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Internal Assessment Test 3 – July 2024

Sub:	TIME (Technological Innovation Management & Entrepreneurship)				Sub Code:	21EC61	Branch:	ECE		
Date:	27-07-2024	Duration:	90 minutes	Max Marks:	50	Sem/Sec:	6 th (A,B,C,D)		OBE	
ANSWER ANY 5 FULL QUESTIONS								MARKS	CO	RBT
1	Write notes on the following : 1) Brainstorming, 2) Survey Method, 3) Reverse brainstorming, 4) The Gordon Method.					10	CO4	L3		
2	Explain the various factors that create favourable business opportunities in India.					10	CO4	L2		
3	What is a Business Plan? Explain the reasons for preparing a business plan. List the contents of a business plan.					10	CO5	L2		
4	Explain the procedure for setting up an enterprise with a suitable figure.					10	CO5	L3		
5	Write notes on the following : 1) NBMSME, 2) MSME-DO, 3) NSIC.					10	CO5	L2		
6	Write notes on the following : 1) State Financial Corporation (SFC) , 2) State Industrial Development Corporation (SIDC), 3) State Industrial Area Development Board (SIADB).					10	CO5	L2		
7	Write notes on the following : 1) Small Industries Development Bank of India (SIDBI) , 2) Export Promotion Councils (EPCs), 3) Non-Governmental Organizations (NGOs).					10	CO5	L2		

Course Instructor

Chief Course Instructor

HOD



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Course Instructor

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Q1)

Solution :

Having business ideas is central to the task of identifying business opportunities. Let's discuss some ways to generate business ideas.

1) Brainstorming :

Brainstorming is a technique used to quickly generate a large number of ideas and solutions to problems.

The brainstorming session is conducted to generate ideas that might represent business opportunities.

Brainstorming works well individually as well as with a varied group of people.

A group brainstorming session requires a facilitator, white board, and space to accommodate the participating people.

Brainstorming works well with 8-12 people and should be performed in a relaxed environment.

Participants are encouraged to share every idea that enters their mind with the assurance that there is no right or wrong answer.

Once the session starts, participants can informally present their ideas for possible solutions.

The facilitator writes down each idea for everyone to see.

Once time is up, the best ideas are selected, based on criteria like cost-effectiveness.

Next, a score (say, zero to ten points) is given to each idea and idea with highest score may be used to solve the problem.

2) Survey Method :

The survey method is used to collect information by direct observation of a phenomenon or systematic gathering of data from a set of people.

The survey method involves gathering information from a representative sample population, that is, a fraction of the whole population under study that presents an accurate proportional representation of that population.

Surveys generate new products, services, and business ideas because they ask specific questions and get specific answers.

3) Reverse Brainstorming :

This is a method that is similar to brainstorming, with the exception that criticism is allowed.

It is, therefore, also called "negative brainstorming."

In this technique, the focus is on the negative aspects of every idea that has been generated through brainstorming.

Also called the "sifting" process, this process most often involves the identification of everything that is wrong with an idea, followed by a discussion of ways to overcome these problems.

4) The Gordon Method :

This is a creative technique developed by A.F.Osborn to develop new ideas.

This method is similar to brainstorming.

Collective discussion addresses every aspect of the planned product in an uninhibited solution-oriented way.

This discussion encourages a fresh, creative, and unusual approach to developing a new product.

For eg., to devise a new pen holder, the group discusses the "holding" theme and examines all possible meanings of this word and all possible examples of "holding" (such as items, nature, etc.).

The group will later sit and study each idea to see if any of them may be useful for the planning of a new pen-holder.

Q2)

Solution :

- Being the seventh-largest country in the world by area and the largest by population, India has a growing market and is a land of opportunities.
- The opportunities for importing, exporting, trading, investing, and franchising are immense.
- A potential entrepreneur needs to take into account the economy, the consumer, and business trends.
- One should also understand that what may be a good business opportunity for one entrepreneur may not be a good opportunity for another.
- It is essential for entrepreneurs to pick opportunities that they are passionate about.
- There are several factors that create favourable business opportunities in India:
 - 1) India is a well-established democratic country with a free and fair judicial system.
 - 2) The country also has a well-established banking system consisting of public and private banks and other financial institutions.
 - 3) The country has a huge middle-class with enhanced purchasing power. Coupled with a high-growth economy, this creates the potential for a huge growth in manufacturing, services, and the retail sector.
 - 4) India has vibrant trade links with the South Asian Association for Regional Cooperation (SAARC) nations such as Sri Lanka, Pakistan, Nepal, Bhutan, Bangladesh, and the Maldives.
 - 5) India has a competitive advantage in the global market with the availability of a huge pool of cheaper labour and knowledgeable workers to enhance industrial productivity.
 - 6) Economic reforms and policy changes have created an investment-friendly environment.

