


CMR INSTITUTE OF TECHNOLOGY		USN <input type="text"/>						 <small>CELEBRATING 30 YEARS</small> <small>CMR INSTITUTE OF TECHNOLOGY, BENGALURU.</small> <small>ACCREDITED WITH A++ GRADE BY NAAC</small>		
Internal Assessment Test - II										
Sub:	Entrepreneurship Development						Code:	22MBA12		
Date:	17-05-2023	Duration:	90 mins	Max Marks:	50	Sem:	I	Branch:	MBA	
SET- II										
Question Paper & Solution								Marks	OBE	
									CO	RBT
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)										
1 (a)	Define commercial banks. As per the commercial bank definition, it is a financial institution whose purpose is to accept deposits from people and provide loans and other facilities. Commercial banks provide basic services of banking to their customers and small to medium-sized businesses.						[03]	CO3	L1	
(b)	Analyze the new venture expansion strategies and issues. Starting a new venture can be an exciting and fulfilling experience, but growing that venture can be even more rewarding. Whether you're expanding your business into new markets, launching new products or services, or simply growing your customer base, the process of expansion can be complex and challenging. In this blog, we'll explore some of the key strategies and issues to consider when expanding your new venture. <ol style="list-style-type: none"> 1. Conduct Market Research Before expanding, research the target market to ensure there is demand for the product/service. Look at trends, competitors, and consumer behavior to determine the feasibility of expansion. 2. Develop a Clear Business Plan Create a detailed plan outlining the expansion strategy, including objectives, budget, timeline, and marketing strategy. This will help ensure that all stakeholders are on the same page and working towards the same goals. 3. Identify the Right Funding Sources Determine the amount of capital required for expansion and explore various funding options such as venture capitalists, angel investors, bank loans, crowd funding, or other sources. 4. Build a Strong Team Hire and train new staff or develop existing employees to support the expansion. Ensure that team members have the necessary skills and experience to execute the plan effectively. 5. Leverage Technology Implement new technologies and tools to streamline processes, improve efficiency, and enhance the customer experience. This can include automation, software, cloud computing, or other innovations. 6. Expand Product or Service Offerings Diversify the product or service offerings to appeal to a broader customer base. This can involve developing new products or services, improving existing offerings, or entering new markets. 7. Establish Partnerships and Alliances Forge partnerships with complementary businesses to expand the customer base and tap into new markets. This can include strategic alliances, joint ventures, or other types of partnerships. 						[07]	CO3	L4	

