very little structure, with the goal of producing a large quantity of novel and imaginative ideas.

Q3: What is focus group?

Ans: These are group of individuals who provide information using a structured format.

Normally, a moderator will lead a group of people through an open, in depth discussion.

Q4: What is capital consideration?

Ans: Financing and Revising Your Business Idea, where the financial elements have to be taken into consideration to help start up the new idea.

Q5: What are Physical Resources?

Ans: Physical resources of an organization include manufacturing equipment and tools, inventories, production, assembly, storage, and distribution facilities

Q6: What is Shares? State it's types.

Ans: "A share is a fractional part of the capital of the company which forms the basis of ownership and interest of a subscriber in the company."

There are two types of shares widely used by companies.

(i) Equity Shares

(ii) Preference Shares

Q7: What is Retained earnings?

Ans: When company uses the amount of its own Reserves and Surplus for certain period in its own business is popularly known Retained Earning.

Q8: What is debentures and long-term loans?

Ans: A debenture is a medium to long-term debt format that is used by large companies to borrow money.

A form of loan that is paid off over an extended period of time greater than 3 years is termed as a long-term loan.

Q9: What is venture capital?

Ans: Venture capital is the money provided by professionals who invest alongside management in young, rapidly growing companies that have the potential to develop into significant economic contributors

Q10: What is Angel Investment?

Ans: An angel investor is a person who invests in high risky companies typically before those companies have any revenue or profits.

LEADING AND BUILDING THE TEAM IN AN ENTERPRISE

Q-1 What is Leadership?

A-1 Leadership is an activity of influencing people to strive willingly for group objectives. Leadership is the quality of behaviour of individuals whereby they guide people or their activities in organizing efforts.

Q-2 Which are the Attributes are required for a manager to be effective?

A-2 - Clarity of purpose and tasks

- Good organizational skills
- Ability to communicate tasks and expected results effectively
- Ability to negotiate various administrative and regulatory processes
- Good delegation skills.

Q-3 Which are the good attributes of a good Leader?

A-3 - Have a sense of mission

- Charismatic
- Able to influence people to work together for a common cause

- Decisive
- Use creative problem solving to promote better care and a positive working environment.

Q-4 What is Team Diversity?

A-4 Team diversity represents not only the mix of skills and experiences, but also how people of varying culture, ethnicity, race or gender work together.

Q-5 What is shared Leadership?

A-5 Effective team members are willing to assume leadership roles when appropriate. Shared leadership reinforces a sense of shared responsibility and increases morale and team performance.

Q-6 What do you understand by a Positive Group Dynamics?

A-6 Interpersonal relationships in effective teams are built on trust, respect, honesty, and acceptance. Conflict will still occur, but a positive group dynamic will focus the conflict productively.

Q-7 Define Individualists.

A-7 Individualists generally put their personal welfare and interests first, and they prefer independent tasks in which they work alone.

Q-8 Define Collectivist.

A-8 collectivist, who prefers cooperation to competition and is happiest working in a group.

Q-9 Which are the Common Techniques for Team Building?

A-9 - Set team goals and priorities

- Select team members carefully

Q-10 What do you understand by a Clarity of Purpose?

A-10 The purpose of the team must be clearly defined in concrete and measurable objectives. Effective teams know how their work contributes toward an organizational goal. The team leader reminds members of how each team member makes business success possible.

STRATEGIC PLANNING FOR BUSINESS

Q-1 Define Strategic planning.

A-1 Strategic planning is a continuous process for improving organizational performance. The continuation of preparing plan as a part of process for developing strategies to produce results.

Q-2 What is Long-range planning?

A-2 Long Range Planning is important process. The process by which the leaders of an organization determine what the organization wants to look like at the end of a specified period of time – usually three to five years – then use that vision to establish multi-year goals and objectives which describe what the organization wishes to accomplish, and develop programs, tasks, and timelines for achieving them.

Q-3 Which are the Stages of Strategic Planning ?

A-3 - Prepare

- Plan

- Implement

- Review

Q-4 Which are the critical steps must be accomplished prior to developing a strategic plan?

A-4 - Visioning

- Assessment

- The development and implementation of a planning process.

Q-5 Which are the steps ensure that plans are used to guide the work of the organization?

A-5 - Communicating or "marketing" the plan,

- Managing the implementation of the plan,

- Supervising the actual work,

- Monitoring and reporting progress on the plan.

Q-6 Which are the stages of the review cycle?

A-6 - Conduct assessments of its performance by gathering and analyzing information;

- Convene the planning group to review performance and reassess goals, outcomes, strategies, and action steps and to make recommendations for changes; and
- Revise the plan.

Q-7 Which things are included in the Annual Plan?

A-7 - Program

- Management/Institutional Development
- Governance
- Monitoring and Evaluation

Q-8 Which are the three key questions must be answered while preparing a plan?

A-8 - What do I want to accomplish?

- What will i do to get there?
- How will I know if we are making progress?

Q-9 Which are the basic things included in the forma of the Plan?

A-9 - Introduction

- The Environmental Scan
- Organizational Values, Vision, And Mission
- Goals, Planned Accomplishments, And Strategies
- Monitoring And Review
- Annual Plan (may be prepared separately)

Q-10 In the Environment scan of the plan the organization incudes?

A-10 1. Scope of Activities

2. Program Operating Model

3. Management

4. Governance

5. Summary of Strengths and Weaknesses

FORMS OF OWNERSHIP

Q-1 Define Sole Proprietorship?

A-1 A type of business unit where one person is solely responsible for

providing the capital and bearing the risk of the Enterprise, and for the management of the business is called Sole Proprietorship.

Q-2 What is Partnership?

A-2 'Partnership' is an association of two or more persons who pool their financial and managerial resources and agree to carry on a business, and share its profit.

Q-3 What do you mean by cooperative society?

A-3 Work together with some common economic objectives can form a society, which is termed as cooperative society.

Q-4 Which are the characteristics of sole proprietorship form of business organisation?

A-4 ☐ Single Ownership

☐ No Separation of Ownership and Management

☐ Less Legal Formalities

☐ No Separate Entity

☐ No Sharing of Profit and Loss

☐ One-man Control

Q-5 Which are the characteristics of cooperative society?

A-5 ☐ Voluntary Association

☐ Open Membership

☐ Number of Members

☐ Registration of the Society

☐ State Control Capital

☐ Democratic Set Up

☐ Service Motive

Q-6 What is the Joint Hindu Family (JHF) business?

A-6 The Joint Hindu Family (JHF) business is a form of business organisation run by Hindu Undivided Family (HUF), where the family members of three successive generations own the business jointly. The head of the family known as Karta manages the business. The other members are called co-parceners and all of them have equal ownership right over the properties of the business.

Q-7 Which are the limitations of sole proprietorship form of business organisation ?

A-7 ☐ Limited Resources

☐ Lack of Continuity

☐ Unlimited Liability

☐ Limited Managerial Expertise

Q-8 state the merits of jhf form of business organisation

A-8 ☐ Formation

☐ Continued Existence

☐ Tax Benefits

☐ Unlimited Liability of the Karta

☐ Limited Liability of Members

☐ Quick Decision

☐ Sharing of Knowledge and Experience

☐ Assured Shares in Profits

Q-9 which are the limitations of cooperative society?

A-9 ☐ Limited Capital

☐ Lack of Managerial Expertise

☐ Less Motivation

☐ Lack of Interest

☐ Corruption

Q-10 which are the merits of sole proprietorship form of business organisation ?

A-10 ☐ Maintenance of Business Secrets

☐ Personal Touch

☐ Flexibility in Operation

☐ Direct Motivation

☐ Quick Decision and Prompt Action

☐ Easy to Form and Wind Up

FORMS OF OWNERSHIP PART – 2

Q-1 Define Joint Stock Company.

A-1 A Joint Stock Company or simply a company is a voluntary association of persons generally formed for undertaking some big business activity.

Q-2 When the A joint stock company is suitable?

A-2 A joint stock company is suitable where the volume of business is large, the area of operation is widespread, the risk involved is high and there is a need for huge financial resources and manpower.

Q-3 Which are the types of joint stock companies?

A-3 ☐ Private Company

☐ Public Company

☐ Government company

☐ Statutory company

☐ Chartered company

☐ Foreign company

☐ Indian company

☐ Multinational corporation

☐ Holding company

☐ Subsidiary company

Q-4 Which are the features of the Private Company Under the Companies Act, 1956?

A-4 ☐ It cannot have more than 50 members. Employees of the company are not included in this.

☐ It cannot invite the public to purchase its shares and debentures through open invitation.

☐ It restricts the rights of the members to sell or transfer their shares.

☐ It must have a minimum paid up share capital of One lakh rupees.

Q-5 Which are the features of the public company?

A-5 ☐ It can invite the public to subscribe to its shares and debentures by open invitation.

☐ A minimum of seven members is required to establish a public company. There is no limit on the maximum number of its members.

☐ There is no restriction on the transfer of shares i.e., the shareholders are free to sell their shares to the public.

☐ The public company must have a minimum paid up capital of five lakhs rupees.

Q-6 Which are the limitations of joint stock company?

A-6 ☐ Difficult to Form

☐ Control by a Group

☐ Excessive Government Control

☐ Delay in Decision Making

☐ Lack of Secrecy

☐ Social abuses

Q-7 What is Chartered Company?

A-7 A company created under a special charter granted by the king or queen of England is called Chartered Company.

Example- East India Company.

Q-8 What is Statutory Company?

A-8 A company created by a special Act of Parliament or state legislature is termed as statutory company.

Example: Life Insurance Corporation of India (LIC), Securities Exchange Board of India (SEBI) etc.

Q-9 What is Government Company?

A-9 Any company in which at least 51% of the paid up capital is held by the Government is known as government company.

Example: Indian Telephone Industry (ITI), Bharat Heavy Electronics Limited (BHEL) etc.

Q-10 In which circumstance a company become a subsidiary company of another?

A-10 ☐ When more than 50% of the nominal value of its equity share capital is under the control of another company.

☐ When another company has control over the appointment of its Board of Directors.

☐ When it is subsidiary of a company which itself is a subsidiary of another company.

