



## MORE QUESTIONS SOLVED

### I. VERY SHORT ANSWER TYPE QUESTIONS

Question 1. In what sense are small enterprises more vulnerable than large ones?

Answer: Small enterprises are more vulnerable than large ones to small changes in environment, change in taste and preference of consumers, taxation policies, other government policies, cost of raw materials, etc.

Question 2. What is called the stage of consolidation for an enterprise?

Answer: Stage of consolidation for an enterprise is the stage, which is normally 3 to 5 years after the take-off stage. During this stage the turnover of the enterprise is maintained.

Question 3. Why is it necessary for an enterprise to have a plan for growth?

Answer: It is necessary for an enterprise to have a plan for growth as without growth the enterprise will be removed from the market and will become extinct.

Question 4. What constitutes direct competition?

Answer: Direct competition is found where many Each producer wants to capture maximum consumers using various techniques like persuasive advertising, schemes etc. each firm wants to enjoy competitive edge over its competitors.

Question 5. How an internal expansion may be financed?

Answer: Internal expansion may be financed by the issue of more share capital, generating funds from old profits or by issuing long-term securities.

Question 6. What is required by an entrepreneur to ensure the continued efficiency and profitable functioning and growth of enterprise?

Answer: To ensure the continued efficiency and profitable functioning and growth of enterprise, extra managerial ability is required.

Question 7. What are the two main forms of external expansion?

Answer: The two main forms of external expansion are: Franchising and Mergers and Acquisitions.

Question 8. 'It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.' Identify the process.[CBSE Delhi 2015]

Answer: Innovation.

Question 9. Define merger.

Answer: A merger is a combination of two companies to form a new company.

### II. SHORT ANSWER TYPE QUESTIONS

Question 1. Give the franchising facts of Goli Vada Pav.

Answer:

1. The company is looking to strengthen its pan India franchisee network.
2. It is targeting Tier I, Tier II, Tier III cities and small towns for expansion.
3. Franchise requirement include potential franchise partners who can invest Rs 10-20 lakh, area requirement is about 350 sq ft and the preferred location is a high street traffic areas like market, colleges, business areas and residential catchments.

Question 2. What dual role entrepreneur has to play?

Answer: An entrepreneur has a dual role to play— as a leader and as a manager. Leader provides direction and energy while the Manager processes the input and gives the production or output. To ensure the continued efficiency and profitable functioning and growth of enterprise, extra managerial ability is required.

Question 3. Give a brief history of Franchising.

Answer:

1. Franchising began in 1850's when Isaac Singer; the inventor of sewing machine wanted to distribute his machines outside of his geographical area, and also provides training to customers. Singer began selling licenses to entrepreneurs in different parts of the country.
2. In 1955 Ray Kroc took over a small chain of food franchises and built it into today's most successful fast food franchise known as McDonald's. It has the most franchise units worldwide of any franchise system.

Question 4. What happens when an enterprise is not sensitive to change in technology?

Answer: If an enterprise is not sensitive to change in technology then its technology will become outdated and it has to quit the market. It is mainly because the cost of production will become higher compared to other enterprises; this will lead to decrease in demand of this product.

Question 5. What do you understand by creativity and innovation?

Answer:

Creativity: It means bringing something new into existence. It is a type of ability, which is present in all but in varying quantity. More are the creative persons of this ability, more are the chances of doing something new, or which was not present earlier, e.g. new painting of an artist. It also means bringing about certain improvements in already existing products.

Innovation: It refers to performing a task in a new way. There may be many ways of doing a thing but the innovator always tries to do it in a new way or new method e.g. the products are packed by company but the company which makes its package consumer friendly compared to other is innovation.

Question 6. What do you understand by franchising?

Answer: Franchising is a process by which the rights of producing or selling any product or service are provided to another enterprise. It is also associated to fulfilment of some terms, conditions or requirement by the enterprise. These conditions are laid down by the parent company.

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