

ASSIGNMENT

Course Code **20CSC309A**

Course Name **Cost Estimation and Economics in CS**

Programme **B. Tech**

Department **Computer Science and Engineering**

Faculty **Engineering and Technology**

Name of the Student **Deepak R**

Reg. No **18ETCS002041**

Semester/Year **5th/2020**

Course Leader/s **Ms. Sunita Chakraborty**

Declaration Sheet			
Student Name	Deepak R		
Reg. No	18ETCS002041		
Programme	B. Tech	Semester/Year	5th/2020
Course Code	20CSC309A		
Course Title	Cost Estimation and Economics in CS		
Course Date		to	
Course Leader	Ms. Sunita Chakraborty		
Declaration			
<p>The assignment submitted herewith is a result of my own investigations and that I have conformed to the guidelines against plagiarism as laid out in the Student Handbook. All sections of the text and results, which have been obtained from other sources, are fully referenced. I understand that cheating and plagiarism constitute a breach of University regulations and will be dealt with accordingly.</p>			
Signature of the Student		Date	
Submission date stamp (by Examination & Assessment Section)			
Signature of the Course Leader and date		Signature of the Reviewer and date	

Department	CSE	Programme	B.Tech
Semester	5 th	Batch	2018
Course Code	20CSC309A	Course Title	Cost Estimation and Economics in CS
Course Leader(s)	Ms. Sunita Chakraborty		

Sections	Marking Scheme			Max Marks	First Examiner Marks
Part A	A1.1	Identify the problems of the firms the Entrepreneur had to face during the crisis time period.		3	
	A 1.2	Explain the ways an Entrepreneur has to balance the demand and supply of goods with the price changes in the crisis.		4	
	A 1.3	Mention five challenges faced by the Entrepreneur to maintain the demand and supply of goods in the market.		5	
	A 1.4	Recommend three appropriate ways to overcome the problems of demand and supply of goods in the market in the crisis of the economy.		3	
		Part-A Max Marks		15	
Part B.1	B 1.1	Mention 5 ways in which the modern customers are more satisfied with online shopping		5	
	B 1.2	Explain the measures taken by the business people to make online shopping more attractive.		3	
	B1.3	Discuss the problems faced by the customer on online shopping.		3	
	B1.4	Explain any two measures taken by the business people to improve the transaction of goods through online.		4	
		B.1 Max Marks		15	
Part B.2	B 2.1	Differentiate between Fiscal Deficit and Primary Deficit .Calculate the Fiscal and Primary Deficit.		2	
	B 2.2	Draw a graphical presentation between Basic, College, Parent, Homeowner and Senior Worksheets.		3	
	B2.3	Compare the data analysis and give reasons which level of people are balanced.		3	
	B2.4	Mention four measures to reduce the debt.		2	
		B.2 Max Marks 10		10	

	B3.1	Introduction of the articles	2	
	B3.2	Content of the article	4	
	B3.3	Proficient to justify the articles	3	
	B3.4	Conclusion	1	
		B3 Max Marks 10	10 Marks	
		Total Marks	50	

Please note:

1. Documental evidence for all the components/parts of the assessment such as the reports, photographs, laboratory exam / tool tests are required to be attached to the assignment report in a proper order.

1. The First Examiner is required to mark the comments in RED ink.
2. The marks for all the questions of the assignment have to be written only

Preamble

This course is designed to expose the students to the basic principles of microeconomic theory. Students are given an introduction to supply and demand and the basic forces that determine equilibrium in a market economy. Further, it introduces a framework for learning about consumer behavior and analyzing consumer decisions. The students understand the behavior of the different market.

Solution for Part A

Conversation between Me and Entrepreneur/Software Engineer goes As follows:

Me :What are the Problems faced by the Entrepreneurs during the crisis .

Entrepreneur/ Software Engineer: Industries were either shut down in lockdown period or continued working with reduced staff. During this period, there was lesser inflow of funds due to a decrease in sales. In the lockdown, companies were paying salary to its staff without any production, and as pointed out earlier, there was a lesser rate of inflow of funds such that the companies were using their credit limits to pay off expenses.

Low sale and high cost will produce losses in the quarterly results for at least next two quarters.

Me : Explain the ways an Entrepreneur has to balance the demand and supply of goods with the price changes in the crisis.