FRANCHISING – FORM OF BUSINESS OWNERSHIP

Q-1 What is Franchise Operation according to the The International Franchise Association (IFA)?

A-1 “A franchise operation is a contractual relationship between the franchisor and franchisee in which the franchisor offers or is obligated to maintain a continuing interest in the business of the franchisee in such

areas as knowhow and training; wherein the franchisee operates under a common trade name, format and or procedure owned or controlled by the franchisor, and in which the franchisee has or will make a substantial capital investment in his business from his own resources (Mendelsohn 1979).”

Q-2 What is Franchising?

A-2 Franchising is a contractual relationship between a licensor (franchisor) and a licensee (franchisee) that allows the business owner to use the licensor’s brand and method of doing business to distribute products or services to consumers.

Q-3 Advantage of Franchising?

A-3 - Reduction of Chances of Business Failure

- Easy start up
- Recognition
- Higher success Rate
- Assistance
- Cost reduction
- Profits

Q-4 Disadvantage of Franchising?

A-4 - No scope of creativity

- Restrictions and control
- Costs
- Support and Assistance
- Expensive
- Time consuming
- Dispute

Q-5 Which are the type of Franchising ?

A-5 - Trade-name Franchising

- Product Distribution Franchising
- Pure Franchising

Q-6 What are the type of franchise arrangements?

A-6 - Product Franchising

- Manufacturing Franchising
- Business-format Franchising

Q-7 What is Product Franchising?

A-7 In product franchising dealers are given the right to distribute goods for a manufacturer. For this right, the dealer pays a fee for the right to sell the trademarked goods of the producer.

Q-8 What is Business-format Franchising?

A-8 In this type of franchising and is the most popular one at present. This is the type that most people today mean when they use the term franchising. This is an arrangement under which the franchisor offers a wide range of services to the franchisee, including marketing, advertising, strategic planning, training, production of operations manuals and standards and quality – control guidance.

Q-9 Define Pure Franchising?

A-9 When franchisor sells the complete business format and system of his/her product to the franchisee, it is called 'pure franchising.

Q-10 Define Trade-name Franchising?

A-10 When franchisee purchases the right to use the franchisor's trade name without actually distributing the specific trade mark products exclusively using the name of the franchisor, this is called 'trade-name franchising.'

FINANCING ENTREPRENEURIAL VENTURES

Q-1 Which are the purpose of operations, Entrepreneurs need finance?

A-1 Entrepreneurs need finance for different purposes of operations which includes purchasing machines and equipments, buying office space or land, furniture, fixtures, licencing fees and permits, maintaining inventory, professional fees, advertising expenses, working capital, for meeting unanticipated expenses and so on.

Q-2 What is Entrepreneurial financing?

A-2 Entrepreneurial financing refers to the different sources of funding available for

entrepreneurial or early-stage ventures.

Q-3 What is the Internal Sources of Funding?

A-3 Internal sources of funding means the funding within the entrepreneurial capacity. If The entrepreneur brings finance from within his or her own sources rather than borrowed from outside, it is referred as internal sources of financing.

Q-4 Which are the forms of the Debt financing ?

A-4 - Bank loans

- Government and debt financing

- Finance companies

- Others

Q-5 Which are the internal sources of financing?

A-5 - Founder, Family and Friends

- Bootstrapping

- Business alliances

Q-6 Which are the other forms of finance other than the Equity and Debt?

A-6 - Angel Investor

- Venture Capital

- Corporate Investors

- Banks

Q-7 What is the aim of the Government Financing Programmes?

A-7 The government has a variety of financing programmes for small businesses. The range of financial assistance rendered aims to help SMEs improve their workforce, develop products or technology, promote their product or services and restructure their debts.

Q-8 Which are the reason of forming Business alliance?

A-8 Reasons for forming a business alliance are: market infiltrations, accelerate time to market, utilize sales and marketing channels, geographic extension, access to customer lists, build product credibility, inadequate resources to go alone, customer requests, product development, economies of scale, teaming up against competing, gain

business experience, joint bidding on projects, and other.

Q-9 What is Debt Financing?

A-9 Debt financing refers to the financing through debt from the public. The company raises money through public on a specified rate of interest with a fixed maturity.

Q-10 Who is an Angel Investor?

A-10 An angel investor or angel is an affluent individual who invests capital into a business start-up, usually in exchange for ownership capital. Angels typically invest in technologies innovation or in business in the areas that are known to them or that are of their interest.

MANAGING GROWTH, EXPANSION AND WINDING UP OF BUSINESS

Q-1 Which are the stages if the growth graph?

A-1 ☐ Initial growth stage

☐ Expansion stage

☐ Ending or winding up stage

Q-2 In the Maturity stage the growth is ____

A-2 Steady growth in sales and profits

Q-3 Which are the things take place in Nascent stage?

A-3 In Nascent stage, R &D takes place to develop idea into opportunity and No growth is recorded

Q-4 What is Harvesting?

A-4 Harvesting as a conscious strategic response to environmental conditions, based on the controlled, orderly withdrawal from a market with the intent of increasing cash flow and profits.

Q-5 Which are the three categories for the adoption of a harvesting strategy to influences on the decision?

A-5 1. The economic value of harvesting relative to other market-exit strategies, such as Abandonment and divestiture;

2. The ability to control the rate of market exit; and

3. Internal company considerations.

Q-6 Which are the advantages of the growth of business?

A-6 (i) Obtaining the economies of scale.

(ii) Exploitation of business opportunities.

(iii) Facing competition in the market by diversifying the product line.

(iv) Providing protection against adverse business conditions

(v) Gaining economic and market power.

(vi) For raising profits and creating resources for further reinvestment into business.

(vii) For making optimum utilization of resources.

(viii) For securing subsidies, tax concessions and other incentives offered by the government.

Q-7 In the stability stage the growth will be ____

A-7 In Stability stage growth declines, unless new products/services are developed.

Q-8 State the reasons in which drive business enterprises toward growth?

A-8 1 Government Policy

2 Achieving Self-sufficiency

3 Increasing size leads to increase in power

4 Latest Technology

5 Leads to expansion of the Market

6 Economics of Scale

7 Business Survival

Q-9 What is Strategies of Marketing in the initial growth stage?

A-9 The success of any enterprise is purely based on marketing strategies.

Entrepreneur has to introduce new products, innovations in the existing products, take actions to compete with rival firms, bring about a change in the policies related to pricing, distribution channels, and innovative strategies.

Q-10 Which different factor coordinated by the Entrepreneur to running the Enterprise?

A-10 The entrepreneur coordinates for all factors of production, namely, human

resources, machines, capital and materials to start a new enterprise and keep in running.

VALUATION OF A NEW COMPANY

Q-1 What do you mean by Value?

A-1 Value is a term signifying the material or monetary worth of a thing, which can be estimated in terms of medium of exchange.

Q-2 Define Valuation.

A-2 Valuation is a process of appraisal or determination of the value of certain assets: tangible or intangible, securities, liabilities and a specific business as a going concern or any company listed or unlisted or other forms of organization, partnership or proprietorship.

Q-3 Which are the main objectives of corporate valuation?

A-3 ☐ Assist a purchaser or a seller in deciding the acceptable purchase consideration.

☐ Assist an arbitrator in settling a dispute between parties

☐ Assist a lender in quantifying the security for loan.

☐ Establish value for stamp duty.

☐ Quantify a value for inclusion in accounting records

☐ Assess a consequential loss claim

☐ Assess a management buyout or a leveraged buyout

Q-4 Which are the valuation exercise characteristics?

A-4 ☐ Realistic and acceptable value conclusion

☐ Application of convincing methods to arrive at the value conclusion

☐ Transparency of the valuation process

☐ Realistic consideration of factors responsible for valuation

☐ Ensuring unbiased considerations and avoiding short-cut attempts.

☐ Validation under critical scrutiny.

☐ Meticulous work of a group of professionals representing various disciplines such as finance, accounting, economics, engineering, and investment banking.

☐ Comprehensive and detailed valuation report justifying fairness of opinion and accepted as an expert testimony.

Q-5 Which are the types of Business Valuation Approaches?

A-5 The three other types of Business Valuation Approaches

☐ Income approach

☐ Market Approach

☐ Asset Approach

Q-6 What is Income Approach?

A-6 The income business valuation approach is based on the idea of valuing the present value of future benefits. This approach estimates business value by considering the future income accruing over a period of time.

Q-7 What is Discounted Cash Flow express?

A-7 DCF expresses the present value of the business as a function of its future cash earnings capacity.

Q-8 Write the type of the Business Evaluation.

A-8 There are primarily two types of reasons for business valuation.

☐ Non-tax valuation

☐ Tax valuation

Q-9 State the things include in Non - Tax Valuations.

A-9 ☐ Mergers and acquisitions

☐ Divestitures/disinvestments

☐ Split-ups/spin-offs

☐ Liquidations

☐ Public issue of shares

☐ Buy and sale agreements

☐ Asset allocation under 'purchase method'

☐ Litigation support—partner/shareholder disputes

☐ Mortgaged loans

☐ Damage/economic loss law suits

Q-10 State the things include in Tax Valuations.

A-10 ☐ Income tax

☐ Wealth tax

☐ Gift tax

☐ ESOPs (employees' stock options)

☐ Municipal valuation

☐ Charitable contributions

CORPORATE ENTREPRENEURSHIP

Q-1 Define basic meaning of Corporate entrepreneurship.

A-1 Corporate entrepreneurship can be defined as the process by which already existing well-established firms develop new businesses different from the parent company, utilizing the competencies and resources of the parent company.

Q-2 Corporate Entrepreneurship leads to ____.

A-2 Corporate Entrepreneurship leads to development in the organization in form of development of new products or services, brands, sales, and distribution channels

Q-3 Define Innovativeness.

A-3 Innovativeness is one of the most important features of corporate entrepreneurship, includes all changes in existing products, sources, manufacturing, logistics or marketing, and business information production processes, or the implementation of ideas that are totally new, different from reflection or creativity.

Q-4 According to Wolcott and Lippitz (2007) which are the basis of resource authority and organizational ownership.

