GOVERNMENT ENGINEERING COLLEGE JHALAWAR

Department of Management of Studies

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Subject : BBA 208C - ENTREPRENEURSHIP DEVELOPMENT

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Solved Question Paper

Section I (It consist five short answer questions, **Attempt any Four questions**. Each Question carries 2.5 marks)

Q.1 Define the term "Infrastructural facilities"

Ans. Infrastructural facilities are generally defined as the physical framework of facilities through which goods and services are produced by the manufacturers or service providers and provided to the public. Its linkage to the economy are multiple and complex, because it affects production and consumption directly, and involves large flows of investment.

Q.2 Write five characteristics of Successful Entrepreneurs.

Ans. Successful Entrepreneurs have following qualities

1. Hardworking,
2. Alertness,
3. Imaginative,
4. Confident,
5. Foresightedness,
6. Optimistic,
7. Ambitious

Q.3 Describe positive and negative aspects of Entrepreneurship in brief.

Ans. Positive and negative aspects of Entrepreneurship are as follows

Positive aspects of entrepreneurship

1. Being the boss if his own business, he enjoys unlimited powers. He can do things in his own way and he need not take orders from someone else. He can make his own decisions and act on them.
2. There are numerous opportunities for his self- development.
3. Working on one"s own and thus getting rewards yields immense satisfaction and pleasure for more than what he can get in a job.
4. Monetary rewards can be more than commensurate with his capacity and capabilities.
5. He can command deference and respect of his immediate family and friends. It is a kind of intangible reward.
6. Instead of depending on others, he generates employment for others.
7. He can make significant contribution to the development of the country and be proud of taking part in nation building activities.
8. He can be a great achiever realising his goals and proving his achievements to the world. He can be recognised for his outstanding efforts.

Negative aspects of entrepreneurship

1. Though an entrepreneur is his own boss, in some respects he is not. It is so because he is constrained by various people like his financiers, labourers, suppliers, customers and so on.
2. He may have to face frustration since the scope of his operations is limited by his limited resources.
3. He has to work long and hard hours from morning to dusk and his venture tends to absorb all his energy and time. This may affect his social and family life
4. At times he may have to face disappointments and frustrations since everything in his venture may not always work the way he would like it to.
5. He has to always work with tension since there is always the risk of failure.

Q.4 Define Project in brief.
Ans . Project can be defined as a typically has a distinct mission that it is designed to achieve and a clear termination point, the achievement of the mission.
A project may be seen as an investment activity where financial resources are expended to create capital assets that produce benefits over extended period.

Characteristics of project

1.Objectives-Every project has aimed to achieve certain objective. Once the objective is achieved the project is said to be completed.

2.Life cycle- Every project has Life cycle. Stages of Life cycle are as follows:
a.conception b. Design c. Implementation d.Commissoning

3. Definite time limit
4. Uniqueness
5. Change
6. Optimality
7. Control mechanism

Q.5 what is "SWOT Analysis" discuss in Brief.
Ans. It has always been important for a business to know and understand how it fits in and interacts with the surrounding environment on both an internal (office/factory/shop environment) and external view (how your business operates with the outside world).
Researching your environment will benefit you and/or your management team by putting you in a position to develop a strategy for both the long and short term.
The most influential way of doing this is to perform a SWOT analysis of the company. It is a common phrase used to abbreviate Strengths, Weaknesses, Opportunities and Threats.
Each term is a heading for a separate analysis of the business but they can be related as follows:
Strengths provide an insight to your business opportunities & weaknesses in your business can cause immediate threats

Section 2 (It consist three Descriptive answer questions, **Attempt any Two questions**. Each Question carries 5 marks)
Q.6 Define the term Entrepreneur and Entrepreneurship and discuss Types of Entrepreneur.
Ans. An **entrepreneur** is a person who searches for change and responds to it by starting an enterprise. In the words of Adam Smith, "Entrepreneur is an individual who undertakes the

formation of an organisation for commercial purposes by recognizing the potential demand for goods and services and thereby acts as an economic agent and transforms demand and supply."

Entrepreneurship is the process that involves all actions an entrepreneur undertakes to establish an enterprise to give reality to his business ideas. According to John Kaso and Howard Stavenson, "Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition," This definition recognizes that entrepreneurship involves the fusion of capital, technology and human talent to complete a project successfully and with reasonable degree of risk.