Entrepreneur/ Software Engineer: Gain Control Over Supply- So, as an entrepreneur with a limited budget, what steps can you take to take control over the supply of your product or service to the market? Is it realistic for us to think that we could ever control supply? The answer is an emphatic “YES!” In order to do this, however, you must first give careful consideration and thought to your position in the market. **Manufacture Demand-** People like purchasing and doing business with those in demand. Think Apple, Lamborghini, the hottest club in L.A., Hotel Zaza, and Richard Branson. *All are in demand.* Everyone wants to either have one or be associated with one. **Positioning Yourself as a Rare Commodity-** Diamonds are a rare commodity, *right?* Wrong! Actually, some of the largest diamond producers in the world have vaults full of diamonds, and if they were to release them into the market, diamond prices would plummet. This perception of diamonds being rare began with brilliant marketing done by De Beers. You may have heard the famous tagline they coined: *a diamond is forever.* In fact, in 2000, Advertising Age magazine named “A Diamond Is Forever” the best advertising slogan of the twentieth century.

Me: What are the five challenges faced by the Entrepreneur to maintain the demand and supply of goods in the market?

Entrepreneur/ Software Engineer: 1. **Cash flow management**-Cash flow is essential to small business survival, yet many entrepreneurs struggle to pay the bills (let alone themselves) while they're waiting for checks to arrive. Part of the problem stems from delayed invoicing, which is common in the entrepreneurial world. 2.**Capital**-You want to start or grow your business, but you have little capital to do it with. 3.**Strapped budget**- Even though cash flow is fine, it seems you never have enough in your budget to market your company to its full potential. 4.Self-

doubt-An entrepreneur's life is not enviable, at least in the beginning. It's extremely easy to get discouraged when something goes wrong or when you're not growing as fast as you'd like. Self-doubt creeps in, and you feel like giving up.5.Marketing strategy- You don't know the best way to market your products and services: print, online, mobile, advertising, etc. You want to maximize your return on investment with efficient, targeted marketing that gets results.

Me : Recommend three appropriate ways to overcome the problems of demand and supply of goods in the market in the crisis of the economy

Entrepreneur/ Software Engineer: 1. Pay attention-COVID-19 has shifted many consumer behaviors and business models in the short term, but we're also starting to get an idea of the long-term economic changes COVID-19 will leave in its wake. Many of these long-term changes will come in the form of digital disruption. Not only do recessions accelerate cost-saving changes in business models, but they also necessitate completely new business models to best serve the ensuing "new normal." 2. Strengthen your core-The wonderful thing about technology is that it allows us to do more with less. It also allows us to do more of what we're good at while automating and/or outsourcing the rest. Since COVID-19 has proven the benefits of remote work, it will naturally accelerate our evolution toward a knowledge and skills-based economy. In this model, entrepreneurs can access more outside expertise more quickly than ever before, and even on-demand.3.Outline a crisis management plan.After you have effectively placated internal and external stakeholders, it is time to direct your efforts internally. The first step is to assemble a qualified team of individuals from various departments pertinent to the situation, such as finance, legal services, human resources, etc.4.Adapt, improvise and overcome.The final thing left is to evaluate the feasibility of the crisis management plan for your small business. Prior to implementing it, you should lay out some basic targets and yardsticks to measure the progress. If the desired outcomes have not yet been achieved in the given time, it is time to make adjustments to the strategy.

Flexibility is key to addressing the situation comprehensively. As such, you should be prepared to adapt and improvise when things are not going to plan.

Recorded Video of our Interview is sent to mail.

Solution for Part B.1

Online Shopper Behavior: Influences of Online Shopping Decision

B 1.1 Mention 5 ways in which the modern customers are more satisfied with online shopping

Solution For B 1.1

Convenience: Online shopping is available for customers around the clock comparing to traditional store as it is open 24 hours a day, 7 days a week. Research shows that 58 percent chose to shop online because they could shop after-hours, when the traditional stores are closed and 61 percent of the respondents selected to shop online because they want to avoid crowds and waiting lines, especially in holiday shopping. Some customers use online channels just to escape from face-to-face interaction with salesperson because they pressure or uncomfortable when dealing with salespeople and do not want to be manipulated and controlled in the marketplace.

Information: The internet has made the data accessing easier. Given customers rarely have a chance to touch and feel product and service online before they make decision, online sellers normally provide more product information that customers can use when making a purchase. In addition to get information from its website, consumers can also benefit from products' reviews by other customers. They can read those reviews before they make a decision.

No pressure shopping

Generally, in physical stores, the sales representatives try to influence the buyers to buy the product. There can be some kind of pressure, whereas the customers are not pressurized in any way in online stores.

Available products and services: E-commerce has made a transaction easier than it was and online stores offer consumers benefits by providing more variety of products and services that they can choose from. Consumers can find all kinds of products which might be available only online from all over the world.

Cost and time efficiency: Because online shopping customers are often offered a better deal, they can get the same product as they buy at store at a lower price. Since online stores offer customers with variety of products and services. it gives customers more chances to compare price from different websites and find the products with lower prices than buying from local retailing stores. Some websites, Ebay for example, offer customers auction or best offer option, so they can make a good deal for their product.