A-4 Wolcott and Lippitz (2007) have defined four models of corporate entrepreneurship on the basis of resource authority and organizational ownership.

- Enabler

- Producer

- Opportunist

- Advocate

Q-5 According to Zahra (1991) Corporate entrepreneurship model which are the external & internal variables?

A-5 External Variables:- Dynamism, Generosity, Aggression

Internal Variables:- Values, Infrastructures, Org. culture, Org. Structures.

Q-6 According to Lumkin and Dess's (1996) conceptual entrepreneurship model which are the Environmental factors?

A-6 The environmental factor includes the dynamic market, industry characteristics, freedom in market and complexity.

Q-7 Define Corporate Entrepreneurship according to Burgelman (1983).

A-7 It is a process whereby a firm engages in diversification through internal development, requires new resource combination

Q-8 What do you mean by Risk taking?

A-8 Risk as the probability of losing can be seen as the main feature of aggressive or proactive movements of existing firms in innovation activities. Risk taking has pointed to a brave and daredevil mode of action involving rapid resource commitment for the quick pursuit of opportunities

Q-9 What is Proactivity?

A-9 According to Covin and Slevin (1991), proactivity is the initiative and execution of such activities before competitors, rather than following the competitions of organizations in key business areas such as the introduction of new products or services, the application of new technologies and administrative techniques .

Q-10 Which are the dimensions of corporate entrepreneurship?

A-10 - Innovativeness

- New Business Initiative

- New Business Areas

- Product/Service Innovation;

- Process Innovation;

- Strategic Self Renewal;
- Proactivity
- Risk Taking
- Aggressive Competitiveness.

Entrepreneurship in the era of Globalization: Environment and Strategy

Q-1 What Is an Entrepreneur?

A-1 An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures

Q-2 What is international Entrepreneurship?

A-2 International entrepreneurship is the process of an entrepreneur conducting business activities beyond national boundaries. It may consist of exporting, licensing, opening a sales office in another country, subsidiaries, manufacturing or joint ventures and development of the business.

Q-3 Which are the challenges for the International Entrepreneurship?

A-3 ☐ Political Risk

☐ Universal Payment Method

☐ Pricing Strategy

☐ International Accounting

☐ Supply Chain Accounting

Q-4 What is the importance of the International Entrepreneurship?

A-4 ☐ Expansion of Domestic Market

☐ Increased the sales and Profit

☐ Globalization of competitors

☐ Improves image of the company

☐ Low Manufacturing Cost

Q-5 Which are the global forces affect the business?

A-5 ☐ National and International Policies

☐ Social and Environmental issue

☐ Effect of government rules

☐ Rapid pace of technology

Q-6 What is Entrepreneurial opportunities?

A-6 Entrepreneurial opportunities are usually defined as situations where products and services can be sold at a price greater than the cost of their production.

Q-7 Which are the Environmental factors that affect the international Business?

A-7 ☐ Cultural difference

☐ Social Environment

☐ Technological Factors

☐ Economy

☐ Politics

Q-8 What is Domestic Business?

A-8 Domestic Business is defined as the business whose economic transaction is conducted within the geographical limits of the country

Q-9 Define International Business.

A-9 International Business refers to a business which is not restricted to a single country, i.e. a business which is engaged in the economic transaction with several countries in the world.

Q-10 What is Globalization?

A-10 Globalization is the process of interaction and integration among people, companies, and governments worldwide.

ENTREPRENEURSHIP AND ROLE OF STIMULATING CREATIVITY

Q-1 Define Creativity.

A-1 Creativity is marked by the ability or power to create — to bring into existence, to invest with a new form, to produce through imaginative skill, to make or bring into existence something new.

Q-2 What is Convergent thinking?

A-2 Convergent thinking— consider all available information and arrive at the unique best possible answer .

Q-3 What is Divergent Thinking?

A-3 Divergent thinking---involving multiple possible solutions to the problem under consideration.

Q-4 Which are the Attributes of creative person?

A-4 - Unconventional

- Independent

- Sensible

- Visionary

- Intuitive

- Humble and Proud

Q-5 Which are the social factors affecting motivation and creativity?

A-5 - Evaluation

- Time Pressure

- Restriction of Choices

- Competition

- Reward

- Surveillance

Q-6 What do you mean by a Prioritizing?

A-6 Prioritizing means deciding which activities are most likely to achieve a specific goal and which tasks are the most urgent or important.

Q-7 Which are the things Entrepreneurs strive to?

A-7 Entrepreneurs strive to create more opportunities in industry, providing more employment options and ultimately having a positive impact on per capita income, revenue generation, lifestyle, etc.

Q-8 How Creativity helps in Transcend Boundaries?

A-8 Most path-breaking discoveries are made when two or more disciplines collide. That's why it is essential that the boundaries set by disciplines blur and collisions take place. Creative problem solving is great because it is actually able to connect two distinct areas or

expertise and enable you to extrapolate probable solutions from one field to an unrelated area.

Q-9 How Creativity help to Exploit Employee Potential?

A-9 By not encouraging their employees to be creative, organizations are essentially utilizing only half of their potential. The good news is that employees are realizing that there is an ocean of information and creative ideas that are dormant and untapped at all levels. Tapping all this talent can involve anything – from improving processes, making them more effective and profitable, solving performance-related issues, developing new financial strategies, or innovating to stay ahead of the herd.

Q-10 Which are the roles of today's manager have to play to behave different way?

A-10 - Investors

- Customers

- Sports coaches

- Partners

CREATIVE TEAMS AND MANAGERIAL RESPONSIBILITIES

Q-1 What is Branding?

A-1 Branding is the process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme.

Q-2 What is Trade marks?

A-2 A Trademark generally refers to a “brand” or “logo”. Trademark registration can also be obtained for a business name, distinctive catch phrases, taglines or captions. Properly used and promoted, a Trademark may become the most valuable asset of a business.

Q-3 Registered Design Protection is defines as ____.

A-3 Registered Design Protection is an important mechanism used by the company. A registered design is a monopoly for a design (for example a tread pattern) when applied to an article (for example a tyre) and is granted under the laws of a country the registered design is filed in. A registered design protects the way a product looks.

Q-4 What do you mean by a Patent?

A-4 A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem.

Q-5 Define Copyright.

A-5 Copyright is a legal right created by the law of a country that grants the creator of an original work exclusive rights for its use and distribution.

Q-6 What do you mean by Trade Secrets as a Protective Device?

A-6 The best way to protect creative ideas and concepts is for them to be developed into a trade secret. Under the law, a trade secret consists of any type of information, including a formula, pattern, compilation, program, device, method, technique, or process that derives independent economic value from not being generally known to other persons who can obtain economic value from its disclosure or use.

Q-7 Which are the conditions for effective innovation and creativity at organisation level?

A-7 - Culture

- Experience:

- Skills

- Autonomy

- Leadership

- Favourable attitudes towards change

- Greater decentralisation and flexibility

Q-8 The right to the exclusive use of an idea is lost by voluntary disclosure unless the ___ elements are present.

A-8 - The idea is in a concrete form

- The idea is original and useful
- The idea is disclosed in a situation in which compensation is contemplated.

Q-9 What are the characteristics of the creative employee?

A-9 Creative employees are investing themselves in their work and create it through the reflection of their preferences.

Q-10 What do you mean by a word 'Managing creative teams'?

A-10 Nobody likes "being managed," especially not creatives. Therefore, if you need to control their work, do it delicately and discreetly.

INNOVATION AND ENTREPRENEURSHIP : TYPES AND SOURCES OF INNOVATION

Q-1 What is Innovation?

A-1 Innovation is "The multistage process whereby organizations transform ideas into new/improved products/services or processes, in order to advance, compete and differentiate themselves successfully in their marketplace."

Q-2 Innovation process involves?

A-2 Innovation as a process involves stages, social, means, nature, type, aim.

Q-3 Organizational structure innovation Concerned with__.

A-3 Organizational structure innovation, concerned with the organization's authority relations, communication systems, or formal reward systems.

Q-4 Organizational structure innovation concerned with__.

A-4 Product or service innovation, concerned with the organization's new product or service offerings.

Q-5 Production-process innovation, referring to__.

A-5 Production-process innovation, referring to the changes to organizational operations and production; this is also usually initiated by technological advancements.

Q-6 People innovation relate to__.

A-6 People innovation, relating to changes to the people (staff) within an

organization, including changes in staffing levels, personnel, job roles, cultures, and behaviours.

Q-7 The classification of innovations are based on ____.

A-7 - on the basis of the nature or degree of innovation

- on basis of the type of innovation, respectively.

Q-8 The nature or degree of innovation refers to ____

A-8 The nature or degree of innovation refers to the newness or degree of novelty involved, and leads to a classification of innovations into radical or incremental

Q-9 According to peter ducker sources of innovation are?

A-9 The unexpected

Incongruities

Market structure

Necessity

Demographics

Changing perception

New knowledge

Q-10 Binary models of innovation proposed to ____.

A-10 Binary models proposed Bantel and Jackson, Daft, Evan in the 1970's and 1980's discuss, variously, administrative, technical, incremental, radical, product, and process, as types of innovation. More recently a number of integrative models have been proposed all of which identify a number of different types of innovation.

Introduction to social entrepreneurship

Q-1 Define Social Entrepreneur.

A-1 The social entrepreneur is defined as someone who aims for value in the form of positive transformational change in the society. In fact, a social entrepreneur is one who recognizes the social problems and use entrepreneurial principles for bringing a social change.

Q-2 Which are the characteristics of social entrepreneurs?

A-2 ☐ Innovator

☐ Social vision

☐ Courageous

☐ Direct Action Takes

☐ Creative

☐ Inspired

Q-3 What is the aim of the social entrepreneurship?

A-3 Social Entrepreneurship mainly aims at creating social capital and social good without measuring the economic and financial performance.

Q-4 Which are the things involves in the Social Entrepreneurship is a new area of entrepreneurship?

A-4 Social Entrepreneurship is a new area of entrepreneurship that involves nonprofit organizations, governments, and businesses that focuses on innovation, risk taking, and with particular emphasis on bringing positive transformation to the social problems that ultimately leads to social change.

Q-5 What is the main aim of the Hunger Project?

