

				<b>Semester III</b>
				<b>L T P C</b>
<b>15CMU504</b>	<b>ENTREPRENEURIAL DEVELOPMENT</b>	<b>5</b>	<b>-</b>	<b>- 4</b>

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### **Programme Outcome**

The scope of entrepreneurship development in the country like India is tremendous. Entrepreneurship involves a willingness to take responsibility and ability to put mind to a task and see it through from inception to completion. Essence of Entrepreneurship is going against time with maturity and serving as a change agent.

### **Programme learning**

- To know the concepts of Entrepreneurships.
- To know about the various financial Institutions.

### **Unit I**

**Entrepreneurship** – Meaning – Nature and Characteristics of an Entrepreneur – Qualities, Types and Functions of an Entrepreneur – Role of Entrepreneur in Economic Development.

### **Unit II**

**Entrepreneurial Motivation:** Meaning theories of Motivation – Maslow and Mergregor – Motive for starting an Enterprise – Entrepreneurial Behaviour.

### **Unit III**

**Establishing an Enterprise:** The startup process – Project Identification and Selection – Project Formulation – Assessment of project feasibility, Marketing Survey, Risk Analysis, Break Even Analysis – Preparation of project report, Selection of Site – Legal Considerations – Basic startup Problems.

### **Unit IV**

**Institutional Finance to Entrepreneurs:** National Small Industries Corporation (NSIC), Small Industries Development Organization (SIDO), Small Scale Industrial Board (SSIB) Small Industries Development Corporation, District Industrial Centers (DIC), Tamil Nadu Industries Investment Corporation (TIIC) and Commercial Banks.

### **Unit V**

**Entrepreneurial Development:** Programmes in India – Role of SISI, SIPCOT and SIDBI.

### **Suggested Readings**

#### **Text Book**

1. Khanka S.S, (2015), Entrepreneurial Development, Sultan Chand Publications.

#### **References book:**

1. Gupta C.B, & Srinivasan N.P, (2014), Entrepreneurial Development, Sultan Chand & Sons
2. Suresh Jayasree, (2015), Entrepreneurial Development, Margham Publications.

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**LECTURE PLAN**  
**UNIT I**

<b>SL. No.</b>	<b>Lecture Duration (Hr)</b>	<b>Name of the Topic</b>	<b>Support Materials</b>
1	1	Entrepreneurship - Concept and Meaning	T: 8 – 9
2	1	Objectives of Entrepreneurship	T:9
3	1	Growth of Entrepreneurship in India	T: 10 - 13
4	1	Nature of Entrepreneur	T: 1 -2
5	1	Entrepreneurship Process	T:2
6	1	Characteristics of an Entrepreneur	T: 3 – 4
7	1	Importance of Entrepreneurship	T:4
8	1	Qualities of an Entrepreneur	W1
9	1	Functions of Entrepreneur	T: 4 – 5
10	1	Types of Entrepreneur	T: 5 – 6
11	1	Drone Entrepreneur	T: 5 – 6
12	1	Fabian Entrepreneurs	T: 5 – 6
13	1	Social Entrepreneurs	T: 5 – 6
14	1	Difference between Entrepreneur and Manager	T: 4
15	1	Role of Entrepreneur in Economic Development	T:14 - 15
<b>Total no. Hours planned for Unit - I</b>			<b>15</b>

**TEXT BOOK**

Khanka S.S (2015), Entrepreneurial Development, Sultan Chand Publications

Websites

W1: [www.under30ceo.com](http://www.under30ceo.com)

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**UNIT II**

<b>SL. No.</b>	<b>Lecture Duration (Hr)</b>	<b>Name of the Topic</b>	<b>Support Materials</b>
1	1	Entrepreneurial Motivation – Introduction, Meaning	T: 40
2	1	Motivation Theories – Meaning	T:40 – 41
3	1	Maslow Theory	T: 41
4	1	Need Clusters of Maslow Theory	T: 41 – 42
5	1	Mcgregor Theory	W2
6	1	Theory X	W2
7	1	Theory Y	W2
8	1	Needs of Mcgregor Theories	W2
9	1	Motivation Factor	T: 42 – 43
10	1	Internal Factor – Need for Self-actualization	T: 42 – 43
11	1	External Factors – Product’s Demand	T: 42 – 43
12	1	Achievement Motivation	T: 45 – 46
13	1	Motive to starting an Enterprise	W3
14	1	Entrepreneurial Behavior	W4
15	1	Recapitulation and discussion of important Questions	
<b>Total no. Hours planned for Unit - II</b>			<b>15</b>

**TEXT BOOK**

Khanka S.S (2015), Entrepreneurial Development, Sultan Chand Publications

**Websites**

W2: [www.tutor2u.net](http://www.tutor2u.net)

W3: [www.smallbusiness.chron.com](http://www.smallbusiness.chron.com)

W4: [www.entrepreneur.com](http://www.entrepreneur.com)

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**UNIT III**

<b>SL. No.</b>	<b>Lecture Duration (Hr)</b>	<b>Name of the Topic</b>	<b>Support Materials</b>
1	1	Establishing an Enterprise – Start up Process	W4
2	1	Project Concept	T: 81 - 82
3	1	Project classification	T: 81 - 82
4	1	Project Identification and selection	T: 83 – 84
5	1	Project selection	T: 83 – 84
6	1	Project Formulation	T: 90 – 93
7	1	Assessment of Project feasibility	W5
8	1	Marketing Survey	W6
9	1	Risk Analysis	W6
10	1	Breakeven Analysis	W6
11	1	Preparation of a Project Report	T: 94 -95
12	1	Legal considerations	T: 95 – 96
13	1	Basic Startup Problems	W7
15	1	Recapitulation and discussion of important Questions	
<b>Total no. Hours planned for Unit - III</b>			<b>15</b>

**TEXT BOOK**

Khanka S.S (2015), Entrepreneurial Development, Sultan Chand Publications

Websites

W5: [www.simplilearn.com](http://www.simplilearn.com)

W6: [www.surveymonkey.com](http://www.surveymonkey.com)

W7: [www.forentrepreneurs.com](http://www.forentrepreneurs.com)

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**LECTURE PLAN**

**UNIT IV**

<b>SL. No.</b>	<b>Lecture Duration (Hr)</b>	<b>Name of the Topic</b>	<b>Support Materials</b>
1	1	Institutional finance to Entrepreneurs – Need for Institution support	T: 160 -161
2	1	National Small Industries Corporation (NSIC)	T: 161
3		Objectives of NSIC	T: 161
4	1	Small Industries development organization (SIDO)	T: 161 – 162
5		Objectives of SIDO	T: 161
6	1	Small Scale Industries board (SSIB)	T: 162
7		Objectives of SSIB	T: 162
8	1	District Industries Centers	T: 163- 164
9	1	Industrial Estates and types	T: 164 – 165
10	1	Specialized Industries	T: 166 – 167
11	1	Tamil Nadu Industries Investment Corporation	W8
12		Objectives of Tamil Nadu Industries Investment Corporation	W8
13	1	Commercial banks	W9
14		Functions of Commercial Banks	W9
15	1	Recapitulation and discussion of important Questions	
<b>Total no. Hours planned for Unit - IV</b>			<b>15</b>

**TEXT BOOK**

Khanka S.S (2015), Entrepreneurial Development, Sultan Chand Publications

Websites

W8: [www.tiic.in](http://www.tiic.in)

W9: [www.study.com](http://www.study.com)

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**III B.COM**  
**ENTREPRENEURIAL DEVELOPMENT - 15CMU504**  
**LECTURE PLAN**

**UNIT V**

<b>SL. No.</b>	<b>Lecture Duration (Hr)</b>	<b>Name of the Topic</b>	<b>Support Materials</b>
1	1	Entrepreneurial Development – Programmes in India	W10
2	1	Small Industries Service Institutes	T: 163
3	1	Objectives of SISI	T: 164
4	1	State Industries Promotion corporation of Tamil Nadu	W11
5	1	Objectives of SIPCOT	W11
6	1	Small Industries development bank of India	T: 149
7	1	Objectives of SIDBI	T: 149
8	1	Export Import Bank	T: 150
9	1	Objectives of EXIM Bank	T: 151
10	1	Technical Consultancy Organisation	T: 168
11	1	Objectives of Technical Consultancy Organisation	9: 168
12	1	Recapitulation and discussion of important questions	
13	1	Discussion of Previous Year ESE Question Papers	
14	1	Discussion of Previous Year ESE Question Papers	
15	1	Discussion of Previous Year ESE Question Papers	
<b>Total no. Hours planned for Unit - V</b>			<b>15</b>

**TEXT BOOK**

Khanka S.S (2015), Entrepreneurial Development, Sultan Chand Publications

**Websites**

W10: [www.yourarticlelibrary.com](http://www.yourarticlelibrary.com)

W11: [www.sipcot.com](http://www.sipcot.com)

Entrepreneurial development today has become very significant; in view of its being a key to economic development. The objectives of industrial development, regional growth, and employment generation depend upon entrepreneurial development.

Entrepreneurs are, thus, the seeds of industrial development and the fruits of industrial development are greater employment opportunities to unemployed youth, increase in per capita income, higher standard of living and increased individual saving, revenue to the government in the form of income tax, sales tax, export duties, import duties, and balanced regional development.

### **Concept of Entrepreneurship:**

The word “entrepreneur” is derived from the French verb *entreprendre*, which means ‘to undertake’. This refers to those who “undertake” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “entrepreneurship”.

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise.

### **Characteristics of Entrepreneurship:**

**Entrepreneurship is characterized by the following features:**

#### **1. Economic and dynamic activity:**

Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilisation of scarce resources. Since this value creation activity is performed continuously in the midst of uncertain business environment, therefore, entrepreneurship is regarded as a dynamic force.

#### **2. Related to innovation:**

Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an individual to continuously evaluate the existing modes of business operations so that more efficient and effective systems can be evolved and adopted. In other words, entrepreneurship is a continuous effort for synergy (optimization of performance) in organizations.

#### **3. Profit potential:**

“Profit potential is the likely level of return or compensation to the entrepreneur for taking on the risk of developing an idea into an actual business venture.” Without profit potential, the efforts of entrepreneurs would remain only an abstract and a theoretical leisure activity.

#### **4. Risk bearing:**

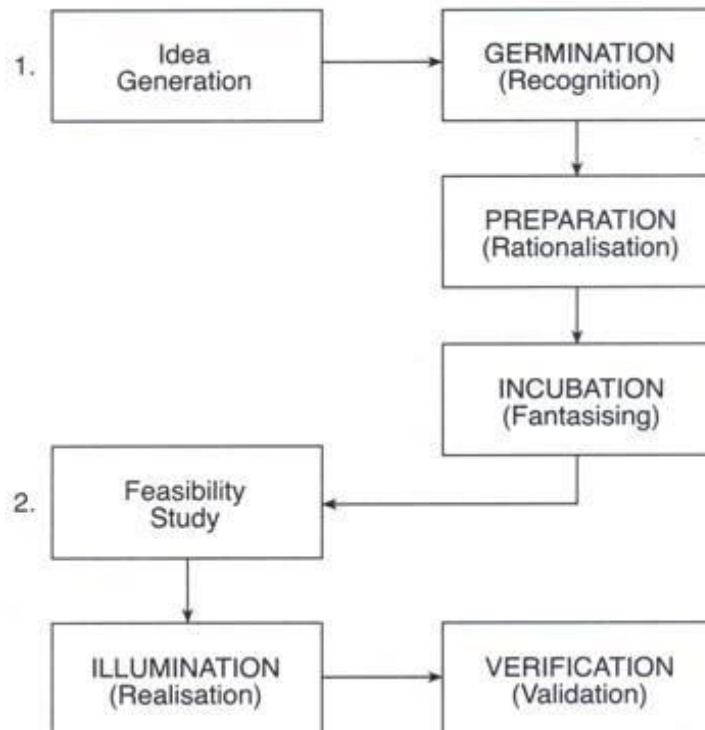
The essence of entrepreneurship is the ‘willingness to assume risk’ arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive.

An entrepreneur has to have patience to see his efforts bear fruit. In the intervening period (time gap between the conception and implementation of an idea and its results), an entrepreneur has to assume risk. If an entrepreneur does not have the willingness to assume risk, entrepreneurship would never succeed.

### **Entrepreneurial Process:**

Entrepreneurship is a process, a journey, not the destination; a means, not an end. All the successful entrepreneurs like Bill Gates (Microsoft), Warren Buffet (Hathaway), Gordon Moore (Intel) Steve Jobs (Apple Computers), Jack Welch (GE) GD Birla, Jamshedji Tata and others all went through this process.

To establish and run an enterprise it is divided into three parts – the entrepreneurial job, the promotion, and the operation. Entrepreneurial job is restricted to two steps, i.e., generation of an idea and preparation of feasibility report. In this article, we shall restrict ourselves to only these two aspects of entrepreneurial process.



**Figure: The Entrepreneurial Process**

### 1. Idea Generation:

To generate an idea, the entrepreneurial process has to pass through three stages:

#### a. Germination:

This is like seeding process, not like planting seed. It is more like the natural seeding. Most creative ideas can be linked to an individual's interest or curiosity about a specific problem or area of study.

#### b. Preparation:

Once the seed of interest curiosity has taken the shape of a focused idea, creative people start a search for answers to the problems. Inventors will go on for setting up laboratories; designers will think of engineering new product ideas and marketers will study consumer buying habits.

#### c. Incubation:

This is a stage where the entrepreneurial process enters the subconscious intellectualization. The sub-conscious mind joins the unrelated ideas so as to find a resolution.

### 2. Feasibility study:

Feasibility study is done to see if the idea can be commercially viable.

It passes through two steps:

#### a. Illumination:

After the generation of idea, this is the stage when the idea is thought of as a realistic creation. The stage of idea blossoming is critical because ideas by themselves have no meaning.

#### b. Verification:

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This is the last thing to verify the idea as realistic and useful for application. Verification is concerned about practicality to implement an idea and explore its usefulness to the society and the entrepreneur.

**Importance of Entrepreneurship:**

**Entrepreneurship offers the following benefits:**

**Benefits of Entrepreneurship to an Organisation:****1. Development of managerial capabilities:**

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.

This exercise helps in sharpening the decision making skills of an entrepreneur. Besides, these managerial capabilities are used by entrepreneurs in creating new technologies and products in place of older technologies and products resulting in higher performance.

**2. Creation of organisations:**

Entrepreneurship results into creation of organisations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.

**3. Improving standards of living:**

By creating productive organisations, entrepreneurship helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people.

Possession of luxury cars, computers, mobile phones, rapid growth of shopping malls, etc. are pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

**4. Means of economic development:**

Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country

**NATURE AND DEVELOPMENT OF ENTREPRENEURSHIP**

The term *entrepreneur* comes from the French and translates "between-taker" or "go-between."

**Earliest Period**

In this period the money person (forerunner of the capitalist) entered into a contract with the go-between to sell his goods. While the capitalist was a passive risk bearer, the merchant bore all the physical and emotional risks.

**Middle Ages**

In this age the term entrepreneur was used to describe both an actor and a person who managed large production projects. In such large production projects, this person did not take any risks, managing the project with the resources provided. A typical entrepreneur was the cleric who managed architectural projects.

**17th Century**

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In the 17th century the entrepreneur was a person who entered into a contract with the government to perform a service. Richard Cantillon, a noted economist of the 1700s, developed theories of the entrepreneur and is regarded as the founder of the term. He viewed the entrepreneur as a risk taker who "buy[s] at certain price and sell[s] at an uncertain price, therefore operating at a risk."

### 18th Century

In the 18th century the person with capital was differentiated from the one who needed capital. In other words, entrepreneur was distinguished from the capital provider.

Many of the inventions developed during this time as was the case with the inventions of Eli Whitney and Thomas Edison were unable to finance invention themselves. Both were capital users (entrepreneurs), not capital providers (venture capitalists.) Whitney used expropriated crown property. Edison raised capital from private sources.

A **venture capitalist** is a professional money manager who makes risk investments from a pool of equity capital to obtain a high rate of return on investments.

### 19th and 20th Centuries

In the late 19th and early 20th centuries, entrepreneurs were viewed mostly from an economic perspective. The entrepreneur "contributes his own initiative, skill and ingenuity in planning, organizing and administering the enterprise, assuming the chance of loss and gain."

Andrew Carnegie is one of the best examples of this definition, building the American steel industry on one of the wonders of industrial world, primarily through his competitiveness rather than creativity.

In the middle of the 20th century, the notion of an entrepreneur as an innovator was established.

Innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur.

Edward Harriman and John Pierpont Morgan are examples of this type of entrepreneur. Edward reorganized the Ontario and southern railroad through the northern pacific trust and John developed his large banking house by reorganizing and financing the nation's industries.

This ability to innovate is an instinct that distinguishes human beings from other creatures and can be observed throughout history.

### DEFINITION OF ENTREPRENEUR

The concept of entrepreneurship from a personal perspective has been explored in this century. This exploration is reflected in the following three definitions of an entrepreneur: In almost all definitions of entrepreneurship, there is agreement that we are talking about a kind of behaviour that includes:

1. Initiative taking.
2. The organizing and reorganizing of social/economic mechanisms to turn resources and situations to practical account.
3. The acceptance of risk or failure.

To an economist, an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and one who introduces changes, innovations, and a new order.

To a psychologist, such a person is typically driven by certain forces- the need to obtain something, to experiment, to accomplish or perhaps to escape the authority of others.

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Entrepreneurship is the dynamic process of creating incremental wealth. Our definition of entrepreneurship involves four aspects:

1. Entrepreneurship involves the creation process.
2. It requires the devotion of the necessary time and effort.
3. It involves assuming the necessary risks.
4. The rewards of being an entrepreneur are independence, personal satisfaction, and monetary reward. For the person who actually starts his or her own business there is a high failure rate due to poor sales, intense competition, lack of capital or lack of managerial ability.

### **Types of Entrepreneurs:**

Depending upon the level of willingness to create innovative ideas, there can be the following types of entrepreneurs:

#### **1. Innovative entrepreneurs:**

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country.

Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.

#### **2. Imitating entrepreneurs:**

These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own.

Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas.

In our country also, a large number of such entrepreneurs are found in every field of business activity and they fulfil their need for achievement by imitating the ideas introduced by innovative entrepreneurs.

Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers now are the imitating entrepreneurs.

#### **3. Fabian entrepreneurs:**

The dictionary meaning of the term 'fabian' is 'a person seeking victory by delay rather than by a decisive battle'. Fabian entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

#### **4. Drone entrepreneurs:**

The dictionary meaning of the term 'drone' is 'a person who lives on the labor of others'. Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

#### **5. Social Entrepreneur:**

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development.

They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. Dr Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.

**Functions of an Entrepreneur****1. Taking Initiative**

Entrepreneurship is a pro-active activity that takes such actions, which others can't even perceive. This unique function of entrepreneurship provides our civilization with a wide variety of products, ways of actions, production techniques etc.

Therefore, taking initiative with such end and qualification is the prime function of entrepreneurship in every economy.

**2. Organizing Resources**

Organizing entails identifying those resources that are required to transform a particular idea into reality. The resources include human and nonhuman resources. Organizing in entrepreneurship will increase productivity, promote new venture, distribute and supervise work and responsibility, and will remove barriers to work.

Entrepreneurship, thus, is the taping tool for assuming indigenous skills and resources for productive purpose.

**3. Identifying Opportunities and Prospects**

Entrepreneurship searches those activities of value that have an economic and social contribution.

It identifies new opportunities in socio-economic arena which have got profitable prospects therefore, entrepreneurs are called as searchers of hopes into blind spots and this function enormously indebted our society to entrepreneurship.

**4. Risk Taking**

Entrepreneurship takes the risk for new venture. For innovative actions in the field of production technology for new products in a volatile market and for new raw materials used in production.

Moreover, is also takes the risk for theft, robbery, snatching market fall and hooliganism that may be involved with new entrepreneurship This is a major function of entrepreneurship in developing countries like Bangladesh.

**5. Decision Making**

Entrepreneurship is a new initiative therefore, it has to take decision about multivariate issues that affect new ventures Entrepreneurship has to decide upon equipment to be used quality, price and its variation, deficiency, capital structure, feasibility of project, organizational structure, philosophy of management etc. that will guide, run and prosper the new venture or distinct attempt for entrepreneurship.

We know that decision-making is a process and entrepreneurship in order to make a success, goes through this process.

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**6. Technology Transfer and Adaptation**

Entrepreneurship throughout the world brings invented technology from different comers of the world and makes it appropriate by making required adjustments for local conditions.

This function of entrepreneurship involves with identifying appropriate technology with market potentials and adapts it into local environment.

Sometimes, technology uses indigenous materials that reduce cost and wastage of resources. This entrepreneurial function virtually makes the world united in terms of homogeneous technology.

**7. Innovation**

Entrepreneurship innovates new production process or technology, market, sources of new materials, management, strafe\*} or technique, investment opportunity etc. that Schumpeter (1934) calls as the fundamental characteristics of entrepreneurship.

Under the context of changed environment, entrepreneur locates the most feasible opportune for new venture as well as improved or distinct technology that gives competitive advantages or new opportunity to prosperity.

Innovation is a creative means to add new utilities to existing situations or products. Entrepreneurship through innovation creates innovative products or operations for the human society.

**8. Fostering Autonomy**

Entrepreneurship is an exposure of creative faculty that provides personal satisfaction and independence. The unique freedom to think differently is the impetus for entrepreneurship.

Thus, entrepreneurship Fosters autonomy so as to advent something new of value by the application of devoted efforts and time.

**9. Social Responsibility**

Entrepreneurship with its innovative technology, somehow promotes human efforts. It restarts closed industries with innovative managerial strategy and techniques. i( also motivates new entrepreneurs and attracts them to engage into entrepreneurial venture.

Entrepreneurship provides new products or ideas that give a momentum and diversity into the society.

Therefore, entrepreneurship performs social responsibility that protects welfare, benefit and economic gain of the society. It also promotes the community standard by providing jobs and amenities.

**10. Public Relations**

Entrepreneurship is a new venture that requires social acceptance by the regulatory bodies and public at large.

Government as well as the persons' who will be subject of entrepreneurship would be convinced through public relations to accept and to allow the entrepreneur to execute entrepreneurial venture.

History tells that many entrepreneurs were disregarded, coerced and even eliminated for their entrepreneurial activities. Failure is costly and therefore, public relation is a significant function of entrepreneurship.

### 11. Experience Sharing

Entrepreneurship may spread in the society through publishing and sharing its success stories.

Thus, entrepreneurship holds workshops, industrial visits through which the entrepreneurial experience in different countries may be shared in order to wide spread adaptation of success. This function will benefit the economies of the countries as well as the world bodies,

### 12. Managerial Roles

Entrepreneurs perform several managerial roles to keep their venture functioning with success.

The roles are interpersonal roles that consists of figurehead role, leader role and liaison role; informational roles that includes recipient role, disseminator role and the spokesperson role; decisional roles that consists of entrepreneurial role, disturbance-handler role, resource allocator role and the negotiator role.

The entrepreneur also does the associated managerial functions such as planning, organizing, leading and controlling.

### 13. Balanced Economic Development

Sustainable economic development requires a balanced development among various regions and sectors of a country. Every country tries to ensure such a situation that makes industrialization throughout the country "possible.

Entrepreneurs make it possible through establishing business ventures in various parts of the country in various sectors of industry.

### Role of an Entrepreneur in economic development

Entrepreneurship plays an influential role in the economic growth and standard of living of the country. As a startup founder or small business owner, you may think that you are simply working hard to build your own business and provide for yourself and your family. But you are actually doing a whole lot more for your local community, state, region, and the country as a whole. Here are the top 7 important roles an entrepreneur plays in the economic development of a country.

1. Wealth Creation and Sharing: By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the

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success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

2. Create Jobs: Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *StartupIndia* to promote and support new startups, and also others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

3. Balanced Regional Development: Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

4. GDP and Per Capita Income: India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

5. Standard of Living: Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

6. Exports: Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development

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**KAHE**

since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion leads to more stable business revenue during economic downturns in the local economy.

7. Community Development: Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

A good example of how this kind of community development can be promoted is Azim Hashim Premji, Chairman of Wipro Limited, who donated Rs. 27,514 crores for promoting education through the Azim Premji Foundation. This foundation works with more than 350,000 schools in eight states across India.

So, there is a very important role for entrepreneurs to spark economic development by starting new businesses, creating jobs, and contributing to improvement in various key goals such as GDP, exports, standard of living, skills development and community development.