B 1.2 Explain the measures taken by the business people to make online shopping more attractive.

Solution For B 1.2

Trustable and Securer website: Consumer willingness to buy and patronize online store are affected by consumer's trust in giving personal information and security for payment through credit card transactions

User Friendly Website: Customers can be influenced by the image of the web site when they decide what website or buyer they should buy from . Not only should companies create their secured website, but also should create it to be more attractive and more useful. Online stores can change a shopper into a buyer if the stores provide variety and useful information of product, good customer service, and easy-to-access website.

Online Service: Customer service is as important as quality of website. Software downloading, e-form inquiry, order status tracking, customer comment, and feedback are some of example that online sellers can use to fulfill their online service.

B 1.3 Discuss the problems faced by the customer on online shopping.

Solution For B 1.3

Security: Since the payment modes in online shopping are most likely made with credit card, so customers sometime pay attention to seller's information in order to protect themselves.

Intangibility of online product: Some products are less likely to be purchased online because of the intangible nature of the online products. . For example, customers are less likely to buy clothes through online channel because they have no chance to try or examine actual product

Social contact: While some customers likely to be free from salesperson pressure, many online shopping would feel difficult to make a choice and thus get frustrated if there is no experienced salesperson's professional assistance. Moreover, some customers are highly socially connected and rely on other peoples' opinions when making purchase decision tend. There are also consumers who sometimes shop at traditional store because they want to fulfill their entertainment and social needs which are limited by online stores.

B 1.4 Explain any two measures taken by the business people to improve the transaction of goods through online.

Solution For B 1.4

Increasing customer base by asking for opinions

Before a web visitor leaves website, request that they complete a short survey related to business. People are happy to express themselves and often enjoy telling about their online experiences. Can use a survey to conduct industry research, customer experience or measure customer satisfaction.

To avoid shipping delay and product lost, , online store may cooperate with other companies with expertise in logistic to improve their distribution channels

Offering customers more flexible prices and promotions or offering a one-stop shopping service are some more examples that online stores can use to make their business succeed.

Online sellers may offer customers to use their bank account number, or stored-value card to complete their purchase. It is also suggested that online stores may offer customer an e-wallet which transfers balance from customer's online bank account to the store payment system. This may help sellers to gain more sales from those who want to buy online products or services but do not have credit card or do not want to use their credit card online.

Solution for Part B.2

Solution for Part B.2.1

Particulars	(₹in crores)
Revenue Expenditure	70,000
Borrowings	15,000
Revenue Receipt	50,000
Interest Payment	25% of Revenue Deficit

Calculate a) Fiscal deficit and (b) Primary deficit from the following

Revenue deficit = revenue expenditure - revenue receipts = $70000 - 50000 = 20000$ crore.

a)Fiscal deficit is equivalent to borrowings. Therefore, fiscal deficit
= 15000 crore.

b)Primary deficit = fiscal deficit - interest payments = $15000 - (25 * 20000 / 100)$
= $15000 - 5000 = 10000$ crore.

Solution for Part B.2.2

College Student WorkSheet

Monthly income	Amount
After-tax salary or wages	
Any additional income (rental, financial aid, self-employment, child support, pension, etc.)	\$20,000
Total	\$20,000

Expenses	
Needs (monthly)	Amount
Rent/mortgage	\$0
Homeowners or renters insurance premiums	0
Property tax (if not already included in the mortgage payment)	0
Auto insurance premiums	0
Health insurance premiums	0
Out-of-pocket medical costs	100
Life insurance premiums	1000
Electricity and natural gas bill	200
Water bill	500
Sanitation/garbage bill	100
Groceries, toiletries and other essentials	100
Car payment	0
Parking and registration fees	0
Car maintenance and repairs	0
Gasoline	0
Public transportation	1000
Phone bill	200
Internet bill	250
Minimum student loan payments	0
Other minimum loan payments	0
Child support or alimony payments	0

Tuition/education fees	5000
School supplies and electronics	100
Tutoring, test/college prep courses	100
College application fees	100
Laundry	0
Room and board	0
Books	100
Other	50

Total spent on necessities **\$8,900**

Wants (monthly) **Amount**

Clothing, jewelry, etc.	\$0
Dining out	100
Special meals at home	200
Alcohol	0
Movie, concert and event tickets	100
Gym or club memberships	0
Travel expenses (airline tickets, hotels, rental cars, etc.)	100
Cable or streaming packages	100
Home decor items	0
Sports, Greek life, etc.	0
Other	\$100