7) The capital markets in India are one of the fastest-growing markets in the world, attracting huge foreign investments. A lot of international companies have started outsourcing and setting up international operations in the country.

8) The country is self-sufficient in agriculture and rich in natural resources.

9) India is a part of BRICS group of nations comprising Brazil, Russia, China and South Africa. India has developed vibrant trade links with these nations.

Q3)

Solution :

A business plan is a roadmap and blueprint of the project.

A business plan is a written document that describes in detail how a business is going to achieve its goals.

It is a document that explains a business opportunity, identifies the market to be served, and provides details about how the entrepreneurial organization plans to pursue it.

Ideally, the business plan describes the unique qualifications that the management team brings to the effort, explains the resources required for success, and provides a forecast of results over a reasonable time horizon.

A business plan is based on estimates.

A business plan is the written representation of an entrepreneur's vision for his/her business.

A business plan is a written document between 20-40 pages in length that describes where a business is heading and how it hopes to achieve its goals and objectives.

A workable business plan should determine the direction of the company; highlight the challenges in the path of the business; and formulate strategies and contingencies to keep the business on track in order to reach predetermined goals and objectives.

A business plan is not just for a start-up company but also for those which are growing.

It prepares for a spin-off from a parent firm, or even for a project within an established organization.

It can be used to establish realistic goals or targets to achieve, and to determine the current position.

A business plan is used to help make crucial start-up decisions, to reassure investors, to measure operational progress, to test planning and assumptions, to adjust forecasts, and to set the standard for good operational management.

The reasons for preparing a business plan are given below :

Entrepreneurs reap benefits from the planning activity itself.

A business plan is used to get finance from banks or to get equity funding from angel investors or venture capitalists.

It can also be used to attract business partners and key employees or to make business alliances.

If the business plan is prepared within a large organization, then it enables the board of directors to make capital investment decisions.

The act of writing the plan will force the entrepreneur and his team to think through all the key elements of the business.

The plan provides a basis for measuring actual performance against expected performance.

The plan's financial projections can be used as a budget. Actual results that fall short of planned results will prompt the entrepreneur to investigate and take corrective action.

The plan acts as a vehicle for communicating to others what the business is trying to accomplish.

Business plans follow a broadly similar structure.

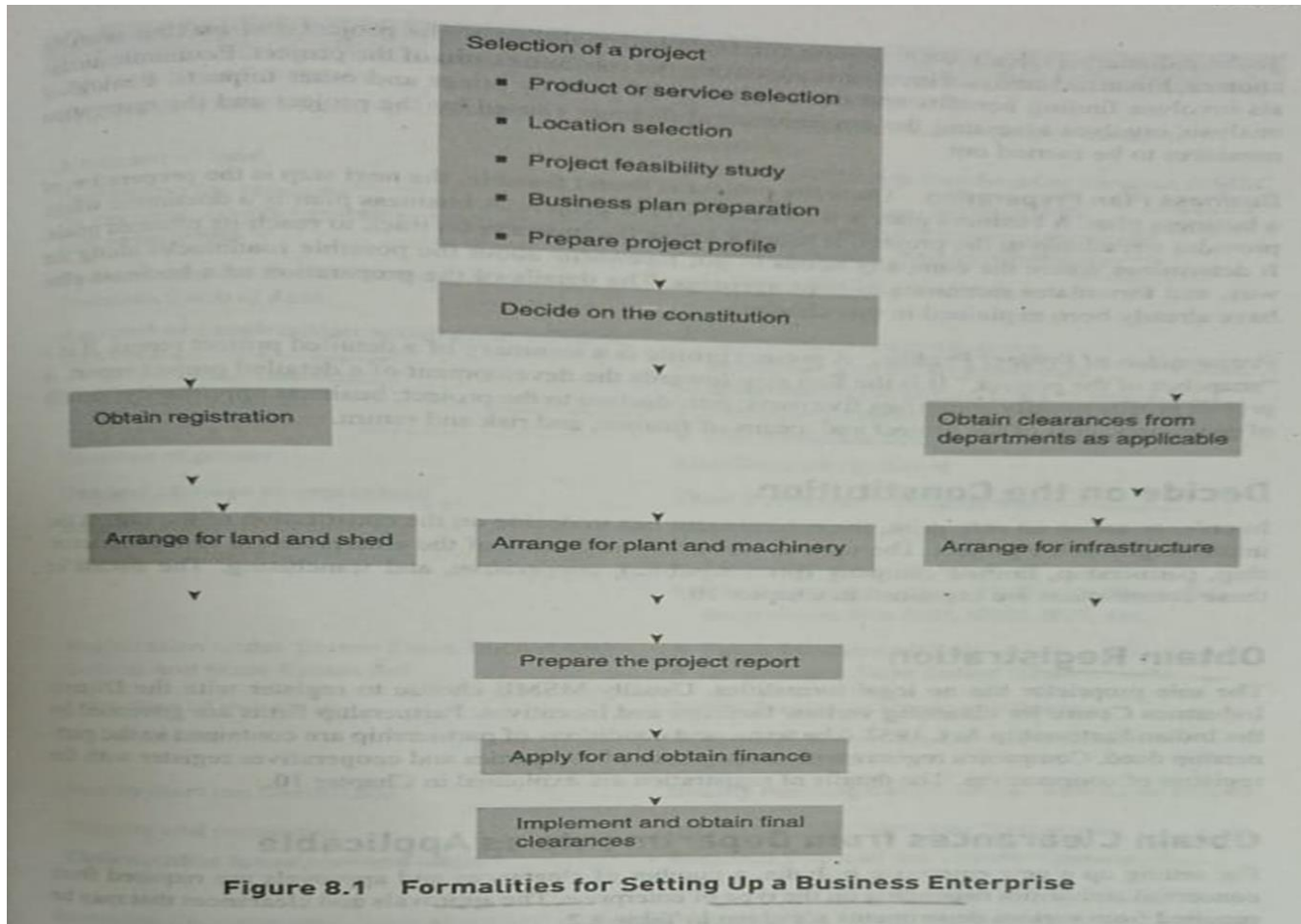
The key sections in a business plan along with the average number of pages to be included in each section are given in Table 8.1.