(c)	<p>Analyze the different forms of business organization.</p> <p>A business owner’s first decision while starting a business is to decide what form of business he wants to venture. To choose the business type is essential because it will determine how much tax needs to be paid, the quantity of paperwork, individual liability, and how much to invest etc. The business formation is regulated by the state law where the company is established.</p> <p>Business organization Definition</p> <p>A business organization is an establishment intended to carry commercial business by producing goods or services and meet the customers’ needs. Most of the organizations have a standard such as social structure, purpose goals, utilization of resources, rules and regulations, etc.</p> <p>The state law regulates the establishment of the business, and IRS law controls the tax incurred for business. So, how much tax business should pay depends on what form of business one owns.</p> <p>Forms of Business Organizations</p> <p>There are many forms in the business world, but the most common forms of business organization are.</p> <ul style="list-style-type: none"> • Sole Proprietorship – This is the traditional and popular form of business organization. Its formation is simple, and the owner controls the complete operations of a business and is liable for all financial burdens and debts. A long as they are the only owner, they have the right to operate any category of business. These businesses operations include. <ol style="list-style-type: none"> 1. Shop or retail business 2. Home-based company 3. Individual consulting firm • Partnership – In partnership, two or more individuals come together to start a business. Each individual gives their share of capital, property, employment or experience, and expects some profits or losses from the business share. All the partners must report their percentage of share on the tax return even if it’s not distributed. In a partnership business, partners are not defined as employees, so taxes are not retained from any distributions. • Corporation – It is the most complicated business structures because it adds more laws and tax claims. Corporations are established under the laws of each state and are subjected to all the corporate income tax. All the profits issued to shareholders as dividends are taxed as per the individual tax rates on their private annual tax returns. Under this structure, the corporation is displayed as an entity that manages the duties of a business. Similar to a person, the corporation is taxed and held responsible if the company is liable for any legal action. In simple words, if a business is registered under a corporation, then the owner is not personally responsible for its debts (however, this situation differs according to the state law). • ‘S’ Corporation – The ‘S’ Corporation is a variety of a standard corporation. The ‘S’ corporation authorize profit or losses to be transferred to individual tax returns. • Limited Liability Company (LLC) – This is a new form of business structure and gained its popularity in the short-term because the owner has limited individual liability for the debts and actions of the LLC. It had similar features like a partnership such as administration flexibility and the advantage of passing the taxation. The proprietor of LLC is known as members as they can include many, corporations, additional LLC and foreign entities. 	[10]	CO3	L4
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2 (a)	<p>What is DIC?</p> <p>District Industries Centre (DIC) is a central sector scheme with the objective of promoting small village and cottage industries in a particular area. The DICs have been established in various districts of India at varying times since 1978 when it was launched. Being established at the district level, the District Industries Centres provide all the necessary services and support to facilitate entrepreneurs in setting up <u>MSMEs</u> (Micro, Small and Medium enterprises).</p>	[03]	CO4	L2										
(b)	<p>Discuss about Start Up India scheme.</p> <p><i>Startup India</i> was a campaign that was first addressed by the PM Narendra Modi on 15th August 2015 at Red Fort, New Delhi. This campaign was introduced under the Government of India as an initiative to develop over 75 startup support hubs in the country.</p> <p>Highlights of the Startup India Scheme</p> <table border="1" data-bbox="231 562 1278 898"> <tr> <th colspan="2" data-bbox="231 562 1278 622">Startup India Scheme</th> </tr> <tr> <td data-bbox="231 629 539 689">Date of launching</td> <td data-bbox="544 629 1278 689">16th January 2016</td> </tr> <tr> <td data-bbox="231 696 539 757">Government Ministry</td> <td data-bbox="544 696 1278 757">Ministry of Commerce and Industry</td> </tr> <tr> <td data-bbox="231 763 539 824">Department</td> <td data-bbox="544 763 1278 824">Department for Promotion of Industry and Internal Trade</td> </tr> <tr> <td data-bbox="231 831 539 891">Launched by</td> <td data-bbox="544 831 1278 891">Arun Jaitley (Former Finance Minister of India)</td> </tr> </table> <p>What is Startup India Scheme?</p> <p>Startup India scheme is an important government scheme that was launched on 16th January 2016 with an aim to promote and support the start-ups in India by providing bank finances. It was inaugurated by the former finance minister, Arun Jaitley.</p> <p>Organized by the Department for promotion of industry and internal trade, the major objective of Startup India is to discard some of the restrictive States Government policies which include:</p> <ol data-bbox="272 1196 703 1339" style="list-style-type: none"> 1. License Raj 2. Land Permissions 3. Foreign Investment Proposals 4. Environmental Clearances <p>The Startup India scheme is based majorly on three pillars which are mentioned below:</p> <ol data-bbox="272 1420 1278 1563" style="list-style-type: none"> 1. Providing funding support and incentives to the various start-ups of the country. 2. To provide Industry-Academia Partnership and Incubation. 3. Simplification and Handholding. <p>Startup India Benefits</p> <p>After the launch of the Startup India scheme, a new program was launched by the government named the I-MADE program which focused on helping the Indian entrepreneurs in building 1 million mobile app start-ups. The government of India had also launched the Pradhan Mantri Mudra Yojana which aimed to provide financial supports to entrepreneurs from low socioeconomic backgrounds through low-interest rate loans. Some of the key benefits of Startup India are as follows:</p> <ol data-bbox="272 1854 1278 2022" style="list-style-type: none"> 1. To reduce the patent registration fees. 2. Improvement of the Bankruptcy Code ensuring a 90-day exit window. 3. To provide freedom from mystifying inspections and capital gain tax for the first 3 years of operation. 4. To create an innovation hub under the Atal Innovation Mission. 	Startup India Scheme		Date of launching	16th January 2016	Government Ministry	Ministry of Commerce and Industry	Department	Department for Promotion of Industry and Internal Trade	Launched by	Arun Jaitley (Former Finance Minister of India)	[07]	CO4	L2
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	<p>5. Targeting 5 lakh schools along with the involvement of 10 lakh children in innovation-related programs.</p> <p>6. To develop new schemes that will provide IPR protection to startup firms.</p> <p>7. To encourage entrepreneurship throughout the country.</p> <p>8. To promote India as a start-up hub across the world.</p>			
(c)	<p>Analyze the financial institutions operated at central and state levels to encourage entrepreneurship in India.</p> <p><u>CENTRAL LEVEL:</u></p> <p>Industrial Development Bank of India (IDBI):</p> <p>Functions and Developmental Activities of IDBI!</p> <p>Industrial Development Bank of India (IDBI) established under Industrial Development Bank of India Act, 1964, is the principal financial institution for providing credit and other facilities for developing industries and assisting development institutions.</p> <p>Till 1976, IDBI was a subsidiary bank of RBI. In 1976 it was separated from RBI and the ownership was transferred to Government of India. IDBI is the tenth largest bank in the world in terms of development. The National Stock Exchange (NSE), the National Securities Depository Services Ltd. (NSDL), Stock Holding Corporation of India (SHCIL) are some of the Institutions which has been built by IDBI.</p> <p>Functions of IDBI:</p> <p>The main functions of IDBI are discussed below:</p> <p>(i) To provide financial assistance to industrial enterprises.</p> <p>(ii) To promote institutions engaged in industrial development.</p> <p>(iii) To provide technical and administrative assistance for promotion management or expansion of industry.</p> <p>(iv) To undertake market and investment research and surveys in connection with development of industry.</p> <p>IDBI Assistance:</p> <p>The IDBI provides financial assistance either directly or through some specified financial institutions:</p> <p>(i) Direct Assistance:</p> <p>The IDBI grants loans and advances to industrial concerns. There is no restriction on the upper or lower limits for assistance to any concern itself. The bank guarantees loans raised by industrial concerns in the open market from the State Co-operative Banks, the Scheduled Banks, the Industrial Finance Corporation of India (IFCI) and other ‘notified’ financial institutions.</p> <p>(ii) Indirect Assistance:</p> <p>The IDBI can refinance term loans to industrial concerns repayable within 3 to 25 years given by the IFCI, the State Financial Corporation and some other financial institutions and to SIDCs (State Industrial Development Corporations), Commercial banks and Cooperative banks which extend term loans not exceeding 10 years to industrial concerns. IDBI subscribes to the shares and bonds of the financial institutions and thereby provide supplementary resources.</p> <p>Small Industries Development Bank of India (SIDBI)</p> <p>What is Small Industries Development Bank of India (SIDBI)?</p> <p>Small Industries Development Bank of India (SIDBI) is an independent financial institution aimed at aiding the growth and development of Micro, Small and Medium Enterprises (MSMEs) which contribute significantly to the national economy in terms of production, employment and exports.</p> <ul style="list-style-type: none"> • SIDBI was established with the mission of facilitating and strengthening the flow of credit to Micro, Small and Medium Enterprises and for 	[10]	CO4	L4