Total spent on wants **\$700**

Savings and debt repayment (monthly) **Amount**

Emergency fund contributions	\$100
Savings account contributions	0
401(k) contributions	100
Individual retirement account contributions	0
Other investments	1000
Credit card payments	0
Excess payments on student loans	\$0
Excess payments on mortgage	\$0
Other	1000

Your totals

Needs	\$8,900
Wants	\$700
Savings and debt repayment	\$2,200

Total spent on savings and paying off debt	\$2,200	50/30/20 comparison	
Total expenses	\$11,800	50% for necessities	\$10,000
Income remaining	\$8,200	30% for wants	\$6,000
		20% for savings and debt repayment	\$4,000

Parent WorkSheet

Monthly income	Amount
After-tax salary or wages	
Any additional income (rental, financial aid, self-employment, child support, pension, etc.)	\$100,000
Total	\$100,000

Expenses	
Needs (monthly)	Amount
Rent/mortgage	\$0
Homeowners or renters insurance premiums	0
Property tax (if not already included in the mortgage payment)	0
Auto insurance premiums	1000
Health insurance premiums	0
Out-of-pocket medical costs	1000
Life insurance premiums	5000
Electricity and natural gas bill	1000
Water bill	500
Sanitation/garbage bill	100
Groceries, toiletries and other essentials	5000

Car payment	1000
Parking and registration fees	2000
Car maintenance and repairs	1000
Gasoline	100
Public transportation	1000
Phone bill	200
Internet bill	250
Minimum student loan payments	0
Other minimum loan payments	0
Child support or alimony payments	0
Babysitter, nanny, day care	0
Diapers	0
Bottles and other supplies	0
Tuition/education fees	8000
School supplies and electronics	0
Tutoring, test/college prep courses	900
Other	1000

Total spent on necessities **\$29,050**

Wants (monthly)	Amount
Clothing, jewelry, etc.	\$10,000
Dining out	5000
Special meals at home	2000
Alcohol	1000
Movie, concert and event tickets	100
Gym or club memberships	1000
Travel expenses (airline tickets, hotels, rental cars, etc.)	1000
Cable or streaming packages	500
Home decor items	500
Toys	0
Birthday party gifts, decorations, etc.	1000
Sports, music lessons, etc.	1500
Other	\$1,000

Total spent on wants	\$24,600
Savings and debt repayment (monthly)	Amount
Emergency fund contributions	\$1,000
Savings account contributions	1000
401(k) contributions	1000
Individual retirement account contributions	
Other investments	500
Credit card payments	100
Excess payments on student loans	\$500
Excess payments on mortgage	\$0
College savings	0
Other	1000
Total spent on savings and paying off debt	\$5,100
Total expenses	\$58,750
Income remaining	\$41,250
Your totals	
Needs	\$29,050
Wants	\$24,600
Savings and debt repayment	\$5,100
50/30/20 comparison	
50% for necessities	\$50,000
30% for wants	\$30,000
20% for savings and debt repayment	\$20,000

Homeowner WorkSheet

Monthly income	Amount
After-tax salary or wages	\$130,000
Any additional income (rental, financial aid, self-employment, child support, pension, etc.)	
Total	\$130,000

Expenses	
Needs (monthly)	Amount
Rent/mortgage	\$0
Homeowners or renters insurance premiums	0
Property tax (if not already included in the mortgage payment)	0
Auto insurance premiums	1000

Health insurance premiums	10000
Out-of-pocket medical costs	2000
Life insurance premiums	1000
Electricity and natural gas bill	1000
Water bill	1500
Sanitation/garbage bill	500
Groceries, toiletries and other essentials	5000
Car payment	10000
Parking and registration fees	1000
Car maintenance and repairs	1000
Gasoline	0
Public transportation	1020
Phone bill	200
Internet bill	0
Minimum student loan payments	0
Other minimum loan payments	0
Child support or alimony payments	0
Home maintenance and repairs	1000
Homeowners association fees	1000
Other	5500

Total spent on necessities **\$42,720**

Wants (monthly)	Amount
Clothing, jewelry, etc.	\$2,000
Dining out	2500
Special meals at home	5000
Alcohol	1000
Movie, concert and event tickets	500
Gym or club memberships	1000
Travel expenses (airline tickets, hotels, rental cars, etc.)	5000
Cable or streaming packages	500
Home decor items	1000
Furniture	1000

