



CBCS SCHEME

18CS51

Fifth Semester B.E. Degree Examination, Feb./Mar. 2022 Management and Entrepreneurship for IT Industry

Time: 3 hrs.

Max. Marks: 100

Note: Answer any FIVE full questions, choosing ONE full question from each module.

Module-1

- 1 a. What is Management according to George. R. Terry? Mention and explain the Functional areas of Management. (10 Marks)
- b. Explain the features of System's approach in Management. (06 Marks)
- c. Explain the different levels of Management. (04 Marks)

OR

- 2 a. What is Planning? Explain the importance of Planning. (05 Marks)
- b. Mention and explain the features, benefits and drawbacks of matrix organizational structure. (08 Marks)
- c. Explain the steps involved in the Selection process. (07 Marks)

Module-2

- 3 a. Define Leadership. Give the differences between Autocratic, Participative and Free rein Leadership styles. (07 Marks)
- b. What is Motivation? Give the importance of Motivation. Explain Herzberg's two factor theory. (08 Marks)
- c. What is Communication? Give the differences between Formal and informal communication. (05 Marks)

OR

- 4 a. What is Co-ordination? Explain the requisites of effective co-ordination. (06 Marks)
- b. Define Controlling. Explain the steps involved in the Controlling Process. (10 Marks)
- c. Explain the benefits of Controlling. (04 Marks)

Module-3

- 5 a. Define Entrepreneurship. Explain the role of Entrepreneurs in Economic development. Explain the barriers to Entrepreneurship. (10 Marks)
- b. Explain the different ways of Identifying business opportunities. (10 Marks)

OR

- 6 a. Mention the importance of Entrepreneurship. (05 Marks)
- b. Explain the features of following types of Entrepreneurs : i) Drone Entrepreneur ii) Business Entrepreneur iii) Non - Technical Entrepreneur iv) Intrapreneur. (08 Marks)
- c. Mention and explain the stages in Entrepreneurial process. (07 Marks)

Module-4

- 7 a. What is Project? Explain the different ways of Project Identification and Project selection. (10 Marks)
- b. What is Project Report? What are the significances of Project report? Explain the planning commission-guidelines for preparing a project report. (10 Marks)

OR

- 8 a. What is Enterprise Resource Planning? Give the advantages of ERP. (06 Marks)
b. Give the features of the following ERP Software's : (08 Marks)
i) Human Resource Management System ii) Financial Management System.
c. Explain briefly steps involved in Report writing. (06 Marks)

Module-5

- 9 a. Define MSME. List the characteristics and advantages of MSME. (08 Marks)
b. Explain Indian Industrial Policy 2007 on MSME. (07 Marks)
c. Write a case study of Captain G.R. Gopenath. (05 Marks)

OR

- 10 a. Give the facilities provided to Entrepreneurs by the following Institutions : (12 Marks)
i) KIADB ii) KSEC iii) DIC.
b. What are Intellectual Property Right? Briefly explain the main forms of Intellectual Property Rights. (08 Marks)



Department of Information Science and Engineering

18CS51 – Management and Entrepreneurship for IT Industry Feb / March 2022

VTU Question Paper – Scheme and Solution

Module 1

- 1. (a) What is management according to George R. Terry?
Mention and explain the functional areas of management.**

Solution :

George R. Terry - “Management as a process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources”.

Functional Areas of Management / Process of Management

There is enough disagreement among management writers on the classification of managerial functions. Some classify these functions into four types, some into five and some into six or seven

Newman and Summer - classify these functions into 4 – Organizing, Planning, Leading, Controlling

Henry Fayol - classify these functions into 5 - Planning, Organizing, Commanding, Coordinating and Controlling

Luther Gulick - classifies into 7 functions – (POSDCORB) Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting

Koontz and O’Donnell - classifies into 5 types- Planning, Organizing, Staffing, Directing, coordinating.

In general let consider 4 functions of a management

1. Planning
2. Organizing
3. Directing

4. Coordinating

Ernest dale adds two additional functions

5. Innovation

6. Representation

Planning

Planning is the function that determines in advance what should be done. It is looking ahead and preparing for the future. It is a process of deciding the business objectives and charting out the methods of attaining those objectives.

It is the determination of what is to be done, how and where it is to be done, who has to do it and how results are to be evaluated.

This is done not only for the organization but for every division, department, or sub-unit of the organization. Thus, planning is a function which is performed by managers at all levels top, middle, and supervisory.

Plans made by top management for the organization as a whole may cover periods as long as five or ten years. Plans made by middle- or first-line managers, cover much shorter periods. Such plans may be for the next day's work.

Organizing

It is a part of management that involves in establishing a structure of roles for people to fill in an organization. To organize a business, it's necessary to provide it with everything useful to its functioning: personnel, raw materials, tools, capital.

All this may be divided into two main sections,

- Human organization and
- Material organization.

Once managers have established objectives and developed plans to achieve them, they must design and develop a human organization that will be able to carry out those plans successfully.

According to Allen, this organization refers to "the structure which results from identifying and grouping work, defining and delegating responsibility and authority, and establishing relationships."

Staffing may also be considered an important function involved in building the human organization.

In staffing, the manager attempts to find the right person for each job. Staffing obviously cannot be done once and for all, since people are continually leaving, getting fired, retiring and dying. Often too, the changes in the organization create new positions, and these must be filled.

Directing

After plans have been made and the organization has been established and staffed, the next steps to move towards its defined objectives is directing.

This function can be called by various names: “leading”, “directing”, “motivating”, “actuating”, and so on. Directing means leading the people towards the defined objective. Explain the people what they have to do. And help them to do their best.

It is the act of stimulating or inspiring workers. If the workers of an enterprise are properly motivated they will pull their weight effectively, give their loyalty to the enterprise, and carryout their task effectively.

Two broad categories of motivation are:

- Financial and
- Non-financial.

Financial motivation takes the form of salary, bonus, profit-sharing, etc.

While non-financial motivation takes the form of job security, opportunity of advancement, recognition, praise, etc.

Directing thus involves three sub-functions—

- Communication
- Leadership and
- Motivation.

Communication is the process of passing information and understanding from one person to another.

Leadership is the process by which a manager guides and influences the work of his subordinates.

Motivation means arousing desire in the minds of workers to give their best to the enterprise

Controlling

Controlling is measuring and correcting of activities of subordinates to make sure that the work is going on as per the plan.

Controlling function of management involves three elements:

1. Establishing standards of performance
2. Measuring current performance and comparing it against the established standards
3. Taking action to correct any performance that does not meet those standards

Innovating

It is not necessary for an organisation to grow bigger. But it is necessary that it constantly grows better

Innovation means creating new ideas which may either results in developing new products or finding new users for old products.

Representing

Manager is required to represents his organization before various outside groups, which have same stakes in organization

The stake holders can be Government officials, Labor unions, financial institutions, Suppliers,Customers etc. A manager must win their support by effectively managing the social impact of his organization.

Every function has two dimensions:

- Substantive and
- Procedural.

Substantive dimension is what is being done; **procedure** is how it is done.