SL.No.	Contents	Pages
1	Cover page and table of contents	2
2	Executive summary	2
3	Business concept	4
4	Management summary	4
5	Business strategy	2
6	Operations plan	4
7	Marketing plan	4
8	Financial plan	4
9	Appendices	10

Q4)

Solution :

The formalities for setting up of a business enterprise are shown in Figure 8.1.



Q5)

Solution :

1) NBMSME

The National Board for Micro, Small, and Medium Enterprises (NBMSME) was constituted in 2007 in pursuance of the MSME Development Act, 2006, to facilitate the coordination and inter-institutional linkages for the development of MSME.

The Board has a statutory backing and is an apex advisory body constituted to render advice to the government on all issues pertaining to the MSME sector.

The Office of the Development Commissioner (MSME) serves as the secretariat for the Board.

The Union Minister for Commerce and Industry is the chairman of the Board.

The NBMSME comprises 50 members including state industry ministers; selected members of parliament; secretaries of various departments of the Central Government; financial institutions; public-sector undertakings; industry associations; and eminent experts in the field as members.

The Board examines the factors affecting the promotion and development of MSME and advises the Central Government to facilitate their promotion and development in order to enhance competitiveness.

The Board broadly operates in areas such as policies and programmes; the development of industries in a specific region such as the North East; ancillary development; quality improvement and marketing assistance; credit facilities, taxation and modernization; and industrial sickness.

2) MSME-DO

The Office of the Development Commissioner, Ministry of Micro, Small, and Medium Enterprises, Government of India (DC-MSME) is a nodal agency for formulating, coordinating, and monitoring the policies and programmes for the promotion and development of MSME in the country.

Micro, Small, and Medium Enterprises-Development Organisation (MSME-DO) is the apex body for assisting the government in formulating, coordinating, implementing, and monitoring policies and programmes for the promotion and development of MSME in the country.

MSME-DO provides a comprehensive range of common facilities, technology and support services, marketing assistance, and entrepreneurial development support to MSME.

MSME-DO has over 60 offices and 21 autonomous bodies under its management.

The autonomous bodies include tool rooms, training institutions, and project-cum-process development centres.

The MSME-DO offers advice to the Central Government in policy formulation and provides liaison services between different institutions for the promotion and development of the MSME sector.

MSME-DO has a network of 30 MSME development institutes, 28 branch MSME development institutes, four MSME testing centres, and seven MSME field-testing stations.

There are also two MSME departmental training institutes and one departmental MSME hand-tools development centre.

These institutes conduct consultancy, training, and provide common facility services to MSME.

MSME has initiated various schemes for the promotion of MSME sector in India.

3) NSIC

This is a Government of India enterprise under the Ministry of Micro, Small, and Medium Enterprises (MSME).

