

### MC Assignment 3

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- 1) discuss the advantages of micro and Small Enterprise
- Advantages of micro and Small Enterprise
- \* Require lesser capital resources:-
  - SSI's require lesser capital resources, central and state governments have created financial institutions support SSI's and they provide funding to the SSI. Entrepreneurs at lucrative terms, conditions and interest rates.
- \* Have lower gestion period:-
  - Lesser initial capital in SSI's is recovered faster by revenues generated by them resulting in lower gestion period
- \* Provide local employment opportunities:-
  - many of the SSI's are located in rural and backward areas with much lower capital investment for purchasing land, buildings etc.
- \* attract Subsidies from the government:-
  - As we shall study in the Section on government policies for SSI, like they support by giving Subsidies, incentives, tax exemptions
- \* Earn valuable foreign Exchange
  - Indian handicrafts and khadi garments are very popular in developed nations due to their exclusivity and low prices
- \* Enjoy privileges for exclusive manufacturing:-
  - SSI's protected by government by imposing restrictions upon large-scale enterprises
- \* mobilize local resources:- SSI's utilize the skills and talent of local population and also use local natural resources and raw materials in most instances.

- \* Help in Shifting the concentration of industrial activity :-
  - By virtue of having better infrastructure and other facilities, big cities have been successful in attracting huge industrial investments.
- \* Enjoy preferential purchase of products :- As we shall study under the Section on government policy for SSIs, the government has granted preference to purchase of goods manufactured in SSIs.

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2) Define ERP and Explain the Importance of ERP.

- An Enterprise Resource planning System is fully integrated business management Software that covers functional areas of an Enterprise like manufacturing, distributions, accounting, finance, Sales, logistic and human resource.

Importance of ERP:-

- Improved Efficiency: This is achieved by reduction of cycle time, inventory reduction, order fulfilment, improving support to supply chain management.
- Business integration: - ERP Packages are integrated i.e. Exchange of data among related business components is possible.
- Better decision making: - The decision making procedure has become easier because of highly structured programmed process.
- Quick response time to customers: - The System is easy to operate so, that not much computer skills are required to handle the operations.
- Business integration: - ERP creates the common database across the organization which is used by various departments within the organization.
- Analysis and planning Capabilities: - Though different types of decisions support systems and simulation function.



→ Technology Support: utilization of latest development in Information technology is quickly adapted by the ERP packages.

3) Define Enterprise Resource planning? List the characteristics of micro and S Explain various functional areas of Enterprise resource planning:

→ An Enterprise Resource planning is a fully integrated business management Software that covers functional areas of an Enterprise like manufacturing, distribution, accounting, finance, Sales, logistic and human resource.

Various functional areas are:-

① Marketing and Sales (MIS)

- they develop products
- they determines prices
- promoting products to customers
- Taking customers orders
- Helping create a sales ~~pro~~ forecast

② Supply chain management (SCM)

- Supply chain management is the active management of Supply chain activities to maximize customer value and achieve a Sustainable competitive advantage
- Supply chain activities cover everything from product development, Sourcing, production and logistics as well as information Systems needed to coordinate these activities

③ Accounting and finance (AIF)

- Recording raw data about transactions, raw material purchases, payroll and receipt of Cash from customers

41. numbers collected from Sales, manufacturing and other operations, without any manipulation, calculation and arrangement of presentation.

#### ④ Human Resource:

→ Here there are two functions namely managerial functions and operative functions.

① Managerial functions: The five important functions of HR in an Organization are Planning, Organizing, Staffing, directing and Controlling.

② Operative functions: The Operative functions of HR are Human resource planning, recruitment and Selection placement and induction, training and development, Compensation, performance appraisal, healthy and Safety, Industrial relations and managing exit.

#### 42. Explain the Steps involved in establishing micro and Small Enterprises

→ Project Selection: Entrepreneur is the most important person for the Success of a project. In order to Set up a Small Enterprise the Entrepreneur has to decide or choose a Suitable project.

Product or Service Selection: This is the first and most important Step in Setting up a Small Enterprise.

The main factors to be considered are:

- ① Background and Experience of Entrepreneurs
- ② Availability of the Right techno & know-how for the project
- ③ marketability of the product / Service.
- ④ Investment Capacity
- ⑤ Availability of Raw materials.



② Location Selection: After deciding on the project, the next important decision an Entrepreneur has to make is most the location of the project factors associated are:-

- ① Availability of Raw materials.
- ② Nearness or Proximity of market
- ③ Availability of Transformation & Communication facilities
- ④ Availability of Govt Incentives / Concessions.
- ⑤ Govt Industrial policy.

