

Short answer questions

1. Define Entrepreneurship

According to Higgins "Entrepreneurship is mean the junctions of seeking investment and production opportunities"

2. What is ancillary industry?

Ancillary industries are those which manufacture **parts and components to be used by larger industries**. Eg: industries like GE (ancillary) produce engines for the air craft industry.

Ancillary industries are those industries which help to both primary and secondary industries

3. Define sole proprietorship form of business?

Sole proprietorship is a form of business organisation in which an **individual** invests his own capital, uses his own skill and intelligence in the management of its affairs and is solely responsible for the results of its operation,"

The individual, with the assistance of other workers or by his own labour and capital, may run the industry.

4. List out the sources of Ideas.

- a. Good understanding of economics and the economy.
- b. Changing needs of the people in a locality/society.
- c. Watching Emerging trends in the society.
- d. Extensive travelling and a wide range of reading.
- e. Visit to trade fairs and exhibitions displaying new products and services.
- f. One's market insights through observation.
- g. Success stories of entrepreneurs or friends or relatives.
- h. Consumers, existing products and services, distribution channel, the federal government (the files of patent office, in response to government regulations) , and research and development.

5. Differences between CPM & PERT.

BASIS	PERT	CPM
Full Form	Program (Project) Evaluation and Review Technique	Critical Path Method
Meaning	used to manage the uncertain task of a project.	Statistical technique used to manage the activities of a project.
Model	Probabilistic Model	Deterministic Model
Orientation	Event-oriented	Activity-oriented
Estimates	Three time estimates	One time estimate

Appropriate for	Research & Development project	Non-research project. Example-ship building, civil construction
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6. Recall the concepts of project formulation

Project formulation is defined as **taking a first look carefully and critically at a project idea** by an entrepreneur to build up an all-round beneficial to project after carefully weighing its various components. Following are the sequential stages

- 1) Feasibility analysis
- 2) Techno – Economic analysis
- 3) Network analysis
- 4) Input analysis
- 5) Financial analysis
- 6) Social Cost-Benefit analysis
- 7) Pre-investment analysis

7. Write a short note on time management.

“Time management” refers to **the way that you organize and plan** how long you spend on **specific activities** especially to increase effectiveness, efficiency and productivity.

8. Define personality.

It may be defined as **dynamic organization within the individual** of those psychological systems that determine unique adjustments to his environment.

It can also be defined as the **sum total of ways in which the individual reacts and interacts with others.**

9. Discuss on tax holiday.

In general a tax holiday is a **government incentive program that offers a tax reduction or elimination** to businesses.

Under section 80J of Income-tax Act 1961, new industrial undertaking including small scale industries, are exempted from the payment of Income-tax on their profits subjected to min. of 6% per annum of their capital employed. This exemption in tax is allowed for a period of five years from the commencement of production.

10. Define Leadership.

It is a process of **influencing and supporting others to work enthusiastically towards achieving the objectives.**

Long answer questions

11. A) Explain the role of entrepreneur for the economic growth of the country.

Entrepreneurship serves as a catalyst of economic development.

- Capital Formation
- Generate Employment
- Improve Standard of Living
- Wealth Creation and Distribution
- Promotes balanced regional development
- Helps reduce the concentration of economic power
- Increasing Gross National Product & Per Capita Income
- Encourages effective resource mobilization of capital and skill which might otherwise remain unutilized and idle.
- Promotes Country's Export Trade

11. B) Explain the linkage among the small medium and heavy industry.

Alliances: An alliance is formed by firms coming together in some contractual arrangement. The well known types of contractual arrangements include the following:

Job subcontracting i.e. the large business provides materials and components to small units who process the same into finished goods.

Purchase subcontracting i.e. in this case the material is procured by small units who manufacture a specific part or component needed by a particular large unit.

Complementary : in this case the product manufactured by small company is purchased by big unit as accessory.

Joint-venture: involves the creation of a third firm to manufacture or market a product which had been developed by the entrepreneurial firm. Equity was usually shared by the partners

Strategic alliance: which is essentially a joint-venture without the creation of a third firm and no equity is involved

Licensing: includes permission to manufacture a product under license, to distribute a product and to include product in another design. ^

Merchandising or commercial trading: in this case the small units manufacture the goods and big units on the strength of their financial power market it with their own brands.

Maintenance and repair services: many large enterprises give the operation and maintenance contract to the small companies.