Types of Entrepreneur:

1. **Innovative Entrepreneurs:** An innovative entrepreneur strives to collect all possible information and facts and indulges himself deeply in the proper analysis of the results

derived from activities: observe and identify the opportunities of introducing a new technique or method of production; launches a new product or service; discovers a new market; raises money to establish an enterprise; assembles the various resources and allocates them among properly selected executives; builds the organization, and reorganizes the enterprise. It may be noted that innovative entrepreneur can emerge and work only when a certain level of economic development has been achieved by a country and then its people look forward to further change, improvement, and progress. Hence generally such entrepreneurs are found in developed countries, and only a few in undeveloped countries.

2. **Adoptive or Imitative Entrepreneurs:** Such entrepreneurs do not innovate changes themselves. Instead, they adopt or imitate those successful innovations which are created by other innovative entrepreneurs. In other words, imitative entrepreneurs simply and only copy or imitate the new technology or technique or product services innovated by others. It may be noted that the existence of imitative entrepreneurs is quite purposeful and significant in an underdeveloped or a developing country. Hence imitative entrepreneurs become important in such economies because they exploit possibilities of launching through imitation those products or services in their own country, which have already been innovatively introduced by innovative entrepreneurs in developed countries.

3. **Fabian Entrepreneurs:** Fabian entrepreneur are characterized by great precaution and skepticism in experimenting or introducing any change in technology or product or market. Moreover, they do not have any will or desire to adopt or imitate new method innovated by innovative entrepreneurs. In fact such entrepreneurs are very shy, lazy and fearful of unwanted risk. They imitate only when they clearly feel that if they do not imitate then it would be fatal to them and result in a loss of relative position of the enterprise in their industrial field.

4. **Drone Entrepreneurs:** 'Drone' means a person who lives off the work of others. Drone entrepreneurs keep themselves away from the innovations made by others. In fact, they refuse to adopt and use opportunities to make changes in production either methods or products, even though they may suffer losses or face reduced return relative to other entrepreneurs in the same

field of activity. They lay behind others in progress or development and continue to operate on traditional lines without indulging in any kind of changes. Sometimes when their products or services lose

Q.7 Define Entrepreneurship Development Programmes. Discuss their objectives and the Phases of EDPs in brief.

Ans. **Entrepreneurship Development Programmes:** As the term itself denotes, EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise. Thus, the concept of entrepreneurship development programme involves equipping a person with the required skills and knowledge needed for starting and running the enterprise.

Let us also consider a few important definitions of EDPs given by institutions and experts:

Small Industries Extension and Training Institute (SIET 1974), now National Institute of Small Industry Extension Training (NISIET), Hyderabad defined EDP as "an attempt to develop a person as entrepreneur through structural training.

The main purpose of such entrepreneurship development programme is to widen the base of entrepreneurship by development achievement motivation and entrepreneurial skills among the less privileged sections of the society."

According to N. P. Singh (1985), "Entrepreneurship Development Programme is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. It is necessary to promote this understanding of motives and their impact on entrepreneurial values and behaviour for this purpose." Now, we can easily define EDP as a planned effort to identify, inculcate, develop, and polish the capabilities and skills as the prerequisites of a person to become and behave as an entrepreneur.

Objectives of EDP:

The major objectives of the Entrepreneurship Development Programmes (EDPs) are to:

a. Develop and strengthen the entrepreneurial quality, i.e. motivation or need for achievement.

b. Analyse environmental set up relating to small industry and small business.

c. Select the product.

d. Formulate proposal for the product.

e. Understand the process and procedure involved in setting up a small enterprise.

f. Know the sources of help and support available for starting a small scale industry.

g. Acquire the necessary managerial skills required to run a small-scale industry.

h. Know the pros and cons in becoming an entrepreneur.

i. Appreciate the needed entrepreneurial discipline.

j. Besides, some of the other important objectives of the EDPs are to:

k. Let the entrepreneur himself / herself set or reset objectives for his / her enterprise and strive for their realization.

l. Prepare him / her to accept the uncertainty in running a business.

m. Enable him / her to take decisions.

n. Enable to communicate clearly and effectively.

o. Develop a broad vision about the business.
p. Make him subscribe to the industrial democracy.
q. Develop passion for integrity and honesty.
r. Make him learn compliance with law.