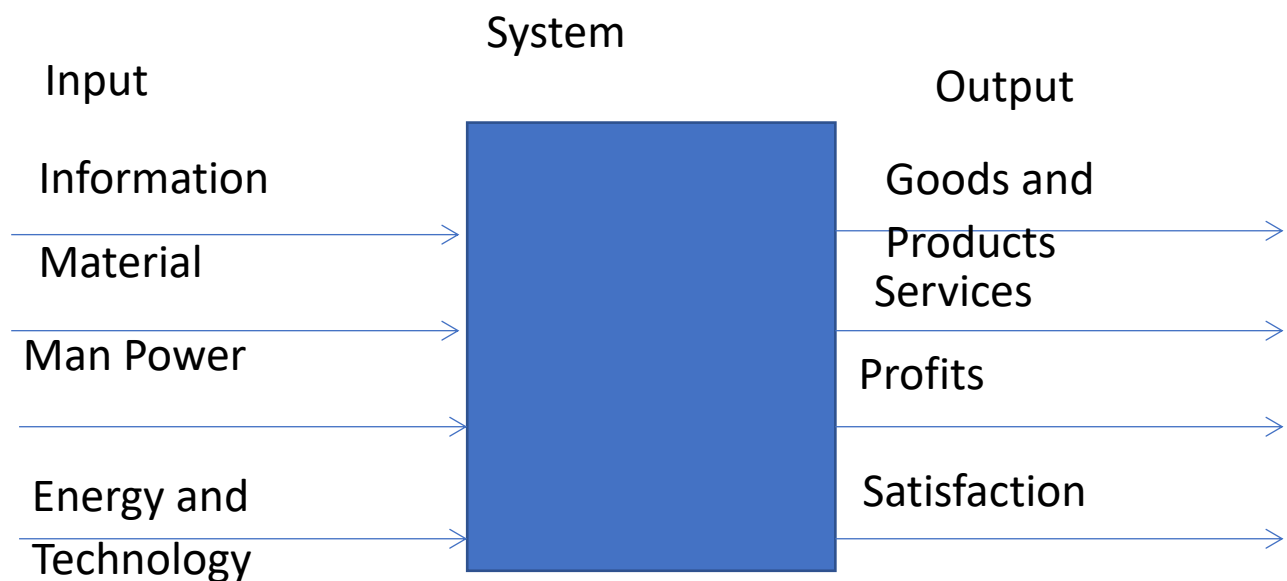


Fig. 1.1 Management process

(b) Explain the features of system approach in management.

Solution :

- **A System is defined as a set of independent parts together form a unitary whole that perform a defined task.**
- **A system interacts with outside environment is called open system and a system works in closed boundary is called closed system.**



Important Key concepts

- **A system is a set of interdependent parts:
4 parts – Task , structure, people and technology.**
- **Central to the systems approach is the concept of holism.**
- **A system can be open or closed.**
- **Every system has a boundary.**

Contributions

- **System approach, a problem is studied both at the level of sub system(micro level) and total system (Macro level).**
- **So a generalized solution will come into part**

(c) Explain different levels of management

Solution :

Levels of management

In any organization, there are three levels of management the

1. First-line management (Low Level)
2. Middle level management
3. Top level managers.

First-line management: is made up of foreman and white collared supervisors.

Middle management: consists of vast and diversified group consisting plant managers, personnel managers and department heads.

Top management: consists of board chairman, the company presidents, and the executive vicepresidents.

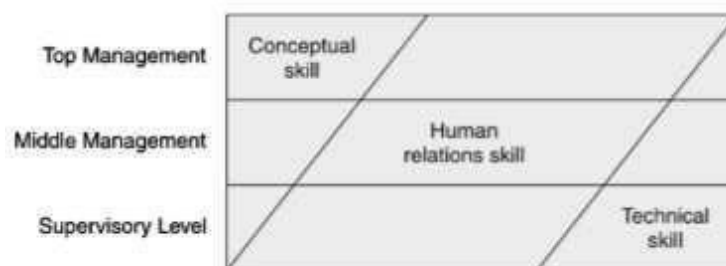


Fig. 1.3 Skill-mix at different management levels



2. (a) What is planning? Explain the importance of planning.

Planning is a continuous process Koontz and O'Donnell¹ rightly observe that like a navigator constantly checking where his ship is going in the vast ocean, a manager should constantly watch the progress of his plans. He must constantly monitor the conditions, both within and outside the organisation to determine if changes are required in his plans.

Importance of planning

1. Minimises Risk and Uncertainty

In today's increasingly complex organisations, institution alone can no longer be relied upon as a means for making decisions. This is one reason why planning has become so important.

Planning allows managers and organisations to minimise risk and uncertainty, planning helpsthe manager to cope with and prepare for the changing environment.

2. Leads to Success

Planning does not guarantee success. Companies that plan not only outperform the no plannersbut also outperform their own past results.

3. Focuses Attention on the Organisation's Goals

Planning helps the manager to focus attention on the organisation's goals and activities.

This makes easier to apply and coordinate the resources of the organisation more economically

4. Facilitates Control

In planning, the manager sets goals and develops plans to accomplish these goals. Then these goals and plans are becomes standards or benchmarks against which performance can be measured.

The function of control is to ensure that the activities conform to the plans.

5. Trains Executives

Planning is also an excellent means for training executives.

(b) Mention and explain the features, benefits, drawbacks of matrix organizational structure.

- **There are several department under matrix organization.**
- **Each department is assigned with a task, also the available resources with the best coordination along with other departments.**
- **Matrix organization have different patterns.**
- **This type of organization is best suited for large number of small projects.**
- **Matrix organization function effectively with the following condition:**
 - **Scalar chain of command is not followed.**
 - **Project manager will give report to several superiors**
 - **The physical, financial and human resources are shared between different project.**
 - **Sharing the resources may lead to conflict if it is not understood properly.**

Advantages:

- **It combines both line and functional organization.**
- **It ensures achievements with technical specialisation.**
- **It ensures effective utilization of available resources.**
- **It is easily adapted for external changes.**
- **Highly flexible.**
- **Motivation can be effectively applied.**

Makes room for training and development of people

Drawbacks:

- **It doesn't follow scalar chain of command.**
- **Since too many supervisors, controlling is difficult and work may be delayed.**
- **Sometimes resources are unavailable because of priority**

(c) Explain the steps involved in selection process.

Solution :

Steps in the Selection Procedure

Job Analysis - Job analysis is the process by means of which a description is developed of the present methods and procedures of doing a job.

Job Description is the results of a job analysis are set down in the job description.

Job Specification A job specification (also called man specification) is a statement of the minimum acceptable human qualities necessary to perform a job satisfactorily.

Some commonly used steps in selection are.

1. Application blank
2. Initial interview of the candidate
3. Employment tests
4. Checking references
5. Physical or medical examination
6. Final interview

1. **Application blank** - Filling of the "application blank" by the candidate is the first step in the process of selection. In this form, the applicant gives relevant personal data such as his qualification, specialisation, experience, firms in which he has worked, etc.

The application blanks are carefully examined by the company and decide the applicants who are to be called for interview.

2. **Initial interview** - Those who are selected for interview on the basis of particulars furnished in the application blank are called for initial interview by the company.

It is also used for establishing a friendly relationship between the candidate and the company and for obtaining additional information or clarification on the information already on the application blank.

3. **Employment tests** - For further assessment of candidate's nature and abilities, some tests are used in the selection procedure. Some experts have developed certain tests by which a candidate's likes and dislikes, his intelligence, abilities, his capacity to learn and to benefit from training, his adaptability, etc. can be estimated.