A-5 The Hunger Project: Founded in 1977, The hunger Project is a nonprofit organisation committed to the sustainable end of world hunger.

Q-6 According to Mort, Weerawardena and Carnegie (2002), what is Social entrepreneurship?

A-6 Social entrepreneurship is a multidimensional construct involving the expression of entrepreneurial virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, pro activeness and risk taking.

Q-7 What is the aim of the Blind People Association?

A-7 Blind People Association: It is an organisation that promotes comprehensive rehabilitation of persons with all categories of disabilities through education, training, employment, community based rehabilitation, integrated education, research, publications, human development etc. since 1984.

Q-8 What do you mean by courageous type of social Entrepreneurs?

A-8 Courageous Social Entrepreneurs always involved in innovating new products or process. Invariably they take major challenges and take the risk of implementing the challenges with great courage.

Q-9 What is the objective of the Grameen Bank?

A-9 Grameen Bank: Muhammad Yunus incorporated the Grameen Bank, a micro finance organization that makes small loans to people living in rural areas without requiring collateral. The bank does not believe in charity but in offering help to people as an initiative to break through the poverty cycle.

Q-10 Write the purpose of Schwab Foundation for Social Entrepreneurship.

A-10 Schwab Foundation for Social Entrepreneurship: Founded by Professor Klaus Schwab and his wife, the main purpose of Schwab Foundation for Social Entrepreneurship is to promote social

innovation. The foundation does not give grants but addresses social problems and provides platforms at the country, global and regional levels.

INNOVATION AND ENTREPRENEURSHIP IN SOCIAL CONTEXT

Q-1 What is innovation?

A-1 Innovation is defined as the “introduction of novelties; the alteration of what is established by the introduction of new elements or forms”

Q-2 Which are the types of innovation?

A-2 Incremental innovation:

Incremental innovation is the most common form of innovation. It utilizes the existing technology and increase values to the customers by creating change in features, designs, simplification etc. within the existing market or geography.

Disruptive innovation:

It is also known as stealth innovation. It involves applying new technology or processes to the current market or area where you are operating. The newer technology is often more expensive and fewer features and making user friendly.

Architectural innovation:

This innovation is simply incorporating the lessons, skills, and overall technology and applying them within a different market. This innovation is amazing at increasing new customers and so long as the customers is receptive to it.

Radical innovation:

This type of innovation is related to revolution of the technology and system fully. The introduction of air transport is a complete revolution in the transport system, introduction of mobile phone is another revolution in the telecommunication system.

Q-3 According to Drucker what is Innovation?

A-3 According to Drucker “Innovation is the specific tool of entrepreneurship, the means by which they exploit change as an opportunity for different business or a different service.

Q-4 According to Holt, which are the steps includes in innovation process?

A-4 According to Holt the steps include in innovation process like Analytical Planning, Organizing Resources, Implementation, and Commercial Application. Analytical planning is related to identifying product design, market strategy, financial needs, plan operations and many more.

Q-5 Which are the six steps of the Aldo de Moor model?

A-5 Six steps of the Aldo de Moor model includes 1) Prompts, 2) Proposals, 3)

Prototypes, 4) Sustaining, 5) Scaling, 6) Systematic Change. This model

talks about the conception of ideas in mind that leads to proposal and

finally leading towards systematic change.

Q-6 Define Innovation According to Michael Porter.

A-6 According to Michael Porter 'innovation can be manifested in a new product design, a new production process, a new marketing approach, or a new way of conducting training for achieving a competitive advantage'.

Q-7 Which things are lead to a need for new ways of thinking and new ways of looking at the social context of innovations?

A-7 Financial instability, resources crisis, political disengagement and pressing unmet needs lead us to a need for new ways of thinking and new ways of looking at the social context of innovations.

Q-8 Which are the actors in the social innovation process?

A-8 Facilitators are not necessarily the 'owner' of the challenge in the social innovation process. The host centres in Social Innovation Community (SIC) were not social innovation experts but intermediaries in a leverage position to support a new way to find solutions to local issues. The SIC social innovation process aimed to build on their existing skills and capability in order to master social innovation processes. Stakeholders are individuals or organisations with an interest or concern in the local challenge or issue. Providers of services tackling the issue of some of its parts – local authorities, charities, private service providers, end users, associations, research organisations and intermediaries are some examples. Some of the stakeholders will be unusual suspects as they don't currently identify themselves as social innovators due to lack of awareness of the concepts or language of social innovation. Support Partners are experts in Social Innovation Community in social innovation tools and methods. The host centres were trained and supported by them in order to become designers and facilitators of social innovation processes in their regions. Challenge owners are the community, organisation or collective who have the rights and/or duties over the challenge.

Q-9 Which are the Misconception about innovation?

A-9 - There should be dramatic change in the product or service the entrepreneur offers in the market. This concept is in fact wrong. If the product or service is completely different, it becomes difficult for the people to put a reference in their mental frame. So, this misconception of dramatic change in the existing product/service/system is to be controlled.

- Secondly, the thinking that 'major innovation is the most appropriate' is another misconception. We need to remove this misconception from our mind. If we focus on major innovation, it is quite frequently catastrophically. So, step by step process of change and innovation with proper course of actions is important for success in innovation.

- Everyone like change and innovation is another important misconception. Most people do not want to take the pain of change in the existing system as it needs in most cases effort to adapt in the new system.

- The concept of 'management, experts, and top level people like change and they are the most effective in bringing change' is another misconception. Great number of great innovators comes from the grass root level that does not have proper education.

- The concept of all innovations is good has no standing and no takers. Large number of innovations cannot sustain in the marker even for a fortnight.

Q-10 Which are the activity consist in a social innovation process that seeks to find solutions to a specific challenge?

A-10

- Preparation: The preparation stage of the process of Social innovation talks about Team Building, Capacity Building, and understanding the challenge. It is basically the ground work for taking up new challenge.
- Co-define the local challenges: In this stage, the core team discusses with the stakeholders and explore the challenges, define the challenge themes or questions they wanted to bring to the stakeholders, key people and end users. The collaborative and open approach enabled a multi-disciplinary perspective that allowed a wider understanding of the challenge and the aspects of the issue to be focused on.
- Co-create the solutions: In this phase, the core team leveraged the outputs by co-defining local challenges together with local actors from the public, private and third sectors to co-create social innovation solutions to address the defined challenges.
- Implement the solutions locally: In this phase, the chosen solutions were implemented with the support of the people in that society.

START-UPS, EARLY VENTURE ISSUES

Q-1 Describe 'Make in India' campaign.

A-1 'Make in India' campaign was introduced by the government of India in September 2014 to attract foreign investments and encourage domestic companies to participate in the manufacturing sector. The government increased the foreign direct investment (FDI) limits for most of the sectors and strengthened intellectual property rights (IPRs) protection to instill confidence in the startups.

Q-2 Write the aim of Standup India.

A-2 Standup India in 2015 aimed at promoting entrepreneurship among women and to help startups with bank funding.

Q-3 What is the main objective Digital India?

A-3 'Digital India' introduced in 2015 to ensure government services are made available to every citizen through online platform that aims to connect rural areas by developing their digital infrastructure which translates into a huge business opportunity for startups.

Q-4 What is SEWA?

A-4 SEWA (Self Employed Women's Association) was founded in 1972 by Gandhian and civil rights leader Ela Bhatt based in Ahmedabad, India. It promotes the rights of low income, independently-employed female workers. With over 2 million participating women, SEWA is the largest organization of women workers in the world and largest non-profit organisation in India.

Q-5 Write the aim of MUDRA Yojna.

A-5 MUDRA Yojna: Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans upto 10 lakh to the non-corporate, non-farm small or micro enterprises. These loans are classified as MUDRA loans under Pradhan Mantri MUDRA Yojana. These loans are given by Commercial Banks, Regional Rural Banks, Small Finance Banks, Cooperative Banks, Micro Finance Institutions (MFIs) and Non Banking Financial Companies (NBFCs).

Q-6 Write the characteristics of the E-Biz Portal.

A-6 E-Biz Portal: Another very decent service for the easy and faster business friendly initiative is E-Biz Portal. It was implemented by Infosys Technologies Limited (Infosys) under the guidance and aegis of Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India. The focus of eBiz is to improve the business environment in the country by enabling fast and efficient access to Government-to-Business (G2B) services through an online portal. This will help in reducing unnecessary delays in various regulatory processes required to start and run businesses.

Q-7 What is SETU?

A-7 SETU (Self-Employment and Talent Utilization) Fund: The Government has established a mechanism known as SETU (Self-Employment and Talent Utilization) under NITI Aayog. SETU will be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas.

Q-8 Why India is a hub of startup opportunities?

A-8 ☐ India's Large Population

☐ change of Minds toward Startups

☐ Investments by big business houses

☐ Investors are looking towards Startups in India

Q-9 Define startup ecosystem.

A-9 startup ecosystem, it is formed by different teams, interacting as a system to create and scale new organizations. The team includes Universities, Funding organizations, Support organizations (like incubators, accelerators, co-working spaces etc.), Research organizations, Service provider organizations (like legal, financial services etc.) and large corporations.

Q-10 Which are the Early Venture Issues?

A-10 ☐ Financial Resources related issue

☐ Poor Revenue Generation

☐ problems of employees

☐ Market Competition

☐ Unrealistic Expectations

☐ Lack of Mentorship

☐ Lack of innovation

SUSTAINABILITY OF NON-PROFIT ORGANISATIONS

Q-1 Define the term NGO.

A-1 According to the UN, any kind of private organization that is independent from government control can be termed an "NGO".

Q-2 Which are the four functions of the non-profit sector propounded by Frumkin (2002)?

- A-2 ☐ To promote political and civic engagement,
- ☐ To deliver critical social services,
- ☐ To be a vehicle for social entrepreneurship, and
- ☐ To serve as an outlet for expression of faith and values.

Q-3 The laws or Constitutional Articles of the Republic of India relevant to the NGOs are__

A-3 ☐ Articles 19(1)(c) and 30 of the Constitution of India

☐ Income Tax Act, 1961

☐ Public Trusts Acts of various states

☐ Societies Registration Act, 1860

☐ Section 25 of the Indian Companies Act, 1956 (Section 8 as per the new Companies Act, 2013)

☐ Foreign Contribution (Regulation) Act, 1976.