Gardener/pool/alarm service	100
Other	\$1,500
Total spent on wants	\$21,100
Savings and debt repayment (monthly)	Amount
Emergency fund contributions	\$1,000
Savings account contributions	4000
401(k) contributions	1000
Individual retirement account contributions	1000
Other investments	1000
Credit card payments	5000
Excess payments on student loans	\$0
Excess payments on mortgage	\$0
Other	5500
Total spent on savings and paying off debt	\$18,500
Total expenses	\$82,320
Income remaining	\$47,680
Your totals	
Needs	\$42,720
Wants	\$21,100
Savings and debt repayment	\$18,500
50/30/20 comparison	
50% for necessities	\$65,000
30% for wants	\$39,000
20% for savings and debt repayment	\$26,000

Senior WorkSheet

Monthly income	Amount
After-tax salary or wages	\$30,000
Any additional income (rental, financial aid, self-employment, child support, pension, etc.)	
Total	\$30,000

Expenses	
Needs (monthly)	Amount
Rent/mortgage	\$2,500
Homeowners or renters insurance premiums	0

Property tax (if not already included in the mortgage payment	0
Auto insurance premiums	0
Health insurance premiums	100
Out-of-pocket medical costs	500
Life insurance premiums	100
Electricity and natural gas bill	400
Water bill	50
Sanitation/garbage bill	30
Groceries, toiletries and other essentials	500
Car payment	0
Parking and registration fees	0
Car maintenance and repairs	0
Gasoline	0
Public transportation	550
Phone bill	200
Internet bill	250
Minimum student loan payments	0
Other minimum loan payments	0
Child support or alimony payments	0
Other	1000

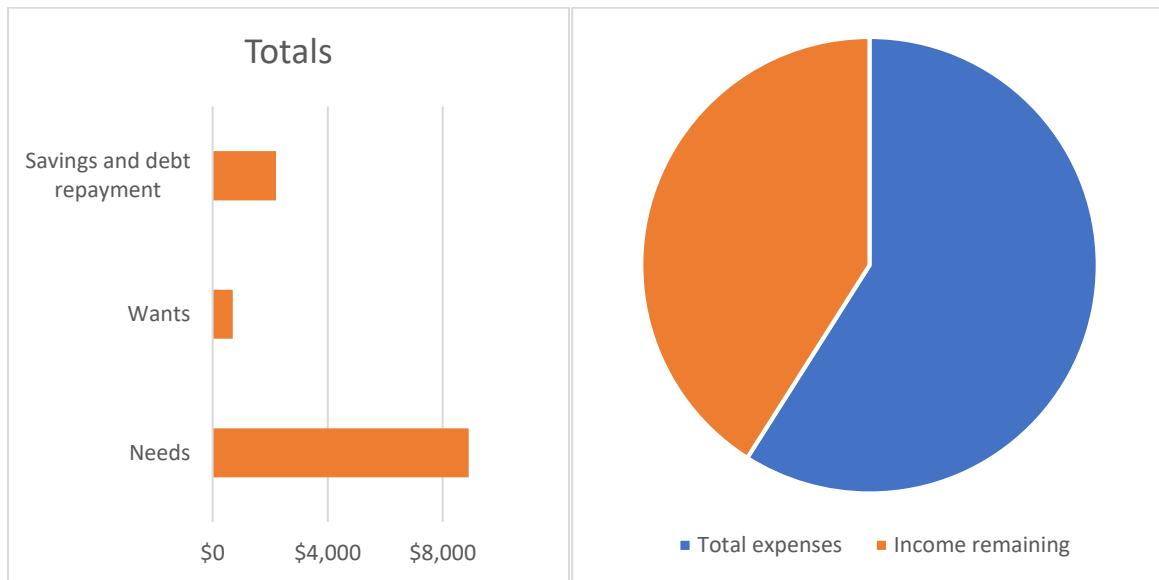
Total spent on necessities **\$6,180**

Wants (monthly)	Amount
Clothing, jewelry, etc.	\$0
Dining out	500
Special meals at home	1000
Alcohol	0
Movie, concert and event tickets	100
Gym or club memberships	0
Travel expenses (airline tickets, hotels, rental cars, etc.)	400
Cable or streaming packages	600
Home decor items	0
Other	\$900