Some commonly used tests are

- (i) **Aptitude test** - This test measures the applicant's capacity to learn the skill required for a job. It helps in finding out whether a candidate

is suitable for a clerical or a mechanical job.

- (i) **Interest test** - This is used to find out the type of work in which the candidate has an interest, It does not reveal candidate ability to do it. Well-prepared questionnaires are used in this tests.
 - (ii) **Intelligence test** - This test is used to find out the candidates intelligence. By using this test, the candidate's mental alertness, reasoning ability, power of understanding, etc. are judged.
Example. Reading and summarising a paragraph in the allotted time, writing 10to 15 words that begin with the same letter in one minute.
 - (iv) **Trade or performance or achievement or job-specific test** - This test is usedto measure the candidate's level of knowledge and skill in the particular job in which he will be appointed. The candidate is asked to do a simple operation which is a part of, or similar to his proposed job. For example, a candidate fora driver's post may be asked to drive the vehicle to assess his proficiency, or a typist may be asked to type out some letters to find out his speed and accuracy,or a candidate for a post of salesman may be asked to attend to a prospective customer who enters the shop.
 - (v) **Personality test** - Personality test is used to measure those characteristics of a candidate which constitute his personality, e.g., self-confidence, temperament, initiative, judgement, dominance, integrity, originality, etc. Personality tests arevery important in the selection process, particularly in the case of appointmentsto the posts of supervisors and higher executives
4. **Checking references** - If the candidate has been found satisfactory at the interview andif his performance is good in employment or proficiency tests, the employer would liketo get some important personal details about the candidate, such as his character, past history, background, etc. verified from the people mentioned in the application. For thispurpose, the employer may also contact his friends residing in the locality where the candidate is residing or he may contact the present or former employers of the candidate.
5. **Physical or medical examination** - Physical or medical examination is another step in the selection procedure. The objectives of this examination are:
- (i) To check the physical fitness of the applicant for the job applied for;
 - (i) To protect the company against the unwarranted claims for compensation.
 - (ii) To prevent communicable diseases entering the business concern.

6. **Final interview** - This interview is conducted for those who are ultimately selected for employment. In this interview, the selected candidates are given a brief introduction about the company and their role.

MODULE 2

3. (a) Define Leadership. Give the differences between Autocratic, Participative and free rein leadership styles.

Solution :

The ability to positively influence people and systems to have a meaningful impact and achieve results.

Is a vital in managerial function Is used to stimulate action by giving direction to his subordinates through orders and also supervise their work to ensure that the plans and policies achieve the desired actions and results.

Comparison of leadership styles

Factors	Leadership style		
	Autocratic	Participative	Free-Rein
1. Decision maker	Leader only	Leader in consultation with subordinates	Subordinates Only
2. Discipline	Obeys the leader	Co-operative	Self imposed
3. Delegation of authority	Rare	Good	Complete

4. Responsibility	Leader	Leader and subordinates	Individual
5. Initiative	By leader	By team	Only by individual
6. Communication	One way and downwards	Both ways	Free flow
7. Motivation	Punishments	Rewards	Self motivated
8. Hierarchy of needs	Physiological and safety	Mixed	Self
9. Focus	Task oriented	People oriented	People

**(b) What is Motivation? Give the importance of Motivation.
Explain Herzberg's two factor theory.**

Solution : "Motivation means a process of stimulating people to action to accomplished desired objectives"

Herzberg's Two-factor theory:

Original study based on the research by Fredrick and Herzberg who interviewed 200 engineers and accountants and were asked about the good times and bad times they think about their jobs.

Out of these interviews two factors emerged called the

I Maintenance factors

II Motivators or satisfiers.

I Maintenance factors (Factor 1)

- 1) Fair company polices and administration
- 2) A supervisor who knows the work
- 3) A good relationship with ones supervisor.
- 4) A good relationship with one's peers.
- 5) A good relationship with ones subordinates.
- 6) A fair salary
- 7) Job security
- 8) Personal life
- 9) Good working conditions
- 10) Status

II) Motivators or satisfiers (Factor 2)

- 1) Opportunity to accomplish something significant
- 2) Recognition for significant achievements
- 3) Chance for advancement
- 4) Opportunity to grow and develop on the job
- 5) Chance for increased responsibility
- 6) The job itself.

(c) What is Communication? Give the differences between formal and informal Communication.

Communication

Communication means Exchange of opinions, facts ideas or emotions by two or more persons. The sum of all things what one does to create an understanding in the minds of other s.

Is the process of passing information, correct understanding and with right Interpretation from oneperson to another.

Formal Communication

Communication takes place through the formal channels of the organization structure along the lines of authority established by the management.

Such communications are generally in writing and may take any of the forms; policy; manuals: Procedures and rule books; memoranda; official meetings; reports, etc.

InFormal Communication

Communication arising out of all those channels of communication that fall outside the formal channels is known as informal communication.

Informal communication does not flow lines of authority as is the case of formal communication.

It arises due to the personal needs of the members of the organization.

At times, in informal communication, it is difficult to fix responsibility about accuracy of information. Such communication is usually oral and may be covered even by simple glance or smile or silence.

4. (a) What is Coordination? Explain the requisites of effective coordination.

Solution:

Coordination

Is the orderly synchronization or fitting together of the interdependent efforts of individuals to attain a common goal

For example in hospital the proper synchronization of the activities of the nurses, doctors, wards attendants and lab technicians to give a good care to the patient.

Can be considered as an essential part of all managerial functions of planning, organizing, directing and controlling if the manager performs these functions efficiently and expertly coordination is automatically generated and there remains no need for special coordination.

Effective coordination

1) Unity in Diversity

Every large org has a large number of employees, each with a different background, views, opinions, activities. therefore there are diversity activities in an org. However, all these activities would not be highly effective in the absence of coordination.

2) Unity of direction

An org needs to integrate the efforts and skills of different employees in order to achieve common objectives. coordination also eliminates duplication of work leading to cost efficient operations.

3) Encouragement of team spirit

In an org, there exist many conflicts b/w employees, departments etc. coordination encourages people and departments to work as one big team and achieve the common objectives of the org.

4) Functional differentiation

An org has many departments or sections performing different functions. All these functions are important for achieving the overall goals of the organization. if all departments work in isolation from the others then they might not work in tandem. therefore coordination is essential for integrating the functions.

5) Optimum utilization of resources

Primarily, coordination ensures that employees do not engage in cross-purpose work since

it brings together the human and material resources of the org. therefore less wastage of resources.

6) Grow in size:

Large organization has large no. of employees.

They have different habits, behaviour and approaches in a particular situation. many times they won't work in harmony. hence coordination is important.

7) Specialization

one person specialization may be unknown by the other employee that leads to misunderstanding. coordination plays a major role in bringing them together.

8) Empire building

refers to top level of organization. it is important to achieve coordination among top level and subordinates.

(b) Define controlling. Explain the steps involved in the controlling Process.

Solution:

CONTROLLING

Controlling consists of verifying whether everything occurs in conformity with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals.

- Controlling is an important function of management
- It verifies that all the allotted tasks are being performed on time
- Controlling ensures that activities in an organization are performed as per the plans.
- Controlling also ensures that an organization's resources are being used effectively and efficiently for the achievement of predetermined goals.
- It is a function that brings back the management cycle back to the planning function.

1) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

2) Measurement of Performance:

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured.