Phases of EDPs :EDPs consist of three phases. These are: (i) Stimulating (ii) Supporting (iii) Sustaining. The holistic model of training is used by many practitioners in India for developing and organising relevant entrepreneurship development programmes. The three phases of this model may be described as follows:

1. **Stimulating Phase:** This phase includes some of the following topical functions:

(i) Entrepreneurial awareness,

(ii) Entrepreneurial motivation,

(iii) Planned publicity for entrepreneurial opportunities,

(iv) Identification of potential entrepreneurs,

(v) Information on project planning and implementation,

(vi) Assistance in product/service identification and market survey,

(vii) Assistance in preparation of business plan/project report,

(viii) Help in development of new product/service,

(ix) Counselling.

2. **Supporting Phase:** This phase involves some of the following functions

(i) Assistance in registration of an enterprise,

(ii) Assistance in obtaining finance,

(iii) Help in getting land,

(iv) Help in obtaining various permissions and licences,

(v) Guidance in selection and erection of plant and equipment,

(vi) Supply of scarce raw materials,

(vii) Grants of incentives and subsidies,

(viii) Assistance in marketing,

(ix) Provision of management consultancy.

3. **Sustaining Phase:** This phase includes some of the following functions:

(i) Modernisation of units,

(ii) Diversification, expansion or product substitution,

(iii) Assistance in improving business and profitability,

(iv) Creation of need based common facility center,

(v) Deferred repayment/interest,

(vi) Product standardisation and testing services,

(vii) Additional finances forrehabilitation of units.

Q.8 Define project formulation. Discuss the Phases in project life cycle.

Ans. PROJECT FORMULATION.- A process is a collection of interrelated actions and activities that take place in order to achieve a set of previously specified products, results or services. The **project** team is in charge of executing the **formulation**, evaluation and **project** management processes.

It is the translation of the idea into concrete project with scrutiny of its important preliminary aspects.

Phases in project cycle

1. Identification 2.Formulation 3.Appraisal 4.Implementation 5.Monitoring 6.Evaluation

1) Identification:The first stage in the cycle is to find the potential projects. The thrust here is to delineate the main outlines of the project and to establish the overall viability of the project proposal.

Some of the sources from which projects co.uld be.identified are:

a) The well informed technical specialists and local leaders are common source of information. The technical specialists while performing their duties identify many prospective project proposals.

b) Agriculture and allied programmes proposed in the plans of the country as well as States.

c) Areas identified as potential of further development through Government surveys. It may even identify specific projects, especially larger ones that merit consideration for future investment.

d) Special development programmes like IRDP.

e) New projects emerging out of existing projects, etc.

The major steps in the identification process consist of the following:

a} Evaluation of the present situation: The main objective is to establish the development potential of the area and also to identify -the constraints to development.

b) Identifying the relevant policy issues: The governmental policies such as pricing-policy; subsidies, taxation, water charges, etc., are examined and their impact on the project proposal is evaluated.

c) Establishing the projects rationale: Overall justification is provided for the country to undertake the.project and for lending institutions to support it.

d) Developing the project's design and concept: Delineate the project objectives and the measures proposed for the project to achieve these. These are the core of the project and consist of main components of the project to be financed by the lending institutions.

e) Setting the project's scale: The magnitude of the project is decided, such as size of irrigation command area, number of farmers to be reached, etc.

f) Preparing preliminary estimates of cost and benefits: Prepare the rough estimates of the cost involved, major project components, and the extent of foreign exchange involved. Project benefits are also estimated in order to estimate the viability of the project.

g) Proposing the organization and management structure: The main outlines of the proposed organization and process is prepared. The project's agency could be located within the mainstream of the government department or may require a separate arrangement.

h) Spelling out the further work-requirements: Here, the studies and other requirements for the detailed project-preparation work should be spelled out.

2) Preparation and Analysis: Once the project is identified, the process of more detailed preparation and analysis Of project plans starts. In this stage consideration must be given to each and every aspect of the project discuss earlier.

The first step in this stage is to take up feasibility study that will provide enough information for deciding whether to begin more advanced planning. The feasibility study provides opportunity to shape the projectto fit its physical and social environment and to ensure that it will be high yielding.

It is better that the economic and financial feasibility studies are introduced in the early stage itself so that feasibility studies use these aspects in the project.