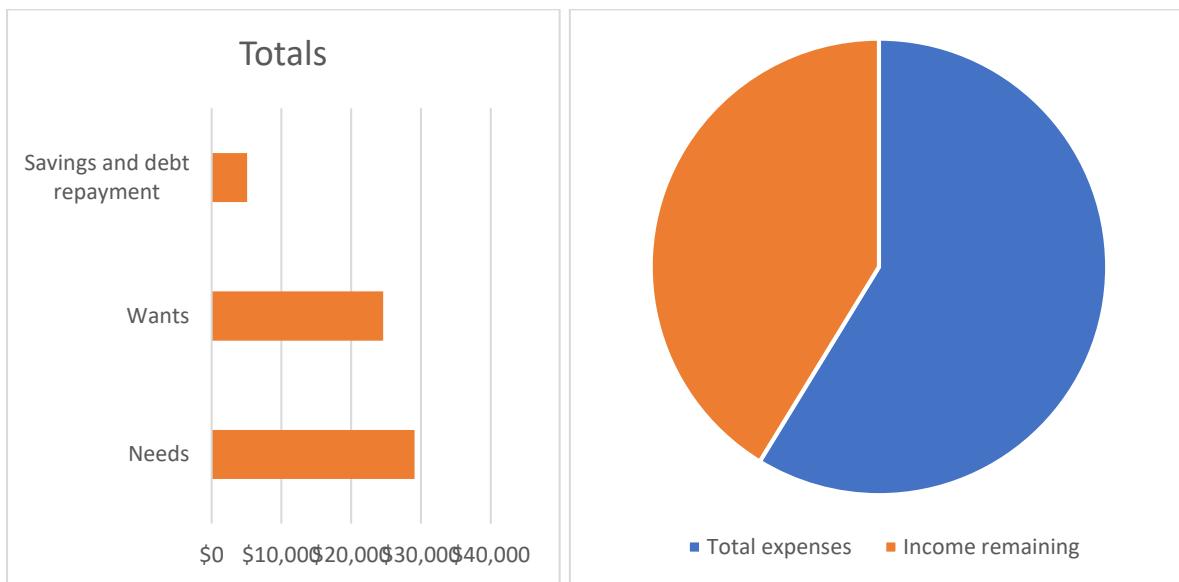
Total spent on wants	\$3,500
Savings and debt repayment (monthly)	Amount
Emergency fund contributions	\$100
Savings account contributions	500
401(k) contributions	100
Individual retirement account contributions	0
Other investments	0
Credit card payments	0
Excess payments on student loans	\$0
Excess payments on mortgage	\$1,000
Other	
Total spent on savings and paying off debt	\$1,700
Total expenses	\$11,380
Income remaining	\$18,620
Your totals	
Needs	\$6,180
Wants	\$3,500
Savings and debt repayment	\$1,700
50/30/20 comparison	
50% for necessities	\$15,000
30% for wants	\$9,000
20% for savings and debt repayment	\$6,000