Q-4 Which are the activities include in the NGO's orientation?

A-4 Activities might include human rights, environmental, improving health, or development work.

Q-5 Which are the activities include in the NGO's Level of Operation?

A-5 NGO's level of operation indicates the scale at which an organization works, such as local, regional, national, or international.

Q-6 Define sustainability according to the Brundtland Commission (2010).

A-6 the Brundtland Commission (2010) defines sustainability as "forms of progress that meet the needs of the present without compromising the ability of future generations to meet their needs".

Q-7 Which are the four dimensions of sustainability?

A-7 ☐ Strategic dimensions of sustainability,

☐ Programme dimensions of sustainability,

☐ Personnel dimensions of sustainability,

☐ Financial dimensions of sustainability.

Q-8 What is Community-based organizations?

A-8 Community-based organisations, also referred to as voluntary associations, operate within the non-profit sector are defined as “public or private nonprofit (including a church or religious entity) that is representative of a community or a significant segment of a community, and is engaged in meeting human, educational, environmental, or public safety community needs.”

Q-9 What is Charitable orientation.?

A-9 It often involves a top-down effort with little participation or input by beneficiaries. It includes NGOs with activities directed toward meeting the needs of the disadvantaged people groups.

Q-10 What is service orientation?

A-10 That includes NGOs with activities such as the provision of health, family planning or education services in which the programme is designed by the NGO and people are expected to participate in its implementation and in receiving the service.

FINANCING AND RISKS IN SOCIAL ENTERPRISES

Q-1 Which are the Role of Social Enterprises?

A-1 ☐ They adopt a mission to create and sustain social

☐ Social enterprises recognizes and relentlessly pursuing new opportunities to serve their mission

☐ They are involved in Engaging in a process of continuous innovation, adaptation, and learning

☐ Social enterprises act boldly without being limited by resources currently in hand

☐ They also exhibits heightened accountability to the constituencies served and for the outcomes created.

Q-2 What is the primary goal of social enterprise?

A-2 The primary goal of social enterprise is to provide services to the society. Maximizing profits is not the primary goal of a social enterprise as is with a traditional business.

Q-3 What is the Features of The social enterprise?

A-3 Features of The social enterprise

- ☐ They are having Socially oriented structure;
- ☐ They do not depend on external sources of financing;
- ☐ only starting capital is required for building social enterprises
- ☐ receives income from its own activities, the purpose of which is mitigating or solving specific social problems;
- ☐ profit is reinvested in social enterprises.

Q-4 Which are the options for social enterprises for funding?

A-4 ☐ Incubators

☐ Corporates

☐ Impact Investors

☐ Crowdfunding.

Q-5 What is Incubators funding?

A-5 Incubators and accelerators exist for the sole purpose of helping your business grow. Incubators are in high demand, and the application process to an incubator can be a highly competitive one. As a social entrepreneur, it is useful to apply to social enterprise incubators as they will keep the return expectations in line with the impact focus.

Q-6 What is Corporate funding?

A-6 Corporate funding is a fantastic way to build credibility. The backing of a large corporate can really build your enterprise's brand name and also connect you with the right kind of networks.

Q-7 Impact investore funding sourece is idealized for ____?

A-7 Impact Investors funding source is ideal for enterprises in later stages of businesses, with a high growth trajectory and high impact achieved. The risks of equity investments are well known, but they are more pronounced for social enterprises.

Q-8 What is Crowdfunding?

A-8 Crowdfunding is an interesting method that could go either way – either you win big or crash. The possibilities are endless. Crowdfunding is ideal for early-stage companies that need a smaller pool of funding. It's also good for your enterprise to test the messaging, product offerings and brand.

Q-9 Write the step of the life cycle of normal business.

A-9 Introduction

Growth

Maturity

Decline.

Q-10 What is the key tool for protecting your social enterprise?

A-10 Risk management is a key tool for protecting your social enterprise.

Business Strategies and Scaling up

Q-1 What is Strategy?

A-1 A strategy is a plan of action intended to accomplish a specific goal.

Q-2 What is Business Strategy?

A-2 Business Strategy is a Battle Plan for the better future.

Q-3 Which are the different aspects for better business strategy and scaling up business?

A-3 ☐ Improving operational capacity of the company

☐ Continuously handling better work without disrupting the ongoing processes

☐ Scaling while maintaining positive return on investments

☐ Recruiting, training and retaining top talent

☐ Continuously developing and growing talent internally

☐ Scaling up the other activities while focusing on the core business

Q-4 What is strategic planning?

A-4 Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy.

Q-5 What is the need of the strategic thinking?

A-5 Strategic thinking needs to continue throughout the process of implementation, requiring ongoing attention to the multiple factors that affect scaling up, as well as adjustments to the strategy whenever necessary.

Q-6 Which are the key areas to focus while designing the strategy?

A-6 The business's organisational structure, outlook and behaviours are the most important things while designing the strategy.

Q-7 What is the important of the Business Strategy?

A-7 ☐ Help in long term Planning

☐ Help with sustainability and competitive advantage.

☐ Protects against sudden change in environment

☐ Increases Profit

☐ Helps in the improving Marketing Communication

Q-8 Which are the steps included in the formulation of the strategy?

A-8 ☐ Setting Objectives

☐ Evaluating the organizational Environment

☐ Setting quantitative targets

☐ Aiming in context with divisional plans

☐ Performance Analysis

☐ Choice of strategy

Q-9

A-9 Business innovation is when an organisation introduces new processes, services, or products to affect positive change in their business. This can include improving existing methods or practices, or starting from scratch

Q-10 Which are the characteristics of good business leader?

A-10 ☐ Self awareness

☐ Decisiveness

☐ Fairness.

☐ Enthusiasm

☐ Integrity

☐ Knowledge.

☐ Creativity and Imagination

Family Business: Concept, Characteristics, and Kinds of family Business

Q-1 What is Agency Theory?

A-1 This theory defines the relationship between the principals (i.e.owners) and agents (i.e.managers). According to this theory, the principals hire the agents to perform work and in doing so the principals delegate the work of running the business to the agent means managers

Q-2 What is the stewardship theory indicates?

A-2 This defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with objectives of their principals. Given a choice between self- serving behavior and pro-organizational behavior, a steward's behavior will not depart from the interest of his/her organizations.

Q-3 What is corporate governance refers ?

A-3 Corporate governance refers to the structures and processes for the direction and control, and the relationships among the management, board of directors, controlling shareholders, minority shareholders, and other stakeholders.

Q-4 What do you mean by a succession planning?

A-4 Succession or continuity planning. The process and content of preparing for a successful transition of leadership in a family enterprise, often from one generation to the next.

Q-5 Describe Three Circle Model.

A-5 Three Circle Model. Describes, in the family business, the interacting and interdependent roles of family, enterprise, and ownership, with boundaries often unclear as one individual may be part of two or three circles wearing different hats at different times and for different purposes.

Q-6 Define Transition.

A-6 Transition. Any major shift in leadership often occurring after death or retirement; can be from one sibling to another but most often refers to the change from one generation to the next in the evolution of a family enterprise.

Q-7 Which type of ownership Professional cousin consortium family firms have?

A-7 Professional cousin consortium family firms have diluted ownership within the family and management dominated by non-family members.

Q-8 Which are the challenges are faced by the family business enterprises ?

A-8 Succession Planning

Professionalism

GST

Government Policy etc.

Q-9 What do you mean by a term Cousin Consortium?

A-9 This term used in the development model to refer to the stage where ownership is held by family members from different branches of the family (i.e. cousins); often this is when a family enterprise has transitioned from the 2nd generation to the 3rd generation.

Q-10 In the case of the open family firms?

A-10 In open family firms management is diluted more by outside family and so is the focus higher in financial objectives. Ownership is also diluted more by non-family members.

Conflict and Conflict resolution

Q-1 What is the meaning of Conflict?

A-1 According to Mary Parker Follett simply defines conflict as, "the appearance of difference, difference of opinions, of interests".

Q-2 Is conflict inevitable?

A-2 Conflict is not inevitable because we are different. Each person in an enterprise can disagree and not be in conflict. Conflict is more to do with style than substance. It happens because of what we do and say about the differences, rather than arising from the differences themselves.

Q-3 In Which case Effective conflict management succeeds?

A-3 Effective conflict management succeeds in (1) minimizing disruption stemming from the existence of a conflict, and (2) providing a solution that is satisfactory and acceptable.

Q-4 How to prevent conflict in organization?

A-4 1. Entrepreneurs need to Establish formal procedures – for dispute resolution, grievances and disciplinary issues

2. Entrepreneurs should Explain plans and link individual performance targets to the overall business plans so everyone feels involved.

3. Listening and consultation is the key to involving employees in decision-making . Work safely – think about use of computers, smoking, stress and drugs as well as noise, dust and chemicals.☹

4. Entrepreneur should Value employees – how would most employees describe the culture within the organisation would totally depends upon how entrepreneur value its employees.

5. Entrepreneurs should plan to Encourage initiative –They should think about encouragement plans for the organisation employees.

6. Balance personal and business needs – Flexible working patterns help to improve the work-life balance of employees and the effectiveness of the business.

7. Develop new skills – It is worth thinking about Invest in People (IIP) to promote training and communication.

8. Build trust between employee representatives and management – Better relationships add value to the organisation by working effectively to respond to change.

Q-5 What is the Interpersonal and Intrapersonal Conflict?

A-5 Interpersonal conflict emphasizes the interaction of human factors in an organization. Conflict between people can arise from many individual differences which includes their personalities, attitude, values, perceptions and other differences. It may be substantive or emotional or both. Two persons debating each other aggressively on the merits of hiring a job applicant is an example of a substantive interpersonal conflict. Two persons continually in disagreement over each other's choice of work attire is an example of an emotional interpersonal conflict.