**KARPAGAM ACADEMY OF HIGHER EDUCATION**  
(Established Under Section 3 of UGC Act 1956)  
**COIMBATORE- 641 021**  
**ENTREPRENEURIAL DEVELOPMENT [14CMU504]**

**UNIT 1****Part A**

- . The term Entrepreneur is derived from the \_\_\_\_\_ word  
a) English b) Tamil c) Hindi d) **French**
2. An individual who has prior business ownership experience \_\_\_\_\_ entrepreneurs.  
a) **Habitual** b) Novice c) Serial d) Portfolio
3. Refusal to adopt and use opportunities to make changes in production\_\_\_\_\_ entrepreneurs.  
a) Fabian b) Imitative c) Innovative d) **Drone**
4. \_\_\_\_\_ identified innovation as a characteristic of entrepreneur for the first time in 1934.  
a) William Diamond b) A.H.Cole c) W.B.Gartner d) **J.A.Schuumpeter**
5. Why are small businesses important to a country's economy?  
a) They give an outlet for entrepreneurs b) They can provide specialist support to larger companies c) They can be innovators of new products. d) **All the above.**
6. A business arrangement where one party allows another party to use a business name and sell its products or services is known as \_\_\_\_\_.  
a) A cooperative b) **A franchise** c) An owner-manager business d) A limited company
7. For, small business owners, one of the most important objective is \_\_\_\_\_.  
a) market presence b) growth c) **profitability** d) adaptability
8. Innovation can best be defined as \_\_\_\_\_.  
a) the generation of new ideas b) the evolution of new ideas c) the opposite of creativeity d) **the successful exploitation of new ideas**
9. The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as an  
a) inventor b) **opportunist** c) hacker d) craftsman
10. The purpose of all good small business strategy is \_\_\_\_\_.  
a) to increase turnover b) to increase profitability c) to achieve competitive advantage  
d) **to achieve stated objectives**

**Part B**

1. Describe the types of entrepreneurs.
2. Comment on the nature of an entrepreneur.
3. Discuss the functions of an Entrepreneurs.
4. Comment on the growth of Entrepreneurship in India.
5. Discuss the qualities of an entrepreneur.
6. Explain the concept of entrepreneurship.
7. Determine the differences between Entrepreneur and manager.
8. "Entrepreneurship is a process of giving birth to an enterprise". Discuss
9. "Developing countries need imitative rather than innovative entrepreneurs." Comment

## UNIT I

Questions	opt1	opt2	opt3	opt4	opt5	opt6	Answer
The word entrepreneur has taken from_____ language.	French	China	latin	france			French
An_____ bears uncertainty.	Inventor			Manager	Employer		entrepreneur
An _____ is one who discovers new methods.	People	Creator	Inventor	Employer			Inventor
An entrepreneur is the _____ of an enterprise .	Servant	Owner	Manager	Advisor			Owner

A creator    Servant    devisor    Owner    Servant  
manager  
is  
the \_\_\_\_\_  
\_\_\_\_\_ of  
enterprise

A Reward    Wage    Freight    Materials    Reward  
manager  
gets  
salary as  
his \_\_\_\_\_

\_\_\_\_\_ capital    venture    Budget    Plan    Venture  
The  
motive of  
entrepre-  
neur is to  
start  
a \_\_\_\_\_

\_\_\_\_\_ Fabian    Solo    lifetime    Drone    Solo  
Entrepre-  
neur work  
alone is  
called

\_\_\_\_\_  
\_\_\_\_\_  
entrepre-  
neur

An \_\_\_\_\_ Owner    Inventor    Intrapren  
eur    Advisor    Intrapren  
eur

\_\_\_\_\_  
operate  
s within  
organizat  
ion.

actions    Purchase    Risk    Sales

Entrepren  
eurs  
always  
bears\_\_\_\_\_

Risk

A \_\_\_\_\_ Fabian    skilled    innovate    Drone

Fabian

\_\_\_\_\_  
entrepr  
eneur  
will be  
very  
cautious.

A \_\_\_\_\_ Creator    Servant    Inventor    Manager

Manager

\_\_\_\_\_  
does  
not bear  
any risk.

An \_\_\_\_\_ organizer    manager    seller    purchaser

organizer

entrepren  
eur will  
be  
an\_\_\_\_\_

\_\_\_\_\_

strong      optimisti      thinking      weak

Entrepre  
eurs will  
be\_\_\_\_\_

optimisti  
c

\_\_\_\_\_ persons      manager      funds      talent  
\_\_\_\_\_are not  
raised by  
Intrapren  
eurs.

funds

\_\_\_\_\_ concern single Drone women  
\_\_\_\_\_Entrepreneurs are those women who start a business.

women

A advisable pity soft innovatio  
Women n  
Entrepren  
eur mush  
have the  
quality of

Innovation

\_\_\_\_\_ Finance cash loan credit Finance

\_\_\_\_\_ is the  
life blood  
of  
enterprise

Most of literate strong illiterate weak illiterate

the  
Women  
are \_\_\_\_\_  
\_\_\_\_\_ in  
India.

More Asia Kerala Tamil Andra kerala  
literates nadu  
are  
in \_\_\_\_\_

\_\_\_\_\_ Entrepreneurship large medium small medium  
creates\_\_\_\_ scale scale and small large  
scale

\_\_\_\_\_ employe  
ment.

A new people risk cash credit risk  
enterprise  
always  
involves\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Entrepreneurs give birth to a new enterprise.

Entrepreneurship

\_\_\_\_\_ knowledge lateral training courtesy

training

\_\_\_\_\_

— three one two four

Entrepreneurship development program consists of \_\_\_\_\_ phases.

three

A \_\_\_\_\_ single Pre-Training double Triple  
\_\_\_\_\_ Phase is the first phase in EDP's Program me.

Pre-Training

The data close start done start

objective  
of EDP

Programme is  
to \_\_\_\_\_

\_\_\_\_\_aa  
enterprise

.

Motivation comes in \_\_\_\_\_  
\_\_\_\_\_phase

\_\_\_\_\_phase

.

\_\_\_\_\_ Selection training opening none

of  
Entrepreneurs

comes in  
Pre-

Training  
phase.

EDP is transact motivate collect sell

needed  
to \_\_\_\_\_  
\_\_\_\_\_people.

le.

Training

Selection

motivate



A \_\_\_\_\_ single rural company urban

rural

\_\_\_\_\_entrepreneur who starts his venture in rural areas.

70%

78%

80%

75%

70%

\_\_\_\_\_population is in rural sector.

\_\_\_\_\_agro yarn khadi steel  
\_\_\_\_\_belong s to textile industry.

khadi

An fine sugar cane salt  
example of Agro based industry is \_\_\_\_\_industry

sugar

Rural small large medium tiny level  
entrepreneurs scale scale  
generate\_  
\_\_\_\_\_  
\_\_\_\_emp  
loyment.

large  
scale

Rural success single economic Social  
entrepreneurs  
improve\_  
\_\_\_\_\_  
\_\_\_\_growth  
.

economic

A\_\_\_\_\_ village urban slum city  
\_\_\_\_\_s  
small  
industries  
play a  
major  
role in  
rural  
employment.  
ment.

village

\_\_\_\_\_ failure rural economic city rural

—  
entrepren  
eurs  
improve  
economic  
growth.

Training Selection post- opening Pre-  
of of training phase.  
Entrepren  
eurs  
comes  
in \_\_\_\_\_

Pre-  
training  
phase.

\_\_\_\_\_.  
\_\_\_\_\_ is  
needed to  
motivate  
people.

transact EDP DEP PDE

EDP

Women home sugar tolerate capable  
are makers  
treated  
as \_\_\_\_\_  
\_\_\_\_\_.

home  
makers

The industry promoted by women entrepreneurs are mostly \_\_\_\_\_.

communi cation	telex	handi crafts	capable	handi crafts
-------------------	-------	-----------------	---------	-----------------

A \_\_\_\_\_ manu facturing is the foremost preparati on by women entrepreneurs.

Pickle	telephone	handi	Food items	Pickle
--------	-----------	-------	---------------	--------

\_\_\_\_\_ is one of the role of women entrepreneurs.

watch	organisi m	seeing	courageo us	organisi m
-------	---------------	--------	----------------	---------------

both men and women  
organiser  
men  
A \_\_\_\_\_ and  
\_\_\_\_\_ or a women  
group of  
women  
start a  
business  
that is  
called to  
be  
women  
entrepreneurs.  
eurs.

women

Aptitude Employee Entrepreneurs Intrapreneurs

Entrepreneurs

People  
who own,  
operate,  
and take  
risk of a  
business  
venture is  
known as

An  
entrepreneur doing  
business  
within  
the

national  
border is  
called

international

entrepreneurship

intrapreneurship

domestic  
entrepreneur

imports

domestic  
entrepreneur

What

type

of

entrepreneur

business

is

actually

producing

products

the

products

they

sell?

Manufacturing

Wholesaling

Retailing

Consumer

Manufacturing

The word to take under do  
entrepreneur undertake  
eur is  
derived  
from the  
French  
word  
which  
means

to  
undertake

Sudden Rules Procedure Governm policy  
changes of e ent policy

Governm  
ent policy

\_\_\_\_\_ is  
the factor  
determini  
ng  
entrepreneurship

The filling Gap connectio return  
Entrepreneur is a filling n

Gap  
filling

\_\_\_\_\_  
function

An entrepreneur is motivated by Profits Loss Expenses income tax

Profits

An Entrepreneur is employed unemployed self-employed self-Unemployed

self-employed

\_\_\_\_\_ and he is his own boss

\_\_\_\_\_ are motivated by its profits Entrepreneur Worker People Organizer eurs

Entrepreneurs

Khadi belongs to \_\_\_\_\_ agro yarn textile Steel

textile

\_\_\_\_\_ industry.

The motive of Purchaser Seller Entrepreneur Manager

Entrepreneur

\_\_\_\_\_ is to start a venture.



Rural      nil      urban      economic      Unsuccess  
entrepreneurs  
improve

Economic

—  
growth.

A Fabian      Strong      Weak      Cautious      courageous  
entrepreneur will  
be very

Cautious

——.

A new      people      cash      society  
enterprise

enterprise

always  
involves  
risk.

All      customer      officers      bankers  
s      Entrepreneurs

Entrepreneurs

need  
training.

## Maslow Motivation Theory

### The Hierarchy of Needs

The Maslow motivation theory is one of the best known and most influential theories on workplace motivation.

Psychologist Abraham Maslow first developed his famous theory of individual development and motivation in the 1940's. He suggested that human beings have a hierarchy of needs. That is, that all humans act in a way which will address basic needs, before moving on to satisfy other, so-called higher level needs.

Maslow represented this theory as a hierarchical triangle. This shows how basic needs must be met before one can "climb" the hierarchy, to address more complex needs.

For example, first one must meet the basic, physiological need for food, water and warmth. After that the focus would be on the need to be safe, then the need to belong to social groups, and so on up the hierarchy.

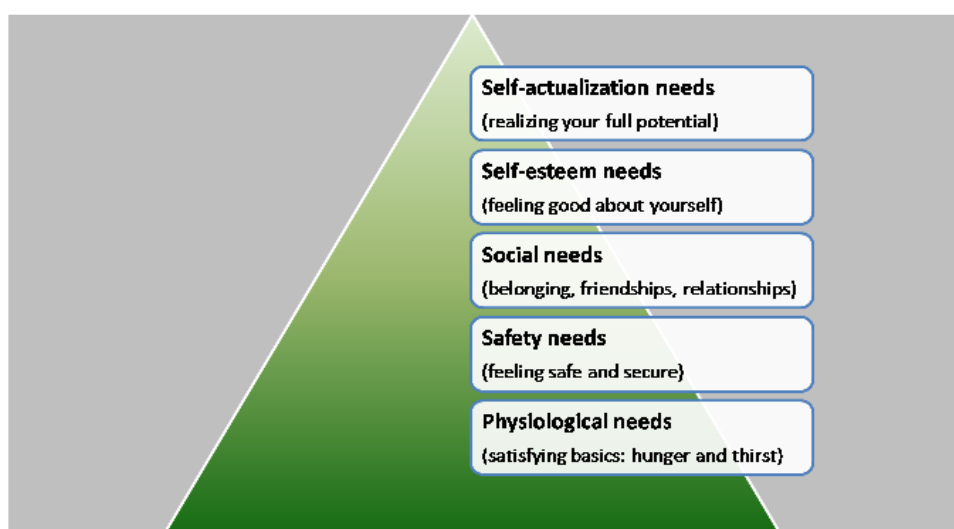
The important thing to recognize is Maslow's contention that one's sense of well-being. i.e. the 'feel good factor' increases as the higher level needs are met.

Do you want to know the essentials of Maslow Motivation Theory in a minute? This is one of our Manage in a Minute pages. These contain essential tips on fundamental management topics.

No fuss or side-tracks, they get straight to the point. Here, in a series of bullet points which can be read in a minute (ish!)., are some essentials ways to understand motivation in the workplace.

The Maslow motivation theory is typically represented by 5 steps:

- **Physiological needs** – such as hunger, thirst and sleep
- **Safety needs** – such as security, protection from danger and freedom from pain.
- **Social needs** – sometimes also referred to as love needs such as friendship, giving and receiving love, engaging in social activities and group membership.
- **Esteem needs** – these include both self-respect and the esteem of others. For example, the desire for self-confidence and achievement, and recognition and appreciation.
- **Self-actualization** – This is about the desire to develop and realize your full potential. To become everything you can be.



### Maslow's Hierarchy of Needs

Maslow believed that human beings have a strong desire to reach their full potential. In his own words:

***“a man’s desire for self-fulfilment, namely the tendency for him to become actually in what he is potentially: to become everything that one is capable of being....”***

To understand Maslow’s thinking it’s worth noting some of his main assertions:

- Broadly, as one set of needs is met, the next level of needs become more of a motivator to an individual.
- A satisfied need is not a motivator.
- Only unsatisfied needs motivate an individual. We have an innate desire to work our way up the hierarchy, pursuing satisfaction in higher order needs.
- Self-actualization stimulates a desire for more due to what Maslow explained as “peak experiences”.

### **Motivation - McGregor (Theory X & Theory Y)**

McGregor developed two theories of human behaviour at work: Theory X and Theory Y. He did not imply that workers would be one type or the other. Rather, he saw the two theories as two extremes - with a whole spectrum of possible behaviours in between.

#### **Theory X workers could be described as follows:**

- Individuals who dislike work and avoid it where possible
- Individuals who lack ambition, dislike responsibility and prefer to be led
- Individuals who desire security

The management implications for Theory X workers were that, to achieve organisational objectives, a business would need to impose a management system of coercion, control and punishment.

#### **Theory Y workers were characterised by McGregor as:**

- Consider effort at work as just like rest or play
- Ordinary people who do not dislike work. Depending on the working conditions, work could be considered a source of satisfaction or punishment
- Individuals who seek responsibility (if they are motivated)

The management implications for Theory Y workers are that, to achieve organisational objectives, rewards of varying kinds are likely to be the most popular motivator. The challenge for management with Theory Y workers is to create a working environment (or culture) where workers can show and develop their creativity.

### **Entrepreneurs are made not born**

According to an Ernst & Young report ‘Nature or nurture? Decoding the DNA of the entrepreneur’, entrepreneurial leaders surveyed, more than half described themselves as “transitioned” — meaning that they had some experience outside of the world of entrepreneurship before launching their ventures.

The report further states that ‘although there are notable examples of entrepreneurial leaders who left college to form hugely successful businesses, such as Bill Gates of Microsoft or Mark Zuckerberg of Facebook, these are very much in the minority.’

Among the survey respondents, some form of business experience was considered a vital foundation that increased the chances of future entrepreneurial success and about 45% of the respondents said they had started their first venture after the age of 30.

The conclusion that can be drawn from these two countering arguments is that just as there are so many different entrepreneurial ideas, there is no one route to entrepreneurship. While

there are some who are born with a desire to create ventures and have inherent qualities that make them successful entrepreneurs, there are others who learn and acquire them along the way.

### **Entrepreneurial Motivation**

Entrepreneurial motivation is the process of transforming an ordinary individual to a powerful businessman, who can create opportunities and helps in maximizing wealth and economic development. It is defined as various factors stimulate desires and activates enthusiasm in entrepreneurs which make them attain a particular goal. Entrepreneurship is the process of identifying strengths and opportunities which help in the realization of one's dreams for designing, developing and running a new business by facing threats and risks effectively.

**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.**

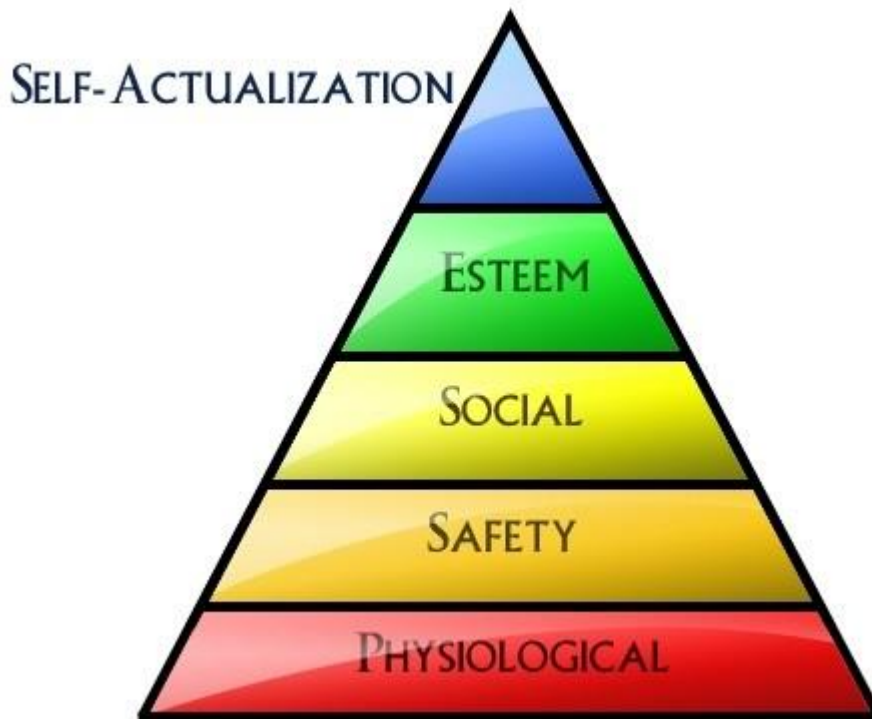
Motivation makes entrepreneur by fulfilling higher level needs such as recognition, esteem, and self-actualization. Various theories explained motivation as an influencing concept, it can bring out hidden talents and creativity, and it contributes to the individual goals and society development. Maslow's need hierarchy theory, Hertzberg's two-factor theory, and David MC Clelland's acquired needs theory proved that motivation can bring energy, enthusiasm, creativity and efficiencies in fulfilling the desired objectives.

Motivation activates innate strengths to achieve a particular goal, many questions arise during knowing this concept such as why can't all the human beings become leader or entrepreneurs even though they face same motivation during his/her lifetime? Who can become effective motivators? What type of motivation can influence one's behavior? Is the extent of motivation decides the power of externalized behavior? Etc, 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**
- **External factors**

#### ***Internal factors***

**Need for self-actualization**



It is explained by Maslow and it is the top level need refers to the desire for self-fulfillment. Need for freedom and self-fulfillment makes the individuals or employees of the organization make them become powerful leaders or entrepreneurs.

#### **Optimism**

Individuals having positive mind-set get motivated by finding opportunities during critical situations also. Positive attitude and perception motivate an individual to work out for the best even during unfavourable and tough situations also.

#### **Positive attitude**

The positive attitude is the most important factor which motivates the individuals to become successful entrepreneurs. Habituating positive attitude can lead an individual to develop constructive thinking; it motivates them to become powerful entrepreneurs, finally, the positive attitude can prove that how valuable they are.

#### **Self-motivation**

Most of the successful and powerful entrepreneurs are self-motivated; here they fulfill the desired objectives by motivating themselves. Though many individuals have ideas but they cannot put those for business development; however self-motivated people can take decisions to implement ideas.

#### **Enthusiasm**

Enthusiasm motivates in finding better solutions, finally, it stabilizes the ideas and makes them become creators and innovators which result in successful entrepreneurs.

#### **Commitment**

Commitment towards a goal can make to achieve success. It motivates entrepreneurs by inspiring and developing emotional attachment towards an objective.

#### **Education**

Education is the most important factor it motivates a person to innovate and create new products, this result in establishing an organization or a new business venture. The knowledge acquired during the course of time and innate skills highly motivates a person to become a successful entrepreneur.

#### **Background**

Family background, occupational background and a person's own experience in a job motivates him/her to become an entrepreneur. Having entrepreneurial background acts as a clear path to becoming a successful and powerful entrepreneur.

**Financial background**

Finance is the scarce resource which motivates and enables a person to become an entrepreneur. Money can make many things it is the major thing in deciding one's status and development, strong financial background facilitates to start a business.

***External factors***

**Influence**

Influence of family members, friends, and society motivates the individuals to become entrepreneurs. The extent of influence shows an effect on the character, behavior, and development, it comes from the external environment. Here people get influenced by seeing successful entrepreneurs or by the words of others.

**Availability of resources**

Resource availability motivates at a high extent to become entrepreneurs, availability of land, labor, money, machinery, and materials make individual to start a new business. Though there is creativity, intelligence, commitment and enthusiasm in the individuals, but the unavailability of resources becomes an obstacle for new entrants or entrepreneurs.

**Product's demand**

Higher demand for a particular product motivate entrepreneurs to produce innovative and value added products, here product's demand motivates the individuals to become entrepreneurs. The hope of success makes them produce innovative products or substitute products, some entrepreneurs fulfill the market demand by producing complementary goods also. So the increase in products demand highly motivates to become entrepreneurs.

**Government policies**

Subsidies and benefits given by the government motivate entrepreneurs to produce new products or motivates individual to become entrepreneurs. Government policies show higher influence on establishing new firms and it leads to economic development. In the case of small scale industries, rural people are encouraged by the various training programs, financial support, and subsidies; it is one of the main reasons for the establishment of new firms and arrival of new entrants.

**Information availability**

Market knowledge and information motivate individuals to enter into the markets and to become entrepreneurs. If there is abundant information then it automatically creates interest in the minds of enthusiastic people to become entrepreneurs. Availability of information facilitates research and producing innovative and value added products, and it creates a scope to become entrepreneurs.

**Technological advancement**

Technological advancement acts as a path to transform ideas into products, feasibility in production and expected success rate highly motivates to become entrepreneurs. It reduces errors and cost of production and maximizes success rate, this is the reason why people are interested in becoming entrepreneurs with the increase in technology.

**Changing tastes and preferences**

Changing tastes and preferences of the customers maximizes the chance to produce substitute and complementary goods, it creates a scope to innovation and establishment of the new ventures.

### **Entrepreneurial Motivating Factors: Internal and External Factors!**

#### **Internal Factors:**

These include the following factors:

1. Desire to do something new.
2. Become independent.
3. Achieve what one wants to have in life.
4. Be recognized for one's contribution.
5. One's educational background.
6. One's occupational background and experience in the relevant field.

#### **External Factors:**

These include:

1. Government assistance and support.
2. Availability of labour and raw material.
3. Encouragement from big business houses.
4. Promising demand for the product.

### **Achievement Motivation**

The **Achievement motivation theory** relates personal characteristics and background to a need for achievement and the associated competitive drive to meet standards of excellence.

According to theoretical research by Murray (1938), McClelland, Atkinson, Clark, and Lowel (1953), and McClelland (1961), achievement motivation or need for achievement is influenced by a combination of internal factors including personal drives and external or environmental factors including pressures and expectations of relevant organizations and society. Related to an individual's need for achievement and overall motivation is the individual's need for power and need for affiliation.

Understanding and explaining individuals' achievement motivation is important within organizations where such characteristics are strongly associated with ongoing organizational success, most notably in the sales function. Staffing the organization with individuals having backgrounds and personal characteristics that are suggestive of a high need for achievement becomes an important consideration.

While many factors are potentially influential and interact, e.g. an individual's values (e.g. valuing the accomplishment of tasks over personal relationships), culture and educational background, providing appropriate external support in the form of organizational systems, structures, and culture (e.g. including opportunities for promotion, recognizing and rewarding successes, ensuring performance feedback, and matching individual control with role responsibilities and role importance) becomes just as important as the organization's assessing and nurturing an individual's personal drives.

As a company you may offer several motivation and achievement opportunities, but it depends on the individual to acquire it as well. Similarly, if the individual is motivated by achievements, but you are neither offering rewards, recognition or remuneration as an incentive then there is nothing to motivate the employee or offer an achievement to him.

As an employee moves up the ladder he feels that he has achieved something and this motivates him to achieve even more. But moving up the ladder is a slow process and hence as a company, there should be various add ones offered by you so that the employee stays motivated.

### **Motive for Starting an Enterprise**

Starting a business is something that many people think about at one time or another during their lives. Motivations for wanting to become an entrepreneur can vary greatly. Common motivators can include escaping the corporate grind, taking greater advantage of special skill sets, supplementing income or a strong drive to achieve personal or financial success.

### **Self-Direction**

If you've spend a number of years toiling for companies and bosses, you may have the desire to determine your own fate by starting a business. You'll be able to operate the business as you see fit and not have to worry about pleasing your boss. In many cases, you'll also have the flexibility to set your own schedule.

### **Financial Success**

Operating a business can lead to financial success. Unlike a job where your earnings are limited to what your company is willing to pay you or a predetermined wage scale, the money you earn from a business is often determined by your own efforts and business savvy. If your initial venture is successful, you can add to your earnings through expansion.

### **Self-Fulfillment**

If you feel that your company is not utilizing your talents properly, starting a business can allow you to maximize your abilities and create a sense of fulfillment. For example, if you're a police officer whose investigative skills are not being put to the test, you could consider starting your own investigative agency where you can make full use of your abilities.

### **Additional Income**

Perhaps you're happy with your present job but would like to supplement your income. If you have a special skill or a hobby you enjoy, you can use these to start a small business on the side. If you enjoy writing, for example, you can look for freelancing opportunities for the local newspaper or online.