Graphs

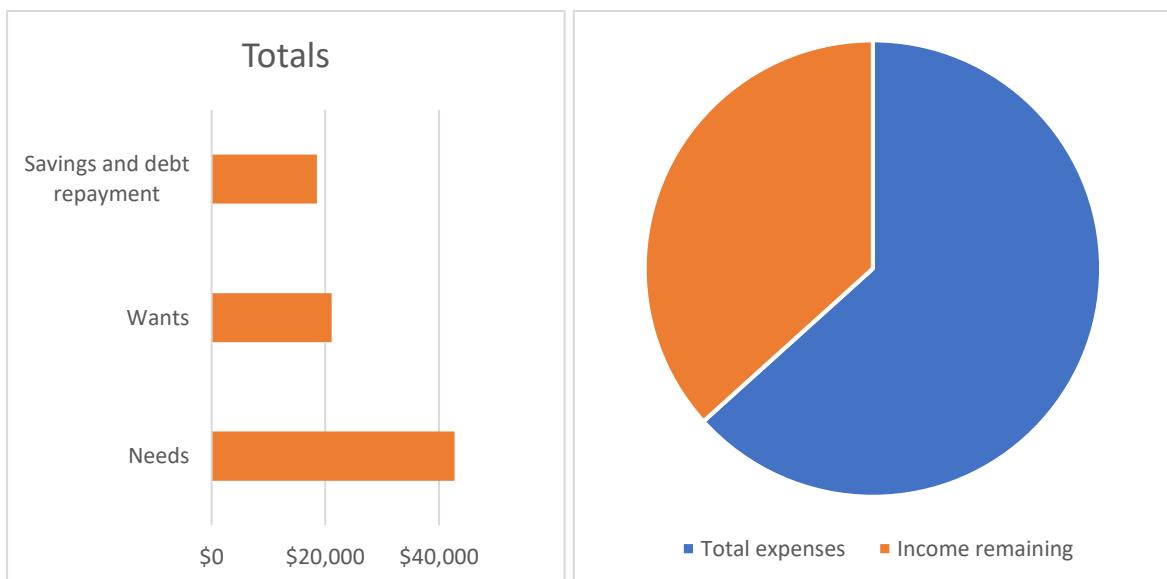
From College Student Worksheet



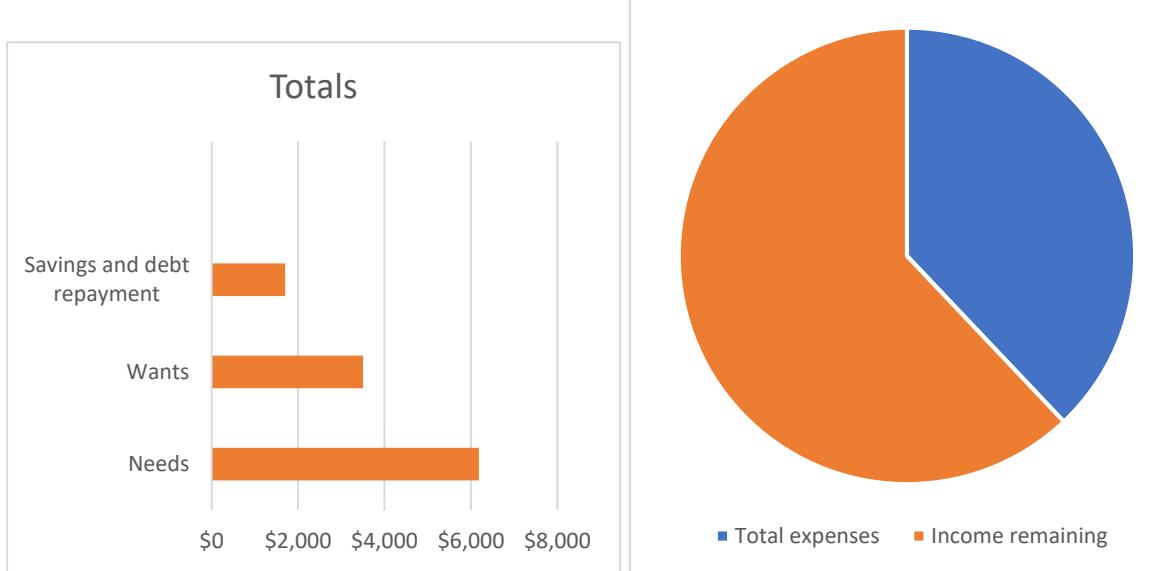
From Parent WorkSheet



From Homeowner WorkSheet



From Senior WorkSheet



Solution for Part B.2.3

Compare the data analysis and give reasons which level of people are balanced.

On Comparing Graphs and Data Showed in Excel Sheet I came to conclusion that Houseowner Life is Balance due to Lower housing costs Shorter-term commitment No/minimal maintenance and repair costs, Mortgage interest deduction. Mortgage insurance deduction. Mortgage points deduction., SALT deduction.

Solution for Part B.2.4

Mention four measures to reduce the debt.

1. Pay at least the minimum on each debt

Each month, pay off as much of your debt as you can. At least pay the minimum you owe on each loan. This will protect your credit rating. If you can afford to pay more, pay down the loan with the highest interest rate first. As you pay off each loan, start paying more on the next debt in line.

2. Ask for a lower interest rate

Ask your lender for a lower rate. If the first person you talk to can't help you, ask to speak to their supervisor. If you have a good record of paying on time, they may be willing to reduce your interest rate to keep your business.

3. Stop using your credit cards

You don't have to cancel your credit cards or cut them up. But put them away somewhere safe and don't use them to make any more purchases until you've cleared your debt.

4. Consider a consolidation loan

You may be able to reduce your interest charges by grouping all your debts into 1 low-interest loan. This works best if you stop accumulating debt while you pay off the consolidation loan. Two common options are a home-equity loan or line of credit. The interest rate will be lower, but keep in mind that you could lose your house if you don't make the payments.

Find out how long it could take to pay off your credit cards and other debt with this debt calculator.

5. Trim your budget

Could you cut back on things like eating out and other optional purchases? Trimming your budget will free up more money to pay down on your debt.

6. Talk to a professional

If you can't figure out a way to reduce your debt, consider talking to a financial planner or credit counsellor. Non-profit credit agencies help people work through their debt problems. They can help you develop a plan, reduce your interest costs and get out of debt over time.

Solution for Part B.3

Productive Entrepreneurs and innovation will invigorate job opportunities and increase production in the present situation.

Introduction

Entrepreneurship is a way of life for those who are truly successful at it and certainly not for everybody. It requires incredible strong mind to be an entrepreneur and overcome incredible hurdles that will test you from time to time until you prove that your business is ready for the success.

Most people do not have that kind of stamina or grit or perseverance, so they will give up. Entrepreneurship is not a fashion statement to have that name tag of Founder & CEO. You are responsible for every damn thing and you have to be able to take an idea to a service or a product level and then be able to keep on working on it every day to help it achieve the correct product-market fit and then scale it and then make it more attractive for others to invest in to be able to help others become successful at it.