12 A) Explain the types and forms of business ownerships.

Types of enterprises:

1. Service enterprises
 - Consulting agencies
 - Repair shops
 - Professional – doctors, lawyers, engineers, chartered accountants
 - Beauty parlors
 - Carpenters
2. Trading enterprises
 - Provisions shop
 - Medical shops
 - Dealership and agencies
 - Clothes merchants
3. Manufacturing enterprises

Forms of enterprises:

1. Sole proprietorship
2. Partnership
3. Limited Liability Partnership
4. Joint stock companies
 - Public limited
 - Private limited
4. Co-operative enterprises

12 B) Explain the Characteristics of an Entrepreneur ?

1. Mental ability - intelligence and creativity
2. Clear objectives
3. Maintaining business secrecy
4. Human relations ability
5. Communications ability
6. Technical knowledge
7. Emotional stability
8. Motivating Skills
9. Self confidence
10. Long term involvement
11. High energy level
12. Persistent problem – solver
13. Initiative
14. Moderate risk-taker
15. Leadership

13 A) How do you identify the market demand for project formulation?

Analysis of market Demand:

Market and demand analysis is conducted to know about the **aggregate demand** for the product or service and the **market share** that the proposed project will enjoy.

Market demand analysis involves the following activities:

1. Situation analysis and specification of objectives
2. Collection of secondary inputs
3. Conduct of market survey
4. Characterization of the market
5. Demand Forecasting
6. Market Planning

13 B) List out the sources of ideas of establishing a business.

- a. Good understanding of economics and the economy.
- b. Changing needs of the people in a locality/society.
- c. Watching Emerging trends in the society.
- d. Extensive travelling and a wide range of reading.
- e. Visit to trade fairs and exhibitions displaying new products and services.
- f. One's market insights through observation.
- g. Success stories of entrepreneurs or friends or relatives.
- h. Consumers, existing products and services, distribution channel, the federal government (the files of patent office, in response to government regulations) , and research and development.

14 A) Explain the concept of financial and technical analysis in project formulation?

A) Financial Analysis:

is the process of discovering economic facts about an enterprise and /or a project on the basis of an interpretation of financial data. It helps in finding out the financial viability. It uses ratio analysis for easy and better comparison and explanation.

Utility of Financial analysis:

- a) Appraisal of project
- b) Health of enterprise
- c) Performance index
- d) Index of pitfalls

Tools used in financial Analysis:

- a) Trend analysis
- b) Variable analysis
- c) Ratio analysis
- d) Funds flow analysis
- e) Break-even analysis

- f) Common size statements
- g) Cash budgetary
- h) Proforma statement

B) Technical analysis:

It establishes whether **the project is technically feasible** or not and whether it offers a basis for the estimation of costs. Technical analysis should incorporate the following:

- a) **A description of the product**, including specification relating to its physical, mechanical and chemical properties
- b) A description of the selected **manufacturing process**
- c) A determination of **the plant size and production schedule**
- d) **Selection of machinery and equipment**, including specifications
- e) An identification **of plant's location** and an assessment of its desirability in terms of its distance
- f) **A design of the plant layout** and an estimate of the cost of the erection of the proposed buildings
- g) A study of the **availability of raw materials** and utilities
- h) **An estimate of labour requirements**, including a detailed break-down of direct and indirect labour
- i) A determination of the type and quantity **of waste to be disposed of**, together with a descript disposal method, its costs, and the necessary clearance from proper authorities
- j) An estimate of the **production cost** of the product

14 B) Discuss briefly about environmental influence?

Environmental influence: Modern business is treated as a social and economic institution and is affected by the political, social and economic forces. It is the environment which regulates the entrepreneurial activities. The environment can be classified as

1. Political
 - a. Political atmosphere
 - b. Leadership
2. Economic Policies
 - a. Trade
 - b. Tarrifs
 - c. Incentives
 - d. Subsidies
3. Social
 - a. Consumer behavior
 - b. Attitudes
 - c. Opinions
 - d. motives
4. Technological
 - a. Competition & risk

- b. Efficiency
- c. Productivity& profitability

- 5. Legal rules and regulations
- 6. Cultural structure aspiration and values

15 A) Explain the procedure of project management?

A project is **temporary** in that it has a defined beginning and end in time, and therefore defined scope and resources.

Project management is the practice of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria at the specified time.

Project management processes fall into five groups:

- a) Initiating
- b) Planning
- c) Executing
- d) Monitoring and Controlling
- e) Closing

15 B) Define network analysis.

Network analysis is defined as the process of “breaking down a complex project’s data into its parts (activities, events, durations, etc.) and plotting them to show their interdependencies and interrelationships.”

Network analysis is used to analyze and optimize a network. These methods are used in project management, logistics, and transportation. Following are the important techniques in network analysis

- Critical Path Method (CPM)
- Program Evaluation and Review Technique (PERT)

16 A) Briefly discuss the behavioral aspects of an entrepreneur.

Behavioral aspects of Entrepreneurs:

- Positive feedback from good job.
- Initiate confidence in employees.
- Be fair and objective, not vindictive.
- Practice what is preached.
- Have down to earth, person-to-person approach.
- Act as a part of a team.
- Be compassionate and understanding.
- Create an atmosphere of acceptance and trust.
- Listen attentively.
- Clear priorities.