addressing the developmental and financial gaps in the ecosystem of MSMEs.

- It is a statutory body set up under an act of the Indian Parliament in 1990.

Functions of SIDBI

- It aims at emerging as a single-window to meet the developmental and financial needs of MSMEs in order to make them globally competitive, strong, vibrant and to protect the institution as a customer-friendly financial body.
- It also aims at enhancing the wealth of shareholders through the modern technology platform.
- It is involved in the promotion and development of the MSME sector.
- It is the principal institution for the development, promotion and financing of the MSME sector and for coordination of functions of the institutions engaged in similar activities.
- SIDBI retained its position in the top 30 Development Banks of the World in the ranking of The Banker, London.
- SIDBI also functions as a Nodal/Implementing Agency to various ministries of the Government of India viz., Ministry of MSME, Ministry of Textiles, Ministry of Commerce and Industry, Ministry of Food Processing and Industry, etc.

Financial Support of SIDBI to MSMEs

SIDBI provides financial support to MSMEs in the following ways:

1. Indirect financing by way of refinancing the banks, refinancing financial institutions for onward lending to MSMEs.
2. Direct financing by way of service sector financing, receivable financing, risk capital and sustainable financing, etc.

Apart from providing financial assistance, SIDBI focuses on the “credit plus approach” under which it facilitates technology modernization & up gradation, cluster development, enterprise development, upgrading the skills and support marketing activities.

STATE LEVEL:

District Industries Centers (DICs) –

In order to extend promotion of small-scale and cottage industries beyond big cities and state capitals to district headquarters, DIC program was initiated in May, 1978, as a centrally sponsored scheme. DIC was established with the aim of generating greater employment opportunities especially in rural and backward areas in the country. At present DICs operate under respective State budgetary provisions. DICs extend services of the following nature – (i) economic investigation of local resources (ii) supply of machinery and equipment (iii) provision of raw materials (iv) arrangement of credit facilities (v) marketing (vi) quality inputs (vii) consultancy.