### **Second Career**

If you're a retiree, starting a business can take the form of a second career. People who retire early from a job may have the desire to continue working. Older retirees may feel that they need additional income or have concerns about how long their present retirement benefits may last. Starting a business in retirement can also allow for pursuing a passion in addition to providing income.

## **Entrepreneurial behaviour**

Entrepreneurial behavioral is one of two behavioral alternatives underlying the desire to undertake innovations and to change the status quo. The other is managerial behavior. Entrepreneurial behavior embraces innovation, is motivated to seek changes in the status quo, draws satisfaction from institutional changes. In contrast, managerial behavior is a preference for maintaining the status quo.

The underlying source of entrepreneurial behavior is a relative preference for novel information over redundant information. Both types of information are important to the fight or flight response to a threat. Novel information reveals potential threats that results in automatic physiological responses, which is more satisfying to some than it is to others.

Entrepreneurial behavior is a preference for innovation and a change in existing institutions and the status quo. It can be as simple as the willingness to buy a new electronic gadget or as involved as rebelling against the existing political regime and starting a new nation. It often surfaces in the form of an entrepreneur undertaking the risk of organizing production and launching a new business venture.



### **Fight or Flight**

An understanding of entrepreneurial behavior requires a look at the fundamental, physiological response to potential threat, what is called fight or flight. The human body automatically prepares itself to fight off a potential threat to flee away from it. Respiration increases. Pupils dilate. Brain wave activity increases. Adrenalin is pumped through the body. Heart rate increases. The human body is primed and ready to recognize the threat and to respond.

### **A Preference for Change**

Entrepreneurial behavior is a preference for changing the status quo over maintaining it. Entrepreneurial types embrace innovation. A change in institutions generates satisfaction for the entrepreneurially inclined. Keeping things structured and orderly is not nearly as satisfying. Entrepreneurial behavior has a relative preference for novel information over redundant information.

### **The Managerial Alternative**

The alternative to entrepreneurial behavior is managerial behavior. Managerial behavior is a preference for maintaining the status quo over changing it. Managerial types resist innovation. A change in institutions does not generate satisfaction. On the contrary, satisfaction is best achieved from keeping things structured and orderly. Managerial behavior displays a relative preference for redundant information over novel information.

### **A Continuum**

Like much of life, the inclination toward managerial or entrepreneurial behavior is seldom one or the other. Most people have a combination of each and few exhibit either in the extreme or in all aspects of their lives. One person might be entrepreneurial in business, but managerial at home. Another person might be just the opposite. Each might fulfill the desire for in one activity, then be satisfy with the status quo in other activities.

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**UNIT II**

**Part A**

1. The steps involved in an entrepreneurial endeavor include all but which one of the following?  
a) business plan formulation b) obtaining financing c) selecting the type of legal structure  
d) **hiring a partner**
2. Common reasons for entrepreneurial failure include all but which one of the following?  
a) poor implementation b) lack of capital c) **adequate financial support** d) faulty product design
3. Large investment is made in fixed assets, the project will be termed as \_\_\_\_\_.  
a) **Capital Intensive** b) Labour Intensive c) Product Intensive d) Market Intensive
4. \_\_\_\_\_ refers to some action which is a time consuming effort necessary to complete a specific event.  
a) A Network b) **An Activity** c) An Event d) A Node
5. EST stands for \_\_\_\_\_.  
a) **Earliest Start Time** b) Event Start Time c) Effective Start Time d) Essential Start Time
6. Decisions taken by an entrepreneur on behalf of his enterprise are known as \_\_\_\_\_.  
a) **Organizational decisions** b) Personal decisions c) Routine decisions d) Strategic decisions
7. \_\_\_\_\_ is a problem-solving technique designed to produce numerous ideas in a short period  
a) Synectics b) Delphi technique c) **Brain storming** d) Nominal group technique
8. Which of the following is not one of the 4 M's?  
a) motivation b) management c) **materials** d) money
9. A key aspect of the financial section of the business plan is \_\_\_\_\_.  
a) A statement of management skills b) **A realistic sales forecast.**  
c) Production capacity d) A description of competitors
10. An entrepreneur who owns more than one business at a time is called \_\_\_\_\_.  
a) an intrapreneur b) a corporate entrepreneur c) **a portfolio entrepreneur** d) None of the above

**Part B**

1. Explain on entrepreneurial motivation.
2. Elaborate Maslow theory.
3. Discuss on McGregor theory.
4. Comment on the factors that motivate people to go into business.
5. Explain briefly on Entrepreneurial motivation.
6. Discuss the need clusters of Maslow theory.
7. It is said that "Ambition is the lever of all motives". Do you agree? Comment.
8. Comment on McGregor theories of motivation.
9. Comment on Achievement motivation criteria of an enterprise.
10. Is entrepreneurship motivation necessary for a successful entrepreneur?

Unit II

Questions	opt1	opt2	opt3	opt4	opt5	opt6	Answer
The resistance to entrepreneurship	Entrepreneurship	Intrapreneurship	Managerialism	Administrative domain			Intrapreneurship
The every planning a planning a publicity and loss adjustment							planning and leading
				creative			
The observer				management			
	scientific	classical	human relations				scientific management
The study of	diplomacy	sociology, socioeconomics	physiology, society, anthropology				sociology, psychology, anthropology
The positive	affirmative	discriminatory	race relations	progressive			affirmative action
Acting ethically is immoral	reduces productivity	leads to better	promotes long term benefits				promotes long term benefits
The study of	individual buildings	structures	departments				individuals and groups
Managing the small business	better management	vital for the success of an organisation	an unnecessary expense				vital for the success of an organisation
The social psychology	sociology	anthropology	political science				psychology
The social psychology	sociology	anthropology	political science				sociology
The behavioural psychology	psychology	sociology	sociopsychology				social psychology
People within an organisation	IT	Finance	marketing				organisational behaviour
The will to	motivation	leadership	effort	management	configuration		motivation
An internal	motivation	leadership	effort	management	needs		needs
In his theory	people in an organisation	people are motivated by one need or another	people are continually motivated by one need or another				people are continually motivated by one need or another
Maslow's hierarchy of needs	Esteem	belongingness	Safety	physiological			Safety
Which law of exercise	Law of exercise	Law of reciprocity	Law of effect	Law of intimacy			Law of exercise
Who said, I think I can	Discartes	Plato	Aristotle	Rousseau			Discartes
The stress of	Advantage	Detriment	Neither	helpful in the development of the performer			Detrimental to the performer
In the child	Community	School	Peer group	family			School
Which is the best	Rating scale	Interviews	Paper & pencil	All the above			All the above
Which of the following is not a	physiological	safety	belongingness	self-actualization			self-actualization
Strong, reliable	motivation	personality	emotions	perceptions			emotions
Which term is not a	personality	need	emotions	perceptions			need
Maslow's hierarchy of needs	cognition	physiological	safety	belongingness			cognition
Which of the following is not a	cognitive	affective	preservation	growth			growth
Which of the following is not a	First level	Top level	Middle level	Administrative			Middle level
Which of the following is not a	Theory X	Theory X	Theory Y	Theory Y	managers view people as self motivated and do not want to be directed		Theory X managers assume that people are self motivated and do not want to be directed
Which one of the following is not a	Workers' choice	Workers' voice	Workers' initiative	Workers like to be directed			Workers like to be directed
Of what is Job design	Job design	Job enrichment	Job rate	Job planning			Job enrichment
A/An _____ is best for small business		corporation	proprietorship	small business			small business
Which of the following is not a	desire for security	search for desire to belong	search for more rewarding work	desire to maintain the status quo			desire to maintain the status quo
An entrepreneur	Supplier	Retailer	Competitor	Government			Retailer
The development of	Expertise	Heavy investment	Skilled human resources	Highly educated staff			Expertise of an entrepreneur

Entrepreneur	Get along	Are the best	Are cordial	Are in conflict	Are in conflict
The _____	Business propensity	Economic need for achievement	Marketing	Sales	Business
Which of the following	Technological	extravert	tolerance of others		Technological
Which of the following	Capacity	Social environment	Political Attitude	Economic condition	Capacity
Financial statement	cash flow balance sheet	break-even point	profit and loss statement		break-even point
Which one of the following	Creating infrastructure	Making a transition	Selecting infrastructure	Setting up infrastructure	Setting up infrastructure
Entrepreneur	European	Asian countries	Transition economies	Middle east	Transition economies
The chief characteristic of	Male	Female	Young	All of these	All of these
Which is the most important	Means of production	Increase in productivity	Optimum	All of the above	All of the above
The nature of entrepreneurial environment					
includes	Geographical	Internal and external	Dynamic	All of the above	All of the above
Professional support network include following					
EXCEPT	Personal and family	Mentor	Trade associations	Friends	Friends
			Business support networks.		
Individual role model	Moral support	Professional			Professional support networks
Which is the most important	Profit-oriented	Resourceful	Calculating	All of the above	All of the above
Which of the following	High potential	Foundations	Life style	Public company	High potential growth firm
The entrepreneur	Identifying and evaluating the opportunity	Developing the business plan	Implementing the plan	Managing the enterprise	Identifying and evaluating the opportunity
Analysis of the market	Forecasting	Monitoring	Scanning	All of the above	All of the above

All of the following are essential to maintain secrecy

EXCEPT Train employees Discuss business in public place Provide employees with simple security such as local security measures Discuss business in public place

Which is the most important? Research : Service project Welfare project All of the above All of the above

Degree of Locus of control Locomotive Locust of Loss of control Locus of control

means identifying and imitating the best in the world at specific tasks and functions

Benchmarking Outsourcing Quality circle Continuous improvement

Which is the most important? Human Resource Technology Industrial All of the above

Entrepreneurship The semi-A project

The development of Expertise Expertise Skilled human Highly educated staff

Licensing Low risk project Easy way Several projects All of the above

Benchmarking

All of the above

A project

Expertise of an entrepreneur

All of the above

creative, human relations, systems, contingency

The main classical, human relations, systems, contingency

## UNIT III

### The start up Process

Small Scale Business provides more independence than the large scale business and through this type of business one can fulfill their dream to become an entrepreneur. It eliminates much of the overhead expense and extensive planning required in larger business ventures. One can set up small-scale industries by following the simple procedures, which are as follows:

**Decision Making:** *First of all*, you need to prepare the description for the small scale industry you want to set up. It is necessary to decide whether you wish to set up a corporation, proprietorship or partnership. The potential entrepreneur has to analyze his strength, weakness while deciding for entrepreneur career. This analysis helps in knowing what type and size of business would be the most suitable.

**Scanning Of Business Environment:** Before setting up your industry, it is always essential to study and understand the prevailing business environment in which they operate particularly the industrial policy, economic policy, licensing policy, legal environment, and technological environment. The environment impacts a lot in setting up a proper industry.

**Product Selection:** You need to decide the product you wish to manufacture or the service you wish to offer. While choosing the product or service you want to offer, you must conduct a good market research and learn about the prevailing competition in the market.

**Location:** You need to choose a location to set up your small scale industry. While choosing the location such factors such as nearness to market, sources of material availability of raw materials, labor, transportation services, modern infrastructural facilities and other things are considered. Location determines the success or failure of the enterprise.

**Technology:** To manufacture any item, technology is used. The entrepreneur should collect information on all available technologies, and the most suitable one should be identified. This will also be useful to determine the type of machinery and equipment to be installed.

**Project:** Project appraisal means the assessment of a project. It is a technique for ex-ante analysis of a scheme or project while preparing to set up an enterprise; the entrepreneur has to appraise the project carefully from the standpoint of economic, financial, technical, market, social and managerial aspects to arrive at the most socially-feasible enterprise.

**Finance:** Finance is the lifeblood of the enterprise. So, the next big step is to arrange for finance. No business can be created, with zero capital. If you don't have enough finance and then the best way is to borrow or take a loan.

**Provisional Registration:** It is always worthwhile to get the unit registered with the government. The entrepreneur has to obtain the prescribed application from DIC or Directorate of Industries. After having duly filled in the application form, he has to submit the application with all relevant documents in the local DIC or Directorate of Industries.

**Production Management:** Production management is the next step, once you can start your small scale industry. This includes allocating space for different operations and choosing your production methods. You are required to purchase machinery and hire employees and workers for different departments.

**Power And Water Connection:** The sites where the enterprise will be located should either have adequate power connections, or it should be arranged. The entrepreneur can calculate the total power requirement and determine the nearest pole from which power will be given to the enterprise, as it can materially affect the installation cost.

**Installation Of Machinery:** Once the above formalities have been completed; the next step is to procure machinery and begin its installation as per the plant layout.

**Insurance:** It is necessary to have adequate insurance for fixed assets at this stage and later on for the current assets as well.

**Recruitment Of Manpower:** Once machines are installed, the need for manpower arises to run them. So, the quantum and type of manpower are to be decided. The sources of getting desired labor are also important. This follows the recruitment, training, and placement.

**Production:** The unit established should have an organizational set-up. To operate optimally, the organization should employ its manpower, machinery, and methods effectively. There should not be any wastage of manpower, machinery, and materials. If items are exported, then the product and its packaging must be attractive.

**Marketing:** Marketing is the most important activity as far as the entrepreneurial development is concerned. Marketing and business advertising form the next big step of setting up a small scale industry. Online business directories and various traditional forms of advertising can gain exposure for your business. Prices for your products or services are decided to keep in mind the profit margin.

**Quality Assurance:** Before marketing, the product quality certification from BIS (Bureau of Indian Standard)/ AGMARK/HALLMARK, etc., should be obtained depending upon the product. If there are no quality standards specified for the products, the entrepreneur should evolve his quality control parameters.

**Permanent Registration:** After the small scale unit goes into production and marketing, it becomes eligible to get permanent registration based on its provisional registration from the DIC or Directorate of Industries.

**Market Research:** Once the product or service is introduced in the market, there is strong need for continuous market research to assess needs and areas for modification, up gradation and growth.

**Monitoring:** Periodical monitoring and evaluation not only of markets but also production, quality, and profitability help in knowing where the firm stands in comparison to performance envisaged in the business plan. It also identifies the direction of future growth. Therefore, planning is a useful aspect of setting up a small scale. According to business, at every stage, you are required to improve your plan.

## Project Identification

Project identification is the first step in the strategic planning process. Before spending significant time and resources on a project, restoration practitioners should be able to identify the biological importance and likelihood of restoration success at potential project sites. An initial feasibility analysis should also be performed that evaluates how the local or state political climate, permits, funding, or community acceptance might support or impede a project. As project planning proceeds, a team should be assembled that is knowledgeable of the opportunities, complexities, and potential pitfalls of the project. Finally, the development of partnerships and consideration of funding opportunities are also important steps in planning.

## Project Selection

One of the biggest decisions that any organization would have to make is related to the projects they would undertake. Once a proposal has been received, there are numerous factors that need to be considered before an organization decides to take it up.

The most viable option needs to be chosen, keeping in mind the goals and requirements of the organization. How is it then that you decide whether a project is viable? How do you decide if the project at hand is worth approving? This is where project selection methods come in use.

Choosing a project using the right method is therefore of utmost importance. This is what will ultimately define the way the project is to be carried out.

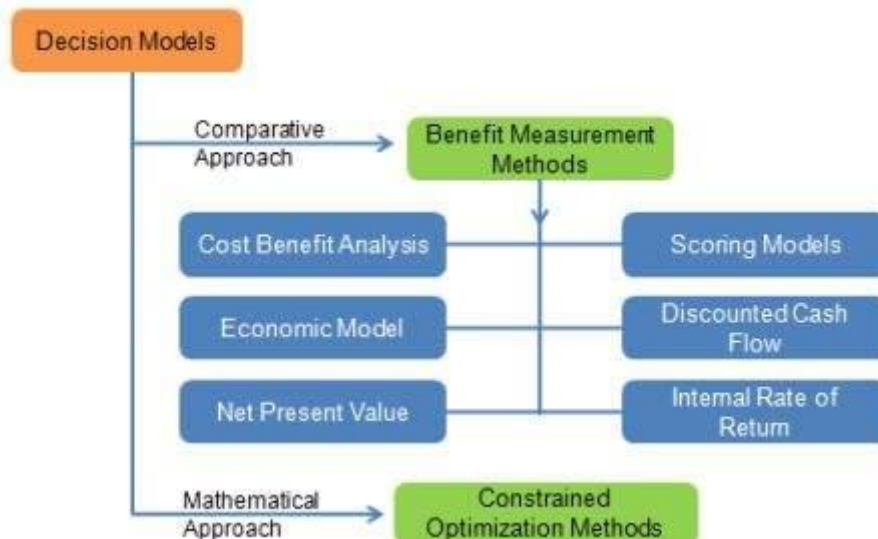
But the question then arises as to how you would go about finding the right methodology for your particular organization. At this instance, you would need careful guidance in the project selection criteria, as a small mistake could be detrimental to your project as a whole, and in the long run, the organization as well.

#### *Selection Methods*

There are various project selection methods practised by the modern business organizations. These methods have different features and characteristics. Therefore, each selection method is best for different organizations.

Although there are many differences between these project selection methods, usually the underlying concepts and principles are the same.

Following is an illustration of two of such methods (Benefit Measurement and Constrained Optimization methods):



As the value of one project would need to be compared against the other projects, you could use the benefit measurement methods. This could include various techniques, of which the following are the most common:

- You and your team could come up with certain criteria that you want your ideal project objectives to meet. You could then give each project scores based on how they rate in each of these criteria and then choose the project with the highest score.
- When it comes to the Discounted Cash flow method, the future value of a project is ascertained by considering the present value and the interest earned on the money. The higher the present value of the project, the better it would be for your organization.
- The rate of return received from the money is what is known as the IRR. Here again, you need to be looking for a high rate of return from the project.
- The mathematical approach is commonly used for larger projects. The constrained optimization methods require several calculations in order to decide on whether or not a project should be rejected.



Cost-benefit analysis is used by several organizations to assist them to make their selections. Going by this method, you would have to consider all the positive aspects of the project which are the benefits and then deduct the negative aspects (or the costs) from the benefits. Based on the results you receive for different projects, you could choose which option would be the most viable and financially rewarding.

These benefits and costs need to be carefully considered and quantified in order to arrive at a proper conclusion. Questions that you may want to consider asking in the selection process are:

- Would this decision help me to increase organizational value in the long run?
- How long will the equipment last for?
- Would I be able to cut down on costs as I go along?

In addition to these methods, you could also consider choosing based on opportunity cost - When choosing any project, you would need to keep in mind the profits that you would make if you decide to go ahead with the project.

Profit optimization is therefore the ultimate goal. You need to consider the difference between the profits of the project you are primarily interested in and the next best alternative.

#### **Implementation of the Chosen Method**

The methods mentioned above can be carried out in various combinations. It is best that you try out different methods, as in this way you would be able to make the best decision for your organization considering a wide range of factors rather than concentrating on just a few. Careful consideration would therefore need to be given to each project.

### **Project Formulation**

Project Formulation is a concise, exact statement of a project to set the boundaries or limits of work to be performed by the project. It is a formal document that gives a distinctive identity of the project and precise meaning of project work to prevent conflict, confusion, or overlap.

Project formulation can be also defined as one of the stages in the lifecycle of a project. The formulation stage is also called Initiation, Conceptualization, Definition, Pre-Project. This stage aims to:

- Carefully identify and weight various components of project work
- Analyze project feasibility and cost-effectiveness
- Examine and approve project inputs and outputs
- Identify stakeholders and their involvement and contribution
- Define benefits and expectations
- Estimate resources needed
- Perform a preliminary analysis of risks
- Make an outline of project schedule

#### **Feasibility Study?**

In simple terms, a feasibility study involves taking a judgment call on whether a project is doable. The two criteria to judge feasibility are cost required and value to be delivered. A well-designed study should offer a historical background of the business or project, a description of the product or service, accounting statements, details of operations and management, marketing research and policies, financial data, legal requirements and tax obligations. Generally, such studies precede technical development and project implementation.

A feasibility study evaluates the project's potential for success; therefore, perceived objectivity is an important factor in the credibility of the study for potential investors and lending institutions.

**Five Areas of Project Feasibility:**

1. **Technical Feasibility** - assessment is centered on the technical resources available to the organization. It helps organizations assess if the technical resources meet capacity and whether the technical team is capable of converting the ideas into working systems. Technical feasibility also involves evaluation of the hardware and the software requirements of the proposed system.
2. **Economic Feasibility** - helps organizations assess the viability, cost, and benefits associated with projects before financial resources are allocated. It also serves as an independent project assessment, and enhances project credibility, as a result. It helps decision-makers determine the positive economic benefits to the organization that the proposed system will provide, and helps quantify them. This assessment typically involves a cost/ benefits analysis of the project.
3. **Legal Feasibility** - investigates if the proposed system conflicts with legal requirements like data protection acts or social media laws.
4. **Operational Feasibility** - this involves undertaking a study to analyze and determine whether your business needs can be fulfilled by using the proposed solution. It also measures how well the proposed system solves problems and takes advantage of the opportunities identified during scope definition. Operational feasibility studies also analyze how the project plan satisfies the requirements identified in the requirements analysis phase of system development. To ensure success, desired operational outcomes must inform and guide design and development. These include such design-dependent parameters such as reliability, maintainability, supportability, usability, disposability, sustainability, affordability, and others.
5. **Scheduling Feasibility** is the most important for project success. A project will fail if not completed on time. In scheduling feasibility, we estimate how much time the system will take to complete, and with our technical skills we need to estimate the period to complete the project using various methods of estimation.

**Marketing Survey**

Market survey--where you actually speak to members of your target audience--are an important part of market research. You can choose to hire a company to do it for you, but conducting the interviews yourself will most likely give you a much better idea of the needs of your target audience and will provide you with insights that you might not otherwise have gleaned.

If you're going the do-it-yourself route, you'll probably want to act as the focus group moderator. As the moderator, you'll want to encourage an open-ended flow of conversation and be sure to solicit comments from quieter members, or you may end up getting all your information from the talkative participants only. Also, when conducting any type of survey,

whether it's a focus group, a questionnaire or a phone survey, pay particular attention to customers who complain or give you negative feedback. You don't need to worry about the customers who love your product or service, but the ones who tell you where you're going wrong provide valuable information to help you improve.

**Telephone interviews:** This is an inexpensive, fast way to get information from potential customers. Prepare a script before making the calls to ensure you cover all your objectives. Most people don't like to spend a lot of time on the phone, so keep your questions simple, clearly worded and brief. If you don't have time to make the calls yourself, hire college students to do it for you.

**Direct-mail interviews:** If you want to survey a wider audience, direct mail can be just the ticket. Your survey can be as simple as a postcard or as elaborate as a cover letter, questionnaire and reply envelope. Keep questionnaires to a maximum of one page, and ask no more than 20 questions. Ideally, direct-mail surveys should be simple, structured with "yes/no" or "agree/disagree" check-off boxes so respondents can answer quickly and easily. If possible, only ask for one or two write-in answers at most.

**Fax/e-mail interviews:** Many of the principles used in direct-mail interviews also apply to these surveys. One exception: Never send an unsolicited fax that is more than one page. Give clear instructions on how to respond, and be appreciative in advance for the data you get back.

## Risk analysis

Risk is made up of two parts: the probability of something going wrong, and the negative consequences if it does.

Risk Analysis is a process that helps you identify and manage potential problems that could undermine key business initiatives or projects.

To carry out a Risk Analysis, you must first identify the possible threats that you face, and then estimate the likelihood that these threats will materialize.

Risk Analysis can be complex, as you'll need to draw on detailed information such as project plans, financial data, security protocols, marketing forecasts, and other relevant information. However, it's an essential planning tool, and one that could save time, money, and reputations.

Risk analysis is useful in many situations:

- When you're planning projects, to help you anticipate and neutralize possible problems.
- When you're deciding whether or not to move forward with a project.
- When you're improving safety and managing potential risks in the workplace.

- When you're preparing for events such as equipment or technology failure, theft, staff sickness, or natural disasters.
- When you're planning for changes in your environment, such as new competitors coming into the market, or changes to government policy.

## Break Even Analysis

Break-even point analysis is a measurement system that calculates the margin of safety by comparing the amount of revenues or units that must be sold to cover fixed and variable costs associated with making the sales. In other words, it's a way to calculate when a project will be profitable by equating its total revenues with its total expenses. There are several different uses for the equation, but all of them deal with managerial accounting and cost management. The main thing to understand in managerial accounting is the difference between revenues and profits. Not all revenues result in profits for the company. Many products cost more to make than the revenues they generate. Since the expenses are greater than the revenues, these products great a loss—not a profit.

The purpose of the break-even analysis formula is to calculate the amount of sales that equates revenues to expenses and the amount of excess revenues, also known as profits, after the fixed and variable costs are met. There are many different ways to use this concept. Let's take a look at a few of them as well as an example of how to calculate break-even point.

### *Formula*

The break-even point formula is calculated by dividing the total fixed costs of production by the price per unit less the variable costs to produce the product.

### Break Even Point

$$\text{Break Even Point in Units} = \frac{\text{Fixed Costs}}{\text{Sales Price per Unit} - \text{Variable Cost per Unit}}$$

Since the price per unit minus the variable costs of product is the definition of the contribution margin per unit, you can simply rephrase the equation by dividing the fixed costs by the contribution margin.