Entrepreneurs are major economic developer of any country as they are the people who take risk in a hope of getting profit for themselves as well as for all those who are working with them.

They provide employment,

They provide goods and services,

They work for consumer interests, according to their needs, demands and wants they launch their product or services, in order to maximise their profits through customers satisfaction.

They come up with amazing ideas and incredible solutions to existing problems, hence they are problem solvers and opportunities seeker which make them less ordinary.

In a world of full of safe players they are the risk takers and importantly calculated risk takers which make them more certain in their decisions and vision.

Many kinds of entrepreneurs a country can have i.e large scale entrepreneurs, small scale entrepreneurs, cultural, agricultural, manufacturing, technical and social entrepreneurs etc.

For example - Social entrepreneurs are important as they look after the social development of society and which make them social workers as well.,.

Entrepreneur's innovation or creative product or services can bring revolution to the world's market and can raise economic growth of a country significantly in a very short span of time.

All in all every country needs such kinds of people who have some different set of qualities and creative and winning mindset.

Most importantly they are their own boss and can work according to their preferences.

But it's not that easy as it seems, lots of challenges they have to face in their never ending journey.

Ours is a consumer society now. Even in the developing countries consumerism is gaining ground. Developed countries anyway thrive on consumerism. Naturally, the role of an entrepreneur is of much significance in generating products valuable for the comforts and luxurious living of the people of a particular country.

An economy is much dependent upon the performance level of its entrepreneur. He or she plays a vital role in the growth of the national income as well as raising the per capita income of the people.

How does an entrepreneur stimulate the economy?

Investment – Then entrepreneur has to invest in what is required for the economy. Economic progress will much depend upon his or her contributions. Any entrepreneur will invest in products and services which the people need. His or her investment will ensure a better life for the people. More goods and services will be at their disposal.

Employment – An entrepreneur by setting up various businesses and establishments is generating employment in the economy. People need jobs. This is a major contribution that an employer can make to provide income to an employee who can meet his or her needs.

Diversity in products and services – An entrepreneur can provide various types of goods and services to the consumer. The latter has much to choose from. A consumer after all would like to have a good bargain, and if his or her choices are more than he or she can get these products or services at reasonable rates. Also personal desires are met if there are products and services to choose from. A person may like a particular type of tie and he can

perhaps locate it in his local market. His desire to purchase a tie of his choice is thus met.

International trade – An entrepreneur promotes international trade by selling his or her products abroad. Any entrepreneur would like a wider market. If there are more consumers to purchase his or her products, the higher his profits.

Contributes to gross national product– An entrepreneur makes much contribution to the national exchequer and to the national economy as whole. The GNP of the country is calculated based upon the total number of products and services available in a respective country. The more products and services available the higher the GNP. It indicates the economic prosperity of the country.

In the pursuit of financial return / incentives, entrepreneurs are forced to think creatively to develop innovative products or services that are better than existing solutions in order to compete in a free market. Consumers are empowered to freely consume any of these services. Market forces of supply and demand decide which products are deemed “better”.

Although, there is a point when these financial reward systems become abused by some entrepreneurs. Income inequality is made worse. Predatory business tactics and the formation of obstructive market structures such as monopolies bring an array of detrimental market inefficiencies. When these events occur, value is extracted by businesses from consumers, instead of creating value.

Conclusion

Entrepreneurship is important because competition in a free market stimulates innovation. Consumption of innovative products and services augment the productivity of consumers and businesses. Product innovation leads to lower costs and higher economic growth.

Governments and business leaders have the moral imperative of ensuring that these financial reward systems are not abused for the selfish purposes of profiteering. Regulations must be set and enforced to ensure that entrepreneurship does not turn into greed.

The entrepreneur is essential for the economic development of a country. The progress of a country will depend upon his skill and talent as well as hard work to deliver necessary goods and services required by the citizens of his or her country.

References

Amin, S., (2009), *Why do so many people shop online?* <http://www.articlesbase.com/print/1335596>, Articlebase.com.

Anonymous, (2009), "How to shop online more safely," http://www.microsoft.com/protect/fraud/finances/shopping_us.aspx, Microsoft.com.

Bigné-Alcañiz, E., Ruiz-Mafé, C., Aldás-Manzano, J. and Sanz-Blas, S, (2008), "Influence of online shopping information dependency and innovativeness on internet shopping adoption", *Online Information Review*, vol. 32, no. 5, pp. 648-667.

Bourlakis, M., Papagiannidis, S. and Fox, H, (2008), "E-consumer behaviour: Past, present and future trajectories of an evolving retail revolution", *International Journal of E-Business Research*, vol. 4, no. 3, pp.64-67, 69, 71-76.