For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

3) Comparing Measured Performance to Stated Standards:

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

4) Taking Corrective Actions:

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

5) Follow – ups

After taking corrective actions management must do follow up. Follow up is done to find out whether corrective actions are taken properly. It is also to find out whether deviations and their causes are removed. If follow up is done properly, the actual performance will be equal or better than established standards.

(c) Explain the benefits of controlling.

Review of plans and objectives and change therein on the basis of such review.

Change in the assignment of tasks.

Change in existing techniques of direction.

Change in the organization structure.

Provision for new facilities.

MODULE 3

5. (a) Define Entrepreneurship. Explain the role of entrepreneurs in Economic development. Explain the barriers of entrepreneurship.

Solution:

Entrepreneur is a person who undertakes an enterprise. The process of creation is called entrepreneurship. An entrepreneur can be considered as a person who bears the risk of operating a business in the face of uncertainty about the future conditions.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

The important role that an entrepreneurship plays in the economic development of an economy can be put in a more systematic manner as follows.

1. Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
2. It provides immediate large-scale employment. Thus it helps to reduce unemployment in the country.
3. It provides balanced regional development.
4. It helps reduce the concentration of economic power.

5. It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.
6. It encourages effective resources mobilization of capital and skill which might otherwise remain unutilized and idle.
7. It also induces backward and forward linkages which stimulated the process of economic development in the country.
8. It promotes country 's export trade i.e. an important ingredient for economic development.

BARRIERS TO ENTREPRENEURSHIP

A large number of entrepreneurs particularly in the small enterprises fail due to several problems and barriers. The greatest barrier to entrepreneurship is the failure of success. Karl.

H. Vesper has identified the following entrepreneurship barriers:

1. Lack of a viable concept.
2. Lack of market knowledge

3. Lack of seed capital/fund
4. Lack of business knowledge
5. Complacency—lack of motivation
6. Social stigma
7. Time pressure and distractions
8. Legal constraints and regulations
9. Monopoly and protectionism
10. Inhibitions due to patents
11. Lack of good machinery
12. Inability to dream
13. Lack of patience
14. Unwilling to invest money
15. Non availability of Raw materials
16. Unstable and Unpredictable markets
17. Globalization and entry of Foreign Goods.

(b) Explain the different ways of identifying business opportunities.

IDENTIFICATION OF OPPORTUNITY

Entrepreneur who starts their own business can be grouped into two broad categories. The first category consists of people who know exactly what they want to do and are merely looking for the opportunity or resources to do it.

The second group consists of people who want to start their own business, but do not have definite ideas about what they would like to do. They may have developed skills during their education or in the course of their previous employment, but many have not been interested in opening a business in the same field of endeavor.

Project identification is concerned with the collection, compilation and analysis of data for the eventual purpose of locating possible opportunities for investment and with the development of the characteristics of such opportunities. Opportunities, according to Drucker, are of three kinds: additive, complimentary and break-through.

Every project has three elements—inputs, outputs and social costs and benefits. The input characteristics define what the project will consume in terms of raw material, energy, manpower, finance and organizational setup.

The output characteristics of a project define what the project will generate in the form of goods and services, employment revenue etc. The quantity and quality of all these outputs should be clearly specified.

6. (a) Mention the importance of entrepreneurship.

Solution :

The important role that an entrepreneurship plays in the economic development of an economy can be put in a more systematic manner as follows.

1. Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
2. It provides immediate large-scale employment. Thus it helps to reduce unemployment in the country.
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5. It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.
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7. It also induces backward and forward linkages which stimulated the process of economic development in the country.
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(b) Explain the features of following types of entrepreneurs:

- (i) Drone entrepreneur (ii) Business entrepreneur**
(iii) Non-technical Entrepreneur (iv) Intrapreneur

(a) Drone Entrepreneur:

These Entrepreneurs are characterized by a Die – Hard Conservative Attitude. They do not easily seize opportunities to make changes in their production techniques or the Technology employed, even at the Cost of Low Returns on their Investments compared to other similar enterprises. Such entrepreneurs may even incur Huge Losses but they will not be ready to make Changes in their existing production techniques.

(b) Entrepreneurs according to the type of business:

i) Business entrepreneurs: are individuals who conceive an idea for a new product or service and then create a business to materialize their idea into reality.

ii) Trading partner Trading entrepreneur undertakes trading activities not concerned with manufacturing work. Identifies potential markets, stimulates demand for his product line and

iii) Industrial entrepreneur: is essentially a manufacturer who identifies the potential needs of the customers and tailors a product according to the needs of the customers. Starts an industrial unit to make new product

iv) Corporate entrepreneur :Corporate entrepreneur is an individual who demonstrates his innovative skill in organizing and managing a corporate undertaking. is an individual who plans develops and manages a corporate body which is form of business organization registered under the trust act.

v) Agricultural entrepreneur :Are those who undertake agricultural activities as raising and marketing of crops, fertilizers and other inputs of agriculture.Raise agriculture through mechanization, irrigation and application of technologies of dry land agricultural products and covers a broad spectrum of agricultural sector.

vi) Industrial Entrepreneur:Are those who concentrate in industrial and production activites They identify the needs of the customers and manufacture a product according to their needs They are generally a product-oriented entrepreneur

Example:A manufacture of Automobile spare parts,computer accessories

(c) Entrepreneurs in technology classified as

(a) Technical:

Concentrates more on production than through sales and marketing through the demonstration of his innovative abilities in matter of production of goods and rendering of services and skills in production techniques.

(b) Non-technical

Not concerned with technical aspects of the product and are concerned only with the alternative distribution and marketing strategies to promote their business.

Intraprenuer:

Is an emerging class found in large industrial organizations who emerge from within the confines of the large industrial organizations.

In big organizations top executives are encouraged to catch hold of new ideas and convert them into products through research and development activities within the framework of the organization.

Many Intrapreneurs are found leaving their jobs in big organizations and starting their own enterprises and have become exceedingly successful in their ventures are causing threat to the organizations they leave who inaugurate new products.

(c) Mention and explain the stages in entrepreneurial process.

STAGES IN THE ENTREPRENEURIAL PROCESS

Stages in the development of the entrepreneurial process:

Can be explained in five stages:

Stage 1: perceiving ,identifying and evaluating opportunity

Stage 2: drawing up a business plan

Stage 3: marshalling resources

Stage 4: creating the enterprise

Stage 5: consolidation and management

1. Perceiving ,identifying opportunity:

- An entrepreneur has to be alert to the opportunities and possibilities that arises in the market from time to time.
- Opportunity knock the door of every entrepreneur only few seize them and convert them
- Consumers & business association, members of distribution system, independent technical organizations consultants etc.
government organizations & R&D centers also provide new ideas

2. Evaluating opportunity:

- Opportunities have to be not only identified but also analyzed with respect to the following.
- It involves length of opportunity, its real perceived value its risks & resources, with personal skills goals of entrepreneur & its uniqueness or differential advantages in its competitive environment.
- Description of product, Agreement of opportunity, Assessment of the entrepreneur, Resources needed, Amount & sources of capital, Profit expected.

3. Drawing up a business plan:

- A business plan is nothing but a description of the future direction of the business.
- A good business plan is very essential to develop the opportunity and to determine the resources received.
- A business plan describes the business as well as the industry in which business exists
- It formulates all plans Technology plan, Financial plan, Organization plan, Production & operation plan, Marketing & distribution plan, Summary

4. Marshalling resources:

- An Entrepreneur should have good idea of the various resources required with

respect to quality, quantity, prices and sources.

