

Entrepreneurship Development PYQ 2021

Q1(a) Explain the nature of entrepreneurship and its relevance in Indian society.

Ans. Entrepreneurship is the process of identifying an opportunity in the market and taking the necessary risks and actions to create a new business venture or bring innovation to an existing one. An entrepreneur is an individual who undertakes the responsibility of creating and managing a new business venture, bearing the associated risks and rewards.

In Indian society, entrepreneurship plays a crucial role in driving economic growth, employment generation, and overall development. The Indian government has recognized the importance of entrepreneurship and has introduced various policies and initiatives to encourage and support entrepreneurship development in the country.

Entrepreneurship is relevant in Indian society due to various reasons:

1. **Job Creation:** Entrepreneurship creates job opportunities in the economy, which is essential for addressing the unemployment problem in the country. It also contributes to increasing the per capita income of the country.
2. **Innovation:** Entrepreneurs are often driven by the desire to create something new or improve an existing product or service. This leads to innovation and technological advancements, which can have far-reaching implications for society.
3. **Self-reliance:** Entrepreneurship promotes self-reliance and self-employment, reducing dependency on government jobs and creating a sense of independence among individuals.
4. **Economic Growth:** Entrepreneurship is a critical driver of economic growth and development. It encourages competition, improves productivity, and attracts investments to the country.
5. **Social Development:** Entrepreneurship can also have social benefits. It can address social problems, contribute to community development, and promote inclusive growth.

Overall, entrepreneurship is crucial for the economic and social development of India, and it is essential to continue supporting and encouraging entrepreneurs to drive the country's growth.

Q1 (b) Discuss the challenges being faced by the entrepreneurs in the present day times.

Ans Entrepreneurship is the process of identifying and creating a new business venture in order to achieve growth and profitability. It is an important factor in the development of a country's economy and provides numerous opportunities for employment and innovation. However, entrepreneurs face several challenges in the present day times, some of which are:

Entrepreneurs have to compete not only with domestic players but also with international players who bring in better technology and resources.

2. **Economic Uncertainty:** The current economic climate is characterized by uncertainty, with factors like inflation, fluctuating exchange rates, and volatile stock markets. Entrepreneurs have to navigate through these challenges to keep their businesses profitable.

3. **Technological Disruption:** With the rapid advancement of technology, new businesses are emerging and traditional business models are being disrupted. Entrepreneurs need to keep up with the latest technology trends and adopt them in their business operations to remain competitive.
4. **Funding:** One of the biggest challenges faced by entrepreneurs is getting funding for their ventures. It is difficult for new businesses to get loans from banks or attract investors, especially if they lack a proven track record or a solid business plan.
5. **Talent Acquisition:** Hiring and retaining the right talent is essential for the success of any business. Entrepreneurs often face the challenge of attracting and retaining skilled employees who can help them achieve their business goals.
6. **Government Regulations:** Entrepreneurs have to comply with various laws and regulations imposed by the government, which can be time-consuming and expensive.

Despite these challenges, entrepreneurs continue to create innovative solutions and contribute to the growth of the economy. By leveraging technology, adopting new business models, and creating value for customers, entrepreneurs can overcome these challenges and build successful businesses.

Q2(a) Explain the role and importance of entrepreneurial skills and competencies in entrepreneurship development.

Entrepreneurial skills and competencies play a critical role in the success of entrepreneurship development. These skills refer to the abilities, knowledge, and behaviors that entrepreneurs need to identify opportunities, start, and grow successful businesses. Some of the critical entrepreneurial skills and competencies are as follows:

1. **Opportunity identification and assessment:** Entrepreneurs need to have the ability to identify and evaluate business opportunities. They should be able to spot gaps in the market, understand customer needs and preferences, and analyze market trends.
2. **Risk-taking:** Entrepreneurs should have the willingness to take risks and the ability to manage them. They should be comfortable with uncertainty and be willing to make decisions in the face of incomplete information.
3. **Creativity and innovation:** Entrepreneurs should possess a creative mindset and the ability to think outside the box. They should be able to come up with innovative solutions to business problems and adapt to changing market conditions.
4. **Resource management:** Entrepreneurs should have the ability to manage resources effectively, including financial, human, and material resources. They should be able to allocate resources efficiently and make the most of the resources available.
5. **Networking and relationship building:** Entrepreneurs should be able to build and maintain relationships with customers, suppliers, partners, and other stakeholders. They should be able to network effectively and leverage relationships to create business opportunities.