### Break Even Point

$$\text{Break Even Point in Units} = \frac{\text{Fixed Costs}}{\text{Contribution Margin per Unit}}$$

This computes the total number of units that must be sold in order for the company to generate enough revenues to cover all of its expenses. Now we can take that concept and translate it into sales dollars.

The break-even formula in sales dollars is calculated by multiplying the price of each unit by the answer from our first equation.

### Break Even Point

$$\text{Break Even Point in Dollars} = \text{Sales Price per Unit} \times \text{Break Even Point in Units}$$

This will give us the total dollar amount in sales that we will need to achieve in order to have zero loss and zero profit. Now we can take this concept a step further and compute the total number of units that need to be sold in order to achieve a certain level profitability with our break-even calculator.

First we take the desired dollar amount of profit and divide it by the contribution margin per unit. This computes the number of units we need to sell in order to produce the profit without taking in consideration the fixed costs. Now we must add back in the break-even point number of units. Here's what it looks like.

### Break Even Analysis

$$\text{\# of Units To Produce the Desired Profit} = \frac{\text{Desired Profit in Dollars}}{\text{Contribution Margin per Unit}} + \text{Break Even \# of Units}$$

*Example*

Let's take a look at an example of each of these formulas. Barbara is the managerial accountant in charge of a large furniture factory's production lines and supply chains. She isn't sure the current year's couch models are going to turn a profit and what to measure the number of units they will have to produce and sell in order to cover their expenses and make at \$500,000 in profit. Here are the production stats.

- Total fixed costs: \$500,000
- Variable costs per unit: \$300
- Sale price per unit: \$500
- Desired profits: \$200,000

First we need to calculate the break-even point per unit, so we will divide the \$500,000 of fixed costs by the \$200 contribution margin per unit (\$500 - \$300).

Break Even Point		
2500 Units	=	$\frac{\$500,000}{\$500 - \$300}$

As you can see, the Barbara's factory will have to sell at least 2,500 units in order to cover it's fixed and variable costs. Anything it sells after the 2,500 mark will go straight to the CM since the fixed costs are already covered.

Next, Barbara can translate the number of units into total sales dollars by multiplying the 2,500 units by the total sales price for each unit of \$500.

Break Even Point		
\$1,250,000	=	2,500 units x \$500 per unit

Now Barbara can go back to the board and say that the company must sell at least 2,500 units or the equivalent of \$1,250,000 in sales before any profits are realized. She can also take it a step further and use a break-even point calculator to compute the total number of units that must be produced in order to meet her \$200,000 profitability goal by dividing the \$200,000

desired profit by the contribution margin then adding the total number of break-even point units.

Break Even Analysis			
3,500 Units	=	$\frac{\$200,000}{\$500 - \$300}$	+ 2,500 Units

These are just examples of the break-even point. You can use these as a template for your business or course work.

#### Analysis

As you can see there are many different ways to use this concept. Production managers and executives have to be keenly aware of their level of sales and how close they are to covering fixed and variable costs at all times. That's why they constantly try to change elements in the formulas reduce the number of units need to produce and increase profitability.

For instance, if management decided to increase the sales price of the couches in our example by \$50, it would have a drastic impact on the number of units required to sell before profitability. They can also change the variable costs for each unit by adding more automation to the production process. Lower variable costs equate to greater profits per unit and reduce the total number that must be produced. Outsourcing can also change the cost structure.

One of the most important concepts here is the margin of safety. That's the difference between the number of units required to meet a profit goal and the required units that must be sold to cover the expenses. In our example, Barbara had to produce and sell 2,500 units to cover the factory expenditures and had to produce 3,500 units in order to meet her profit objectives. This 1,000-unit spread is the margin of safety. It's the amount of sales the company can afford to lose but still cover its expenditures.

It's also important to keep in mind that all of these models reflect non-cash expense like depreciation. A more advanced break-even analysis calculator would subtract out non-cash expenses from the fixed costs to compute the break-even point cash flow level.

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**COIMBATORE- 641 021**  
**ENTREPRENEURIAL DEVELOPMENT [14CMU504]**

**UNIT III**

**Part A**

1. The observation of people at work that would reveal the one best way to do a task is known as:  
a) scientific management b) classical management c) human relations management  
d) creative management
2. The study of organisational behaviour includes  
a) diplomacy, scientology, psychology b) sociology, psychology, anthropology
3. The study of organisational behaviour mainly involves the study of  
a) individuals and groups b) buildings c) structures d) departments
4. Managing the human resource is  
a) the smallest department in an organization b) better managed outside the organization  
c) vital for the success of an organization d) an unnecessary expense
5. People who work in the Human resource department should have a knowledge of  
a) organisational behavior b) IT c) Finance d) marketing
6. 7. The behavioural science hybrid that integrates psychology and sociology is known as  
a) pysology b) psycho sociology c) social psychology d) socpsychology
7. The \_\_\_\_\_ plan shows whether the business is economically feasible or not. a. Financial  
a) Business b) Economic c) Marketing d) Sales
8. Professional support network include following EXCEPT  
a) Personal affiliations b) Mentor c) Trade associations d) Friends
9. Which motives emphasize development?  
a) cognitive b) affective c) preservation-oriented d) growth
10. \_\_\_\_\_ means identifying and imitating the best in the world at specific tasks and functions.  
a) Benchmarking b) Outsourcing c) Quality circle d) Continuous improvement

**Part B**

1. Explain the need for and significance of the preparation of a project report for a small scale Entrepreneur.
2. How projects are classified? Discuss.
3. Discuss on project formulation.
4. What is meant by project? Explain its classifications.
5. Discuss the startup process of an Enterprise.
6. Discuss the preparation of a project report.
7. Explain the assessment of project feasibility.
8. Explain in brief on project selection.
9. Express in brief on project identification.
10. Explain the factors which prompt people to become entrepreneur.





### UNIT III

A project statement seen appraisal execution  
appraisal  
is made  
for \_\_\_\_\_  
\_\_\_\_\_ of  
projects.

execution

\_\_\_\_\_ statement goals Market aim  
\_\_\_\_\_ is analysis oriented  
one of  
the  
methods  
of project  
appraisal.

Market  
analysis

Financial Produce Goal project Marketin  
analysis achievem appraisal. g  
is one of ent  
the  
methods  
of \_\_\_\_\_  
\_\_\_\_\_ of  
the  
company

Goal  
achievem  
ent

A \_\_\_\_\_ product firm data goals

\_\_\_\_\_ will be estimated to anticipate sales profit.

\_\_\_\_\_ depreciati working collection goals  
\_ has to on capital  
be properly assessed for an enterprise .

\_\_\_\_\_ seed report project finance  
\_\_\_\_\_ is capital  
the most important to start an enterprise .

\_\_\_\_\_ plan segment growth business  
\_\_\_\_\_ is  
the second stage in life cycle segmenta  
tion.

Product

working capital

Finance growth

_____ is the heart of the project	Project idea	Project identification	Project design	Project selection	Project design
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## NSIC

**National Small Industries Corporation Limited (NSIC)** is a Mini Ratna PSU established by the Government of India in 1955. It falls under Ministry of Micro, Small & Medium Enterprises of India. NSIC is the nodal office for several schemes of Ministry of MSME such as Performance & Credit Rating, Single Point Registration, MSME Databank, National SC ST Hub, etc. It was established in 1955 to promote and develop micro and small scale industries and enterprises in the country. It was founded as a Government of India agency later made into a fully owned government corporation.

### Operations

National Small Industries Corporation Ltd. (NSIC), is an ISO 9001-2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME).

NSIC operates through countrywide network of offices and Technical Centres in the Country. To manage operations in African countries, NSIC operates from its office in Johannesburg, South Africa. In addition, NSIC has set up Training cum Incubation Centre & with a large professional manpower, NSIC provides a package of services as per the needs of MSME sector.

NSIC has recently partnered with [Rubique](#), to facilitate lending for MSME segment. Rubique & NSIC will work together to create an interface which will ease credit facilitation for MSMEs by allowing quicker decision making and evaluation and to widen the product offerings will bring their respective bank/FI tie-ups under one umbrella for MSME.

### Objectives

Government of India to promote small and budding entrepreneurs of post independent India, decided to establish a government agency which can mediate and provide help to small scale industries (SSI). As such they established *National Small Industries Corporation* with objectives to provide machinery on hire purchase basis and assisting and marketing in exports. Further, SSI's registered with NSIC were exempted from paying Earnest money and provided facility of free participation in government tendered purchases. Also for training persons the training facilities centres and for providing assistance in modernising the small industries several branches of NSIC were opened up by government over the years in several big and small towns, where small industries were growing.

NSIC also helps in organising supply of raw materials like coal, iron, steel and other materials and even machines needed by small scale private industries by mediating with other government companies like Coal India Limited, Steel Authority of India Limited, Hindustan Copper Limited and many others, who produce this materials to provide same at concessional rates to SSIs. Further, it also provides assistance to small scale industries by taking orders from Government of India owned enterprises and procures these machineries from SSI units registered with them, thus providing a complete assistance right from financing, training, providing raw materials for manufacturing and marketing of finished products of small scale industries, which would otherwise not be able to survive in face of competition from large and big business conglomerates. It also helps SSI by mediating with government owned banks to provide cheap finance and loans to budding small private industries of India.

Nowadays, it is also providing assistance by setting up incubation centres in other continents and also international technology fairs to provide aspiring entrepreneurs and emerging small enterprises a platform to develop skills, identify appropriate technology, provide hands-on experience on the working projects, manage funds through banks, and practical knowledge on how to set up an enterprise

## **SIDO**

Small Industries Development Organization (SIDO) is a subordinate office of the Department of SSI & Auxiliary and Rural Industry (ARI). It is an apex body and nodal agency for formulating, coordinating and monitoring the policies and programmes for promotion and development of small-scale industries.

Development Commissioner is the head of the SIDO. He is assisted by various directors and advisers in evolving and implementing various programmes of training and management, consultancy, industrial investigation, possibilities for development of different types of small-scale industries, industrial estates, etc.

### **The main functions of the SIDO are classified into:**

- (i) Co-ordination,
- (ii) Industrial development, and
- (iii) Extension.

These functions are performed through a national network of institutions and associated agencies created for specific functions. At present, the SIDO functions through 27 offices, 31 Small Industries Service Institutes (SISI), 37 Extension Centres, 3 Product-cum -Process Development Centres, and 4 Production Centres.

All small-scale industries except those falling within the specialized boards and agencies like Khadi and Village Industries (KVI), Coir Boards, Central Silk Board, etc., fall under the purview of the SIDO.

### **The main functions performed by the SIDO in each of its three categories of functions are:**

#### *Functions Relating to Co-ordination:*

- a. To evolve a national policy for the development of small-scale industries,
- b. To co-ordinate the policies and programmes of various State Governments,
- c. To maintain a proper liaison with the related Central Ministries, Planning Commission, State Governments, Financial Institutions etc., and
- d. To co-ordinate the programmes for the development of industrial estates.

#### *Functions Relating to Industrial Development:*

- a. To reserve items for production by small-scale industries,
- b. To collect data on consumer items imported and then, encourage the setting of industrial units to produce these items by giving coordinated assistance,
- c. To render required support for the development of ancillary units, and
- d. To encourage small-scale industries to actively participate in Government Stores Purchase Program by giving them necessary guidance, market advice, and assistance.

#### *Function Relating to Extension:*

- a. To make provision to technical services for improving technical process, production planning, selecting appropriate machinery, and preparing factory lay-out and design,
- b. To provide consultancy and training services to strengthen the competitive ability of small-scale industries.
- c. To render marketing assistance to small-scale industries to effectively sell their products, and

d. To provide assistance in economic investigation and information to small- scale industries.

#### SSIB

The Small Scale Industries Board (SSI Board) is the apex advisory body constituted to render advise to the Government on all issues pertaining to the small scale sector. The Board is reconstituted every two years and is headed by the Minister In charge of Small Scale Industries in the Government of India. The Board comprises among others State Industry Ministers, some Members of Parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field. The Additional Secretary and Development Commissioner(SSI) is the Member Secretary of the Board. The Board is serviced by the Board and Policy Division in the office of the DC(SSI).

#### List of Board Members

The range of development work in the small scale sector involves several Departments / Ministries and several agencies of Central / State Governments. Though a non-statutory body, the SSI Board provides an effective platform for informed debate and facilitates coordination and inter - institutional linkages.

#### SIDC

In many state governments, for the promotion of small scale industries, a separate corporation has been set up which is known as Small Industries Development Corporation. They undertake all kinds of activities for the promotion of small scale industries. Right from the stage of installation, to the stage of commencing production, these Corporations help small scale industries (SSI) in many ways.

In short, they provide infrastructure facilities to small scale industries. Due to the assistance provided by SIDCO, many backward areas in most of the states have been developed. So, SIDCO has also been responsible in spreading the industrial activity throughout several states.

#### *Objectives of SIDCO*

The following are the **main objectives of SIDCO**

1. The main objective of SIDCO is to stimulate the growth of industries in the small scale sector
2. To provide infrastructure facilities like roads, drainage, electricity, water supply, etc is one of the primary objective of SIDCO.
3. To Promote industrial estates which will provide industrial sheds of different sizes with all basic infrastructure facilities.
4. To Provide technical assistance through training facilities to the entrepreneurs.
5. To Promote skilled labor through the setting up of industrial training institutes.

***Functions of SIDCO***

**SIDCO supplies scarce raw materials:**

Some of the scarce raw materials are procured by the corporation either from the domestic market or from abroad and are provided to the needy small scale industries. For this purpose, SIDCO has a number of raw material depots and these depots are procuring various scarce raw materials, as per the requirements of small scale industries in the state.

**SIDCO provides marketing assistance:**

In order to provide an efficient marketing support to small scale industries, the corporation has taken up various schemes. In fact, the corporation participates in the tenders floated by the state government departments and also with the DGS & D (Director General of Supplies and Disposal). SIDCO makes advance payments for obtaining orders and distribute them among the various small scale units. SIDCO also arranges for buyer — seller meets frequently.

**SIDCO assists in Bills discounting:**

When small scale units supply goods to government departments, there is a delay in receiving payments. In such a situation, the bills drawn on government departments will be discounted by SIDCO and upto 80% of the bill value is given to the supplier. This helps the SSI units in solving their working capital crisis.

**SIDCO provides Export marketing assistance:**

To promote export marketing among the small scale industries, SIDCO has developed websites because of which it is able to display the products of the small scale industries in foreign markets and obtain export orders. Once an export order is obtained, the Common export manager of SIDCO will make arrangements for extending various services for export of the product. SIDCO also helps in the small scale units taking part in the international trade fair at New Delhi, Pragati Maidan so that the products of small scale industries of Tamil Nadu are displayed.

**SIDCO set up Captive power plants:**

In order to provide uninterrupted and good quality power supply, SIDCO has taken up a plan to set up captive power plants in major industrial estates. It is now planning to set up these plants in 10 industrial estates.

**SIDCO promotes skill development centres:**

In an effort to supply skilled laborers to various small scale industries, skill development centres are being set up in various industrial estates which will be training workers in varied industrial activities and they will be trained in modern skill.

SIDCO promotes women entrepreneurs:

In addition to the above, in order to promote women entrepreneurs, a separate industrial estate for women has been set up at Tirumullaivoyal, near Chennai, where women entrepreneurs are trained in various fields of small scale industries.

In addition to SIDCO, there are various corporations that assist in the promotion of small scale industries such as, Small Industries Promotion Corporation of Tamil Nadu (SIPCOT), Tamilnadu Small Industries Corporation (TANSI), Industrial and Technical Consultancy Organisation of Tamil Nadu (ITCOT) and Tamil Nadu Industries Investment Corporation (TIIC).

## **DIC**

### **District Industries Center (DIC)**

1. All the MSMEs are offered various services and support under the single roof of the District Industries Centre.
2. This Centre caters to Promotion of MSMEs as also Registration and Development of Industrial Cooperatives.

### **3. Administration**

The General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Director Level. The General Manager is assisted by the Project Manager, Manager (Credit), Manager (Economic Investigation)/ Manager (Village Administration) and an office Superintendent.

### **4. Monitoring of DICs**

The functioning of DICs and their achievement is monitored by the Principal Secretary/ Industries Commissioner & Director Of Industries & Commerce. The Review of the General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes.

5. To resolve the problems of industries/industrialists, there are two types of committee at the district level viz.

#### **a) Single Window Clearance Committee (SWCC)**

Entrepreneurs face many difficulties when they start new industries. They have to deal with many government agencies and get many clearances. SWCC helps them in guiding solving their problems at a Single Window. This committee is chaired by the District Collector. The General Manager of DIC is the Member Secretary and the connected line departments such as District Fire officer, Deputy Director (Health), Deputy Director (Town & Country Planning) are members of this committee.

#### **b) District Enterprises Development Consultative Committee (DEDCC)**

Government have recently Constituted the District Enterprises Clearance Committee Vide G.O Ms No 53 MSME (D2) Department dated 27.12.2012 The Committee is Chaired by the District Collector as the Chairman of this Committee and General Manager of DIC is the Member Secretary. The other members of the DIEC are President of District Panchayat,

DDO, MP, MLAs, Prominent persons active in Industries in the district and members of all district level industries associations.

**6. Activities of DICs**

**A.Registration**

— Cottage & Handicrafts Registration

**B. Incentive schemes**

The following incentives are being extended to Micro, Small and Medium Enterprises in the State:-

I. Subsidy schemes for micro manufacturing enterprises:

II. Subsidy schemes for Industrially Backward Blocks and Agro Based Enterprises:

III. Special Capital Subsidy for Thrust Sector Enterprises

IV. Generator Subsidy

V. Back-ended Interest Subsidy

VI. Value Added Tax Reimbursement Subsidy

**C. Implementation of Self Employment schemes**

The following Schemes are being implemented in the State:-

- | Prime Minister's Employment Generation Programme (PMEGP)
- | Unemployed Youth Employment Generation Programme.
- | New Entrepreneur-Cum- Enterprise Development Scheme (NEEDS)

**D. Co-operative.**

**E. Enforcement of Quality Control orders.**

The Quality Control Order Enforcement Centre for Domestic Electrical Appliances functioning under the Commission rate of Industries and Commerce is engaged in creating awareness among consumers in Tamilnadu to use quality electrical products. The electrical and electronic wing of the Commission rate implements the Household Electrical Appliances (Quality Control) Order, 1981 and the Electrical Wires, Cables, Appliances, and Protection Devices and Accessories (Quality Control) Order, 2003. Contravention of the first Order is punishable under the Essential Commodities Act, 1955. The second Order prohibits manufacture / storage for sale or distribution of specified items without the Bureau of Indian Standard marking.

Contravention of this order attracts penal action under Bureau of Indian Standards Act. The General Manager, District Industries Centre of the concerned District and the Deputy Director (E&E), Quality Control Order Enforcement Centre, Chennai has been designated as the "Appropriate Authority" for the implementation of the provisions of these Orders.

To create better awareness among the general public, advertisement and press releases



are issued from the offices of Deputy Director (E&E), Quality Control Order Enforcement Centre, Chennai and various other regional offices.

**F. Steel & Steel Products (Quality Control) Order 2012.**

The Ministry of Steel, Government of India have notified Steel and Steel Products (Quality Control) Order, 2012 and Steel and Steel Products (Quality Control) Second Order, 2012 to ensure that quality steel products reach the consumers. These orders cover 16 Steel products under Mandatory Bureau of Indian Standards Certification. As per these orders “No person shall by himself or through any person on his behalf manufacture or Store for sale, Sell or Distribute any Steel and Steel Products specified in the schedule which do not conform to the specified standards and do not bear standard mark of the Bureau of Indian Standards. In the said order, the General Managers, District Industries Centres have been designated as the “Appropriate Authority” for implementation of the provisions of these orders. In order to create awareness among the Manufacturers and Consumers about the notification issued by the Government of India for implementation of Steel and Steel Products Quality Control Order, the General Managers of District Industries Centres are taking action by giving wide publicity through Newspaper and also through Association Magazines.

**G. Rehabilitation of Sick MSMEs.**

The Rehabilitation of Sick Micro, Small and Medium Enterprises envisages assistance for conducting a diagnostic study of sick enterprises, scrutiny of the above study report by a sub-committee of the State Level Inter-Institutional Committee (SLIIC) constituted by the Reserve Bank of India and chaired by the Secretary, Micro, Small and Medium Enterprises Department for rendering rehabilitation assistance to sick Micro, Small and Medium enterprises, which meets on every quarter. The Reserve Bank of India conducts the study on viability of sick units and the Banks provide financial assistance wherever possible along with other hand-holding steps like counseling the borrowers, analyzing the problems faced by the units etc. The Government have constituted the State Level Rehabilitation Committee (SLRC) under the Chairmanship of the Secretary to Government, Micro, Small and Medium Enterprises Department to look into the problems and the extent of sickness of MSMEs so as to suggest measures for their rehabilitation. The above Committee has to meet on quarterly basis to review and monitor the implementation of the Rehabilitation Scheme of sick MSMEs in the State.

**H. Micro Small Enterprises Facilitation Council:**

The Government of Tamilnadu have constituted four Regional Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchirappalli, Madurai and Coimbatore to facilitate speedy settlement of the payments of dues with respect to the goods supplied to major industrial undertakings by the micro and small enterprises in accordance with the Micro, Small and Medium Enterprises Development Act 2006.

THIC

The **Tamil Nadu Industrial Investment Corporation Limited (TIIC)**

(Tamil: தமிழ்நாடு தொழில் முதலீட்டுக் கழகம்), Limited is an institution owned by the government of Tamil Nadu and is intended as a catalyst for the development of small, medium and large scale industries in Tamil Nadu. It was established in 1949.

The Tamil Nadu Industrial Investment Corporation Limited (TIIC), a government company incorporated under the Companies Act 1913 and continues to be a government company under The Companies Act, 1956. The authorised share capital of the company is ₹300 crores and the paid up capital of the company is ₹283.4956 crores

#### Functions

TIIC as a State Level Financial Institution, offers long and medium term financial assistance to various industries including service sector in the following forms:

- Term Loans
- Term Loan and Working Capital Term Loans under the Single Window Scheme.
- Special types of assistance like Bill Financing Scheme, etc.

#### Commercial bank

A commercial bank is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit.

In fact, commercial banks, as their name suggests, are profit-seeking institutions, i.e., they do banking business to earn profit.

They generally finance trade and commerce with short-term loans. They charge high rate of interest from the borrowers but pay much less rate of Interest to their depositors with the result that the difference between the two rates of interest becomes the main source of profit of the banks. Most of the Indian joint stock Banks are Commercial Banks such as Punjab National Bank, Allahabad Bank, Canara Bank, Andhra Bank, Bank of Baroda, etc.

**Functions of Commercial:**

The two most distinctive features of a commercial bank are borrowing and lending, i.e., acceptance of deposits and lending of money to projects to earn Interest (profit). In short, banks borrow to lend. The rate of interest offered by the banks to depositors is called the borrowing rate while the rate at which banks lend out is called lending rate.

The difference between the rates is called 'spread' which is appropriated by the banks. Mind, all financial institutions are not commercial banks because only those which perform dual functions of (i) accepting deposits and (ii) giving loans are termed as commercial banks. For example post offices are not bank because they do not give loans. Functions of commercial banks are classified in to two main categories—(A) Primary functions and (B) Secondary functions.

*(A) Primary Functions:*

**1. It accepts deposits:**

A commercial bank accepts deposits in the form of current, savings and fixed deposits. It collects the surplus balances of the Individuals, firms and finances the temporary needs of commercial transactions. The first task is, therefore, the collection of the savings of the public. The bank does this by accepting deposits from its customers. Deposits are the lifeline of banks.

**Deposits are of three types as under:**

**(i) Current account deposits:**

Such deposits are payable on demand and are, therefore, called demand deposits. These can be withdrawn by the depositors any number of times depending upon the balance in the account. The bank does not pay any Interest on these deposits but provides cheque facilities. These accounts are generally maintained by businessmen and Industrialists who receive and make business payments of large amounts through cheques.

**(ii) Fixed deposits (Time deposits):**

Fixed deposits have a fixed period of maturity and are referred to as time deposits. These are deposits for a fixed term, i.e., period of time ranging from a few days to a few years. These are neither payable on demand nor they enjoy cheque facilities.

They can be withdrawn only after the maturity of the specified fixed period. They carry higher rate of interest. They are not treated as a part of money supply. Recurring deposit in which a regular deposit of an agreed sum is made is also a variant of fixed deposits.

**(iii) Savings account deposits:**

These are deposits whose main objective is to save. Savings account is most suitable for individual households. They combine the features of both current account and fixed deposits. They are payable on demand and also withdraw able by cheque. But bank gives this facility with some restrictions, e.g., a bank may allow four or five cheques in a month. Interest paid on savings account deposits is lesser than that of fixed deposit.

**Difference between demand deposits and time (term) deposits:**

**Two traditional forms of deposits are demand deposit and term (or time) deposit:**

(i) Deposits which can be withdrawn on demand by depositors are called demand deposits, e.g., current account deposits are called demand deposits because they are payable on demand but saving account deposits do not qualify because of certain conditions on withdrawal. No interest is paid on them. Term deposits, also called time deposits, are deposits which are payable only after the expiry of the specified period.

(ii) Demand deposits do not carry interest whereas time deposits carry a fixed rate of interest.