- The entrepreneur identifies the sources from where the finance and the human resource can be arranged.
- Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.

5. Creating the enterprise:

- An entrepreneur has to be aware of the legal and practical hurdles that he has to face in the process of physically creating his business.
- An entrepreneur decides on the future prospects of the business, i.e. its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur

Module 4

7. (a) What is Project? Explain the different ways of project identification and project selection.

Solution:

Meaning of project – “A project is a **temporary endeavour** (attempt) undertaken to create a **unique** product or service”

“A project can be considered to achieve a **specific objective**, which involves a series of activities and tasks which consume resources”

Project identification

A project having good market is generally selected as a project by any entrepreneur. Hence identifying project is a crucial step in any business and plays a vital role. An entrepreneur will have a wide choice of projects.

Project identification is concerned with collection of economic data, compiling and analysing it, to identify the possibility of investment to produce the goods or service for making profit.

According to Peter F. Drucker, there are three types of opportunities:

1. Additive
2. Complementary and
3. Break through

- Utilizing of the existing resources and facilities without any change in the existing business are known as additive opportunities.

There is no risk involved in this type of opportunities.

- The opportunities involving new ideas that cause some change in the existing structure are known as complementary opportunities.

There is some amount of risk involved in this type.

- The opportunities involving fundamental changes in both character and structure of business are known as Break through opportunities

This type involves higher risk than the other two.

Project identification may come from one or other of the following ways.

Observation: Observation is one of the very important sources of project idea. The scarcity (shortage) of a particular product or service may lead to the development

Observations of existing processes/products also sometimes leads to new project ideas.

i. Trade and professional magazines: Trade and professional literature keeps a person in touch with latest developments and trends and also stimulate to develop new ideas.

ii. Bulletins of Research Institutions: R & D bulletins of some institutions also provide some new ideas based on the findings which are published in the bulletin.

iii. Government sources: Departmental publications of various departments of government also provide useful information that can help in identification of new project ideas.

The project ideas can be discovered from various other sources also. They are.

- i. Knowledge of potential customer need.
- ii. Watching emerging trends in demands for certain products.
- iii. Knowledge about the Government policy, concessions and incentives, list of items reserved for manufacture in SSIs.
- iv. Ideas generated by concerned people.
- v. Scope for producing substitute product.
- vi. Visiting trade fairs, exhibitions of new products etc.
- vii. Observation of market and similar products.
- viii. Competitor's products.
- ix. Ideas given by friends and relatives based on their experience and observations.

➤ Project selection

Project selection starts from where project identification ends.

After identifying some projects, they need to be analysed in the light of existing economic conditions, the government policies, target markets, profit, availability of raw materials and skills etc.

One of the well-known tool for this analysis is **SWOT or SCOT analysis**. (Strength Constraints Opportunities & threats)

Then the **weakness** or constraints are listed down with an idea to find solutions to overcome them.

The various **opportunities** that emerge with the development of the product are need to

be study. This includes market share, profit, life of product, export possibilities etc.

Finally the **threats** like competition, import of similar product into market, government policies, out dated technology etc. need to be analysed.

The other points to be consider in selection of project are.

i. Investment size - The study of investment required is to be made rationally and accurately. Wrong estimation may lead to shortage of funds in the middle or towards the end of project.

Professional managers, who have worked in multinational companies or large Indian companies, should think of starting medium-sized or large sized units only.

The investment size (project cost) should be at least Rs. 3 to 5 crore. They should not commit the common mistake of restricting the project size to less than Rs. 2 crores.

ii. Location - Suitable location of project is very important. The entrepreneur should locate the project where resources and raw material are available. He should also consider possibility of setting up the project at notified area by government, to avail certain facilities, concessions and subsidies.

iii. Technology – The technology required to develop a project should be available within preferably region. It makes life easier to start with. Else it will be difficult and costly to get technology from foreign.

iv. Equipment - The availability of equipment should be studied. The entrepreneur should select the best equipment available for the project as per advice of experienced technical consultants. He should not compromise on the quality of the equipment.

Marketing - The product should be marketable. One should estimate the correct/reliable demand and market share for his product.

(b) What is project report? What are significance of project report? Explain the planning commission guidelines for preparing a project report.

Solution :

➤ **Project report**

A project report or a business plan is a written statement of what an entrepreneur proposes to take up.

It is a course of action what the entrepreneur hopes to achieve in his business and how is he going to achieve it.

A project report serves like a road map to reach the destination determined by entrepreneur.

Hence a project report can be defined as “a well evolved course of action devised to achieve the specified objectives within a specified period of time”

Need and significance of project report

The preparation of a project report is of great significance for an entrepreneur.

The project report essentially serves two functions.

1. Project report is **like a road map**, it describes the direction the enterprise is going in, what are its goals, where it wants to be, and how it is going to get there.

In addition it enables the entrepreneur to know that he is proceeding in the right direction.

2. The second purpose of the project report is to **attract lenders and investors**.

The preparation of a project report is beneficial for those entrepreneurs which apply for financial assistance from the financial institutions and commercial banks.

Financial institutions or banks provide financial assistance for the project based on the project report.

A project report is prepared by an expert after detailed study and analysis of various aspects of the project.

Need :

- For refining the business ideas and to eliminate the shortcomings (faults or failures)
 - For securing project capital
 - For securing the bank finance
 - For attracting joint business partners
 - For obtaining clearances and approvals from governmental agencies
 - For securing orders from key potential customers
- For providing a road-map and direction during implementation.

➤ Guidelines by planning commission for project report

1. General information
2. Preliminary analysis of alternative
3. Project description
4. Marketing plan
5. Capital requirements and cost
6. Operating requirements and costs
7. Financial analysis
8. Economic analysis

1. General information - The report should contain general information regarding the company, past performance of the company, product profile and product details and specification.

2. Preliminary analysis of alternative

This should contain present data and the gap between demand and supply for the outputs which are to be produced.

A complete list of all existing plants in the industry, giving their capacity and their level of production.

All options that are technically feasible should be considered at this preliminary stage. The location of the project and its implications should also be looked in.

3. Project description

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

Environmental effects of a project should also mention i.e., population, water, land, air, flora, fauna, effects arising out of the project's pollution, other environmental destruction, etc.

4. Marketing plan - It should contain the following items: Data on the marketing plan, demand and prospective supply in each of the areas to be served.

End-users of product (target users), distribution channels, national, international, sales promotion, estimated sales etc. need to be included.

Estimates of the degree of price should be presented. It should contain an analysis of past trends in prices.

5. Capital requirements and cost - The estimates should be reasonably complete and properly estimated. Information on all items of costs should be carefully collected and presented.

6. Operating requirements and costs - Information about all items of operating cost should be collected. Operating costs relate to cost of raw, materials and intermediaries, fuel, utilities, labour, repair and maintenance, selling expenses and other expenses.

7. Financial analysis – financial and fund flow analysis need to be carefully included.

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

8. (a) What is enterprise resource planning? Give the importance of ERP.

Solution :

Meaning

ERP serves as the functional backbone of an enterprise that integrates and automates (Operates) many internal business processes and information systems within the manufacturing, distribution, accounting, finance, sales, logistic (Organizing) and human resource functions of a company.

“An Enterprise Resource Planning (ERP) system is a fully integrated business management software that covers functional areas of an enterprise like manufacturing, distribution, accounting, finance, sales, logistic and human resource”.