State Financial Corporations (SFCs) –

Main objectives are to finance and promote small and medium enterprises in their respective states for achieving balanced regional growth, catalyze investment, generate employment and widen ownership base of industry. Financial assistance is provided by way of term loans, direct subscription to equity/debentures, guarantees, discounting of bills of exchange and seed capital assistance. SFCs operate a number of schemes of refinance of IDBI and SIDBI and also extend equity type assistance. SFCs have tailor-made schemes for artisans and special target groups such as SC/ST, women, ex-servicemen, physically challenged and also provide financial assistance for small road transport operators, hotels, tourism-related activities, hospitals and so on. Under Single Window Scheme of SIDBI, SFCs have also been extending working

	<p>capital along with term loans to mitigate the difficulties faced by SSIs in obtaining working capital limits on time.</p> <p>State Small Industrial Development Corporations (SSIDC) – Established under Companies Act, 1956, as State government undertaking, caters to small, tiny and village industries in respective states. Being operationally flexible undertakes the activities like (i) procure and distribution of scarce raw materials, (ii) supply of machinery to SSI units on hire-purchase basis, (iii) product marketing assistance, (iv) construction of industrial estates, allied infrastructure facilities and their maintenance (v) extending seed capital assistance on behalf of State government and (vi) providing management assistance to production units.</p>			
<p>3 (a)</p>	<p>Define private limited company. A Private Limited Company is a type of business that is owned and operated by a small group of people. Private stakeholders are in charge of such entities. A Pvt. Ltd. company's liability arrangement is less severe than that of an LLP or a sole proprietorship, which puts firm assets at risk in the event of a financial crisis. Although all partners in a Pvt. Ltd. corporation are responsible for the company's loss, there is one exception. Shareholders can be subjected to such losses up to the number of shares held by them. Meaning, a member's liability for recouping a business loss is limited to the number of shares they own.</p>	<p>[03]</p>	<p>CO5</p>	<p>L1</p>
<p>(b)</p>	<p>Explain about Intellectual Property Rights (IPR). Intellectual Property rights mean providing property rights through patents, copyrights and trademarks. Holders of intellectual property rights have a monopoly on the usage of property or items for a specified time period. The term intellectual property began to be used in the 19th Century. Only in the 20th century did it become part of the world's legal systems. Types Of Intellectual Property Rights As per WIPO or the World Intellectual Property Rights organization, there are six Types of Intellectual Property Rights: Copyright Copyright is an intellectual property right that covers literary and artistic work created by writers, movie makers, painters, musicians, programmers. Legally, Copyright covers books, music, paintings, movies, sculpture, computer programs, algorithms, maps, advertisements, technical drawings, and more. Patents Patents are an intellectual property right that covers inventions. Once the inventor has patented an invention, then he or she decides how others can use this invention and whether this invention can be made available in the public domain or not. The patent also reveals that in exchange for revealing the details, what can the inventor receive and earn (royalties, one-time fees, etc.) Trademarks Trademarks are intellectual property rights that cover logos, symbols, or expressions used by one business or entity to distinguish from other businesses and entities. The tradition of trademarks dates back to ancient times when artisans stamped their 'marks' on their creations. Trademarks protect almost every successful business such as Google, Microsoft, Apple, Uber, Netflix, and more. Industrial Designs Industrial Designs are intellectual property rights covering the design of an article or product. This can include both the ornamental and aesthetical aspect of the article or product. This design can be three-dimensional features such as shape and surface of an article or two-dimensional features, for example, colors, line, or pattern.</p>	<p>[07]</p>	<p>CO5</p>	<p>L2</p>