(iii) Demand deposits are highly liquid whereas time deposits are less liquid,

(iv) Demand deposits are chequable deposits whereas time deposits are not.

**2. It gives loans and advances:**

The second major function of a commercial bank is to give loans and advances particularly to businessmen and entrepreneurs and thereby earn interest. This is, in fact, the main source of income of the bank. A bank keeps a certain portion of the deposits with itself as reserve and gives (lends) the balance to the borrowers as loans and advances in the form of cash credit, demand loans, short-run loans, overdraft as explained under.

**(i) Cash Credit:**

An eligible borrower is first sanctioned a credit limit and within that limit he is allowed to withdraw a certain amount on a given security. The withdrawing power depends upon the borrower's current assets, the stock statement of which is submitted by him to the bank as the basis of security. Interest is charged by the bank on the drawn or utilised portion of credit (loan).

**(ii) Demand Loans:**

A loan which can be recalled on demand is called demand loan. There is no stated maturity. The entire loan amount is paid in lump sum by crediting it to the loan account of the borrower. Those like security brokers whose credit needs fluctuate generally, take such loans on personal security and financial assets.

**(iii) Short-term Loans:**

Short-term loans are given against some security as personal loans to finance working capital or as priority sector advances. The entire amount is repaid either in one instalment or in a number of instalments over the period of loan.

**Investment:**

**Commercial banks invest their surplus fund in 3 types of securities:**

(i) Government securities, (ii) Other approved securities and (iii) Other securities. Banks earn interest on these securities.

**(B) Secondary Functions:**

Apart from the above-mentioned two primary (major) functions, commercial banks perform the following secondary functions also.

**3. Discounting bills of exchange or bundles:**

A bill of exchange represents a promise to pay a fixed amount of money at a specific point of time in future. It can also be encashed earlier through discounting process of a commercial bank. Alternatively, a bill of exchange is a document acknowledging an amount of money owed in consideration of goods received. It is a paper asset signed by the debtor and the creditor for a fixed amount payable on a fixed date. It works like this.

Suppose, A buys goods from B, he may not pay B immediately but instead give B a bill of exchange stating the amount of money owed and the time when A will settle the debt. Suppose, B wants the money immediately, he will present the bill of exchange (Hundi) to the bank for discounting. The bank will deduct the commission and pay to B the present value of the bill. When the bill matures after specified period, the bank will get payment from A.

**4. Overdraft facility:**

An overdraft is an advance given by allowing a customer keeping current account to overdraw his current account up to an agreed limit. It is a facility to a depositor for overdrawing the amount than the balance amount in his account.

In other words, depositors of current account make arrangement with the banks that in case a cheque has been drawn by them which are not covered by the deposit, then the bank should grant overdraft and honour the cheque. The security for overdraft is generally financial assets like shares, debentures, life insurance policies of the account holder, etc.

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**ENTREPRENEURIAL DEVELOPMENT [14CMU504]**

**UNIT IV**  
**PART A**

1. Every project has \_\_\_\_\_ basic dimensions  
a) one b) Two c) **Three** d) Four
2. The small industries are exempted \_\_\_\_\_  
a) small scale b) Expense c) Scale d) **income tax**
3. Which one of the following is not an Intrapreneurial leadership characteristic?  
a) Encourage the team work b) **Not flexible** c) Understands environment d) persistent
4. Industrial estates promote\_\_\_\_\_.  
a) people b) **industrialisation** c) person d) estates.
5. A person owning and running a small firm is known as \_\_\_\_\_  
a) A manager – owner b) **An owner-manager** c) A Professional chapter d) An enterprise worker
6. ‘Every debit has a corresponding credit’ it is the concept of\_\_\_\_\_  
a) Incomplete records b) Cost sheets c) Single entry system d) **Double entry system**
7. Loans are provided by the commercial banks to the entrepreneurs at low \_\_\_\_\_rate  
a) Real b) **interest** c) cash d) normal
8. Someone who improves an existing business can be called \_\_\_\_\_.  
a) **An intrapreneur** b) A Professional c) A co-worker d) A worker
9. Project over run is a frightening \_\_\_\_\_ facing India  
a) financial problem b) resource problem c) **economic problem** d) research problem
10. Small industries need financial \_\_\_\_\_  
a) **assistance** b) attitude c) ptitude d) analyse

**Part B**

1. Express views on Industrial estates in entrepreneurial development.
2. Explain the need of small scale industries board in entrepreneurial development.
3. Comment on the functions of SIDBI.
4. Explain the significance of small scale industrial board.
5. Explain the role of District industries centers (DICS) in entrepreneurial development.
6. Discuss on the types of specialized industries.
7. Elaborate the role of commercial bank in entrepreneurial development.
8. Express the role of Tamil Nadu Industries Investment Corporation in developing Tamil Nadu’s Entrepreneurship structure.
9. Explain the function of National Small Industries Corporation (NSIC)
10. Discuss the need for Institutional support to small – scale industries.



## UNIT IV

The DIC was started in the year\_\_\_\_\_

Entrepreneurs Specialized Institutions Business Community Business company

Specialized Institutions Project

EDPs are \_\_\_\_\_presupposes commitment to tasks to be performed with well defined objectives, schedules and budget.

Plan

Promote

Project

Select



Indian Planning Commission classifies the projects under the category of

Economic development

Two Three Four three

Every project has

basic dimensions

one small scale

Expense Scale income tax  
Not flexible Understands environment

The small scale

income tax  
Not flexible

Which one Encourage Industrial estates promote

people industrialisation person estates.

industrialisation

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_.

KVIC is activated in the year

1953      1963      1964      1825      1953

Expand C Main Objective of KVIC is to increase the \_\_\_\_\_emp loyment opportuni ties

Critical Path Method rural

Critical Par Method urban

Critical Project Method district

Critical Price Method Nation

Critical Path Method rural

Female entrepreneur differs from male entrepreneur in terms of the following except	Motivation	Business skill	Departure point	Goal orientation	Motivation
_____					
_____					
	Entrepreneurship Development Program	Entrepreneurial Development Program	Entrepreneur Development Program	Entrepreneur Development Program	Entrepreneurship Development Program
The term TIIC is sponsored by the _____	Government of Tamilnadu	Government of Karnataka	Government of Andhra Pradesh	Government of Kerala	Government of Tamilnadu
_____					
_____					
_____					
RCI stands for _____	Re-investment corporation of India	Re-investment committee of India	Refinance corporation of India	Refinance committee of India	Refinance corporation of India

Refinance to commercial banks is granted only for loans ranging between	1 and 5 years	3 and 6 years	3 and 10 years	3 and 5 years	3 and 10 years
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\_\_\_\_\_

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Technical feasibility examines the project with reference to	location	land and building	technical competence	location, technical competence	location and technical competence
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\_\_\_\_\_

There are	15	20	18	17	15
-----------	----	----	----	----	----

\_\_\_\_\_

\_ TIIC branches in Tamil Nadu

\_\_\_\_\_ TIIC      SFC      SIDBI      SIDC      TIIC

\_\_\_\_\_ is the  
first state  
level  
financial  
institutio  
n in the  
country

TIIC will 1 Crore    3 Crores    5Crores    6 Crores

not  
consider  
financial  
assistanc  
e when  
the  
project  
cost  
exceeds

3 Crores

\_\_\_\_\_ SIDC      SFC      IIC      TIIC

\_\_\_\_\_ is  
the link  
between  
the  
foreign  
entrepren  
eurs and  
Indian  
entrepren  
eurs

Assistanc  
e

IIC is the Indian domestic directors local link between the foreign entrepreneurs and

Assistance

entrepreneurs

Khadi SIDC SIDO SFC

Khadi

Promotes small industries

IIC Is promoted for medium small large tiny

small

industries.

GATT is China Japan U.S. Lead U.K. established leadership leadership U.K. Leadership in 1947 po p p under

U.S. Leadership

Planning and controlling the task is the

---

\_\_ of the project manager

Increase in \_\_\_\_\_ Gross National Product Per capita Income Gross domestic Product Financial Institutions

generally leads to opportunities for investment and a higher level of economic activity

The term Intrapreneur is coined in \_\_\_\_\_

responsibility

Per capita Income

America

Project financial resource economic research  
over run problelm problem problem problem  
is a  
frightenin

g \_\_\_\_\_  
facing

India

Small assistanc attitude aptitude analyse  
industries e  
need  
financial

\_\_\_\_\_

Who F.H.Knig Adam J.B.Say Alfred  
differenti ht Smith Marshal  
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functions  
of  
capitalist  
and  
managem  
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Expandin Entrepreneurship intrapren Solepropr economic  
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an  
accellerat  
or to

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economic  
problem

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J.B.Say

Entrepre  
neurship



GATT is 1954 1957 1947 1952 1947  
establishe  
d in the  
year

---

The word french greek roman italian french  
entrepren root root root root  
eurship  
has been  
derived  
from a

---

which  
means to  
undertake

Loss of Revenue Deferred Capital Business Capital  
cash by loss revenue loss loss loss  
theft  
committe  
d by  
cashier  
after  
business  
hours is a

---

---

Selling of goods to another country through a person in entrepreneurs home country is known as

\_\_\_\_\_

—

Direct  
export

Indirect  
export

Import

Indirect  
export

Which of the following is alternatively called corporate venturing?

Entrepreneurship

Intrapreneurship

start a new venture

Offer new products

Intrapreneurship

_____	Project	Project	Project	Project	
___ is an	Objective	idea	selection	Identifica	Project
important				tion	Objective
element					
in the					
project					
planning					
cycle					

A person	A	An owner	a	An	An owner
owning	manager	- manager	Professio	enterprise	-
and	owner		nal	worker	manager
running a			daapter		
small					
firm is					
known as					

_____	Incomple	Cost	Single	Double	Double
‘Every	te records	sheets	entry	entry	entry
debit has			system	system	system
a					
correspon					
ding					
credit’ it					
is the					
concept					
of _____					

Loans are Real interest cash normal interest  
provided  
by the  
commercial banks  
to the  
entrepreneurs at  
low  
\_\_\_\_\_rate

Someone An A A co- A worker An  
who intrapreneur Professional worker intrapreneur  
improves an  
existing  
business  
can be  
called  
\_\_\_\_\_

An individual who initiates, creates and manages a new business can be called

---

A leader

A manager

A Professional

An entrepreneur

An entrepreneur

—  
As a new company grows, the entrepreneur will need to

---

be responsible

ensure the controls

build

be responsible and ensure the controls

be responsible and ensure the controls

The hiring a engaging developin estab;osj  
importan manager an g a omg new  
ce of attorney product venture  
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should be  
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product

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Which Capital E- Physical Labour  
one ot the business resources  
following  
is not a  
factor of  
productio  
n?

E-  
business

Revenue is generally recognized as being earned at the point of time ,

Sale is effected

SFC stands for \_\_\_\_\_  
Project presupposes commitment to tasks to be performed with well defined objectives, schedules and \_\_\_\_\_.

State Financial Committee plan  
State Funding Corporation project  
State Finance Corporation proposal  
State Funding Committee Budget

State Finance Corporation Budget

The \_\_\_\_\_ small Large tiny tiny and small  
 \_\_\_\_\_ scale Scale and scale  
 industries  
 are  
 exempted  
 from income tax

\_\_\_\_\_ data engine matter engineeri engineeri  
 \_\_\_\_\_ ng  
 \_\_\_\_\_ expenses also  
 relates to  
 business.

Innovation can generation evolution opposite the  
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IFCI was 1985 1984 1980 1987 1984  
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Entrepren trade technolog goals business technolog  
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Entrepren trade technolog subsidies business subsidies  
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Small data finance matter skill finance  
industries  
need\_\_\_\_\_

Project Objective project proposal Budget

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\_\_\_\_\_,

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and

Budget.

Entrepren Company business enterprise All

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Enterpris

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Objective

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functions

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Enterpris

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SIDO develop medium informati small  
provides\_ scale ons scale

informati  
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\_\_\_\_\_  
\_to all  
type of  
persons .

## **SIDCO**

In many state governments, for the promotion of small scale industries, a separate corporation has been set up which is known as Small Industries Development Corporation. They undertake all kinds of activities for the promotion of small scale industries. Right from the stage of installation, to the stage of commencing production, these Corporations help small scale industries (SSI) in many ways.

In short, they provide infrastructure facilities to small scale industries. Due to the assistance provided by SIDCO, many backward areas in most of the states have been developed. So, SIDCO has also been responsible in spreading the industrial activity throughout several states.

### ***Objectives of SIDCO***

The following are the **main objectives of SIDCO**

1. The main objective of SIDCO is to stimulate the growth of industries in the small scale sector
2. To provide infrastructure facilities like roads, drainage, electricity, water supply, etc is one of the primary objective of SIDCO.
3. To Promote industrial estates which will provide industrial sheds of different sizes with all basic infrastructure facilities.
4. To Provide technical assistance through training facilities to the entrepreneurs.
5. To Promote skilled labor through the setting up of industrial training institutes.

### ***Functions of SIDCO***

#### **SIDCO supplies scarce raw materials:**

Some of the scarce raw materials are procured by the corporation either from the domestic market or from abroad and are provided to the needy small scale industries. For this purpose, SIDCO has a number of raw material depots and these depots are procuring various scarce raw materials, as per the requirements of small scale industries in the state.

#### **SIDCO provides marketing assistance:**

In order to provide an efficient marketing support to small scale industries, the corporation has taken up various schemes. In fact, the corporation participates in the tenders floated by the state government departments and also with the DGS & D (Director General of Supplies and Disposal). SIDCO makes advance payments for obtaining orders and distribute them among the various small scale units. SIDCO also arranges for buyer — seller meets frequently.

#### **SIDCO assists in Bills discounting:**

When small scale units supply goods to government departments, there is a delay in receiving payments. In such a situation, the bills drawn on government departments will be discounted by SIDCO and upto 80% of the bill value is given to the supplier. This helps the SSI units in solving their working capital crisis.

**SIDCO provides Export marketing assistance:**

To promote export marketing among the small scale industries, SIDCO has developed websites because of which it is able to display the products of the small scale industries in foreign markets and obtain export orders. Once an export order is obtained, the Common export manager of SIDCO will make arrangements for extending various services for export of the product. SIDCO also helps in the small scale units taking part in the international trade fair at New Delhi, Pragati Maidan so that the products of small scale industries of Tamilnadu are displayed.

**SIDCO set up Captive power plants:**

In order to provide uninterrupted and good quality power supply, SIDCO has taken up a plan to set up captive power plants in major industrial estates. It is now planning to set up these plants in 10 industrial estates.

**SIDCO promotes skill development centres:**

In an effort to supply skilled laborers to various small scale industries, skill development centres are being set up in various industrial estates which will be training workers in varied industrial activities and they will be trained in modern skill.

**SIDCO promotes women entrepreneurs:**

In addition to the above, in order to promote women entrepreneurs, a separate industrial estate for women has been set up at Tirumullaivoyal, near Chennai, where women entrepreneurs are trained in various fields of small scale industries.

In addition to SIDCO, there are various corporations that assists in the promotion of small scale industries such as, Small Industries Promotion Corporation of Tamilnadu (SIPCOT), Tamilnadu Small Industries Corporation (TANSI), Industrial and Technical Consultancy Organisation of Tamilnadu (ITCOT) and Tamilnadu Industries Investment Corporation (TIIC).

**DIC**

**District Industries Center (DIC)**

1. All the MSMEs are offered various services and support under the single roof of the District Industries Centre.
2. This Centre caters to Promotion of MSMEs as also Registration and Development of Industrial Cooperatives.

**3. Administration**

The General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Director Level. The General Manager is assisted by the Project Manager, Manager (Credit), Manager (Economic Investigation)/ Manager (Village Administration) and an office Superintendent.

**4. Monitoring of DICs**

The functioning of DICs and their achievement is monitored by the Principal Secretary/ Industries Commissioner & Director Of Industries & Commerce. The Review of the General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes.

5. To resolve the problems of industries/industrialists, there are two types of committee at the district level viz.

**a) Single Window Clearance Committee (SWCC)**

Entrepreneurs face many difficulties when they start new industries. They have to deal with many government agencies and get many clearances. SWCC helps them in guiding solving their problems at a Single Window. This committee is chaired by the District Collector. The General Manager of DIC is the Member Secretary and the connected line departments such as District Fire officer, Deputy Director (Health), Deputy Director (Town & Country Planning) are members of this committee.

**b) District Enterprises Development Consultative Committee (DEDCC)**

Government have recently Constituted the District Enterprises Clearance Committee Vide G.O Ms No 53 MSME (D2) Department dated 27.12.2012 The Committee is Chaired by the District Collector as the Chairman of this Committee and General Manager of DIC is the Member Secretary. The other members of the DIEC are President of District Panchayat, DDO, MP, MLAs, Prominent persons active in Industries in the district and members of all district level industries associations.

**6. Activities of DICs**

**A.Registration**

→ Cottage & Handicrafts Registration

**B. Incentive schemes**

The following incentives are being extended to Micro, Small and Medium Enterprises in the State:-

I. Subsidy schemes for micro manufacturing enterprises:

II. Subsidy schemes for Industrially Backward Blocks and Agro Based Enterprises:

III. Special Capital Subsidy for Thrust Sector Enterprises

IV. Generator Subsidy

V. Back-ended Interest Subsidy

VI. Value Added Tax Reimbursement Subsidy

**C. Implementation of Self Employment schemes**

The following Schemes are being implemented in the State:-

└ Prime Minister's Employment Generation Programme (PMEGP)

└ Unemployed Youth Employment Generation Programme.

└ New Entrepreneur-Cum- Enterprise Development Scheme (NEEDS)

**D. Co-operative.**

**E. Enforcement of Quality Control orders.**

The Quality Control Order Enforcement Centre for Domestic Electrical Appliances functioning under the Commissionerate of Industries and Commerce is engaged in creating awareness among consumers in Tamilnadu to use quality electrical products. The electrical and electronic wing of the Commissionerate implements the Household Electrical Appliances (Quality Control) Order, 1981 and the Electrical Wires, Cables, Appliances, and Protection Devices and Accessories (Quality Control) Order, 2003. Contravention of the first Order is punishable under the Essential Commodities Act, 1955. The second Order prohibits manufacture / storage for sale or distribution of specified items without the Bureau of Indian Standard marking. Contravention of this order attracts penal action under Bureau of Indian Standards Act. The General Manager, District Industries Centre of the concerned District and the Deputy Director (E&E), Quality Control Order Enforcement Centre, Chennai has been designated as the “Appropriate Authority” for the implementation of the provisions of these Orders.

To create better awareness among the general public, advertisement and press releases are issued from the offices of Deputy Director (E&E), Quality Control Order Enforcement Centre, Chennai and various other regional offices.

**F. Steel & Steel Products (Quality Control) Order 2012.**

The Ministry of Steel, Government of India have notified Steel and Steel Products (Quality Control) Order, 2012 and Steel and Steel Products (Quality Control) Second Order, 2012 to ensure that quality steel products reach the consumers. These orders cover 16 Steel products under Mandatory Bureau of Indian Standards Certification. As per these orders “No person shall by himself or through any person on his behalf manufacture or Store for sale, Sell or Distribute any Steel and Steel Products specified in the schedule which do not conform to the specified standards and do not bear standard mark of the Bureau of Indian Standards. In the said order, the General Managers, District Industries Centres have been designated as the “Appropriate Authority” for implementation of the provisions of these orders. In order to create awareness among the Manufacturers and Consumers about the notification issued by the Government of India for implementation of Steel and Steel Products Quality Control Order, the General Managers of District Industries Centres are taking action by giving wide publicity through Newspaper and also through Association Magazines.

**G. Rehabilitation of Sick MSMEs.**

The Rehabilitation of Sick Micro, Small and Medium Enterprises envisages assistance for conducting a diagnostic study of sick enterprises, scrutiny of the above study report by a sub-committee of the State Level Inter-Institutional Committee (SLIIC) constituted by the Reserve Bank of India and chaired by the Secretary, Micro, Small and Medium Enterprises Department for rendering rehabilitation assistance to sick Micro, Small and Medium enterprises, which meets on every quarter. The Reserve Bank of India conducts the study on viability of sick units and the Banks provide financial assistance wherever possible along with other hand-holding steps like

counseling the borrowers, analyzing the problems faced by the units etc. The Government have constituted the State Level Rehabilitation Committee (SLRC) under the Chairmanship of the Secretary to Government, Micro, Small and Medium Enterprises Department to look into the problems and the extent of sickness of MSMEs so as to suggest measures for their rehabilitation. The above Committee has to meet on quarterly basis to review and monitor the implementation of the Rehabilitation Scheme of sick MSMEs in the State.

**H. Micro Small Enterprises Facilitation Council:**

The Government of Tamilnadu have constituted four Regional Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchirappalli, Madurai and Coimbatore to facilitate speedy settlement of the payments of dues with respect to the goods supplied to major industrial undertakings by the micro and small enterprises in accordance with the Micro, Small and Medium Enterprises Development Act 2006.

**TIIC**

The **Tamil Nadu Industrial Investment Corporation Limited (TIIC)**

([Tamil](#): தமிழ்நாடு தொழில் முதலீட்டுக் கழகம்), Limited is an institution owned by the [government of Tamil Nadu](#) and is intended as a catalyst for the development of small, medium and large scale industries in Tamil Nadu. It was established in 1949.

The Tamil Nadu Industrial Investment Corporation Limited (TIIC), a government company incorporated under the Companies Act 1913 and continues to be a government company under The Companies Act, 1956. The authorised share capital of the company is ₹300 crores and the paid up capital of the company is ₹283.4956 crores

**Functions**

TIIC as a State Level Financial Institution, offers long and medium term financial assistance to various industries including service sector in the following forms:

- Term Loans
- Term Loan and Working Capital Term Loans under the Single Window Scheme.
- Special types of assistance like Bill Financing Scheme, etc.

**Commercial bank**

A commercial bank is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit.

In fact, commercial banks, as their name suggests, are profit-seeking institutions, i.e., they do banking business to earn profit.

They generally finance trade and commerce with short-term loans. They charge high rate of interest from the borrowers but pay much less rate of interest to their depositors with the result that the difference between the two rates of interest becomes the main source of profit of the banks. Most of the Indian joint stock Banks are Commercial Banks such as Punjab National Bank, Allahabad Bank, Canara Bank, Andhra Bank, Bank of Baroda, etc.

**Functions of Commercial:**

The two most distinctive features of a commercial bank are borrowing and lending, i.e., acceptance of deposits and lending of money to projects to earn interest (profit). In short, banks borrow to lend. The rate of interest offered by the banks to depositors is called the borrowing rate while the rate at which banks lend out is called lending rate.

The difference between the rates is called 'spread' which is appropriated by the banks. Mind, all financial institutions are not commercial banks because only those which perform dual functions of (i) accepting deposits and (ii) giving loans are termed as commercial banks. For example post offices are not bank because they do not give loans. Functions of commercial banks are classified into two main categories—(A) Primary functions and (B) Secondary functions.

*(A) Primary Functions:*

**1. It accepts deposits:**

A commercial bank accepts deposits in the form of current, savings and fixed deposits. It collects the surplus balances of the individuals, firms and finances the temporary needs of commercial transactions. The first task is, therefore, the collection of the savings of the public. The bank does this by accepting deposits from its customers. Deposits are the lifeline of banks.

**Deposits are of three types as under:**

**(i) Current account deposits:**



Such deposits are payable on demand and are, therefore, called demand deposits. These can be withdrawn by the depositors any number of times depending upon the balance in the account. The bank does not pay any Interest on these deposits but provides cheque facilities. These accounts are generally maintained by businessmen and Industrialists who receive and make business payments of large amounts through cheques.

**(ii) Fixed deposits (Time deposits):**

Fixed deposits have a fixed period of maturity and are referred to as time deposits. These are deposits for a fixed term, i.e., period of time ranging from a few days to a few years. These are neither payable on demand nor they enjoy cheque facilities.

They can be withdrawn only after the maturity of the specified fixed period. They carry higher rate of interest. They are not treated as a part of money supply. Recurring deposit in which a regular deposit of an agreed sum is made is also a variant of fixed deposits.

**(iii) Savings account deposits:**

These are deposits whose main objective is to save. Savings account is most suitable for individual households. They combine the features of both current account and fixed deposits. They are payable on demand and also withdrawable by cheque. But bank gives this facility with some restrictions, e.g., a bank may allow four or five cheques in a month. Interest paid on savings account deposits is lesser than that of fixed deposit.

**Difference between demand deposits and time (term) deposits:**

**Two traditional forms of deposits are demand deposit and term (or time) deposit:**

(i) Deposits which can be withdrawn on demand by depositors are called demand deposits, e.g., current account deposits are called demand deposits because they are payable on demand but saving account deposits do not qualify because of certain conditions on withdrawal. No interest is paid on them. Term deposits, also called time deposits, are deposits which are payable only after the expiry of the specified period.

(ii) Demand deposits do not carry interest whereas time deposits carry a fixed rate of interest.

(iii) Demand deposits are highly liquid whereas time deposits are less liquid,

(iv) Demand deposits are chequable deposits whereas time deposits are not.

**2. It gives loans and advances:**

The second major function of a commercial bank is to give loans and advances particularly to businessmen and entrepreneurs and thereby earn interest. This is, in fact, the main source of

income of the bank. A bank keeps a certain portion of the deposits with itself as reserve and gives (lends) the balance to the borrowers as loans and advances in the form of cash credit, demand loans, short-run loans, overdraft as explained under.