- Be available for discussion.
- Communicate effectively.
- Provide feedback for good and bad work.
- Talk openly and give straight answers about what is happening.
- Encourage advancement.
- Give direction to the work unit.
- Supportive to employees.
- Have a sense of vision.
- Project a positive attitude.
- Set good example, friendly, not moody, keeps promises.
- Willingness to assume risks.

16 B) Explain time management matrix? Mention various approaches to time management.

Time management Matrix:

Time Managment Matrix	Urgent	Not urgent
Important	Q1: Urgent & Important (Do Now)	Q2: Not urgent & Important (Schedule on Calendar)
Not important	Q3: Urgent & Not important (Delegate)	Q4: Not urgent & not important (Delegate or Decline)
Various approaches		

Various Approaches to time management:

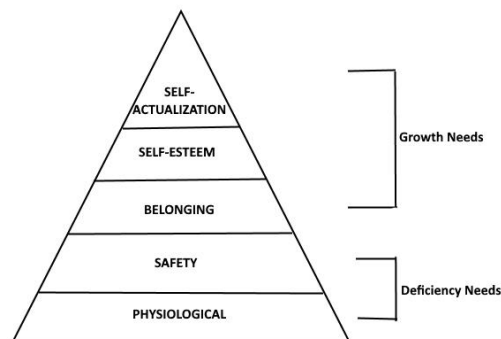
- a) The “get organized” approach
- b) The “warrior approach” (Survival and independent production)
- c) The “goal approach” (achievement)
- d) The “ABC approach” (prioritization and values identification)
- e) “Magic approach” (Technology)
- f) The “go with the flow” approach: (harmony and natural rhythm):
- g) The “recovery approach” (self awareness)

17 A) Explain how an entrepreneur should be motivated for high performance.

To become an entrepreneur one should identify their strengths and opportunities from the external environment. Here **motivation plays a major role in identifying their own strengths to become strong leaders** or powerful entrepreneurs which **make them to accepting risks and face uncertainty** for the purpose of reaching pre-described goals.

Motivation makes entrepreneur by **fulfilling higher level needs such as recognition, esteem, and self-actualization**. This can be explained by the following theories of motivation which proved that motivation can bring energy, enthusiasm, creativity and efficiencies in fulfilling the desired objectives.

1. Maslow's need hierarchy theory



2. MC Clelland's acquired needs theory

- a) Need for achievement
- b) Need for power
- c) Need for affiliation

3. Hertzberg's two-factor theory

Entrepreneurial motivation is a psychological process in which all the motives may not influence with the same intensity, it varies with the perception levels of the individuals and factors responsible for the motivation. Sometimes a single motive can influence to become strong and powerful entrepreneurs, these motives may come from various factors as follows.

Internal Factors of Motivation	External Factors of Motivation
Need for self-actualization Optimism	Influence
Self-motivation	Availability of resources
Enthusiasm	Product's demand
Commitment	Government policies
Education	Information availability
Background, Financial Background	Technological advancement
	Changing tastes and preferences

17 B) Explain the leadership models?

Major styles of leadership are as follows:

1. **Autocratic or Authoritative Style**
2. **Democratic Style**
3. **Free Rein or Laissez Fair style.**

A) Autocratic or Authoritative Style

It is also known as leader centered style. Complete authority is centered in the leader himself. He has all the powers to take decisions. He designs the work-load of his employees and exercises tight control over them. The subordinates are bound to follow his order and directions.

Advantages:

- (i) Autocratic leadership style permits quick decision-making.
- (ii) It provides strong motivation and satisfaction to the leaders who dictate terms.

B) Democratic Style

Leader decentralises and delegates high authority to his subordinates. He makes a final decision only after consultation with the subordinates. Two way communication channel is used. While delegating a lot of authorities to subordinates, he defines the limits within which people can function. Democratic leaders have a high concern for both people and work.

Advantages:

- (i) Exchange of ideas among subordinates and leader improves job satisfaction and morale of the subordinates.
- (ii) Human values get their due recognition which develops positive attitude and reduces resistance to change.
- (iii) The quality of decision is improved.

Dis Advantages

- (i) Democratic style of leadership is time consuming and may result in delays in decision-making.
- (ii) It is less effective if participation from the subordinates is for name sake.

C) Free Rein or Laissez Fair style:

Leadership style is a typical behavior pattern adopted by the leader to influence his followers or leading his people. An executive has to lead different types of subordinates and has to adopt different styles for leading them at the workplace according to situation.

Advantages:

- (i) Positive effect on job satisfaction and morale of subordinates.
- (ii) It gives chance to take initiative to the subordinates.
- (iii) Maximum possible scope for development of subordinates.

Disadvantages:

- (i) Under this style of leadership, there is no leadership at all.
- (ii) Subordinates do not get the guidance and support of the leader.

Free rein style of leadership may be appropriate when the subordinates are well trained, highly knowledgeable, self-motivated and ready to assume responsibility.