<p>Geographical Indications Geographical Indications are intellectual property rights that cover the origin of a good or service and recognize the qualities, reputation, and characteristics attributed to that place of origin. For example, if the Geographical Indications of Basmati rice is patented, no other company or country can claim that Basmati rice's origin is not India.</p> <p>Trade Secrets Trade Secrets are intellectual property rights that cover the confidential information related to a commercial activity or business, which can be sold or licensed as per the business's needs. In case any other entity or company uses that confidential information and trade secrets without proper authorization and licensing, then it's an offense and violation of IPR. For example, the recipe of Coca-Cola was a trade secret since the late 1800s, when the inventor patented the recipe.</p>			
<p>(c) Describe the process of registration of a public limited company. The Companies Act, 2013 regulates the establishment and working of a public limited company. A public limited company offers shares to the general public and has limited liability. Its stock can be acquired by anyone, either privately through (IPO) initial public offering or via trades on the stock market. It is strictly regulated and is required to publish its true financial health to its shareholders.</p> <p>Requirements for Registration of a Public Limited Company There are various rules and regulations prescribed under the companies act, 2013 for the formation of a public limited company. Here is what you should keep in mind when registering a public limited company:</p> <ul style="list-style-type: none"> • Minimum 7 shareholders are required to form a public limited company. • Minimum of 3 directors is required to form a public limited company. • A minimum authorised share capital of Rs. 1 lakh is required. • Digital signature certificate (DSC) of one of the directors is needed while submitting self-attested copies of identity and address proof. • Directors of the proposed company will need a DIN. • The name of the company must be as per the provision of the Company Act and Rules. • Documents like the <u>Memorandum of Association (MOA)</u>, <u>Articles of Association (AOA)</u> and duly filled Form DIR - 12 is needed. • Payment of the prescribed registration fees to the ROC is required. <p>Procedure for Registration of a Public Limited Company Step 1: Digital Signature Certificate (DSC) Since the registration procedure of a company is entirely online, a digital signature will be required for filing the forms on the MCA portal. For all proposed directors as well as the subscribers of the memorandum and articles of association, DSC is compulsory.</p> <p>Step 2: Director Identification Number (DIN) It is an identification number concerning a director; it has to be procured by anyone who intends to become a director in a company. DIN of a proposed director in addition to the name and address proof has to be mentioned in the company registration form.</p> <p>Step 3: Registration on the MCA Portal A completed SPICe+ form has to be submitted on the <u>MCA portal</u> in order to apply for company registration. To fill the SPICe+ form and submit the required documents, the Director of a company needs to register on the MCA portal. After the registration process is completed, the director will get access to the MCA</p>	[10]	CO5	L2

	<p>portal services which comprises filing e-forms as well as viewing public documents.</p> <p>Step 4: Certificate of Incorporation</p> <p>After the registration application is submitted along with the concerned documents, the Registrar of Companies will inspect the application. After the application is verified, he will issue the Certificate of Incorporation of the Public Company. After obtaining the certification of incorporation from the ROC, the company should apply for the 'Certificate of business commencement' also.</p> <p>Documents Required for Incorporating a Public Limited Company</p> <ul style="list-style-type: none"> • Proof of identity of all the shareholders and directors. • Proof of address of all the directors and the shareholders. • PAN number of all the shareholders and directors. • Utility bill of the proposed office i.e. proposed registered office for the company. • A <u>NOC</u> (No Objection Certificate) from the landlord where the office of the company will be situated. • <u>Director Identification Number</u> (DIN) of all the directors. • <u>Digital Signature Certificate</u> (DSC) of the directors. • Memorandum of Association (MOA). • Articles of association (AOA). 			
	Part B - Compulsory (01*10=10 marks) – CASE STUDY			
4	<p>The first educator and genius mathematician Mr. Anand Kumar of super 30 has not only transformed under privileged students to become fit enough to get admissions in IITs but he himself has won many accolades and his documentary was aired on discover channel. Mr. Anand Kumar has delivered speeches MIT and Harward and during the speech audience was mesmerized to know the hard work which he has done for transformation of the students. His greatest loss was that he couldnot make to Cambridge University because of humble economic background. He won Rs. 25 lakhs at the famous show of KBC of Amitabh Bachan and the entire money was spent on student activities. Mr. Anand Kumar has been given many awards in India and abroad on education excellence.</p>			
(a)	<p>Analyze the sources of funds could Mr. Anand Kumar rely upon in setting up his coaching center.</p> <ul style="list-style-type: none"> • Personal Funds • Friends & Family Members • Commercial Banks 	[10]	CO3	L4

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	To display keen interest and orientation towards entrepreneurship, entrepreneurial opportunity Modules' in order to setup a business and to think creatively.									
CO2:	To know about the various business models and B-Plans across Business sectors.									
CO3:	Able to understand the importance of marketing and different forms of businesses.	1a,1b,1c								
CO4:	To become aware about various sources of funding and institutions supporting entrepreneurs.	2a, 4a, 4b				2b,2c				
CO5:	To give awareness about legal aspects and ways to protect the ideas.	3a		3b					3c	
CO6:	To understand the ways of starting a company and to know how to foster their ideas.									

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

Prepared by **Prof Santosh Kathari**