**(i) Cash Credit:**

An eligible borrower is first sanctioned a credit limit and within that limit he is allowed to withdraw a certain amount on a given security. The withdrawing power depends upon the borrower's current assets, the stock statement of which is submitted by him to the bank as the basis of security. Interest is charged by the bank on the drawn or utilised portion of credit (loan).

**(ii) Demand Loans:**

A loan which can be recalled on demand is called demand loan. There is no stated maturity. The entire loan amount is paid in lump sum by crediting it to the loan account of the borrower. Those like security brokers whose credit needs fluctuate generally, take such loans on personal security and financial assets.

**(iii) Short-term Loans:**

Short-term loans are given against some security as personal loans to finance working capital or as priority sector advances. The entire amount is repaid either in one instalment or in a number of instalments over the period of loan.

**Investment:**

**Commercial banks invest their surplus fund in 3 types of securities:**

(i) Government securities, (ii) Other approved securities and (iii) Other securities. Banks earn interest on these securities.

**(B) Secondary Functions:**

Apart from the above-mentioned two primary (major) functions, commercial banks perform the following secondary functions also.

**3. Discounting bills of exchange or bundles:**

A bill of exchange represents a promise to pay a fixed amount of money at a specific point of time in future. It can also be encashed earlier through discounting process of a commercial bank. Alternatively, a bill of exchange is a document acknowledging an amount of money owed in consideration of goods received. It is a paper asset signed by the debtor and the creditor for a fixed amount payable on a fixed date. It works like this.

Suppose, A buys goods from B, he may not pay B immediately but instead give B a bill of exchange stating the amount of money owed and the time when A will settle the debt.

Suppose, B wants the money immediately, he will present the bill of exchange (Hundi) to the bank for discounting. The bank will deduct the commission and pay to B the present value of the bill. When the bill matures after specified period, the bank will get payment from A.

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UNIT V

PART A

1. \_\_\_\_\_ is essential to any enterprise.  
a) **Finance** b) loan c) document d) credit
2. Financial assistance is given to \_\_\_\_\_ Entrepreneurs.  
a) large b) high c) **small** d) none
3. The IFCI was set up in the year \_\_\_\_\_.  
a) 1936 b) 1950 c) 1972 d) **1948**
4. \_\_\_\_\_ gives assistance to small Entrepreneurs.  
a) Government Companies b) Industries c) **Commercial banks** d) Private Institutions
5. A \_\_\_\_\_ industries need assistance to do the marketing.  
a) Steel b) **small** c) large d) tiny level
6. SIDOs provide \_\_\_\_\_.  
a) knowledge b) lateral c) **consultancy** d) groupism
7. SIPCOTs provide \_\_\_\_\_ to small entrepreneurs.  
a) failure b) **training** c) economic d) Food
8. SIDCs set up under \_\_\_\_\_ Government  
a) state b) small c) **central** d) local self
9. In 1948 \_\_\_\_\_ was set up.  
a) **IFCI** b) ICFI c) TIC d) CIT
10. The IFCI concentrates mainly to \_\_\_\_\_ Industries.  
a) small scale b) **Large Scale** c) medium d) tiny

Part B

1. Express the role of small industries development bank of India.
2. Explain the functions of Export Import Bank in entrepreneurial development.
3. Discuss the functions of SIPCOT.
4. Express the role of small industrial services institute in entrepreneurship.
5. Discuss an account of functions performed by Technical Consultancy Organizations (TCOs).
6. Explain the functions of DICs.
7. Discuss the need of entrepreneurship development programme in Tamil Nadu.
8. Explain the importance of export import bank in international trade.
9. Comment on the programmes induced entrepreneurial development in India.
10. Discuss the need of small industries development bank of India.



## UNIT V

_____ is essential to any enterprise.	Finance	loan	docoume nt	credit	Finance
Financial assistance is given to _____ Entrepreneurs.	large	high	small	none	small
The IFCI was ste up in the year _____.	1936	1950	1972	1948	1948
The IFCI _____ mainly to large scale Industries.	informs	plans	mediates	concentra tes	concentra tes
The main function of _____ is to cater small industries.	SFC	DIC	IFCI	TIIC	SFC
_____ gives assistance to small Entrepreneurs.	Governm ent Compani es	Industries	Commerc ial banks	Private Institutio ns	Commerc ial banks
In 1948 _____ was set up.	IFCI	ICFI	TIC	CIT	IFCI
The IFCI concentrates mainly to _____ Industries.	small scale	Large Scale	medium	tiny	Large Scale
The main functions of _____ people is to cater small industries	company	SFC	concern		SFC
A _____ gives assistance to small Entrepreneurs.	large	high	small	Commerc ial banks	Commerc ial banks

SIDBI Commences its operation in the year _____.	1936	1950	1990	1948	1990
_____ provide training to small entrepreneurs.	UNO	SIDBI	SBI	IIC	SIDBI
SIDBI Commences its operation With _____.	251 crores	256 crores	255 crores	250 crores	250 crores
A _____ gives assistance to small Entrepreneurs.	large	high	small	SIDBI	SIDBI
A SIDBI gives important assistance for _____.	leasing	large	high	small	leasing
IN 1953 _____ was started	SFC	IFCI	DIC	Commercial banks	DIC
DIC Is promoted for industries To cater all _____..	medium	small needs	large	needs large	small needs
TIIC s role is to promote the _____ of the enterprises .	developm ent	data	catching	enhance ment	developm ent
TIIC s funds is provided by _____ government.	state	small	central	Self	central
co-ordinate Policies _____ the programmes.	Assist	small	central	attend	Assist

A _____ industries need assistance to do the marketing	Steel	small	large	tiny level	small
SIDO s provide _____.	knowledg e	lateral	consultan cy	groupisi m	consultan cy
SIPCOT s provide _____ to small entrepreneurs.	failure	training	economic	Food	training
SIDC's set up under _____ Governmen t	state	small	central	local self	central
Preparation of Project _____ is a function of SISL.	report	profile	directoio ns	both b and c	report
A _____ was started by central government	DIC	SIDBI	NSIC	SFC	NSIC
NSIC Promotes central _____	state	small	industries	shops	industries
A _____ is essential to any enterprise.	Finance	loan	docoume nt	loan and document	Finance
Financial assistance is given to _____ Entrepreneurs.	large	high	small	tiny	small
The TIIC was set up in the year _____.	1936	1950	1972	1952	1952
_____ is one of the Large Scale Industries.	SFC	TIIC	DIC	SIDBI	TIIC



The main functions of _____ is to cater small industries	SFC	TIIC	DIC	SIDBI	TIIC
Finance is essential to any_____.	enterprise	loan	docoume nt	project	enterprise
_____ assistance is also given to small Entrepreneurs.	large	high	small	Technical	Technical
In the year 1948 _____ was set up.	IFCI	training	EDP	CIT	IFCI
The SIPCOT concentrates mainly to _____ Industries.	small scale	Large Scale	medium	tiny level	Large Scale
The main functions of _____ is to cater small industries	EDP	CIT	SIPCOT	IFCI	SIPCOT
IIC Is promoted for _____ indust ries.	medium	small	large	tiny	small
_____ main role is to promote development	DIC	CIT	SIPCOT	IFCI	DIC
The commercual banks started to cater _____.	medium	industries	large	tiny Institutio ns	industries
DIC is promoted for _____ industries.	medium	small	large	tiny	small
Dividends can be derived from the shares of _____	Sale	Profit	loss	No loss and no profit	profit

DIC s funds is provided by _____ gov ernment.	state	small	central	local self	central
Project managers provide _____ service.	people	company	company	technical	technical
Small industries register in _____.	district	optimisti c	thinking	urban	district
Programmes develop _____.	people	work	person	estates.	estates.
Industrial estates promote _____	people	industrali sation	person	estates.	industrali sation
SIDO is one of the _____ like.	people	company	office	Corporati on	office
Function of SIDO is _____.	co- ordinatio n	data mining	catching	planning	co- ordinatio n
A _____ is an apex body.	SIOD	SIDO	DIOC	SFC	SIDO
SIDO Is assisted by its _____.	district	optimisti c	directors	officers	directors
Policies _____ the programmes.	co- ordinate	small	central	create	co- ordinate
Small industries assist to _____.	market	small	large	planning	market
SISI s provide _____ also.	knowledg e	lateral	consultan cy	Work	consultan cy
SISI s provide _____ to small entrepreneurs.	failure	training	economic	success	training
SISI S set up by _____ capital.	state	small	central	local self	central

_____profile is the main function of SISI.	district	Project	irectors	innovator s	Project
_____ was started by central government	people	company	NSIC	SFC	NSIC
NSIC	state	small	central	urban	central
Promotes _____industri es.					
SIDO is made for _____of SSI	organize	developm ent	control	staffing	developm ent

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**I INTERNAL EXAMINATION**  
**ENTREPRENEURIAL DEVELOPMENT**  
**Answer Key**

**PART A**  
**(Choose the correct Answer)**

1. The term Entrepreneur is derived from the \_\_\_\_\_ word  
a) English b) Tamil c) Hindi d) **French**
2. An individual who has prior business ownership experience \_\_\_\_\_ entrepreneurs.  
a) **Habitual** b) Novice c) Serial d) Portfolio
3. Refusal to adopt and use opportunities to make changes in production\_\_\_\_\_ entrepreneurs.  
a) Fabian b) Imitative c) Innovative d) **Drone**
4. \_\_\_\_\_ identified innovation as a characteristic of entrepreneur for the first time in 1934.  
a) William Diamond b) A.H.Cole c) W.B.Gartner d) **J.A.Schuumpeter**
5. Why are small businesses important to a country's economy?  
a) They give an outlet for entrepreneurs b) They can provide specialist support to larger companies c) They can be innovators of new products. d) **All the above.**
6. A business arrangement where one party allows another party to use a business name and sell its products or services is known as\_\_\_\_\_.  
a) A cooperative b) **A franchise** c) An owner-manager business d) A limited company
7. For, small business owners, one of the most important objective is \_\_\_\_\_.  
a) market presence b) growth c) **profitability** d) adaptability
8. Innovation can best be defined as\_\_\_\_\_.  
a) the generation of new ideas b) the evolution of new ideas c) the opposite of creativeity d) **the successful exploitation of new ideas**
9. The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as an  
a) inventor b) **opportunist** c) hacker d) craftsman
10. The purpose of all good small business strategy is\_\_\_\_\_.  
a) to increase turnover b) to increase profitability c) to achieve competitive advantage d) **to achieve stated objectives**
11. The steps involved in an entrepreneurial endeavor include all but which one of the following?  
a) business plan formulation b) obtaining financing c) selectingthe type of legal structure d) **hiring a partner**
12. Common reasons for entrepreneurial failure include all but which one of the following?  
a) poor implementation b) lack of capital c) **adequate financial support** d) faulty product design
13. Large investment is made in fixed assets, the project will be termed as \_\_\_\_\_.  
a) **Capital Intensive** b) Labour Intensive c) Product Intensive d) Market Intensive
14. \_\_\_\_\_ refers to some action which is a time consuming effort necessary to complete a specific event.  
a) A Network b) **An Activity** c) An Event d) A Node

15. EST stands for \_\_\_\_\_.  
 a) **Earliest Start Time** b) Event Start Time c) Effective Start Time d) Essential Start Time
16. Decisions taken by an entrepreneur on behalf of his enterprise are known as \_\_\_\_\_.  
 a) **Organizational decisions** b) Personal decisions c) Routine decisions d) Strategic decisions
17. \_\_\_\_\_ is a problem-solving technique designed to produce numerous ideas in a short period  
 a) Synectics b) Delphi technique c) **Brain storming** d) Nominal group technique
18. Which of the following is not one of the 4 M's?  
 a) motivation b) management c) **materials** d) money
19. A key aspect of the financial section of the business plan is \_\_\_\_\_.  
 a) A statement of management skills b) **A realistic sales forecast.**  
 c) Production capacity d) A description of competitors
20. An entrepreneur who owns more than one business at a time is called \_\_\_\_\_.  
 a) an intrapreneur b) a corporate entrepreneur c) **a portfolio entrepreneur** d) None of the above

### **PART B ( 3\*10 = 30)**

**All the questions carry equal marks (Either or choice)**

- 21 a). Describe the types of entrepreneurs.

Ans : The concept of entrepreneurship from a personal perspective has been explored in this century. This exploration is reflected in the following three definitions of an entrepreneur: In almost all definitions of entrepreneurship, there is agreement that we are talking about a kind of behaviour that includes:

1. Initiative taking.
2. The organizing and reorganizing or social/economic mechanisms to turn resources and situations to practical account.
3. The acceptance of risk or failure.

#### **Types of Entrepreneurs:**

Depending upon the level of willingness to create innovative ideas, there can be the following types of entrepreneurs:

##### **1. Innovative entrepreneurs:**

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country.

Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.

##### **2. Imitating entrepreneurs:**

These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own.

Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas.

In our country also, a large number of such entrepreneurs are found in every field of business activity and they fulfil their need for achievement by imitating the ideas introduced by innovative entrepreneurs.

Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers now are the imitating entrepreneurs.

### **3. Fabian entrepreneurs:**

The dictionary meaning of the term 'fabian' is 'a person seeking victory by delay rather than by a decisive battle'. Fabian entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

### **4. Drone entrepreneurs:**

The dictionary meaning of the term 'drone' is 'a person who lives on the labor of others'. Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

### **5. Social Entrepreneur:**

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development.

They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. Dr Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.

(Or)

b. Comment on the nature of an entrepreneur.

Ans: The term *entrepreneur* comes from the French and translates "between-taker" or "go-between."

### **Earliest Period**

In this period the money person (forerunner of the capitalist) entered into a contract with the go-between to sell his goods. While the capitalist was a passive risk bearer, the merchant bore all the physical and emotional risks.

### **Middle Ages**

In this age the term entrepreneur was used to describe both an actor and a person who managed large production projects. In such large production projects, this person did not take any risks, managing the project with the resources provided. A typical entrepreneur was the cleric who managed architectural projects.

### **17th Century**

In the 17th century the entrepreneur was a person who entered into a contract with the government to perform a service. Richard Cantillon, a noted economist of the 1700s, developed theories of the entrepreneur and is regarded as the founder of the term. He viewed the entrepreneur as a risk taker who "buy[s] at certain price and sell[s] at an uncertain price, therefore operating at a risk."

### **18th Century**

In the 18th century the person with capital was differentiated from the one who needed capital. In other words, entrepreneur was distinguished from the capital provider.

Many of the inventions developed during this time as was the case with the inventions of Eli Whitney and Thomas Edison were unable to finance invention themselves. Both were capital users (entrepreneurs), not capital providers (venture capitalists.) Whitney used expropriated crown property. Edison raised capital from private sources.

A **venture capitalist** is a professional money manager who makes risk investments from a pool of equity capital to obtain a high rate of return on investments.

### **19th and 20th Centuries**

In the late 19th and early 20th centuries, entrepreneurs were viewed mostly from an economic perspective. The entrepreneur "contributes his own initiative, skill and ingenuity in planning, organizing and administering the enterprise, assuming the chance of loss and gain."

Andrew Carnegie is one of the best examples of this definition, building the American steel industry on one of the wonders of industrial world, primarily through his competitiveness rather than creativity.

In the middle of the 20th century, the notion of an entrepreneur as an innovator was established.

Innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur.

Edward Harriman and John Pierpont Morgan are examples of this type of entrepreneur. Edward reorganized the Ontario and southern railroad through the northern pacific trust and John developed his large banking house by reorganizing and financing the nation's industries.

This ability to innovate is an instinct that distinguishes human beings from other creatures and can be observed throughout history.

22 a). Elaborate Maslow theory.

Ans: The Hierarchy of Needs

The Maslow motivation theory is one of the best known and most influential theories on workplace motivation.

Psychologist Abraham Maslow first developed his famous theory of individual development and motivation in the 1940's. He suggested that human beings have a hierarchy of needs. That is, that all humans act in a way which will address basic needs, before moving on to satisfy other, so-called higher level needs.

Maslow represented this theory as a hierarchical triangle. This shows how basic needs must be met before one can "climb" the hierarchy, to address more complex needs.

For example, first one must meet the basic, physiological need for food, water and warmth. After that the focus would be on the need to be safe, then the need to belong to social groups, and so on up the hierarchy.

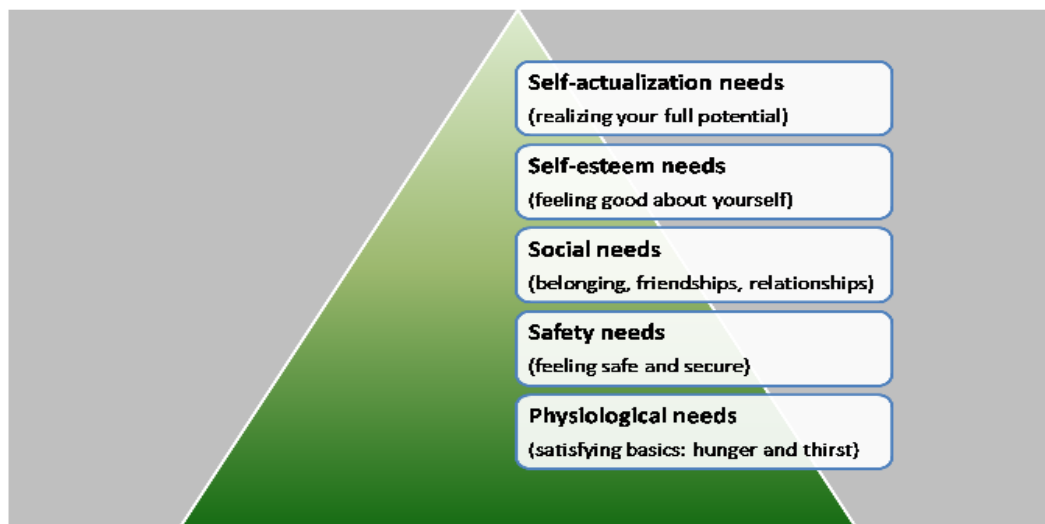
The important thing to recognize is Maslow's contention that one's sense of well-being. i.e. the 'feel good factor' increases as the higher level needs are met.

Do you want to know the essentials of Maslow Motivation Theory in a minute? This is one of our Manage in a Minute pages. These contain essential tips on fundamental management topics.

No fuss or side-tracks, they get straight to the point. Here, in a series of bullet points which can be read in a minute (ish!)., are some essential ways to understand motivation in the workplace.

The Maslow motivation theory is typically represented by 5 steps:

- **Physiological needs** – such as hunger, thirst and sleep
- **Safety needs** – such as security, protection from danger and freedom from pain.
- **Social needs** – sometimes also referred to as love needs such as friendship, giving and receiving love, engaging in social activities and group membership.
- **Esteem needs** – these include both self-respect and the esteem of others. For example, the desire for self-confidence and achievement, and recognition and appreciation.
- **Self-actualization** – This is about the desire to develop and realize your full potential. To become everything you can be.



(Or)

b). Discuss on McGregor theory.

Ans: McGregor developed two theories of human behaviour at work: Theory X and Theory Y.

He did not imply that workers would be one type or the other. Rather, he saw the two theories as two extremes - with a whole spectrum of possible behaviours in between.

**Theory X workers could be described as follows:**

- Individuals who dislike work and avoid it where possible
- Individuals who lack ambition, dislike responsibility and prefer to be led
- Individuals who desire security

The management implications for Theory X workers were that, to achieve organisational objectives, a business would need to impose a management system of coercion, control and punishment.

**Theory Y workers were characterised by McGregor as:**

- Consider effort at work as just like rest or play
- Ordinary people who do not dislike work. Depending on the working conditions, work could be considered a source of satisfaction or punishment
- Individuals who seek responsibility (if they are motivated)

The management implications for Theory X workers are that, to achieve organisational objectives, rewards of varying kinds are likely to be the most popular motivator. The challenge for management with Theory Y workers is to create a working environment (or culture) where workers can show and develop their creativity.

23 a). Comment on the statement entrepreneurs are made not born.

Ans: According to an Ernst & Young report 'Nature or nurture? Decoding the DNA of the entrepreneur', entrepreneurial leaders surveyed, more than half described themselves as "transitioned" — meaning that they had some experience outside of the world of entrepreneurship before launching their ventures.

The report further states that 'although there are notable examples of entrepreneurial leaders who left college to form hugely successful businesses, such as Bill Gates of Microsoft or Mark Zuckerberg of Facebook, these are very much in the minority.'

Among the survey respondents, some form of business experience was considered a vital foundation that increased the chances of future entrepreneurial success and about 45% of the respondents said they had started their first venture after the age of 30.

The conclusion that can be drawn from these two countering arguments is that just as there are so many different entrepreneurial ideas, there is no one route to entrepreneurship. While



there are some who are born with a desire to create ventures and have inherent qualities that make them successful entrepreneurs, there are others who learn and acquire them along the way.

(Or)

b). Explain on entrepreneurial motivation.

Ans: Entrepreneurial motivation is the process of transforming an ordinary individual to a powerful businessman, who can create opportunities and helps in maximizing wealth and economic development. It is defined as various factors stimulate desires and activates enthusiasm in entrepreneurs which make them attain a particular goal. Entrepreneurship is the process of identifying strengths and opportunities which help in the realization of one's dreams for designing, developing and running a new business by facing threats and risks effectively.

**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.**

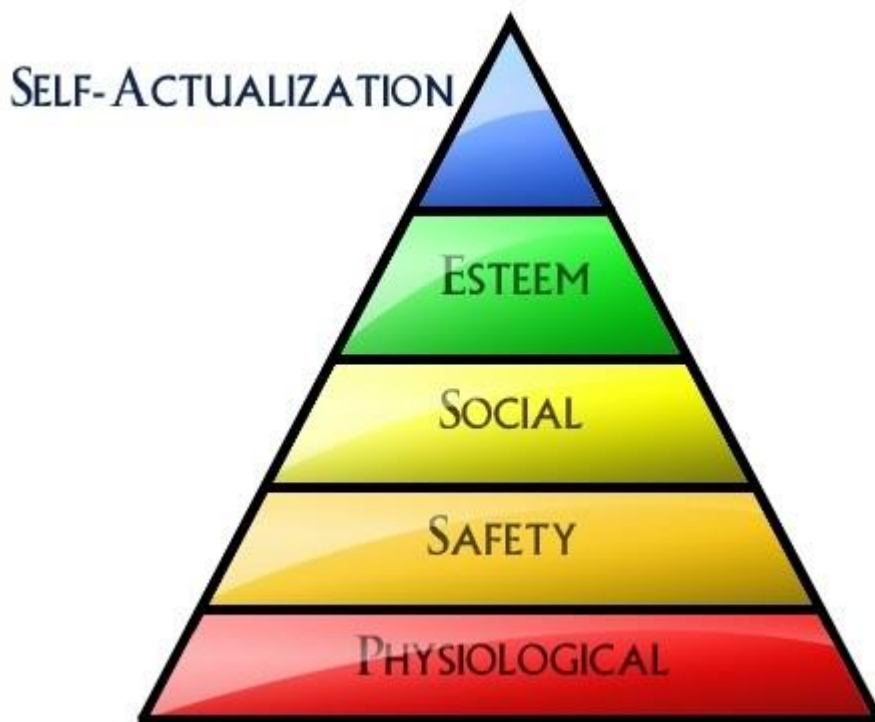
Motivation makes entrepreneur by fulfilling higher level needs such as recognition, esteem, and self-actualization. Various theories explained motivation as an influencing concept, it can bring out hidden talents and creativity, and it contributes to the individual goals and society development. Maslow's need hierarchy theory, Hertzberg's two-factor theory, and David MC Clelland's acquired needs theory proved that motivation can bring energy, enthusiasm, creativity and efficiencies in fulfilling the desired objectives.

Motivation activates innate strengths to achieve a particular goal, many questions arise during knowing this concept such as why can't all the human beings become leader or entrepreneurs even though they face same motivation during his/her lifetime? Who can become effective motivators? What type of motivation can influence one's behavior? Is the extent of motivation decides the power of externalized behavior? Etc, 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**
- **External factors**

***Internal factors***

**Need for self-actualization**



It is explained by Maslow and it is the top level need refers to the desire for self-fulfillment. Need for freedom and self-fulfillment makes the individuals or employees of the organization make them become powerful leaders or entrepreneurs.

#### **Optimism**

Individuals having positive mind-set get motivated by finding opportunities during critical situations also. Positive attitude and perception motivate an individual to work out for the best even during unfavourable and tough situations also.

#### **Positive attitude**

The positive attitude is the most important factor which motivates the individuals to become successful entrepreneurs. Habituating positive attitude can lead an individual to develop constructive thinking; it motivates them to become powerful entrepreneurs, finally, the positive attitude can prove that how valuable they are.

#### **Self-motivation**

Most of the successful and powerful entrepreneurs are self-motivated; here they fulfill the desired objectives by motivating themselves. Though many individuals have ideas but they cannot put those for business development; however self-motivated people can take decisions to implement ideas.

#### **Enthusiasm**

Enthusiasm motivates in finding better solutions, finally, it stabilizes the ideas and makes them become creators and innovators which result in successful entrepreneurs.

#### **Commitment**

Commitment towards a goal can make to achieve success. It motivates entrepreneurs by inspiring and developing emotional attachment towards an objective.