➤ Importance of ERP

- ERP organizes and integrates operational processes and information flows to make optimum use of resources such as men, material, money and machine.
- It provides one database, one application, and one user interface for the entire enterprise.
- It gives a real time view of company's core business processes such as production, order processing, and inventory (Stock) management.
- ERP systems track business resources (such as cash, raw materials), and the status of commitments made by the business.
- Reduce paper documents by providing online formats for quickly entering and retrieving information.
- Improves timeliness of information by updating data daily instead of monthly.
- Greater accuracy of information with detailed content, better presentation gives satisfactory for auditors.
- Improved cost control.
- Faster response and follow-up on customers.
- More efficient cash collection and reduction in delay in payments.
- Better monitoring and quicker resolution of queries.
- Enables quick response to change in business operations and market

conditions.

- Helps to achieve competitive advantage by improving its business process.
- Provides a unified customer database usable by all applications.

(b) Give the features of following ERP software's

(i) Human resource management system

(ii) Financial management system

☐ Human resources

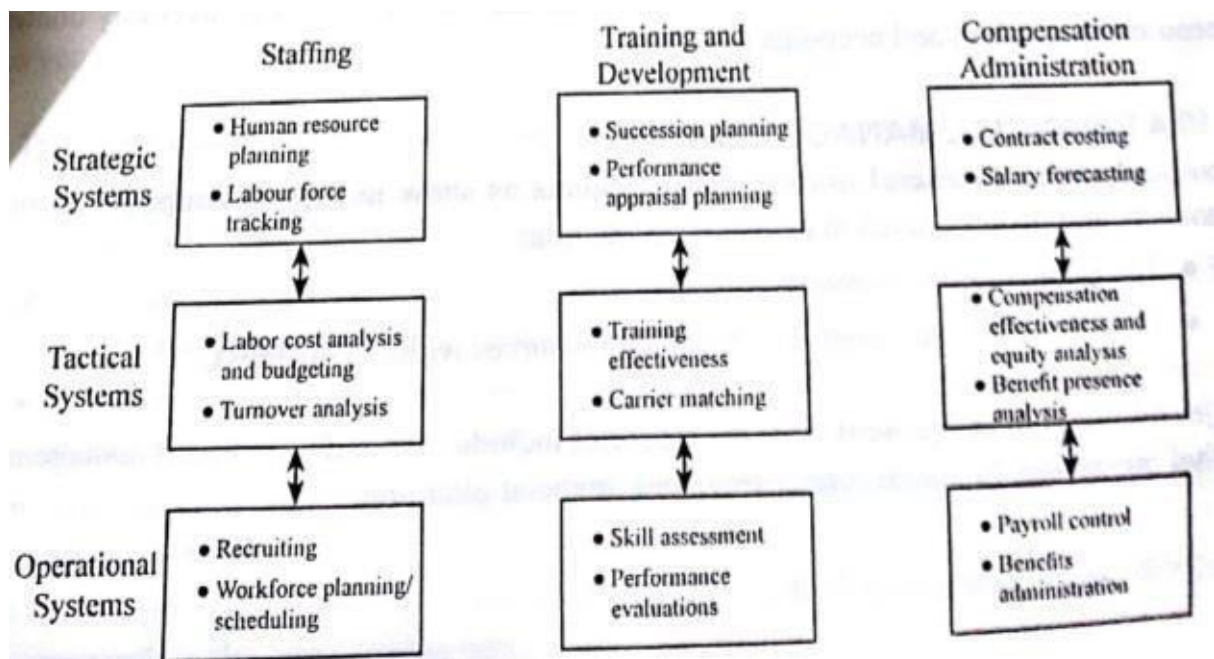


Figure: The Human Resource Management (HRM)

The Human Resource Management (HRM) involves the recruitment, selection, evaluation, compensation, and development of the employees of an organisation. The goal of HRM is the effective and efficient use of the human resource.

HRM plans to meet the personnel needs of the business. Train the employees to their full potential, Maintain personnel records and Analyse the use of personnel in business operations.

❑ Finance management

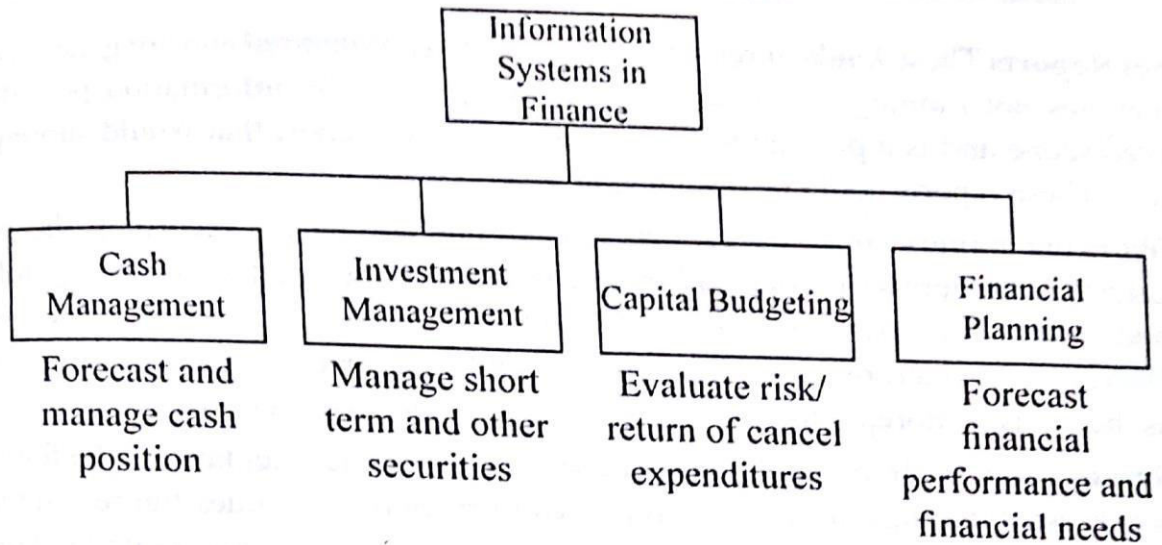


Figure: Financial management system

- ❑ **Cash management** - is the process of collecting and managing cash as well as using it for short-term investing. It is a key component of a company's financial stability.
- ❑ **Investment management** - is the process of ensuring that a company's tangible and intangible assets are maintained, accounted for, and put to their highest and best use.
- ❑ **Capital budgeting**- Involves evaluating the profitability and financial impact of proposed business. Which are analysed using return on investment (ROI) evaluation technique.

It uses spreadsheet models for analysis of expected cash flows, profitability and analysis of risk.

Financial planning - Evaluate the present and projected financial performance of the business. Financial analysts use financial forecasts concerning the economic situation, business operations and type of financing available, interest rates etc. to develop an optimal financial plan of the business.

(c) Explain briefly steps involved in Report writing

Solution :

☒ Methods of report generation / Steps involved in report writing

1. Preliminary Section
2. Background Section
3. Methodology Section
4. Findings Section
5. Conclusions Section
6. Appendices
7. Bibliography

1. Preliminary Section

This section mainly consists of the following information

- i. Title page - The cover page of the project report should contain the title of the project on top and the name/address (including phone numbers, website address and email id) so that the readers of the report (like investors) may easily contact you when required.
- ii. Letter of authorization – the author of this letter is the business manager who formally gives permission for executing the project.