③ Project feasibility Study:-

- ① market analysis is carried out to find out the aggregate demand of the proposed product / Service and what would be the market share of the proposed project
- ② Technical analysis seeks to determine whether the prerequisites for the successful commissioning of the project have been considered
- ③ financial analysis seeks to ascertain whether the proposed project will be financially viable in the sense of being able to meet the burden of servicing debt.
- ④ Economic analysis: is concerned judging a project from the larger, social point of view.
- ④ project profile  
→ This provides birds eye of proposed project. This may be used for obtaining provisional registration Certificate from the district Industries Centre and for making an application to KIADB for allotment
- ⑤ Business plan preparation: This is a document where the Entrepreneur plans the business to have an organized and effective response to a situation which may arise in future

5) Explain the contents of project Report

- ① General information: The report should contain general information regarding the company, product profile and product details and Specification.
- ② Promoter: The details of the promoter such as name, educational qualification, work experience, project related experience, are to be provided.
- ③ Location: details like exact location of the project, lease or own, location advantages etc, need to be indicated.
- ④ Land and building: Details of land area, construction area, type of construction, cost of construction, detailed plan and estimate are to be included.
- ⑤ plant and machinery: Details of machinery required, their production capacity, suppliers, cost, various alternatives etc are to be included.
- ⑥ Capital requirement: information about all items cost should be carefully collected and presented.
- ⑦ utilities: information about operational cost should be presented. They included cost of water, fuel, power, labour, repair and maintenance.
- ⑧ Production process: description of production process, process chart, technical aspects, technology alternatives available, production programs etc.
- ⑨ Raw material: list of raw material required its quality and quantity, sources of supply, cost of raw material, tie-up arrangements.
- ⑩ Man power: detailed of manpower requirement, Skilled, Semi-Skilled, Sources of manpower, Supply, cost of recruitment etc.
- ⑪ Products: product produced, by products, product mix, product quality and standard are to be mentioned.



- 12> Market:- End users of product, distribution channels, national, international, Sales promotion, estimated Sales etc need to be included.
- 13> Economic analysis:- profit, return on investment, break even analysis, market share etc need to be included.
- 14> Requirement of working capital:- working capital required, Sources of working capital nature and extent of credit facilities offered and available need to be included.
- 15> Requirement of funds:- Break-up project cost in terms of costs of land, building, machinery, miscellaneous assets preliminary expenses, arrangements for meeting the cost of setting up of project etc. need to be included.
- 16> Cost of production and profitability of first ten years.
- 17> Break-even analysis.
- 18> Schedule of implementation

6> what is project Report? Explain the guidelines provided by planning Commission for preparation of project Report.

→ Project Report or a business plan is a written Statement of what an Entrepreneur proposes to take up. Project Report can be defined as 'a well evolved course of action devised to achieve the Specified objectives within a Specified period of time.

Guidelines are:-

- ① General Information: The report should contain general information regarding the Company, past performance of the Company, product profile and product details and Specification.
- ② Preliminary analysis of alternative.  
→ This should contain present data and the gap between demand and supply for the Outputs which are to be produced.

### ③ Project description:-

→ The feasibility report should provide a brief description of the technology process chosen for the project.

### ④ Marketing plan:-

→ It should contain the following items: data on the marketing plan, demand and prospective supply in each of the areas to be served.

### ⑤ Capital requirements and cost:-

→ The estimates should be reasonably complete and properly estimated. Information on all items of costs should be carefully collected and presented.

### ⑥ Operating requirements and costs:-

Information about all items of operating cost should be collected.

### ⑦ financial analysis:-

financial and fund flow analysis need to be carefully included.

### ⑧ Economic analysis:-

profit, return on investment, break even analysis, market share etc.

## 7) discuss the Case Study of Infosys.

→ Narayana Murthy is one among the seven founders of Infosys Technologies, a global Consulting and IT Services Company.

→ Born into a Kannada Madhva Brahmin family in Mysore on 20 August 1946.

→ Murthy graduated with a degree in Electrical Engineering from the National Institute of Engineering.

→ After his studies he worked as a chief system programmer on time-sharing systems and designed and implemented BASIC interpreter for ECIL.



- when he was a graduate student in control theory at IIT Kanpur in India. At breakfast on a bright Sunday morning in 1968, he had a chance encounter with a famous Computer Scientist on sabbatical from a well-known university.
- The next incident happened in 1974 at Nis a border town between Serbia and Bulgaria, he was way back to my home town Mysore. I was hitchhiking by the time a kind driver dropped me at Nis railway station.
- In the seventeen years since that day Infosys has grown to revenues in excess of \$3.0 billion, a net income of more than \$500 million and a market capitalization of more than \$28 billion, 28000 times richer than the offer \$1 million on that day.

8) Explain (i) TECKSOK (ii) DIC

(i) TECKSOK

- Nature of Support : multi disciplinary technical, industrial and management consultancy
- Objectives:-
  - \* To provide reliable consultancy support for entrepreneurs to Startup Self Employment
  - \* To provide Consultancy & Services to various departments and agencies of State and Central government.
- Activities are:-
  - Guidance in product selection and project identification
  - Market Survey and market development advice.
  - Consultancy for agro-based industries of a nodal agency of the government of India.
  - diagnostic studies and rehabilitation of sick industries etc.

(ii) DFC

→ Nature of Support:- Information and consultancy services, Industrial Inputs.

→ Objectives:

- \* To promote cottage and SSI's in rural area/ Small towns
- \* To help entrepreneurs with all information under 1 roof
- \* To serve as an integrated administrative framework at district level for industrial development.

activities are:- functions are:-

- To prepare and keep model project profiles for reference of the Entrepreneurs.
- To prepare actions and plan to implement the Schemes effectively already identified.
- To undertake industrial potential survey and to identify the types of feasible ventures which can be taken up in ISB sector, etc.