#### **Education**

Education is the most important factor it motivates a person to innovate and create new products, this result in establishing an organization or a new business venture. The knowledge acquired during the course of time and innate skills highly motivates a person to become a successful entrepreneur.

#### **Background**

Family background, occupational background and a person's own experience in a job motivates him/her to become an entrepreneur. Having entrepreneurial background acts as a clear path to becoming a successful and powerful entrepreneur.

### **Financial background**

Finance is the scarce resource which motivates and enables a person to become an entrepreneur. Money can make many things it is the major thing in deciding one's status and development, strong financial background facilitates to start a business.

### ***External factors***

#### **Influence**

Influence of family members, friends, and society motivates the individuals to become entrepreneurs. The extent of influence shows an effect on the character, behavior, and development, it comes from the external environment. Here people get influenced by seeing successful entrepreneurs or by the words of others.

#### **Availability of resources**

Resource availability motivates at a high extent to become entrepreneurs, availability of land, labor, money, machinery, and materials make individual to start a new business. Though there is creativity, intelligence, commitment and enthusiasm in the individuals, but the unavailability of resources becomes an obstacle for new entrants or entrepreneurs.

#### **Product's demand**

Higher demand for a particular product motivate entrepreneurs to produce innovative and value added products, here product's demand motivates the individuals to become entrepreneurs. The hope of success makes them produce innovative products or substitute products, some entrepreneurs fulfill the market demand by producing complementary goods also. So the increase in products demand highly motivates to become entrepreneurs.

#### **Government policies**

Subsidies and benefits given by the government motivate entrepreneurs to produce new products or motivates individual to become entrepreneurs. Government policies show higher influence on establishing new firms and it leads to economic development. In the case of small scale industries, rural people are encouraged by the various training programs, financial support, and subsidies; it is one of the main reasons for the establishment of new firms and arrival of new entrants.

#### **Information availability**

Market knowledge and information motivate individuals to enter into the markets and to become entrepreneurs. If there is abundant information then it automatically creates interest in the minds of enthusiastic people to become entrepreneurs. Availability of information facilitates research and producing innovative and value added products, and it creates a scope to become entrepreneurs.

#### **Technological advancement**

Technological advancement acts as a path to transform ideas into products, feasibility in production and expected success rate highly motivates to become entrepreneurs. It reduces errors and cost of production and maximizes success rate, this is the reason why people are interested in becoming entrepreneurs with the increase in technology.

#### **Changing tastes and preferences**

Changing tastes and preferences of the customers maximizes the chance to produce substitute and complementary goods, it creates a scope to innovation and establishment of the new ventures.

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**II INTERNAL EXAMINATION**  
**ENTREPRENEURIAL DEVELOPMENT**  
**Answer Key**

**PART A**  
(Choose the correct Answer)

1. The observation of people at work that would reveal the one best way to do a task is known as:  
a) **scientific management** b) classical management c) human relations management  
d) creative management
2. The study of organisational behaviour includes  
a) diplomacy, scientology, psychology b) **sociology, psychology, anthropology**  
c) socioeconomics, philosophy, anthropology d) physiology, society, anthropology
3. The study of organisational behaviour mainly involves the study of  
a) **individuals and groups** b) buildings c) structures d) departments
4. Managing the human resource is  
a) the smallest department in an organization b) better managed outside the organization  
c) **vital for the success of an organization** d) an unnecessary expense
5. People who work in the Human resource department should have a knowledge of  
a) **organisational behavior** b) IT c) Finance d) marketing
6. The behavioural science hybrid that integrates psychology and sociology is known as  
a) psysology b) psycho sociology c) **social psychology** d) socpsychology
7. The \_\_\_\_\_ plan shows whether the business is economically feasible or not. a. Financial  
a) **Business** b) Economic c) Marketing d) Sales
8. Professional support network include following EXCEPT  
a) Personal affiliations b) Mentor c) Trade associations d) **Friends**
9. Which motives emphasize development?  
a) cognitive b) affective c) preservation-oriented d) **growth**
10. \_\_\_\_\_ means identifying and imitating the best in the world at specific tasks and functions.  
a) **Benchmarking** b) Outsourcing c) Quality circle d) Continuous improvement
11. \_\_\_\_\_ is the heart of the project  
a) Project idea b) Project identification c) **Project design** d) Project selection
12. A project appraisal is made for \_\_\_\_\_ of projects.  
a) statement b) seen c) appraisal d) **execution**
13. \_\_\_\_\_ is one of the methods of project appraisal.  
a) statement b) goals c) **Market analysis** d) aim oriented
14. Financial analysis is one of the methods of \_\_\_\_\_ of the company  
a) Produce b) **Goal achievement** c) project appraisal d) Marketing
15. A \_\_\_\_\_ will be estimated to anticipate sales profit.  
a) **Product** b) firm c) data d) goals
16. There are \_\_\_\_\_ stages in project life cycle  
a) one b) two c) **Three** d) four

17. What are the 3 basic dimensions of a project?
  - a) input, output and process b) input, output and materials c) **input, output, social cost and benefits** d) input, output and features
18. Project formulation is the important while preparing the \_\_\_\_\_.
  - a) **Project** b) report c) plan d) format
19. A project report is like a road \_\_\_\_\_.
  - a) **Map** b) project c) statement d) report
20. A project report describes the direction of the \_\_\_\_\_.
  - a) goals b) data c) **enterprise** d) plan

### **PART B ( 3\*10 = 30)**

**All the questions carry equal marks (Either or choice)**

**21 a).** Is entrepreneurship motivation necessary for a successful entrepreneur?

Answer: Entrepreneurial motivation is the process of transforming an ordinary individual to a powerful businessman, who can create opportunities and helps in maximizing wealth and economic development. It is defined as various factors stimulate desires and activates enthusiasm in entrepreneurs which make them attain a particular goal. Entrepreneurship is the process of identifying strengths and opportunities which help in the realization of one's dreams for designing, developing and running a new business by facing threats and risks effectively.

**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.**

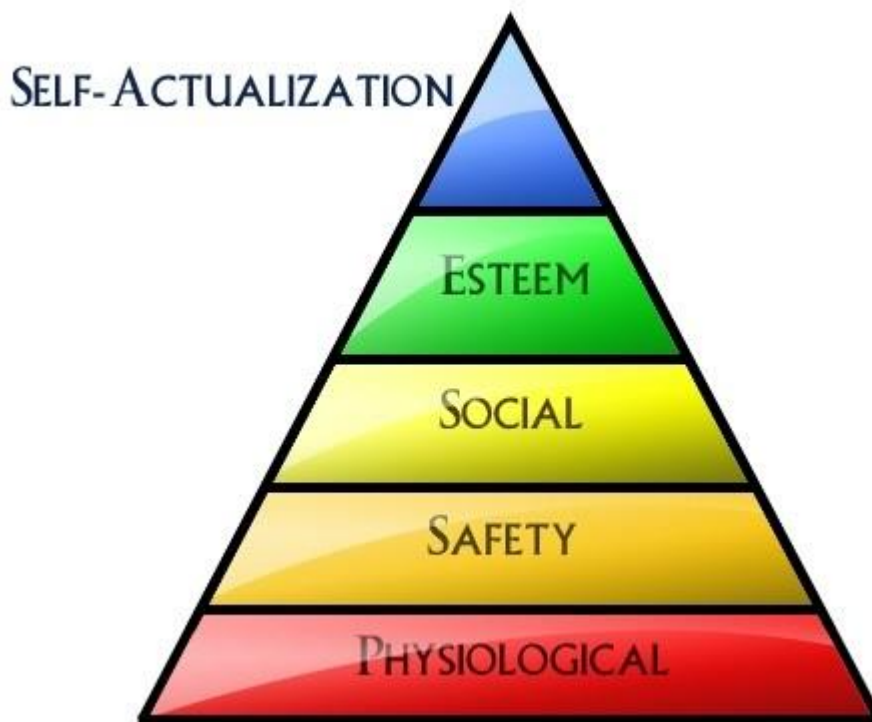
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- **Internal factors**
- **External factors**

***Internal factors***

**Need for self-actualization**



It is explained by Maslow and it is the top level need refers to the desire for self-fulfillment. Need for freedom and self-fulfillment makes the individuals or employees of the organization make them become powerful leaders or entrepreneurs.

#### **Optimism**

Individuals having positive mind-set get motivated by finding opportunities during critical situations also. Positive attitude and perception motivate an individual to work out for the best even during unfavourable and tough situations also.

#### **Positive attitude**

The positive attitude is the most important factor which motivates the individuals to become successful entrepreneurs. Habituating positive attitude can lead an individual to develop constructive thinking; it motivates them to become powerful entrepreneurs, finally, the positive attitude can prove that how valuable they are.

#### **Self-motivation**

Most of the successful and powerful entrepreneurs are self-motivated; here they fulfill the desired objectives by motivating themselves. Though many individuals have ideas but they cannot put those for business development; however self-motivated people can take decisions to implement ideas.

#### **Enthusiasm**

Enthusiasm motivates in finding better solutions, finally, it stabilizes the ideas and makes them become creators and innovators which result in successful entrepreneurs.

#### **Commitment**

Commitment towards a goal can make to achieve success. It motivates entrepreneurs by inspiring and developing emotional attachment towards an objective.

#### **Education**

Education is the most important factor it motivates a person to innovate and create new products, this result in establishing an organization or a new business venture. The knowledge acquired during the course of time and innate skills highly motivates a person to become a successful entrepreneur.

#### **Background**

Family background, occupational background and a person's own experience in a job motivates him/her to become an entrepreneur. Having entrepreneurial background acts as a clear path to becoming a successful and powerful entrepreneur.

### **Financial background**

Finance is the scarce resource which motivates and enables a person to become an entrepreneur. Money can make many things it is the major thing in deciding one's status and development, strong financial background facilitates to start a business.

### **External factors**

#### **Influence**

Influence of family members, friends, and society motivates the individuals to become entrepreneurs. The extent of influence shows an effect on the character, behavior, and development, it comes from the external environment. Here people get influenced by seeing successful entrepreneurs or by the words of others.

(Or)

b). It is said that "Ambition is the lever of all motives". Do you agree? Comment.

Answer: Starting a business is something that many people think about at one time or another during their lives. Motivations for wanting to become an entrepreneur can vary greatly. Common motivators can include escaping the corporate grind, taking greater advantage of special skill sets, supplementing income or a strong drive to achieve personal or financial success.

### **Self-Direction**

If you've spend a number of years toiling for companies and bosses, you may have the desire to determine your own fate by starting a business. You'll be able to operate the business as you see fit and not have to worry about pleasing your boss. In many cases, you'll also have the flexibility to set your own schedule.

### **Financial Success**

Operating a business can lead to financial success. Unlike a job where your earnings are limited to what your company is willing to pay you or a predetermined wage scale, the money you earn from a business is often determined by your own efforts and business savvy. If your initial venture is successful, you can add to your earnings through expansion.

### **Self-Fulfillment**

If you feel that your company is not utilizing your talents properly, starting a business can allow you to maximize your abilities and create a sense of fulfillment. For example, if you're a police officer whose investigative skills are not being put to the test, you could consider starting your own investigative agency where you can make full use of your abilities.

### **Additional Income**

Perhaps you're happy with your present job but would like to supplement your income. If you have a special skill or a hobby you enjoy, you can use these to start a small business on the side. If you enjoy writing, for example, you can look for freelancing opportunities for the local newspaper or online.

### **Second Career**

If you're a retiree, starting a business can take the form of a second career. People who retire early from a job may have the desire to continue working. Older retirees may feel that they need additional income or have concerns about how long their present retirement benefits may last. Starting a business in retirement can also allow for pursuing a passion in addition to providing income.

**22 a)** What is meant by project? Explain its classifications.

Answer: A project may also be a set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations. It may be a temporary (rather than

permanent) social systems as work systems that is constituted by teams within or across organizations to accomplish particular tasks under time constraints.

There are the different basis to classify the projects. Projects can be classified as under:

A. According to the source of fund

**i. Private sector project**

The private sector bodies are responsible for the development and sponsor of the project. Examples- RB complex, Kathmandu mall, Apartments etc. Government sector project

**ii. Government sector project**

In developing country government is the major sponsor of projects. These are the basis of government developing plans. Examples- Road construction, school, health etc.

**iii. Grant project**

Investment in grant projects is not repaid by the government to the donor agencies.

**iv. Loan project**

Investment in loan projects is repaid by the government to the donor agencies.

B. According to foreign aided project

**i. Joint venture project**

The project is funded through the collaboration of foreign and local investors. They are based on ownership sharing. Also, they involve transferring of capital, technology, management. Example- Maruti-Suzuki.

**ii. Bilateral project**

The project is funded from the financial resources of the friendly donor country. Examples- JICA, KOICA.

**iii. Multilateral project**

This project is funded from the financial resources of multilateral agencies such as World Bank and Asian development bank. They are generally funded through loans. All UN agencies are multilateral.

C. According to Techniques

**i. Labor intensive project**

This project is labor based. Human labors are extensively used for implementation of the project.

**b). Express in brief on project identification.**

Answer: Project identification is the first step in the strategic planning process. Before spending significant time and resources on a project, restoration practitioners should be able to identify the biological importance and likelihood of restoration success at potential project sites. An initial feasibility analysis should also be performed that evaluates how the local or state political climate, permits, funding, or community acceptance might support or impede a project. As project planning proceeds, a team should be assembled that is knowledgeable of



the opportunities, complexities, and potential pitfalls of the project. Finally, the development of partnerships and consideration of funding opportunities are also important steps in planning.

**23 a). Comment of Achievement motivation criteria of an enterprise.**

Answer: The Achievement motivation theory relates personal characteristics and background to a need for achievement and the associated competitive drive to meet standards of excellence.

According to theoretical research by Murray (1938), McClelland, Atkinson, Clark, and Lowel (1953), and McClelland (1961), achievement motivation or need for achievement is influenced by a combination of internal factors including personal drives and external or environmental factors including pressures and expectations of relevant organizations and society. Related to an individual's need for achievement and overall motivation is the individual's need for power and need for affiliation.

Understanding and explaining individuals' achievement motivation is important within organizations where such characteristics are strongly associated with ongoing organizational success, most notably in the sales function. Staffing the organization with individuals having backgrounds and personal characteristics that are suggestive of a high need for achievement becomes an important consideration.

While many factors are potentially influential and interact, e.g. an individual's values (e.g. valuing the accomplishment of tasks over personal relationships), culture and educational background, providing appropriate external support in the form of organizational systems, structures, and culture (e.g. including opportunities for promotion, recognizing and rewarding successes, ensuring performance feedback, and matching individual control with role responsibilities and role importance) becomes just as important as the organization's assessing and nurturing an individual's personal drives.

As a company you may offer several motivation and achievement opportunities, but it depends on the individual to acquire it as well. Similarly, if the individual is motivated by achievements, but you are neither offering rewards, recognition or remuneration as an incentive then there is nothing to motivate the employee or offer an achievement to him.

As an employee moves up the ladder he feels that he has achieved something and this motivates him to achieve even more. But moving up the ladder is a slow process and hence as a company, there should be various add ones offered by you so that the employee stays motivated.

**(Or)**

**b). Discuss the preparation of a project report.**

Answer: Project report preparation is very important because it provide very useful information for better business decision. It works like a written plan for forward work. It includes the aim of business project. It also includes the total written budget of project. We have to prepare it systematic way.

Your company seeking financial assistance for implementation of its business idea is required to prepare a Project Report covering certain important aspects of the project as detailed below:

- Promoters background/experience
- Product with capacity to be built up and processes involved
- Project location
- Cost of the Project and Means of financing thereof
- Availability of utilities
- Technical arrangements

- Market Prospects and Selling arrangements
- Environmental aspects
- Profitability projections and Cash flows for the entire repayment period of financial assistance

Spreadsheets formats attached with this document will help you prepare a Detailed Project Report for your Bank. You may omit the manufacturing related information in case you are applying for a non-manufacturing project.

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#### Management Evaluation

- Memorandum and Articles of Association : Object, authorised and paid-up share capital, promoter's contribution, borrowing powers, list of directors on the Board, terms of appointment of directors
- Your company as the Promoter : Corporate plan of the Company, projects promoted/implemented/under implementation, Bankers' report on dealings and repayment of past loan assistance, details of group companies, operations, balance sheet and profit & loss account of the promoter company
- New Promoters : Educational background, any industrial experience, family background, sources of income, details of personal properties, banker's reference, income tax/ wealth tax returns
- Management and Organisation set up : Broad composition of the Board, details of full time directors and their responsibilities, details of Chief executive and functional executives including qualification, experience, organisation set-up for existing company and during project implementation for new company.

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- Technology and manufacturing process : Proven/new technology, basis of selection of technology, competing technologies, performance data of plants based on the technology, details of licensor of technology, process flow chart and description
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- Contracts : Agreement with contractors detailing on know-how, engineering, procurement, construction, financial soundness and experience of contractors
- Project monitoring and implementation : Mode of implementation, details of monitoring team, detailed schedule of implementation.

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and International Standards, Clearances and No objection certificates required and obtained etc.

### ***Commercial Viability***

- Existing and potential market demand and supply for the proposed product in respect of volume and pattern
- Share of the proposed product of the company in the total market through marketing strategy
- Selling price of the product and export potential, if any.
- Buy-back arrangements, if any.

### **Financial Appraisal**

- **Cost of the Project :** This includes the cost of land & site development, building, plant & machinery, technical know-how & engineering fees, miscellaneous fixed assets, preliminary & preoperative expenses, contingencies, margin money for working capital. Your company is expected to submit realistic estimates and reasonableness of the cost of the project will be examined with reference to various factors such as implementation period, inflation, various agreements, quotations etc.
- **Means of Financing :** Means of financing shall have to conform to proper mix of share capital and debt. This includes share capital, unsecured loans from Promoters/associates, internal accruals, term loans, Government subsidy/grant. Reasonableness of Promoters' contribution in the form of equity and interest-free unsecured loans, if any, is ascertained in view of commitment to the Project.
- **Profitability Projections :** Past records of financial performance of Your company will be examined. Your company needs to submit profitability estimates, cash flow and projected balance sheet for the project and for the Company as a whole. Based on the projections, various financial ratios such as Debt -Equity ratio, Current ratio, Fixed asset coverage ratio, Gross profit, Operating profit, Net profit ratios, Internal rate of return(over the economic life of the project), Debt Service Coverage ratio, Earning per share, Dividend payable etc. would be worked out to ascertain financial soundness of your Project.

### ***Economic Viability***

- Your company will have to take real value of input as against the value accounted in financial analysis for the purpose of economic evaluation of the project.
- Your company should carry out social cost benefit analysis as a measure of the costs and benefits of the project to Society and the Economy.
- Economic analysis is therefore aimed at inherent strength of the Project to withstand international competition on its own.

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**MODEL EXAMINATION**  
**ENTREPRENEURIAL DEVELOPMENT**  
**Answer Key**

**PART-A(20\*1=20Marks)**  
**ANSWER THE CORRECT ANSWER**

1. An \_\_\_\_\_ operates within organization.  
a) Owner b) Inventor c) **Intrapreneur** d) Advisor
2. Entrepreneurs always bears\_\_\_\_\_  
a) actions b) Purchase c) **Risk** d) Sales
3. A \_\_\_\_\_ entrepreneur will be very cautious.  
a) **Fabian** b) skilled c) innovate d) Drone
4. A \_\_\_\_\_ does not bear any risk.  
a) Creator b) Servant c) Inventor d) **Manager**
5. The social science discipline that focuses directly on understanding and predicting Individual behavior is known as  
a) **psychology** b) sociology c) anthropology d) political science
6. The social science that studies how individuals interact with one another in social systems is known as  
a) psychology b) **sociology** c) anthropology d) political science
7. The behavioral science hybrid that integrates psychology and sociology is known as  
a) psychology b) psycho sociology c) **social psychology** d) socpsychology
8. People who work in the Human resource department should have a knowledge of  
a) **organisational behavior** b) IT c) Finance d) marketing
9. The commercial \_\_\_\_\_ started to cater industries  
a) **banks** b) industries c) Offices d) Companies
10. There are \_\_\_\_\_ stages in project life cycle  
a) one b) two c) **Three** d) four
11. What are the 3 basic dimensions of a project?  
a) input, output and process b) input, output and materials c) **input, output, social cost and benefits** d) input, output and features
12. Project formulation is the important while preparing the \_\_\_\_\_  
a) **Project** b) report c) plan d) format
13. Female entrepreneur differs from male entrepreneur in terms of the following except \_\_\_\_\_  
a) **Motivation** b) Business skill c) Departure point d) Goal orientation
14. The term EDP refers to \_\_\_\_\_  
a) **Entrepreneurship Development Programme** b) Entrepreneurial Development Programme c) Entrepreneur Development Programme d) Entrepreneuring

### Development Programme

15. TIIC is sponsored by the \_\_\_\_\_.  
a) **Government of Tamil Nadu** b) Government of Karnataka c) Government of Andhra Pradesh d) Government of Kerala
16. RCI stands for \_\_\_\_\_.  
a) Re-investment corporation of India b) Re-investment committee of India  
c) **Refinance corporation of India** d) Refinance committee of India
17. The main functions of \_\_\_\_\_ is to cater small industries  
a) people b) company c) **SFC** d) concern
18. A \_\_\_\_\_ gives assistance to small Entrepreneurs.  
a) large b) high c) small d) **Commercial banks**
19. SIDBI Commences its operation in the year \_\_\_\_\_.  
a) 1936 b) 1950 c) **1990** d) 1948
20. \_\_\_\_\_ provide training to small entrepreneurs.  
a) UNO b) **SIDBI** c) SBI d) IIC

### **PART-B (5\*8=40 Marks)** **ANSWER ALL THW QUESTIONS**

21 a). Comment on the concept of entrepreneurship.

**Answer:** The basic concepts and characteristics of entrepreneurship are concerned with developing a vision of what a company should be, and then executing that vision by translating it into concrete steps and following through. Entrepreneurs tend to be personally involved in building and shaping their companies, but business success also depends on understanding personal limits, and developing strategies and systems to transcend these limits. Although many business magazines publish long lists of entrepreneurial traits, entrepreneurship is more a way of thinking and behaving than a set of specific, sharply defined character traits.

#### **Measured Risk**

Entrepreneurs are risk takers, staking money, time, and personal reputations to manifest their visions. But, like heros, entrepreneurs are rarely reckless. Rather, successful entrepreneurs take measured risks, weighing the stakes and the potential consequences, and then stepping into unknown territory to generate results. As risk takers, successful entrepreneurs understand that failure can be a vital part of success, and that learning from mistakes can be a way of reaping benefits from situations that might otherwise feel like failures.

#### **Fiscal Responsibility**

Businesses run on money, so entrepreneurs must have a solid sense of how to raise and manage funds. Successful entrepreneurs have an intuitive sense of how much money they will need to run their companies, but they supplement this sense with concrete documentation and calculations to mitigate uncertainties. Entrepreneurs are willing to risk money by making investments in building their businesses, but they keep a close eye on the numbers in order to understand how much they are spending and whether their expenditures are bringing about the desired results.

#### **Creativity**

Starting a business is a creative endeavor that starts with conceptualizing a product or service, and then building a practical infrastructure that can sustain itself while delivering that product or service. Entrepreneurship requires creative problem solving as well as creative product development, and entrepreneurs have the creative freedom to think outside the box and develop unique strategies that balance personal values with practical constraints.

### **Management Skills**

Successful entrepreneurs see the big picture. They have the skills and the humility to define their own role in company operations, and the interpersonal skills to successfully delegate the tasks they can't complete themselves. Successful entrepreneurs are successful managers, sharing the company's vision and clearly communicating the ways that this vision is infused into mundane daily tasks. An entrepreneur's management skills come into play in the process of carefully choosing employees, and these skills carry over into careful training, as well as the daily challenges of motivating and organizing workers.

(Or)

b). Explain the qualities of an entrepreneur.

Answer: Successful business people have many traits in common with one another. They are confident and optimistic. They are disciplined self starters. They are open to any new ideas which cross their path, it covers the mindset of millennial entrepreneurs). Here are ten traits of the successful entrepreneur.

#### **1. Disciplined**

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

#### **2. Confidence**

The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

#### **3. Open Minded**

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

#### **4. Self Starter**

Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.

#### **5. Competitive**

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

#### **6. Creativity**

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

#### **7. Determination**

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavors succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.

### **8. Strong people skills**

The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

### **9. Strong work ethic**

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

### **10. Passion**

Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

Successful entrepreneurs want to see what the view is like at the top of the business mountain. Once they see it, they want to go further. They know how to talk to their employees, and their businesses soar as a result.

22 a). Discuss on McGregor theories of motivation.

Answer: Maslow believed that human beings have a strong desire to reach their full potential. In his own words:

***“a man’s desire for self-fulfilment, namely the tendency for him to become actually in what he is potentially: to become everything that one is capable of being....”***

To understand Maslow’s thinking it’s worth noting some of his main assertions:

- Broadly, as one set of needs is met, the next level of needs become more of a motivator to an individual.
- A satisfied need is not a motivator.
- Only unsatisfied needs motivate an individual. We have an innate desire to work our way up the hierarchy, pursuing satisfaction in higher order needs.
- Self-actualization stimulates a desire for more due to what Maslow explained as “peak experiences”.