The importance of entrepreneurial skills and competencies in entrepreneurship development can be understood in the following ways:

1. Increases the chances of success: Entrepreneurs who possess the necessary skills and competencies are more likely to succeed in their business ventures. They are better equipped to identify and evaluate opportunities, manage risks, and make informed decisions.
2. Enhances innovation: Entrepreneurial skills and competencies are critical in promoting innovation and creativity. Entrepreneurs who possess these skills are better equipped to come up with innovative solutions to business problems and adapt to changing market conditions.
3. Improves resource management: Entrepreneurs who possess the necessary skills and competencies are better equipped to manage resources effectively. They are able to allocate resources efficiently, make the most of the resources available, and create sustainable businesses.

Promotes networking and relationship building: Entrepreneurial skills and competencies are critical in building and maintaining relationships with customers, suppliers, partners, and other stakeholders. Entrepreneurs who possess these skills are better equipped to network effectively and leverage relationships to create business opportunities.

In conclusion, entrepreneurial skills and competencies are critical in entrepreneurship development. Entrepreneurs who possess these skills are better equipped to identify and evaluate opportunities, manage risks, and make informed decisions. They are also better equipped to promote innovation, manage resources effectively, and build relationships with stakeholders.

Q2 (b) What do you mean by entrepreneurial risk propensity? What kinds of abilities to cope with entrepreneurial risks are needed by an entrepreneur?

Ans Entrepreneurial risk propensity refers to the willingness of an entrepreneur to take risks and accept uncertainty in order to achieve their goals. It is an essential attribute of entrepreneurship, as starting and running a business involves taking risks.

To cope with entrepreneurial risks, an entrepreneur needs to possess certain abilities, such as:

1. Risk assessment: The ability to evaluate and assess risks, and to identify potential risks before they occur.
2. Decision-making: The ability to make quick and informed decisions in uncertain and rapidly changing situations.
3. Resilience: The ability to bounce back from failure and setbacks, and to persevere in the face of obstacles and challenges.
4. Resourcefulness: The ability to find creative solutions to problems, and to make the most of limited resources.
5. Adaptability: The ability to adjust to changing circumstances, and to pivot when necessary.
6. Networking: The ability to build relationships and networks with other entrepreneurs, investors, and mentors, in order to gain support and resources.
7. Financial management: The ability to manage finances effectively, and to make sound financial decisions based on the risks involved.

By possessing these abilities, an entrepreneur can effectively cope with the risks and uncertainties involved in entrepreneurship, and increase their chances of success.

Q3. What do you mean by Project Appraisal? Why is it considered as an important step for recommendation of a new project? Explain the project appraisal process and state the different types of project appraisal.

Ans. Project appraisal is the process of evaluating a proposed project's feasibility and determining whether it is financially, technically, and economically viable. It is an essential step in project management because it helps to determine whether a proposed project should be accepted, modified, or rejected.

Project appraisal is an important step for the recommendation of a new project because it helps to ensure that the project is viable and sustainable in the long term. It helps in identifying the strengths and weaknesses of the project, identifying potential risks, and assessing the potential return on investment. It also helps to ensure that the project aligns with the organization's objectives and values.

The project appraisal process generally involves the following steps:

1. Identifying the project goals and objectives
2. Conducting a feasibility study to assess the technical, financial, economic, and environmental viability of the project
3. Conducting a risk analysis to identify potential risks and their potential impact on the project
4. Assessing the project's impact on stakeholders and the community
5. Evaluating the potential return on investment and other financial considerations
6. Developing a detailed project plan and budget
7. Presenting the findings to the decision-makers for approval or modification of the project.

There are different types of project appraisal techniques, including financial appraisal, economic appraisal, social appraisal, and environmental appraisal.

Financial appraisal focuses on evaluating the project's financial viability and profitability, using techniques such as net present value (NPV), internal rate of return (IRR), and payback period.

Economic appraisal focuses on evaluating the project's contribution to the overall economy and includes techniques such as cost-benefit analysis (CBA) and cost-effectiveness analysis (CEA).

Social appraisal focuses on evaluating the project's social impact, including its impact on poverty reduction, employment generation, and social well-being.

Environmental appraisal focuses on evaluating the project's impact on the environment, including its impact on air quality, water quality, and natural resources.

In summary, project appraisal is an important step in the project management process that helps to ensure that a proposed project is financially, technically, and economically viable. Different types of project appraisal techniques are used to assess the project's viability and potential impact on stakeholders, the environment, and the economy.

Q4. Discuss in detail, state government institutions that provide support to the entrepreneurship in India. Also briefly explain about Small Industries Development Organisation (SIDO).