Intrapersonal conflict is internal to the individual (nd is perhaps the most difficult form of conflict to analyze and manage. Intrapersonal conflict is basically a conflict between two incompatible tendencies. It arises when a stimulus evokes two different and incompatible tendencies and the individual is required to discriminate between these tendencies. In such a

situation it is common for individuals to experience frustrations and to allow their conflict situation to be expressed in a range of behavioural strategies ranging from apathy and boredom to absenteeism, excessive drinking or destructive behaviour.

Q-6 What do you mean by Intergroup conflict & Intra group conflict?

A-6 Intergroup conflict occurs among members of different teams or groups can also have substantive and/or emotional underpinnings. Intergroup conflict is most common in organizations, and it can make the coordination and integration of task activities very difficult.

Intragroup Conflict:- When the Conflict occurs within groups or teams is called intragroup conflict. There are two types of intragroup conflict: Task conflict and Relationship conflict. Task conflict is a perception of disagreement group members or individuals about the content of their decisions and involves differences in viewpoints, ideas and opinions.

Q-7 What do you mean by Conflict resolution?

A-7 Conflict resolution refers to dealing with or removing the cause of the conflict.

Q-8 What is Interorganisational Conflict?

A-8 Conflict that occurs between two or more organisation is called interorganisational conflict. Competition can heighten interorganisational conflict. Corporate take over's, mergers and acquisition can also produce interorganisational conflict.

Q-9 When the Vertical and Horizontal Conflict to be occur?

A-9 Vertical conflict occurs in groups of different hierarchical levels, such as supervisors and salesmen. Horizontal conflict occurs between individuals of the same level, such as managers in the same organization.

Q-10 Which are the strategies to manage conflicts?

A-10 Dominance - When the cooperation is extremely low, and the persistence in satisfying of personal interests high THE DOMINANCE Occurs. In a way here, to satisfy the needs of one party may damage the other party involved in the conflict.

Integration – cooperation is high, as well as the persistence in satisfying of one's own needs, so there is to be sought for the appropriate solution for all parties involved in the conflict.

Compromise – there is an equal wish for medium level of cooperation and persistence in satisfying of one's personal needs, so the conflict is resolved so that each party involved in conflict gives up the part of the value.

Avoiding – when the cooperation as well as persistence in satisfying of one's personal needs is very low. In that case the conflict resolution will be solved by withdrawal or repression of conflict.
Cooperativeness – the readiness for cooperation is extremely high, and the conflict is resolved by putting the other party's interests before its own.

MANAGING LEADERSHIP & SUCCESSION PLANNING IN FAMILY BUSINESS

Q-1 What is Succession planning?

A-1 Succession planning is a process for identifying and developing new leaders, who can replace old leaders when they leave, retire or die.

Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as when it is required.

Q-2 Which are the five issues involved in the trends of succession transition in Indian family businesses?

A-2 ☐ Leadership

☐ Succession planning

☐ Wealth management

☐ Managing Family relation

☐ Professionalism

Q-3 What do you mean by a family business succession?

A-3 Family business succession are the process of transitioning the management and the ownership of the business to the next generation of family members. The transition may also include family assets as part of the process.

Q-4 What is Succession management?

A-4 Succession management is the process of identifying those jobs considered to be at the core of the organization-- too critical to be left vacant or filled by any but the best qualified persons—and then creating a strategic plan to fill them with experienced and capable individuals.

Q-5 Which are the benefits of good succession planning?

A-5 ☐ It ensures supply of qualified, motivated people who are prepared to take over the key responsibilities when current senior staff and other key employees leave the organization.

☐ It helps in aligning organization's vision and human resources in an effective manner.

☐ Succession planning ensures developing career paths for employees which will facilitate your organization's ability to recruit and retain top-performing employees and volunteers

☐ It earns external reputation as an employer that invests in its people and provides opportunities and support for advancement.

☐ It also gives a message to your employees that they are valuable for the organization.

Q-6 Define the word leader is an orchestrator.

A-6 To the leader, the ways things are done are important. The quality of service the business provides must not be left to chance. The leader takes the trouble to determine the best way for things to be done and orchestrates the methods used in the business to perform the work. This allows the business to be well organized. Quality Assurance systems are based on the quality of orchestration.

Q-7 What do you mean by Induct meritoriously?

A-7 Induct meritoriously means that the entry of the members of the family in family business should not be easily served on a platter but must be earned by excelling on predefined objective criteria.

Q-8 What is Leader Hierarchy?

A-8 Leader Hierarchy means that the family members must not be directly appointed to the top-level leadership positions just based on familial considerations.

Q-9 What do you understand by the sibling rivalry?

A-9 Conflicts amongst siblings are witnessed in Indian family businesses quite often. It happens particularly due to partial affection of parents towards one child over the other or sometimes due to their gender. If there is such a situation budding amongst the siblings, these conflicts should be resolved as soon as possible.

Q-10 What is leadership dilemma?

A-10 The business owner must identify its successor during succession planning.

Selection of the right leader who is well educated, committed and motivated to take over the business is essential for growth and development of the business. It makes sense to consider other potential members of the family as well in addition to his/her own child by the owner. At times, the owner faces a situation where his/her own child is not willing to take over and has different plans for the future. In such situations, the owner must consider other candidates and not force upon his /her decision on the child.

SUCCESSION PLANNING

Q-1 Which are the Steps in Succession Process?

A-1 - Start the planning process early

- Fostering Inter-generational teamwork
- Establishing a written succession plan
- Involving family and key business officials
- Seeking external expertise
- Setting up of a training process
- Planning retirement
- Making a timely retirement

Q-2 Define Succession Process.

A-2 Succession is process, which includes the precedence covering all activities that lead to it and also includes the aftermath of the decision within the firm and the family.

Q-3 Which things are required in an effective succession plan?

A-3 An effective succession plan requires the presence of an extensive organizational planning and a conscious and deliberate preparation for succession.

Q-4 Which are the elements that must be included in a succession plan?

A-4 - Identifying the potential successors

- Designating a successor
- Notifying the successor designate and the top management officials.

Q-5 Which are the variables related to succession?

A-5 - Manager Characteristics

- Age
- Education
- Financial Stake
- Size of the firm
- Formality

Q-6 The succession processes evaluated on the basis of which parameters?

A-6 The succession processes evaluated on the basis of two parameters includes “quality” of the experience and the “effectiveness” of the succession.

Q-7 Training experience will help___

A-7 Training experience will help sharpen the leadership capabilities of the successor, increasing the chances of the succession planning as a successful endeavor.

Q-8 Define the term Job Assignments.

A-8 Job Assignments tends to expose the leader to challenging problems.

Q-9 What is Mentoring?

A-9 Mentoring means Being guided by the owner will help the leader build a perspective.

Q-10 What do you mean by Appropriate training?

A-10 Appropriate training is a hands-on experience with related affairs too.

Succession and Continuity

Q-1 How can Expert Assistance to be helpful in Estate Planning?

A-1 Expertise can assist the concerned in correctly articulating their wishes, minimizing taxes and incorporating changes with changing circumstances.

Q-2 Which measures include in the Estate Planning covers concerns by doing appropriate planning during the lifetime of the owner.?

A-2 - Financial Planning

- Estate Freeze;
- Life Insurance;
- Asset Transfer
- Shareholders' agreement, if any;
- Powers of attorney in the event of incapacity;
- Planned Charitable Giving,
- Will Planning.

Q-3 What do you mean by Estate Freeze?

A-3 Estate Freeze is an approach towards limiting death taxes. It entails transferring the growth potential of assets such as real estate or shares of corporations to the younger generation.

Q-4 What is the core objective in estate planning?

A-4 Tax minimization is the core objective in estate planning.

Q-5 Which is an effective estate-planning tool to fund future tax requirements?

A-5 Life Insurance can be an effective estate-planning tool to fund future tax requirements.

Q-6 Which assurity is only given in the Will?

A-6 A will can only assure that the assets are duly distributed to the heirs and ensure that the wishes of the owner is upheld and respected. A Will can also help minimize taxation to the owner's beneficiaries by way of specific tax provisions like testamentary trusts and such specific modalities.

Q-7 Which are the criteria must be considered while approaching a successor?

A-7 - Is the successor/s committed to the firm's mission?

- Does the successor/s has/have the ability to take the firm forward?
- Can they arrive at sound decisions?
- Do they have the leadership capabilities to lead and motivate others?

Q-8 How do the Successors cope with the stress?

A-8 - Building a perspective with reflection

- Seeking allies from outside the business

- Act

Q-9 Estate plan must be subjected to revisions during life events includes?

A-9 - The birth or adoption of a new member; when a child in the family grows into an adult; when provisions are required for educational funding.

- In event of death of any member;

- Marriage or divorce; illness or any major disabilities caused;

- Change in your life or long-term care insurance coverage

- Procuring huge borrowings or purchase of major assets;

- Changes in laws pertaining to taxes and investments

Q-10 What do you understand by Asset Transfer?

A-10 In the event of possession of excessive assets and if the owner wishes considering reducing estate probate and executor fees, and also possibly income taxes upon death, then the owner can transfer assets during their lifetime. However the owner needs to carefully assess which assets to transfer, to whom, and how to avoid attracting a tax liability.

WOMEN ENTREPRENEURSHIP: ISSUES, CHALLENGES

Q-1 What is the aim of The Micro & Small Enterprises Cluster Development Programme (MSE-CDP)?

A-1 The Micro & Small Enterprises Cluster Development Programme (MSE-CDP) is another scheme introduced by the Ministry of MSME for providing assistance for common facilities including marketing supports. This scheme aims at enhancing competitiveness, marketing of products, adoption of best manufacturing practices, technology improvement, and employment generation.

Q-2 Define Women Entrepreneur.

A-2 A woman entrepreneur can be defined as a confident, innovative, and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through imitating, establishing, and running the enterprise by

keeping pace with the personal, family, and social life.

Q-3 What do you mean by the dual role of women entrepreneurs?

A-3 Women play dual roles in the society these days, one is as role of maintaining the family and the other one as has been highlighted here as entrepreneur. As they focus on two core areas, their contribution as an entrepreneur to the society is never less than a male entrepreneur.

Q-4 What do you mean by the Economic development role of women entrepreneurs?