Executive summary - The summary of the entire report, starting from the scope, objectives of the study, applications etc in brief.

- iii. Table of contents - All reports should have a section that clearly indicates the division chapter name, number, main headings and sub headings.
- iv. Acknowledgement - A small note acknowledging the contribution of the respondents, and experts who provided input for accomplishing the study.

2. Background Section

- i. Problem definition - This section begins with the formal definition of the research problem.
- ii. Study background – it includes the literature survey. Study about various related projects their advantages and dis-advantages.
- iii. Study scope and objectives - Scope of the study and what is the main goal of the study. Advantages of the proposed problem.

3. Methodology Section

The section specifies the details of how the research was conducted.

- i. Research framework or design - The variables and concepts being investigated are clearly defined, with a clear reference to the relationship being studied.
- ii. Data collection methods - In this section, the researcher should clearly list the information needed for the study and various sources of data.
- iii. Data analysis – The assumptions and constraints are need to analysis here.
- iv. Design – overall design, architecture, different modules, and algorithm /different methodology used need to be clearly mention.

4. Findings Section

Study results and findings – the expected result of the study and different finding on each module.

5. Conclusions Section – the conclusion of the report should summarize the key aspects of the report in comprehensive (clear) manner. It should end the report in positive note.

6. Appendices - Secondary information or supplementary data like articles, case studies, reference to some technical information need to mention.

7. Bibliography – this is the final section it provides complete details of the information sources and papers, journals referred for the study.

Module 5

9. (a) Define MSME. List the characteristics and advantages of MSME.

Solution:

The definition of small scale industry varies from one country to another and from one time to another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country.

➤ **Characteristics of SSI**

1. Capital investment is small and most of the SSI's have small number of employees.
2. Generally owned by a single or at the most two persons and engaged in production of small goods. (It is generally a one-man show).
3. The owner himself or herself is a manager, who takes effective participation in all matters of business decision making.
4. Most of them are family owned industries.
5. Funded by owners savings or short term loans.
6. The scope of operation of SSI is generally localized, catering to the local and regional demands.
7. The gestation period i.e., the period after which return on investment starts is relatively lower when compared to large units.
8. Workers are not well recognised and they may do different types of works as need arises.

➤ **Advantages of micro and small enterprises**

1. SSI don't require high level of technology.
2. They do not require large capital
3. SSI create immediate employment at a relatively small capital investment.
4. Locally available skilled and semi-skilled people can be appointed at short notice and at a much lower wages compared to the medium and large industries.
5. The project related to SSI can be completed in short period.
6. SSI have small gestation period.

7. Source of employment for local people, either full time or part time.
8. SSIs act like training area for local entrepreneurs
9. They meet the increased demand of consumer goods and mass consumption goods.
10. They help in economic growth of the country
11. SSI make it possible to shift manufacturing activities from busy towns to rural areas. This helps in geographical distribution of skills and technology in the country.

(b) Explain Indian Industrial policy 2007 on MSME

Government of India Industrial Policy 2007 on micro and small scale enterprises

- It provides the first-ever legal frameworks for recognition of concept of enterprise (Comprising both manufacturing and services) and integrating three tiers of enterprise -micro, small and medium.
- Under the Act enterprise have been categorized broadly into those engaged in

(i) Manufacturing and

(ii) Providing /rendering of services.

Both categories are further classified into micro, small and medium enterprise, based on their investments in plant and machinery (for manufacturing Enterprises) or in equipment (in case of enterprises providing or rendering services) as under:

- Manufacturing enterprises:-Micro Enterprise -investment up to Rs. 25 lakh.-Small Enterprise – Investment above Rs. 25 lakh & up to Rs. 5 crore.-Medium Enterprise - investment above Rs 5 crore & up to Rs. 10 crore.
- Service enterprise:-Micro Enterprise -investment up to Rs 10 lakh.- Small Enterprise

-investment Above Rs. 10 lakh & up to Rs. 2 crore.-Medium Enterprise
-investment above Rs 2 crore & up to Rs. 5 crore.

- The Act provides for a statutory consultative mechanism at national level with wide representation of all sections of stakeholders, particularly the three classes of enterprises, and with a wide range of Advisory function, and an advisory Committee to assist the Board and the Central/State Governments.

The other features include

(i) Establishment of specific Funds for the promotion, development and enhancing competitiveness of these enterprises.

(ii) Notification of scheme /programmes p for this purpose.

(iii) Progressive credit policies and practices.

(iv) Preference in government procure to products and services of the micro and small enterprises.

(v) More effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises.

(vi) Simplification of the process of closure of business by all three categories of enterprises.

(c) Write a case study on captain G R Gopinath

Solution :

➤ Captain G. R. Gopinath (Deccan Airline)

Captain Gorur R. Gopinath, founder of India's **first budget airline** called **Air Deccan**. As a child, Gopinath often used to go barefoot to his school in his village Gorur, Karnataka, where his father was a school teacher. The young Gopinath **joined Indian Armed Forces** and rose to the rank of **Captain** within the eight years of service. Later he decided to quit and return to his native place for becoming a **farming entrepreneur**. During late 1970s, he landed at a place called **javgal**, a couple of miles from Gorur, his ancestral village. All of 27, having just left the Indian Army, all he had with him was a tent, some utensils and stretch of barren land that his family had inherited as government compensation.

When he returned home, his mind was afresh with memories of his village where he was born and attended school, where his father was a teacher, where he played bare-foot in the paddy fields and swim in the river hemavati. But now, he found it was in crisis, a dam had been built that flooded the ancestral lands. The government paid compensation in the form of a patch of land, which every villager decided to sell. But Gopinath decided to do farming in that land which was unfit for cultivation.

As an army man, Gopi had seen the life in tough places and wanted to start afresh. He knew it would be a tough journey, but when he saw the land allotted to his family with shrubs all around, it justified his presence there. After an ineffective start at farming, he set up a **gobar gas plant, bought cows for milk and manure**. Then he started **silk worm farming**.

At every step, life teaches you something. As Gopi was still learning to farm, he had a thousand thirsty coconut trees. In the dry season, as there was no electricity, he carried water to the trees by hand, one pail on each side. Then one day he saw a **dhobi's donkey carrying the entire load**. He started dreaming of donkeys. He struck a deal (four donkeys for Rs 65 each per day) and got his money's worth. Every morning, villagers gathered at his farm to see the "mad farmer".

Today, Gopi's farm is like a heaven it has verity of trees, Tall palm and coconut trees grace the area, there are birds, bees, insects, cobras etc.

At some point, Gopi moved Bangalore for his children's education. He met his old friend from the army and together they realized that there was nobody at that time who was offering **customer-dedicated helicopter services**. The idea took shape and he launched **Deccan Aviation**, his helicopter business. The helicopter service grew and became **Air Deccan**. **He wanted to make every Indian fly at least once**. Thus, Air Deccan was formed as a unit of Deccan Aviation and began its operations in **August 2003**.

India has around 400 airports that were not connected through any flights at all before Air Deccan began operations. The cost of leasing or purchasing planes is the same for everyone, fuel costs are the same for everyone, and airport landing fees the same, how was Air Deccan able to offer such low-cost tariffs? Simple, by cutting out all the frills. On Air Deccan flights, even water wasn't free. The **exterior of the plane had been sold** to the likes of **Sun Microsystems** and **NDTV** (as an advertising hoarding) and the **interiors** to the likes of **Chevrolet Tavera** for in-flight promotion.