Ans. State governments in India have set up several institutions to provide support and encouragement to entrepreneurship. Some of the important institutions are:

1. District Industries Centres (DICs): DICs provide support to new and existing small and medium enterprises (SMEs) in a district. They assist entrepreneurs in project identification, preparation of project reports, market surveys, selection of machinery, and other aspects of setting up and running a business.
2. State Financial Corporations (SFCs): SFCs provide medium and long-term financial assistance to small and medium enterprises. They provide assistance in the form of term loans, working capital loans, and equity participation.
3. State Small Industries Development Corporations (SSIDCs): SSIDCs promote, develop, and assist small-scale industries in a state. They provide assistance in areas such as marketing, raw materials, infrastructure, and technology.
4. Entrepreneurship Development Institutes (EDIs): EDIs provide training, research, and consultancy services to entrepreneurs. They conduct entrepreneurship development programmes, management development programmes, and other training programmes to help entrepreneurs acquire the skills and knowledge needed to start and run a successful business.
5. State Industrial Development Corporations (SIDCs): SIDCs are responsible for promoting and developing large and medium industries in a state. They provide assistance in areas such as project identification, land acquisition, infrastructure development, and financing.

Small Industries Development Organisation (SIDO) is a national-level organisation established by the Ministry of Small Scale Industries and Agro and Rural Industries, Government of India. It is responsible for promoting and developing small-scale industries in the country. The main objectives of SIDO are:

1. To provide technical and managerial support to entrepreneurs and small-scale industries.
2. To promote and develop rural industries and agro-based industries.
3. To provide training, consultancy, and other support services to small-scale industries.

The functions of SIDO include providing assistance in the areas of project identification, project appraisal, marketing, technology upgradation, and entrepreneurship development. SIDO also provides financial assistance to small-scale industries in the form of equity participation, seed capital, and working capital.

Q5. (a) Discuss the concept of managing finance by Business Start Ups.

Ans. Managing finance is a critical aspect of any business, particularly for start-ups. In order to successfully launch and operate a new venture, entrepreneurs need to have a clear understanding of

the financial management of their business. Here are some important concepts related to managing finance by business start-ups:

1. **Budgeting:** Creating a budget is the first and most crucial step in managing finances. Start-ups need to identify all the costs associated with their business, such as rent, salaries, equipment, and marketing, and allocate funds accordingly. This will help in ensuring that the business operates within its means and does not run into financial trouble.
2. **Cash flow management:** Managing cash flow is critical for a start-up, as they often have limited resources. Entrepreneurs must ensure that they have enough cash to pay their bills and other expenses. A cash flow forecast can help in identifying periods of cash shortages and taking corrective actions.
3. **Funding:** Start-ups need funding to support their business operations. They can obtain funding from various sources, including personal savings, bank loans, venture capitalists, angel investors, and crowdfunding. The key is to choose the right source of funding, which aligns with the business objectives and is sustainable in the long run.
4. **Financial statements:** Financial statements, including balance sheets, income statements, and cash flow statements, are important tools for managing finances. They provide insights into the financial health of the business, help in tracking progress, and enable informed decision-making.
5. **Accounting:** Accounting is an essential component of managing finance. Start-ups must maintain accurate and timely financial records to monitor their finances, prepare financial statements, and comply with tax laws and regulations.

Small Industries Development Organisation (SIDO) is a government agency in India that provides support to small-scale industries, including start-ups. It offers various services, such as training, technical support, market research, financial assistance, and policy advocacy. SIDO plays a vital role in promoting entrepreneurship and small businesses in the country by providing a conducive environment for their growth and development.

Q5. (b) Explain the meaning and need or importance of short term capital for efficient operation of business. Discuss some good measures followed by entrepreneurs to manage the short term capital well.

Ans. Short-term capital refers to the funds that are required by a business to meet its short-term financial obligations, such as paying salaries, purchasing raw materials, and fulfilling orders. It is important for a business to have adequate short-term capital as it ensures the smooth functioning of its day-to-day operations.

The need for short-term capital arises due to several reasons, including:

1. **Meeting Working Capital Requirements:** Working capital is the amount of money required to run the daily operations of a business. It is important to maintain sufficient working capital to meet short-term expenses, such as paying salaries, utility bills, and purchasing raw materials.

2. **Fulfilling Orders:** Businesses need to maintain sufficient short-term capital to fulfill orders placed by customers. This includes paying for the production costs of goods, transportation costs, and other expenses associated with fulfilling orders.
3. **Managing Seasonal Fluctuations:** Businesses that experience seasonal fluctuations in demand need to maintain sufficient short-term capital to manage their expenses during low-demand periods.
4. **Handling Unexpected Expenses:** Businesses may encounter unexpected expenses, such as equipment repairs or legal fees, which require short-term capital to be paid.