A-4 As the participation of women entrepreneurs are increasing day by day, their contribution to the gross domestic products and national income are increasing. Besides, the volume of products supplied by the Micro Small and Medium Enterprises occupies significant place in our economy and position of women entrepreneurs in this sector is commendable.

Q-5 What do you mean by the Social bonding role of women entrepreneurs?

A-5 As women become increasingly economically sound their role in enhancing social bonding is high. In fact, they are tread that binds together the social system. The saying “man is a social animal” sounds true mainly because of the affiliative role women play in the society.

Q-6 What do you mean by the Social and economic empowerment role of women entrepreneurs?

A-6 Social and economic empowerment: Today the whole talks about empowerment. Social, Economic, Political and all spares of our lives. Entrepreneurship provides a platform to instill this sense and skills of empowerment.

Q-7 Describe the Marketing and selling problems faced by the Women entrepreneurs.

A-7 Marketing and selling problems: Lack of mobility and heavy competition in the market makes women entrepreneurs dependent on middlemen. Besides, it requires lots of mobility and time. As women entrepreneurs are not in a position to involve much in moving frequently, large part of their income is being spent on middlemen.

Q-8 Describe the Lack of confidence faced by the Women entrepreneurs.

A-8 Women have been depended since generations to their family members.

This conditioning of mind towards dependency to other male and female members of the family compromise in many situations their confidence level. Though time has changed and awareness has changed due to education, training, and focus to equality among men and women.

Q-9 Describe the Financial problems faced by the Women entrepreneurs.

A-9 Women entrepreneurs face problems in financing the day to day operations of the business as they cannot easily access to capital. Besides, the family members of the women entrepreneurs are not confident enough to them for investing their hard earned money to the business activities.

Q-10 Which are the important constraints of women entrepreneurs?

A-10 ☐ Socio-cultural barrier

☐ Motivational factor

☐ Marketing and selling problems

☐ Financial problems

☐ Lack of confidence

☐ Knowledge of business

WOMEN ISSUES AND ENCOURAGING CHANGE IN FAMILY BUSINESS: A CASE ANALYSIS OF WESTANGAGE PVT. LTD.

Q-1 Family business represents_____

A-1 Family businesses represent substantial economic entities within the macro economy, while also providing significant resources to the micro economy, namely the family, the most important of these resources being the household income.

Q-2 In which area Women entrepreneurs make a substantial contribution?

A-2 Women entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses.

Q-3 Which type of businesses are rapidly becoming the important form of

business enterprise in both developed and developing countries.?

A-3 Family businesses are rapidly becoming the important form of business enterprise in both developed and developing countries.

Q-4 What do you mean by Developed Economy?

A-4 Developed Economies are the countries that enjoy certain high standards. Such countries generally have a good infrastructure, stable economy with very high per capita income.

Q-5 Define the term Family Business.

A-5 A family business is a commercial organization in which decision-making is influenced by multiple generations of a family, related by blood or marriage or adoption, who has both the ability to influence the vision of the business and the willingness to use this ability to pursue distinctive goals.

Q-6 What are the issue faced by the women Entrepreneur?

A-6 ☐ Minimal support

☐ Lack of education

☐ Tough competition against male counterparts

☐ Limited funding

☐ Work life balance

Q-7 Define Entrepreneurship.

A-7 Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit."

Q-8 What are the major problems faces by social Entrepreneurs?

A-8 ☐ The impact of austerity.

☐ Managing diversification.

☐ Increasing competition.

☐ Accessing finance.

☐ Collaboration.

☐ Retaining social purpose.

Q-9 What is Economic Development?

A-9 Economic development is the process by which the economic well-being and quality of life of a nation, region or local community are improved.

Q-10 What is Microeconomics?

A-10 Microeconomics is a branch of economics that studies the behaviour of individuals and firms in making decisions regarding the allocation of scarce resources and the interactions among these individuals and firms.

ARRANGEMENT OF FUNDS

1) State the category of the financial needs of a business.

(a) Fixed capital requirements: In order to start business, funds are required to purchase fixed assets like land and building, plant and machinery, and furniture and fixtures.

(b) Working capital requirements: The financial requirements of an enterprise do not end with the procurement of fixed assets.

2) What is long term Finance?

Long Term Financing is a mode of financing that is offered for more than one year. It is required by an organization during establishment, expansion, technological innovation, research and development. Long term financing is required to finance long term investment projects. Long terms funds are paid back during the life time of an organization.

3) Which are the sources of the long term finance includes?

1. Equity Shares
2. Debentures
3. Preference Shares
4. Term Loans

4) What is the medium term finance ?

Medium term finance is required by an organization for a period of more than 1 year but less than 10 years. The organization can avail medium term finance through various sources including lease finance, hire purchase, venture capital finance, public deposits and retained earnings.

5) What is the short term finance?

Short term Finance refers to finance for meeting day to day capital requirement of the company. Short term finance is defined as the credit or

loan facility extended to an organization for a period of less than one year. The availability of short term finance ensures the sufficient liquidity in the organization. It facilitates the smooth functioning of the organizations day to day activities.

6) What do you mean by the Syndicated Loan?

Syndicated loans are loans made by two or more lenders and administered by a common agent using similar terms and conditions and common documentation. Syndicated loans are debts issued by a consortium of lenders to a sole borrower.

7) What is the meaning of the underwritten Deal?

In this type of deal the lead agent or underwriter guarantees and syndicates the entire loan. If the loan has not been fully subscribed, the lead agent can opt to absorb the undersubscribed portion.

8) What do you mean by Clubdeal?

This type of syndication usually entails a smaller amount. The main feature that makes this type of syndicated loan unique is the fact that the lead agent and other members of a club deal consortium all share equal, or nearly equal, parts of the fees earned from the loan facility.

9) Define Bank overdraft.

Bank overdraft is the quickest means of short term financing provided by bank. It is facility in which the bank allows the current account holders to overdraw their current accounts by specified limit.

10) What do you mean by Trade credit?

It is the credit extended by one trader to another for the purchase of goods and services. Trade credit facilitates the purchase of supplies without immediate payment.

EXERCISE ON WRITING OF PROJECT REPORT

Q-1 Mar J. Dollinger, what is Business Plan?

A-1 Mar J. Dollinger has defined the business plan as “the formal written expression of the entrepreneurial vision, describing the strategy and operations of the proposed venture.”

Q-2 According to Jack M. Kaplan what is Business Plan?

A-2 According to Jack M. Kaplan, "The term business plan means the development of a written document that spells out like a roadmap where you are, where you want to be, and how you want to get there."

Q-3 What is Project Report?

A-3 A project report is a document wherein all the details obtained from technical analysis, financial analysis, profitability analysis, economic analysis, funds procurement, intermediary analysis, etc. are put together.

Q-4 What to include in the Feasibility Study?

A-4 - Market Analysis

- Producer Survey and Supply Analysis
- Organization & Technology Analysis
- Transportation and Processing Analysis
- Financial Analysis
- Overall Feasibility Evaluation

Q-5 Which are the things included in the Market Analysis?

A-5 - Market Size / Potential

- Sales Potential

Q-6 Which are the things included Producer Survey and Supply Analysis ?

A-6 - The Competition Scenario

- Key Players and their Performance

Q-7 Which are the things included Organization & Technology Analysis ?

A-7 - Organizational Capacity Analysis

- Technology & Equipment Needs
- Operational Scenarios

Q-8 Which are the things included Overall Feasibility Evaluation ?

A-8 - Summary and Conclusions

- Recommendations
- Future Plans

Q-9 Which are the things included in Transportation and Processing Analysis ?

A-9 - Producer Location Analysis

- Transportation Parties and Cost Structures

Q-10 Which are the advantages of writing a Business Plan?

A-10 - It acts as a Blueprint or a master plan.

- It is useful for the entrepreneurs who require financial help from the outside sources like banks and financial institutions.
- It describes the direction the enterprise is going in, its proposed goals, strategies, etc.
- It enables an entrepreneur to gauge the resources required for the implementation of the project well in advance.
- It assists in anticipating the venture's survival and profitability in the market given the clear understanding on the cost structure, competitive analysis, market growth rates, related goods and services industry.
- It is an ultimate evaluation tool, by providing a reference to compare the actual performance vis-à-vis the proposed performance, thereby it also serves as a tool that can lead to rectification measures.

ENTREPRENEURIAL FINANCING AND RISK

Q-1 According to Marc, which are the elements of overall financial environment that should be considered?

A-1 - Interest rate and their structure

- The level and trend in stock market
- The health of various financial institutions such as savings and loans, commercial banks, and international financial institutions
- Level of confidence in the economy
- Government monetary and fiscal policy

Q-2 Which are the Considerations and Risks in Debt Finance?

A-2 - State Finance Corporations (SFCs): The state Finance Corporations still remain as the financiers of the entrepreneurs in the state but their standing since recent times have declined to a great extent due to financial crunch in the SFCs. In other words, the SFCs are

- NBFCs: The Non-Banking Financial Corporations have been

playing major roles now-a-days in financing the entrepreneurial ventures. Their procedures are transparent and quick in providing debt finance. Besides the long term credit, these NBFCs are also giving short term credit to the small and medium enterprises.

- Commercial Banks: the public sector and private sector nationalized banks remain as the most important debt financing institutions for the business units. One of the main reasons is due to its availability in most of the major cities, towns and districts all over the country. On the other hand, the Reserve Bank of India (RBI) identified the priority sectors for giving loans and advances by the commercial banks for supporting the development of the country and people. The Micro, Small and Medium enterprises have been given priority as per the instructions of RBI.

Q-3 Venture capital is characterized which factor?

A-3 - Financing of new and potentially high growth companies

- Investment primarily in the form of equity participation
- Assistance in the early days of the enterprise
- Adding value to the company through active participation, even joining the management on occasions
- Willingness to take risk
- Expectations of higher returns
- A long term focus on the investment

Q-4 What is Financial Statement?

A-4 Financial Statement is the most common practice for analysing the feasibility of lending. In this case, the banker analyse the liquidity ratios, profitability ratios and other items given in the balance sheets. But this practice is suitable only to the established enterprises. The newly established enterprises will not have this information and borrower will not be in a position to provide such information.