Air Deccan **created history during august 2004** by flying passengers to Delhi from Bangalore for a fare of only Rs. 500. The budget airline has a capacity of 180 seats, in that 75 percent of the seats offered at rates ranging between Rs 500 and Rs 5,000 and the remaining 25 percent at around Rs 7,500, which was 25 percent less than the normal fare of Rs 10,500 on any other airline. The new fare system devised by the airline was called **Dynafares**. Passengers must book their tickets **90 days in advance** of the date of flight for availing an offer.

In June 2005, Air Deccan introduced **dirty cheap Re 1 scheme**. The logic behind offering 2-3 seats per flight was that it is better to provide seats at dirt-cheap rates, rather than flying with unoccupied seats. The idea behind is to promote sales of tickets.

During June 2006, Air Deccan created another aviation history. It overtook the national carrier Indian (earlier known as Indian Airlines) to become the second-largest domestic airline in the country.

On 1st June 2007 UB group (Vijay Mallya) spent Rs 550 crore for acquiring this stake and Air Deccan later came to be known as **Kingfisher Red**.

In the April 2009 General Elections, Gopinath decided to contest for the Lok Sabha from the Bangalore South Parliamentary Constituency.

10. (a) Give the facilities provided to entrepreneurs by the following institutions :

(i) KIADB (ii) KSFC (iii) DIC

KARNATAKA INDUSTRIAL AREAS DEVELOPMENT BOARD (KIADB)

It is a wholly owned infrastructure agency of government of Karnataka, set up under Karnataka industrial Areas development act of 1996. This board functions as per statutory provisions, rules and regulations enacted under them, board of members meet regularly to take decisions and monitor functions.

KIADB holds pride in being the 1st government organization in Karnataka to obtain ISO 9001 certification in the year 1997, now KIADB is following ISO 9001:2000 module covering its functions of land acquisition, development and allotment functions in Bangalore urban and rural areas.

Objectives

- Promote rapidly and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD act.
- Facilitate for establishing infrastructure projects.
- Function on corporate lines “no profit, no loss”.

Functions

- Acquire land and form industries.
- Provide all infrastructure to such industrial areas.
- Acquire land for single unit complexes.
- Acquire land for government agencies for their schema and infrastructure projects.

Some projects of KIADB executed:

- Acquisition of about 4316.25 acres of lands for Bangalore international airport ltd.
 - Acquisition of about 1850 acres of lands for harbor at tadri in uttar Karnataka district.
- Acquiring and developing of about 430 acres of land for m/s tayota in bidadi at bangalore

KARNATAKA STATE FINANCE CORPORATION (KSFC):

State Finance Corporation in Karnataka is called Karnataka state finance corporation.

Objectives:

- To cater to financial requirements of small scale units.
- To extend medium and long-term credits to units which fall outside the purview of Industrial Finance Corporation and public-sectors banks.

Functions of SFC's:

- To promote self-employment for professionally qualified men and women entrepreneur interested in starting their own project.
- Financial assistance for expansion, modernization and mechanization in the existing set up
- Financial assistance for rehabilitation of sick units.
- To provide term loans for purchase of land, building, machinery and other facilities.
- To provide financial assistance for transport vehicles and tourism related activities.
- To arrange EDP and seminars for upcoming Young industrialists.
- To provide financial assistance for quality improvement and environmental control needs

➤ DISTRICT INDUSTRIES CENTRE (DIC)/SINGLE WINDOW CONCEPT

It was established in May 1978 in order to catch the needs of small units.

The main function of DIC is to act as chief coordinator or multifunctional agencies in respect of various govt. Departments and other agencies. There are about 400 DICs in India Nature of support Information and consultancy services, industrial inputs.

Objectives:

- To effectively promote cottage and SSI in rural areas and in small towns.
- To act as single window agency to help the entrepreneur with all information under one roof.
- To serve as integrated administrative frame work at district level for industrial development.

Functions:

- To conduct industrial potential surveys keeping in view the availability of resources in terms of material and human skills, infrastructure, demand for product etc. To prepare techno-economic surveys and identify product lines and then to provide investment advice to entrepreneurs.
- To prepare an action plan to effectively implement the schemes identified.
- To guide entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its supply and procedure for procuring imported machinery, if needed, assessing requirements for raw materials etc.
- To appraise the worthiness of various proposals received from entrepreneurs.
- To assist the entrepreneurs in marketing their products and assess the possibilities of ancillary station and export promotion of their products.
- To undertake product development work appropriate to small industries.

(b) What are Intellectual property right? Briefly explain the main forms of intellectual property rights

➤ Introduction to IPR (Intellectual Property Rights):

Intellectual property is an asset for an entrepreneur. It consists of certain intellectual creations by entrepreneurs or their staffs that have commercial value and are given legal property rights. Example of such creation are a new product and its name, a new method, a new process, a new promotional scheme and a new design.

A fence or a lock cannot protect these intangible assets. Instead, Patents, Copyrights and Trademarks are used to prevent competitors from benefiting from an individual's or firm's ideas.

Protecting intellectual property is a practical business decision. The time and money invested in perfecting an idea might be wasted if others could copy it. Competitors could charge a lower price because they did not incur the start-up costs. The purpose of intellectual property law is to encourage innovation by giving creators time to profit from their new ideas and to recover development costs.

Intellectual property rights can be sold, licensed or given away freely. Some business have made billions of dollars by licensing or selling their patents or trademarks. Every entrepreneur should be aware of intellectual property rights to protect these assets in a world of global markets. An intellectual property lawyer can provide information and advice.

1. The main forms of intellectual property rights

Patents: A patent grants an inventor the rights to exclude others from making, using, offering for sale or selling an invention for a fixed period – in most countries, for up to 20 years. When the period ends, the patent goes into the public domain and anyone may use it.

Copyrights: Copyrights protect original creative works of authors, composers and others. In general, a copyright does not protect the idea itself, but only the form in which it appear- from sound recordings to books, computer programs or architecture. The owner of copyrighted material has the exclusive right to reproduce the work, prepare derivative works, distribute copies of the work, or perform or display the work publicly.

Trade Secrets: Trade secrets consist of knowledge that is kept secret to gain advantage in business. “Customer lists, sources of supply of scarce materials, or sources of supply with faster delivery or lower prices may be trade secrets” explains Joseph S. Iandiorio, the founding partner of Iandiorio and Teska, an intellectual property law firm. “Certainly, secret processes, formulas, techniques, manufacturing know-how, advertising schemes, marketing programs and business plans are all protectable”

Trade secrets are usually protected by contracts and nondisclosure agreements. No other legal form of protection exists. The most famous trade secret is the formula for CocaCola, which is more than 100 year old.

Trade secrets are valid only if the information has not been revealed. There is no protection against discovery by fair means such as accidental disclosure, reverse engineering or independent invention.

Trademarks: A trademark protects a symbol, word or design used individually or in combination to indicate the source of goods and to distinguish them from goods produced by others. For example, Apple customer uses a picture of an apple with a bite out of it and the symbol () which means registered trademark. A service mark similarly identifies the source of service. Trademark and service marks give a business the right to prevent others from using a confusingly similar mark.

In most countries, trademarks must be registered to be enforceable and renewed main in force. However, they can be renewed endlessly.