Once the feasibility studies have indicated which proposed project is likely to be worthwhile, detailed planning and analysis may begin. This is the stage when detailed studies commence- the carefully done soil surveys, detailed hydrological surveys, and thorough examination of cropping pattern. Month-by month estimates of labour requirements, and detailed farm budget is prepared.

Detailed planning takes time, 1-2 years or longer. It may also be quite expensive.

Thorough preparation increases a projects' efficiency and helps ensure its smooth implementation in the future, so that the additional time and money required will probably be returned many times over by the increased return from the investment.

Preparation of the plan itself should be planned so that delays can be avoided and resources conserved. The timing of special studies need to be considered, and the services of the consultants should be scheduled so that they are available when needed.

3) Appraisal:

The lending institutions/or aid donor appraise the project proposal submitted by recipient countries. Often local or domestic agencies also undertake there own appraisal simultaneously. Once the project is found to be sound, the investment may proceed. But if the appraisal team finds lacunae in the project, the project plan may be altered or a new plan may be developed. Appraisal tries to find out that the major assumptions in the project are correct and realistic. It also establishes that the project has a satisfactory economic rate of return.

Appraisal is also done for the donor/client relationship relating to the financial package, conditions of disbursement, procurement and determining the issues relating to loan negotiations.

4) Implementation

Implementation is the most important part of the project cycle. The successful implementation and realization of the project depends on how realistic a project plan is. This reiterates the need for careful consideration to each aspect of project planning and analysis. A flexible approach should be adopted in implementing a project. The circumstances will change from time to time and the project manager should be able to react intelligently to such changes. As the project is implemented more is known about soils, their response to nitrogen applications, susceptibility to water-logging, and the like, leading to change in technical coefficients. Price changes may call for different cropping patterns or adjustments in inputs. The changes in economic or political environment will alter the way in which the project should be implemented. Implementation is a process of refinement, of learning from experience. Implementation phase is divided into three different periods.

i) Investment period: It is the period when major project investments are undertaken. It usually extendsupto three to five years from the start of the project in case of agricultural projects. If the project is based on the financial assistance from external financing agency, this period may coincide with the agency's period for loan disbursements.

ii) Development period: This period begins with the start of production. This . period lasts for 3 to 5 years, which may be extended if the project has components of cattle herds, tree crops, or other investment with long gestation period. The duration of this phase depends not only on the nature of physical inputs but also on the rate of adoption of new technology by the farmers.

iii) Project life: The project life is usually considered to be twenty-five to thirty years. However, the life of the project depends on the normal life of the . major asset that the project has created.

5) Monitoring

It is the timely collection and analysis of data on the progress of a project, with the objective of identifying constraints which impede successful implementation.

This is highly desirable when projects fail, to be completed as per time schedule or in the process of attaining the set goals. It is imperative to get the feedback on the problems faced so that effective measures can be taken up to plug the deficiencies, which hamper the speedy implementation. Monitoring is done continuously to offset various shortcomings that crop up from time to time with regard to various aspects of implementation.

6) Evaluation

This is the last phase of the project cycle. It is not confined to completed projects, and can be done several times during the life of the project. The elements of . success and failure of a project are analyzed so as to consider those elements in future' plans. Evaluation is taken up under following. circumstances.

i) When the project is in trouble and needs corrective action.

ii) While planning a follow up project.

ill) When a project is terminated or is well into routine operation .

These could be broadly classified as:

a) Mid-course evaluation/pre-project evaluation: It is 'done at "the very beginning in order to assess the economic feasibility of the project.

b). Concurrent evaluation: It is done during the execution stage of the project and is' meant to identify and analyse any pitfalls in the execution of the project.

c) Ex-post evaluation: It is done for the completed projects, in order to assess the achievements of the objectives set out by the projects.

The project management. continuously evaluates the projects during its implementation phase. The concerned ministry, the planning body, or an external assistance agency also undertakes evaluation. In large and innovativeprojects, the projects administrative structure may provide a separate evaluation unit responsible for monitoring the project's implementation and for bringing problems to the attention ofproject's management. Many times.'the project management and the sponsoring agency would turn to outside evaluators.

The prime criterion for evaluation of a project is the extent to which the objectives set have been achieved. However, it should also be analysed whether the objectives were themselves appropriate and suitable or not. The project plan should be seen if it was.appropriate to one in the light ofthe objectives set forth. Each objective should be examined whether it was considered well and provision for it was made or not.