Q-5 What is Credit scoring?

A-5 Credit scoring is basically the score of risk of default by the borrower. This score is calculated by using statistical methods. Lenders prefer the credit score instead of relationship lending as it is more objective and trustworthy from the general perspectives.

Q-6 What is Working capital? And which are the type of working Capital?

A-6 Working capital means the money the organisation requires for the day to day operation of the organisation. Working capital has two types. One is Gross Working Capital and the other one is Net Working Capital.

Q-7 Which are the things include in Current assets?

A-7 Current liabilities include accounts payable, salaries payable, taxes payable, customer advances and deposits, dividend payables, unearned revenues, short term obligations expected to be refinanced soon, short term loans to be matured within a year etc.

Q-8 Which types bases Strength of the relationship of a business with the bank can be judged?

A-8 - Length of the relationship means how long they know each other.

- The breadth of the relationship means how many people are known to each other in both the organisations.
- Degree of trust means the level of commitments and honours developed by both parties that ultimately left a positive impression among themselves.

Q-9 Which are the things include in Current assets?

A-9 Current assets includes cash in hand, cash at bank, bills receivables, debtors, short term loans and advances to others, inventories, temporary investment of surplus funds, prepaid expenses, accrued income but not yet received etc.

Q-10 While considering investments by the venture capitalists, The process of feasibility study must include?

A-10 - Checking the possibilities of fraud in the team of people who are running the organisations. Scammers are very common in the financial market. Many business people think about making fast money and then give up the focus to growth and development of the enterprise in the long run.

- Beware of the political and country risk factors while investing in other countries.
- Venture capitalists need to consider the industry growth and its history
- Scrutiny of the business plan, and documentations should be done very well.
- Team composition, the Board of Directors, and efficiency and effectiveness of the top level management need to review well before starting the investment.
- Exit policies and rights of the venture capitalist in the enterprise should be decided before the investment is done.

APPRAISAL OF LOANS BY FINANCIAL INSTITUTIONS

Q-1 Which information are given into the Cash flow Statements?

A-1 A Cash Flow Statement actually informs the cash incomings and cash outgoings over a period of time. It reveals the availability of cash and application of the same in order to meet various requirements of the projects.

Q-2 Which are the basic information about the borrowing unit is required by the financial institution?

- A-2 (i) The cost of the project;
- (ii) The cost of production and profitability;
- (iii) Cash flow estimates, and
- (iv) Proforma Balance Sheet
- (e) Managerial Competence

Q-3 What do you mean by a Term Loan?

A-3 The term loans are provided by financial institutions specially for setting up of an enterprise. The medium or long-term loans are popularly known

as 'Term loans'.

Q-4 Which type of feasibility studies include before granting term loans?

- A-4 (a) Technical Feasibility;
(b) Economic Feasibility
(c) Commercial Feasibility;
(d) Financial Feasibility; and
(e) Managerial Competence.

Q-5 Which are the general details that are asked by the financial institutions in the term loans application forms?

- A-5 (i) Promoters;
(ii) Particulars of Industry,
(iii) Particulars of the project;
(iv) Cost of the project;
(v) Means of financing;
(vi) Marketing and Selling arrangements;
(vii) Profitability and Cash flow;
(viii) Economic consideration;
(ix) Government consent.

Q-6 Which are the things are included in the cost of the Projects?

A-6 The cost of the project includes the total cost relating to the project — viz., cost of Land and Building, Plant and Machinery, various expenses, like technical know-how, consulting fees, intangibles, preliminary expenses, interest during construction etc.

Q-7 What do you mean by Commercial feasibility?

A-7 The financial institutions should examine the arrangement that is made by the borrowing units for the purpose of acquisition of machinery, raw materials and for sale of the product since they are purely commercial in nature. The financial institution should see that the assets are purchased by the borrowing unit on the basis of competitive bidding, i.e., proper price is to be paid.

Q-8 Which are the things includes in the Financial Feasibility?

A-8 (i) Whether cost estimates of the proposed projects fully cover the total expenditure or not and whether the same is realistic or not?

(ii) Whether the funds provided by the sponsors of the project are adequate and necessary finance will be made available during the period of construction as per schedule?

(iii) Impact of the project of the borrowing unit of the level of production, i.e., purchases, sales cost, earning etc.

Q-9 Describe Economic Feasibility.

A-9 Before granting loans it becomes necessary to see that the project is very useful one for the benefit of national economy and marketability of its products, which in other words, depends on market forecast of the product together with the price at which the products are to be sold in the country and abroad. The project of demand for the product is a highly complicated matter as it involves future uncertainties. Different factors including statistical forecasting models are required in order to forecast demand for the products.

Q-10 Which details are involved in the enclosures to the application form ?

A-10 (i) Existing and project unit cost of production,

(ii) Past Balance Sheet,

(iii) Cost and profitability analysis,

(iv) Sources and uses of funds;

(v) Estimated cost of the scheme etc.

Role of Commercial Banks in financing Business Entrepreneurs

Q-1 What is the Primary Functions of commercial banks?

A-1 ☐ Acceptance of deposits such as time deposits and demand deposits

☐ Investment functions

☐ Credit creation

☐ Dealing in foreign exchange

Q-2 What are the Secondary functions of commercial banks?

A-2 ☐ Agency services such as collection of cheques, dividends etc.

☐ General utility services such as safety locker facility, transfer of money, LOC etc.

Q-3 Which are the Characteristics of Entrepreneurship?

A-3 ☐ Confident and Well Informed

☐ Passion

☐ Open Mindedness

☐ Visionary

☐ Leadership

☐ Innovation

☐ Ability to take Risks

Q-4 What is the statutory role of Commercial banks in financing business entrepreneurs?

A-4 Statutory Roles: These are the roles to be statutorily played by the commercial banks such as accepting of deposit and safekeeping of same, transfer of money, giving of loans and advances, etc. Under fund transfer, money is moved from one account to another and from one place to another which is essential and vital for the efficient working of an economy. Use of IT has also made delivery of banking services very prompt thus reducing time and cost. This also enables the business entrepreneurs to make transactions outside their station without the need to carry cash with them.

Q-5 Define Innovation.

A-5 Innovation basically means generating a new idea with which one can start a business and achieve a substantial amount of profits. Innovation can be in the form of a product, like launching a product that no one sells in the market. Innovation can also be in the form of process, i.e., doing the same work in a more efficient and economical way.

Q-6 Which are the Problems faced by Banks in granting and recovering loans?

A-6 ☐ Lack of collateral

☐ Default

Q-7 What do you understand by Creation of credit?

A-7 Creation of credit: funds can be provided for development projects. This credit creation will lead to increased production, employment, income etc. as more business entrepreneurs will be motivated to bank with the commercial banks.

Q-8 What is Lack of collateral security?

A-8 Lack of collateral security: In order to safeguard their capital and mitigate the risk of non payment of loan, Commercial banks normally

insist for providing collateral security from the loan applicants. But unfortunately, most of the small business entrepreneurs being poor lack assets that can be accepted by the banks as collateral.

Q-9 What is Entrepreneurship?

A-9 Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.

Q-10 What do you mean y Lack of social intelligence?

A-10 Lack of social intelligence: Small business entrepreneurs lack connections with people who are of influence as they don't have any ability to network with others. This adversely poses a serious challenges in accessing finance and as a result their businesses get impacted negatively.

Venture Capital

Q-1 What do you mean by Expansion (Mid) Stage Financing?

A-1 This stage involves applying working capital to the initial expansion of a company. The company is now producing and shipping and has growing accounts receivable and inventories. It may or may not be showing a profit.

Q-2 What do you mean by Seed/Startup Stage Financing?

A-2 This stage is a relatively small amount of capital provided to an inventor or entrepreneur to prove a concept.

Q-3 What do you mean by Early Stage Financing?

A-3 This stage provides financing to companies completing development where products are mostly in testing or pilot production.

Q-4 Which are the stages of venture capital?

A-4 - Expansion (Mid) Stage Financing

- Early Stage Financing

- Seed/Startup Stage Financing

- Later Stage Capital

Q-5 What do you mean by Venture Capital ?

A-5 Venture capital is a capital to start a venture. As the name suggests, Venture capital is the provision of capital for business ventures. It supports entrepreneurial talent with funds and business skills to exploit market opportunities with an aim to obtain capital gains.

Q-6 Which are the features of Venture capital financing?

- A-6 1. The venture capitalists finance new and quickly growing business ventures and entities.
2. Venture capital financing takes higher risks and with the expectation of higher rewards while making investment.
 3. The venture capital financing often purchase equity securities of the entities they invest money.
 4. It helps in the development of new products or services and acquire technologies.
 5. The venture capital helps development of new products or services and acquire technologies.
 6. The active participation in the companies venture capitalist invest and thus helps the growth
 7. The investment is long term in nature in the investing entity.

Q-7 Describe the Process of Venture Capital?

- A-7 1. Deal origination-referral system is an important source of information for VC regarding the potential investors.
2. Screening-of proposals -regarding their size of investment, geographical location and stage of financing is done for those proposals which are of interest to the VC.
 3. Evaluation and due diligence- the risk and returns are estimated
 4. Deal structuring-terms of deals are decided. These include details such as the amount of finding, the share the company, the contracts. VC negotiate deals to ensure a returns commensurate with the risk, control the organization, minimize taxes, assure liquidity, and the right to replace management in case of poor performance.
 5. Post investment activities and exit- VC involve themselves in major decisions and steer the company towards exit. Exit can be in four ways, initial public offer, acquisition by another company, and repurchase of the VC's share by the investee company, purchase of the VC share by third party.

Q-8 To Whom the venture capital funding firms provide the funds.?

A-8 The venture capital funding firms provide the funds to start ups in exchange for the equity stake. Such a startup is generally one that possesses the ability to generate high returns.

Q-9 What is Venture funding?

A-9 Venture funding is a funding process in which the venture funding companies manage the funds of the investors who want to invest in new businesses which have the potential for high growth in future.

Q-10 What do you mean by Later Stage Capital?

A-10 This stage is provided for companies that have reached a fairly stable growth rate—that is, companies that are not growing as fast as the rates attained in the expansion stages.