To manage short-term capital efficiently, entrepreneurs can follow some measures, such as:

1. **Forecasting Cash Flow:** Entrepreneurs should forecast their cash flow requirements and maintain sufficient reserves to meet short-term expenses.
2. **Managing Inventory:** Proper management of inventory can help businesses avoid stockouts and reduce their working capital requirements.
3. **Negotiating with Suppliers:** Entrepreneurs can negotiate with their suppliers for better payment terms, such as longer payment periods, to manage their short-term capital requirements.
4. **Using Credit Facilities Wisely:** Businesses can use credit facilities such as short-term loans, lines of credit, and credit cards wisely to meet their short-term capital requirements.
5. **Monitoring Accounts Receivable:** Entrepreneurs should monitor their accounts receivable and follow up with customers to ensure timely payment.
6. **Cutting Costs:** Entrepreneurs can reduce their expenses by cutting unnecessary costs and improving operational efficiency.

In conclusion, short-term capital is essential for the efficient operation of a business, and entrepreneurs must manage it efficiently to ensure the smooth functioning of their day-to-day operations. By following the above measures, entrepreneurs can manage their short-term capital effectively and ensure the long-term success of their business.

Q6. Write short note on the following :

- (a) Entrepreneurship as a creative response to society's problems.

Ans. Entrepreneurship is often seen as a way to address and solve various societal problems. Entrepreneurs are creative and innovative individuals who identify opportunities and develop solutions to meet the needs of society. They not only create new products and services but also generate new ideas that can transform the way we live and work.

Entrepreneurship as a creative response to society's problems involves identifying and addressing social and environmental challenges through entrepreneurial activities. This approach to entrepreneurship focuses on creating positive social change and making a difference in people's lives, rather than solely on making profits.

Entrepreneurs who are focused on creating a positive social impact may develop products or services that address social problems such as poverty, healthcare, education, and sustainability. They may also develop innovative business models that create jobs and empower marginalized

communities. In this way, entrepreneurship can contribute to the development of a more equitable and sustainable society.

Overall, entrepreneurship as a creative response to society's problems provides a unique opportunity for individuals to combine their passion for social change with their entrepreneurial skills and create innovative solutions that benefit society as a whole.

(b) Role and contribution of family businesses towards growth of entrepreneurship in India.

Ans. Family businesses are an important part of the Indian economy, contributing significantly to the growth of entrepreneurship. These businesses are typically owned and operated by members of the same family, with family values and traditions guiding their operations. They play a key role in creating employment opportunities, driving innovation and economic growth, and contributing to the overall development of the country.

Family businesses have certain unique characteristics that set them apart from other types of businesses. They are typically built on a foundation of trust, loyalty, and commitment to family values. Family businesses also tend to have a long-term focus, with the goal of building a lasting legacy for future generations.

One of the key advantages of family businesses is their ability to combine the advantages of both entrepreneurship and family values. Family businesses are often able to leverage their close-knit relationships to foster innovation and creativity, while also maintaining a strong sense of shared purpose and commitment.

Family businesses are also known for their ability to weather tough economic conditions. Because they are typically more conservative in their approach to business, they tend to be better positioned to withstand economic downturns and other challenges.

In India, family businesses have played a significant role in driving economic growth and entrepreneurship. Many of the country's leading companies, such as the Tata Group and Reliance Industries, are family-owned and operated. These businesses have not only created jobs and driven innovation, but also played an important role in giving back to their communities through charitable initiatives and other philanthropic activities.

Overall, family businesses are an important part of the entrepreneurship landscape in India, and are likely to continue playing a key role in driving economic growth and development in the years to come.

(c) Need of socio support system for entrepreneurship development.

Ans. Entrepreneurship is not an easy path. It requires courage, perseverance, risk-taking ability, and a lot of hard work. One of the essential elements that can help aspiring entrepreneurs to succeed is a strong socio support system.

The socio support system refers to a network of people, organizations, and institutions that provide support, guidance, and resources to entrepreneurs. It includes family, friends, mentors, business partners, investors, government agencies, educational institutions, and non-profit organizations.

The need for a socio support system in entrepreneurship development cannot be overstated. Here are some reasons why:

1. **Emotional Support:** Entrepreneurship can be a lonely journey, and it's essential to have people around who understand the challenges and provide emotional support. Family, friends, and mentors can be a great source of motivation and encouragement for entrepreneurs.
2. **Financial Support:** Starting a business requires capital, and it's not always easy to obtain funding from banks or investors. Family and friends can be a valuable source of seed funding for entrepreneurs who are just starting out.
3. **Networking Opportunities:** Building a strong network is crucial for entrepreneurs. The socio support system can provide networking opportunities through business associations, conferences, and mentorship programs.
4. **Access to Resources:** Entrepreneurs need access to resources like technology, legal services, and marketing support. The socio support system can help entrepreneurs access these resources through partnerships, collaborations, and mentorship.

In conclusion, the socio support system is critical for entrepreneurship development. It provides emotional support, financial support, networking opportunities, and access to resources that can help entrepreneurs succeed.