### **Motivation - McGregor (Theory X & Theory Y)**

McGregor developed two theories of human behaviour at work: Theory X and Theory Y. He did not imply that workers would be one type or the other. Rather, he saw the two theories as two extremes - with a whole spectrum of possible behaviours in between.

#### **Theory X workers could be described as follows:**

- Individuals who dislike work and avoid it where possible
- Individuals who lack ambition, dislike responsibility and prefer to be led
- Individuals who desire security

The management implications for Theory X workers were that, to achieve organisational objectives, a business would need to impose a management system of coercion, control and punishment.

#### **Theory Y workers were characterised by McGregor as:**

- Consider effort at work as just like rest or play

- Ordinary people who do not dislike work. Depending on the working conditions, work could be considered a source of satisfaction or punishment
- Individuals who seek responsibility (if they are motivated)

The management implications for Theory X workers are that, to achieve organisational objectives, rewards of varying kinds are likely to be the most popular motivator. The challenge for management with Theory Y workers is to create a working environment (or culture) where workers can show and develop their creativity.

(Or)

b). Express views on achievement motivation.

Answer: The **Achievement motivation theory** relates personal characteristics and background to a need for achievement and the associated competitive drive to meet standards of excellence.

According to theoretical research by Murray (1938), McClelland, Atkinson, Clark, and Lowel (1953), and McClelland (1961), achievement motivation or need for achievement is influenced by a combination of internal factors including personal drives and external or environmental factors including pressures and expectations of relevant organizations and society. Related to an individual's need for achievement and overall motivation is the individual's need for power and need for affiliation.

Understanding and explaining individuals' achievement motivation is important within organizations where such characteristics are strongly associated with ongoing organizational success, most notably in the sales function. Staffing the organization with individuals having backgrounds and personal characteristics that are suggestive of a high need for achievement becomes an important consideration.

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As a company you may offer several motivation and achievement opportunities, but it depends on the individual to acquire it as well. Similarly, if the individual is motivated by achievements, but you are neither offering rewards, recognition or remuneration as an incentive then there is nothing to motivate the employee or offer an achievement to him.

As an employee moves up the ladder he feels that he has achieved something and this motivates him to achieve even more. But moving up the ladder is a slow process and hence as a company, there should be various add ons offered by you so that the employee stays motivated.

23 a). Comment on the preparation of a project report.

Answer: Project report preparation is very important because it provide very useful information for better business decision. It works like a written plan for forward work. It includes the aim of business project. It also includes the total written budget of project. We have to prepare it systematic way.

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- Your company should carry out social cost benefit analysis as a measure of the costs and benefits of the project to Society and the Economy.
- Economic analysis is therefore aimed at inherent strength of the Project to withstand international competition on its own.

(Or)

b). Explain the assessment of project feasibility.

Answer: In simple terms, a feasibility study involves taking a judgment call on whether a project is doable. The two criteria to judge feasibility are cost required and value to be delivered. A well-designed study should offer a

historical background of the business or project, a description of the product or service, accounting statements, details of operations and management, marketing research and policies, financial data, legal requirements and tax obligations. Generally, such studies precede technical development and project implementation.

A feasibility study evaluates the project's potential for success; therefore, perceived objectivity is an important factor in the credibility of the study for potential investors and lending institutions.

#### Five Areas of Project Feasibility:

1. **Technical Feasibility** - assessment is centered on the technical resources available to the organization. It helps organizations assess if the technical resources meet capacity and whether the technical team is capable of converting the ideas into working systems. Technical feasibility also involves evaluation of the hardware and the software requirements of the proposed system.
2. **Economic Feasibility** - helps organizations assess the viability, cost, and benefits associated with projects before financial resources are allocated. It also serves as an independent project assessment, and enhances project credibility, as a result. It helps decision-makers determine the positive economic benefits to the organization that the proposed system will provide, and helps quantify them. This assessment typically involves a cost/ benefits analysis of the project.
3. **Legal Feasibility** - investigates if the proposed system conflicts with legal requirements like data protection acts or social media laws.
4. **Operational Feasibility** - this involves undertaking a study to analyze and determine whether your business needs can be fulfilled by using the proposed solution. It also measures how well the proposed system solves problems and takes advantage of the opportunities identified during scope definition. Operational feasibility studies also analyze how the project plan satisfies the requirements identified in the requirements analysis phase of system development. To ensure success, desired operational outcomes must inform and guide design and development. These include such design-dependent parameters such as reliability, maintainability, supportability, usability, disposability, sustainability, affordability, and others.
5. **Scheduling Feasibility** is the most important for project success. A project will fail if not completed on time. In scheduling feasibility, we estimate how much time the system will take to complete, and with our technical skills we need to estimate the period to complete the project using various methods of estimation.

24 a). Elaborate the role of commercial bank in entrepreneurial development.

**Answer:** A commercial bank is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit.

In fact, commercial banks, as their name suggests, are profit-seeking institutions, i.e., they do banking business to earn profit.

They generally finance trade and commerce with short-term loans. They charge high rate of interest from the borrowers but pay much less rate of interest to their depositors with the result that the difference between the two rates of interest becomes the main source of profit of the banks. Most of the Indian joint stock Banks are Commercial Banks such as Punjab National Bank, Allahabad Bank, Canara Bank, Andhra Bank, Bank of Baroda, etc.

### **Functions of Commercial:**

The two most distinctive features of a commercial bank are borrowing and lending, i.e., acceptance of deposits and lending of money to projects to earn interest (profit). In short, banks borrow to lend. The rate of interest offered by the banks to depositors is called the borrowing rate while the rate at which banks lend out is called lending rate.

The difference between the rates is called 'spread' which is appropriated by the banks. Mind, all financial institutions are not commercial banks because only those which perform dual functions of (i) accepting deposits and (ii) giving loans are termed as commercial banks. For example post offices are not bank because they do not give loans. Functions of commercial banks are classified into two main categories—(A) Primary functions and (B) Secondary functions.

### **(A) Primary Functions:**

#### **1. It accepts deposits:**

A commercial bank accepts deposits in the form of current, savings and fixed deposits. It collects the surplus balances of the individuals, firms and finances the temporary needs of commercial transactions. The first task is, therefore, the collection of the savings of the public. The bank does this by accepting deposits from its customers. Deposits are the lifeline of banks.

### **Deposits are of three types as under:**

#### **(i) Current account deposits:**

Such deposits are payable on demand and are, therefore, called demand deposits. These can be withdrawn by the depositors any number of times depending upon the balance in the account. The bank does not pay any interest on these deposits but provides cheque facilities. These accounts are generally maintained by businessmen and industrialists who receive and make business payments of large amounts through cheques.

**(ii) Fixed deposits (Time deposits):**

Fixed deposits have a fixed period of maturity and are referred to as time deposits. These are deposits for a fixed term, i.e., period of time ranging from a few days to a few years. These are neither payable on demand nor they enjoy cheque facilities.

They can be withdrawn only after the maturity of the specified fixed period. They carry higher rate of interest. They are not treated as a part of money supply. Recurring deposit in which a regular deposit of an agreed sum is made is also a variant of fixed deposits.

**(iii) Savings account deposits:**

These are deposits whose main objective is to save. Savings account is most suitable for individual households. They combine the features of both current account and fixed deposits. They are payable on demand and also withdrawable by cheque. But bank gives this facility with some restrictions, e.g., a bank may allow four or five cheques in a month. Interest paid on savings account deposits is lesser than that of fixed deposit.

**2. It gives loans and advances:**

The second major function of a commercial bank is to give loans and advances particularly to businessmen and entrepreneurs and thereby earn interest. This is, in fact, the main source of income of the bank. A bank keeps a certain portion of the deposits with itself as reserve and gives (lends) the balance to the borrowers as loans and advances in the form of cash credit, demand loans, short-run loans, overdraft as explained under.

**(i) Cash Credit:**

An eligible borrower is first sanctioned a credit limit and within that limit he is allowed to withdraw a certain amount on a given security. The withdrawing power depends upon the borrower's current assets, the statement of which is submitted by him to the bank as the basis of security. Interest is charged by the bank on the drawn or utilised portion of credit (loan).

**(ii) Demand Loans:**

A loan which can be recalled on demand is called demand loan. There is no stated maturity. The entire loan amount is paid in lump sum by crediting it to the loan account of the borrower. Those like security brokers whose credit needs fluctuate generally, take such loans on personal security and financial assets.

**(iii) Short-term Loans:**

Short-term loans are given against some security as personal loans to finance working capital or as priority sector advances. The entire amount is repaid either in one instalment or in a number of instalments over the period of loan.

**Investment:****Commercial banks invest their surplus fund in 3 types of securities:**

(i) Government securities, (ii) Other approved securities and (iii) Other securities. Banks earn interest on these securities.

**(B) Secondary Functions:**

Apart from the above-mentioned two primary (major) functions, commercial banks perform the following secondary functions also.

**3. Discounting bills of exchange or bundles:**

A bill of exchange represents a promise to pay a fixed amount of money at a specific point of time in future. It can also be encashed earlier through discounting process of a commercial bank. Alternatively, a bill of exchange is a document acknowledging an amount of money owed in consideration of goods received. It is a paper asset signed by the debtor and the creditor for a fixed amount payable on a fixed date. It works like this.

Suppose, A buys goods from B, he may not pay B immediately but instead give B a bill of exchange stating the amount of money owed and the time when A will settle the debt. Suppose, B wants the money immediately, he will present the bill of exchange (Hundi) to the bank for discounting. The bank will deduct the commission and pay to B the present value of the bill. When the bill matures after specified period, the bank will get payment from A.

**4. Overdraft facility:**

An overdraft is an advance given by allowing a customer keeping current account to overdraw his current account up to an agreed limit. It is a facility to a depositor for overdrawing the amount than the balance amount in his account.

(Or)

b). Explain the role of Tamil Nadu Industries Investment Corporation in developing

Tamil Nadu's Entrepreneurship structure.

Answer: The Tamil Nadu Industrial Investment Corporation Limited (TIIC), is an institution owned by the government of Tamil Nadu and is intended as a catalyst for the development of small, medium and large scale industries in Tamil Nadu. It was established in 1949.

The Tamil Nadu Industrial Investment Corporation Limited (TIIC), a government company incorporated under the Companies Act 1913 and continues to be a government company under The Companies Act, 1956. The authorised share capital of the company is ₹300 crores and the paid up capital of the company is ₹283.4956 crores

**Role or Functions**

TIIC as a State Level Financial Institution, offers long and medium term financial assistance to various industries including service sector in the following forms:

- Term Loans
- Term Loan and Working Capital Term Loans under the Single Window Scheme.
- Special types of assistance like Bill Financing Scheme, etc.

25 a). Discuss an account of functions performed by Technical Consultancy Organizations (TCOs).

**Answer:** Technical Consultancy Organisation (TCOs) The all India financial institutions with the support of the State level institutions and commercial banks have promoted Technical Consultancy Organisations at the state level, in different states primarily to provide better quality technical, managerial and marketing consultancy services to new as well as existing small scale entrepreneurs. They undertake a wide spectrum of consultancy services aimed at securing financial assistance and implementation assistance for new enterprises as well as existing units. Their services include project identification, preparation of techno-economic feasibility studies and detailed project reports, undertaken detailed national and state level market studies, identification of technology sources, evaluation and absorption of technology, turnkey project assignments, preparation of project profiles and desk based market analysis reports etc. for the new entrepreneurs. Whereas for the existing enterprises, TCOs undertake diagnostic reports for sick or weak units, marketing assistance including actual sales as well as consultancy for domestic and export markets, technology oriented studies like energy auditing, pollution control, valuation and modernisation stock audit, management consultancy-monitoring on a retainership basis, software development, seminars on technology upgradation, etc. Fees for the services rendered by TCOs are subsidised on account of the institutional support of the promoting institutions. The list of such TCOs is at Annexure II.

**State Financial Corporations (SFCs)** The SFCs were mandated to serve as regional agencies for promoting regional growth through the development of Small and Medium Enterprises by grant of loans and participation in their equity base in the country. The main objectives of SFCs are to provide financial assistance to industries, catalyse investment, generate employment and widen the industry base. The eighteen SFCs across the country provide financial assistance by way of term loans. Moreover SFCs also operate schemes of refinance of IDBI/SIDBI. They also have tailor-made financial schemes for artisans and special target groups. They have also been extending working capital assistance along with term loans under the single window system of SIDBI.

**State Industrial Development Corporation/State Industrial Investment Corporation (SIDC/SIIC)** These organizations, developed in 1956 as a wholly owned subsidiary of state governments, act as catalysts to industrial growth. SIDC is instrumental in providing infrastructure facilities like roads, water supply, and electricity etc. to the industries. They also give assistance by way of term

loans, subscription to equity, underwriting etc. They have also diversified by entering into areas like merchant banking, venture capital and mutual funds.

(Or)

b). Comment on the functions of DICs.

Answer: **District Industries Center (DIC)**

1. All the MSMEs are offered various services and support under the single roof of the District Industries Centre.

2. This Centre caters to Promotion of MSMEs as also Registration and Development of Industrial Cooperatives.

### **3. Administration**

The General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Director Level. The General Manager is assisted by the Project Manager, Manager (Credit), Manager (Economic Investigation)/ Manager (Village Administration) and an office Superintendent.

### **4. Monitoring of DICs**

The functioning of DICs and their achievement is monitored by the Principal Secretary/ Industries Commissioner & Director Of Industries & Commerce. The Review of the General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes.

5. To resolve the problems of industries/industrialists, there are two types of committee at the district level viz.

#### **a) Single Window Clearance Committee (SWCC)**

Entrepreneurs face many difficulties when they start new industries. They have to deal with many government agencies and get many clearances. SWCC helps them in guiding solving their problems at a Single Window. This committee is chaired by the District Collector. The General Manager of DIC is the Member Secretary and the connected line departments such as District Fire officer, Deputy Director (Health), Deputy Director (Town & Country Planning) are members of this committee.

#### **b) District Enterprises Development Consultative Committee (DEDCC)**

Government have recently Constituted the District Enterprises Clearance Committee Vide G.O Ms No 53 MSME (D2) Department dated 27.12.2012 The Committee is Chaired by the District Collector as the Chairman of this Committee and General Manager of DIC is the Member Secretary. The other members of the DIEC are President of District Panchayat,



DDO, MP, MLAs, Prominent persons active in Industries in the district and members of all district level industries associations.

Reg. No.....

[09NMU401A]

**KARPAGAM UNIVERSITY**

(Under Section 3 of UGC Act 1956)

COIMBATORE - 641 021

(For the candidates admitted from 2009 onwards)

**B.Com. DEGREE EXAMINATION, APRIL 2012**

Fourth Semester

**COMMERCE**

**INTRODUCTION TO ENTREPRENEURIAL DEVELOPMENT**

Time: 3 hours

Maximum : 60 marks

**PART - A (20X ½ = 10 Marks)**

**Answer ALL the Questions**

1. Born Entrepreneurs with inborn traits of confidence vision, initiative \_\_\_\_\_

- (a) Pure Entrepreneur (b) Spontaneous Entrepreneur  
(c) Induced Entrepreneur (d) Motivated Entrepreneur

2. \_\_\_\_\_ Bad production Policies

- (a) Bad maintenance of Plant and Machinery (b) Marketing  
(c) Inappropriate personnel (d) Inefficient workers

3. The industrial development and regulation act in the year \_\_\_\_\_

- (a) 1931 (b) 1952 (c) 1951 (d) 1966

4. The sick industrial companies (special provisions) Act \_\_\_\_\_

- (a) 1967 (b) 1989 (c) 1985 (d) 1978

5. At present how many SFCs Companies are acting in India \_\_\_\_\_

- (a) 19 (b) 20 (c) 18 (d) 15

6. SIDCs established as wholly owned undertaking by \_\_\_\_\_

- (a) Central Government (b) Particular District  
(c) State Government (d) Village Administrative

7. SIPCOT was established in the year \_\_\_\_\_

- (a) 1973 (b) 1972 (c) 1974 (d) 1975

8. SFCs was established in the year of \_\_\_\_\_

- (a) 1951 (b) 1955 (c) 1952 (d) 1861

9. Khadi and Village Industries commission act on \_\_\_\_\_  
(a) 1958 (b) 1968 (c) 1956 (d) 1978

10. Give the objectives of the commission types \_\_\_\_\_  
(a) Three (b) Two (c) One (d) Four

11. Providing employment in rural areas this rule applying in which objectives  
(a) Economic Objectives (b) Social Objectives (c) The moral objective  
(d) Wider objectives

12. Khadi and Village Industries commission has offices in \_\_\_\_\_ states  
(a) 28 (b) 29 (c) 30 (d) 40

13. The term bounty denotes \_\_\_\_\_ which is given by the government to the industry  
(a) Bonus (b) Financial aid (c) Money market (d) Bonus and Financial aid

14. Subsidy is paid on transport cost between the selected \_\_\_\_\_ of the industrial units in the state/ union Territories  
(a) Railheads (b) Location (c) Railheads and location (d) Transport

15. To help the entrepreneur overcome the problem \_\_\_\_\_ has come up with a scheme  
(a) TCO (b) EPCG (c) IFCI (d) IDBI

16. The investment allowance was introduced in \_\_\_\_\_ in place of depreciation allowance  
(a) 1987 (b) 1976 (c) 1966 (d) 1975

17. A women Entrepreneurs are-----  
(a) Advisable (b) Thinker (c) Soft (d) Innovative

18. \_\_\_\_\_ a person acquires the types of needs as a result of one's life experience.  
(a) P.N Sharma (b) David Accielland (c) Maslow (d) Derossi

19. Industrialization in India began with the setting up of \_\_\_\_\_  
(a) Sugar factory (b) Cotton textile and Jute Mills (c) Cement industry  
(d) Jute Mills

20. Esteem Needs refers to \_\_\_\_\_  
(a) Self esteem and self respect (b) Only Self esteem (c) Only Self respect  
(d) Self Fulfillment

**PART B (5 X 4 = 20 Marks)**  
**Answer ALL the Questions**

21. a. Explain the phases of entrepreneur development programme.  
Or  
b. What do you mean by Rural Entrepreneur?
22. a. Write a short note on State Financial Corporation.  
Or  
b. Describe the features of State Industrial Development Corporations (SIDCs).
23. a. State about National Small Industries Corporation (NSIC)  
Or  
b. Write about Small Industries Service Institutes (SISIs)
24. a. Explain the Transport Subsidy.  
Or  
b. Explain the Seed Capital Assistance.
25. a. Discuss about Maslow's Need Hierarchy Theory.  
Or  
b. Enumerate the Entrepreneurial Behaviour.

**PART C (3 x 10 = 30 Marks)**  
**Answer any THREE Questions**

26. What do you mean by Women Entrepreneurs? What are the problems faced by the Women Entrepreneur?
27. Specify the functions of State Industries Promotion Corporation of Tamil Nadu (SIPCOT)
28. What are all the incentives given by the Government for development of Small Industrial Units.
29. Describe the Entrepreneurial Behaviour.
30. Explain the Subsidized Services?
-

Reg. No.....

[13CMU404]

**KARPAGAM UNIVERSITY**

(Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2013 onwards)

**B.Com. DEGREE EXAMINATION, APRIL 2015**

Fourth Semester

COMMERCE

**ENTREPRENEURSHIP AND PROJECT MANAGEMENT**

Maximum : 60 marks

Time: 3 hours

**PART – A (10 x 2 = 20 Marks)**

Answer any TEN Questions

1. List out the external factors which are influencing the entrepreneurial growth.
2. Who are called as small entrepreneur?
3. Who is an innovating entrepreneur?
4. What is meant phases of EDP?
5. Expand the Following terms : i. SIDBI ii. TIIC
6. Explain shortly about SIDC
7. Expand the Following terms : i. SIDO ii. KVIC
8. Write a note on SISI
9. Give a brief note on IIC
10. State the meaning of project identification
11. Define project appraisal.
12. Define the term project.
13. List out the contents of Project report.
14. What is project report?
15. What is project description in formulation project report?

**PART B (5 X 8= 40 Marks)**

Answer ALL the Questions

16. a. Describe the types of entrepreneur.  
Or  
b. Enumerate the role of entrepreneurship in economic development.
17. a. Discuss about National Small Industries Corporations (NSIC).  
Or  
b. Enumerate the functions of Khadi and Village Industries Commission.

18. a. Explain the characteristics of a project.

Or

- b. Enumerate the roles and responsibilities of project manager.

19. a. How the project should be evaluated? Discuss.

Or

- b. Draft the specimen of project report.

**20. Compulsory :-**

Describe the functions of SIPCOT.

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Reg. No.....

[14CMU404]

**KARPAGAM UNIVERSITY**

Karpagam Academy of Higher Education  
(Established Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2014 onwards)

**B.Com., DEGREE EXAMINATION, APRIL 2016**

Fourth Semester

**COMMERCE**

**ENTREPRENEURSHIP AND PROJECT MANAGEMENT**

Time: 3 hours

Maximum : 60 marks

**PART – A (20 x 1 = 20 Marks) (30 Minutes)**  
**(Question Nos. 1 to 20 Online Examinations)**

**PART B (5 x 8 = 40 Marks) (2 ½ Hours)**

**Answer ALL the Questions**

21. (a) Determine the factors which are affecting entrepreneurial growth.

Or

(b) Describe the types of entrepreneur.

22. (a) Describe elaborately about SIDBI.

Or

(b) Explain the functions of SIPCOT.

23. (a) Enumerate the functions of Khadi and Village Industries Commission.

Or

(b) Explain about Indian Investment Centre

24. (a) Elucidate the phases of project life cycle.

Or

(b) Explain the project classification in detail.

25. (a) Draft the specimen of project report.

Or

(b) Enumerate the planning commission's guideline to formulating a project report.

Reg. No.....

[14CCU504B]

## KARPAGAM UNIVERSITY

Karpagam Academy of Higher Education  
(Established Under Section 3 of UGC Act 1956)

COIMBATORE - 641 021

(For the candidates admitted from 2014 onwards)

### B.Com., DEGREE EXAMINATION, JANUARY 2017

Fifth Semester

#### COMMERCE (COMPUTER APPLICATIONS)

##### ENTREPRENEURIAL DEVELOPMENT

Time: 3 hours

Maximum : 60 marks

#### PART - A (20 x 1 = 20 Marks) (30 Minutes)

##### Answer ALL the Questions

1. The word entrepreneur has been taken from the \_\_\_\_ language  
a. French      b. Italy      c. English      d. Japanese
2. The primary reason entrepreneurs start companies is to:  
a. prove they could do      b. recover from a layoff      c. create something new  
d. make money
3. The entrepreneur have a strong desire to achieve \_\_\_\_ in business  
a. high goals      b. motive      c. strength      d. none
4. An innovative entrepreneur is one who introduces  
a. new goods      b. existing      c. adopt      d. all the above
5. Project identification deals with:  
a. Viable Product idea      b. Logical opportunity      c. Effective demand      d. None
6. Following is not considered with quantifiable projects:  
a. Power generation      b. Mineral production      c. Family welfare  
d. Water supply
7. Lack of standardisation of the equipment is due to:  
a. Internal constraints      b. External constraints      c. Government barriers  
d. Regulatory barriers

8. SFCs underwrite

- a. shares      b. assets      c. bank loan      d. margin

9. The functions of TIIC is

- a. term loan      b. raw material      c. demand      d. competition

10. \_\_\_\_ has become a movement in India in the recent years

- a. EDP      b. Development      c. outlook      d. roles

11. \_\_\_\_ is essential to any enterprise.

- a. Finance      b. loan      c. document      d. credit

12. Financial assistance is given to \_\_\_\_ Entrepreneurs.

- a. large      b. high      c. small      d. none

13. The IFCI was set up in the year \_\_\_\_

- a. 1936      b. 1950      c. 1972      d. 1948

14. The IFCI \_\_\_\_ mainly to large scale Industries.

- a. informs      b. plans      c. mediates      d. concentrates

15. An entrepreneurship development programme consists of the

- a. one phase      b. four phase      c. three phase      d. two phase

16. The main function of \_\_\_\_ is to cater small industries.

- a. SFC      b. DIC      c. IFCI      d. TIIC

17. SISI s provide \_\_\_\_ also.

- a. knowledge      b. lateral      c. consultancy      d. Work

18. SISI s provide \_\_\_\_ to small entrepreneurs.

- a. failure      b. training      c. economic      d. success

19. Entrepreneurs need \_\_\_\_

- a. trade      b. technology skills      c. goals      d. business

20. Entrepreneurs get government \_\_\_\_

- a. trade      b. technology      c. subsidies      d. business

**PART B (5 x 8 = 40 Marks) (2 ½ Hours)**  
**Answer ALL the Questions**

21. a) Explain the characteristics of an entrepreneur.  
(Or)  
b) Describe the types of entrepreneurs
22. a) Describe the project identification in detail.  
(Or)  
b) Describe the steps involved in project.
23. a) Write short note on : (i) SISIs (ii) DICs  
(Or)  
b) Explain the functions of small Industries Development Organisation (SIDO).
24. a) Describe an overview of State Financial Corporation's (SFCs)  
(Or)  
b) Elucidate the schemes and functions of SIDBI.
25. a) What are the incentives given by central and state government?  
(Or)  
b) Explain in detail the Taxation benefit under Income Tax Act.
-