The NSIC works towards the growth of micro, small, and medium enterprises in the country.

The NSIC has obtained ISO 9001-2008 certification and operates through a countrywide network of offices and technical centres.

In order to manage its operations in African countries it has set up an office at Johannesburg in South Africa.

The NSIC provides a package of services and various schemes to support MSME in the country.

These schemes comprise facilitating market support, credit support, technology support, and other support services.

The NSIC has devised a number of schemes such as consortia and tender marketing; single-point registration for government purchase; B2B web portal for marketing; marketing intelligence; exhibition and technology fairs; export; and buyer –seller meets to support MSME in their marketing efforts.

The NSIC facilitates the credit requirements of MSME by providing financial assistance for the procurement of raw materials for upto 90 days; finance through syndication with banks; and facilitating import of scarce raw materials.

In order to evaluate the strengths and weaknesses of existing operations and to take corrective and preventive actions, the NSIC has started operating a performance and credit rating scheme through empanelled agencies such as ICRA, ONICRA, CRISII, Fitch, CARE, Brickwork Ratings, and SMERA.

The NSIC offers various support services through its technical services centres and extension centres located at various places in India.

Due to its consistent good performance, the NSIC has received various accolades and awards.

The Govt.of India has accorded it the “Mini Ratna” status, which will give the NSIC a higher degree of autonomy to provide greater service through its innovative schemes for the growth and development of the MSME sector in the country.

Other awards received by the NSIC are Icon of the Year, Meri Dilli, Small Business Mentor of the Year, and the FSIA-V.B. Gulati Award.

Q6)

Solution :

1) SFC :

The State Financial Corporation is established in each state under the State Financial Corporations Act, 1951.

The SFC plays an important role in the development of MSME at the state level.

They aim to finance and promote MSME in their respective states for achieving balanced industrial growth.

They act as catalysts to generate employment and widen the industrial base.

SFCs promote the development of MSME by providing various services.

The important services provided by SFCs are infrastructure development, financial services, and term loans.

SFCs are managed by a board of directors, an executive committee, an audit committee, and principal officers.

Branch managers manage operations at the district level.

SFCs have a decentralized system of working.

SFCs operate through a wide network with branch offices, circle offices, field offices, and internal audit cell.

Financial services to MSME are provided by term loans, direct subscription to equity/debentures, guarantees, discounting of bills of exchange, and seed capital assistance.

SFCs operate a number of schemes for refinance of IDBI and SIDBI.

SFCs have tailor made schemes for women, artisans, ex-servicemen, disabled people, and special target groups such as the SC/ST.

2) SIDC :

SIDCs are wholly-owned undertakings of the state governments set up under The Companies Act, 1956.

SIDCs act as catalysts for industrial development in their respective states.

They develop land for providing industrial infrastructural facilities in the form of industrial estates by developing industrial land and readymade industrial sheds.

They also provide facilities such as roads, power, water supply, drainage, and other amenities required for industrial development.

3) SIADB :

The SIADB is a statutory board constituted under the Industrial Areas Development Act, of the respective state governments in India, for example, the Karnataka Industrial Areas Development Act, 1966, in Karnataka.

The SIADB's primary objective is to promote and assist in the rapid growth and development of enterprises in industrial areas.

The SIADB acquires and provides developed land suited for industries.

It prepares industrial plots of various sizes to suit different industries along with the requisite infrastructural facilities.

The basic facilities developed by SIADB in industrial areas include roads, drainage, water supply, and power supply.

The SIADB also provides various common amenities in industrial areas such as banks, post offices, telephone exchanges, telecommunications, fire stations, police outposts, canteens, ESI dispensaries, bus depots, and petrol bunks.

It also makes provision for technical training centres, research and development centres, and common effluent treatment plants.

Q7)

Solution :

1) SIDBI :

SIDBI was founded in 1990 under an Act of Parliament.

It is the principal financial institution for the promotion, financing, and development of the MSME sector and other institutions engaged in similar activities.

SIDBI facilitates the timely flow of credit for term loans and working capital to MSME in collaboration with commercial banks.

In addition to refinancing and discounting of bills, SIDBI participates in equity loans, term loans, working capital, venture capital support, and various forms of resource support to banks and other institutions.

SIDBI seeks to empower the MSME sector with a view to contribute to the process of economic growth, employment generation, and balanced regional development.

The four main functions set by SIDBI for the development of MSME sector are financing, promotion, development, and coordination.

SIDBI finances technology transfer and upgradation, quality improvement programmes, export promotion, environmental care, and rural industrialization.

It uses the service of consultants and NGOs at national and international levels for various improvement programmes on a need basis.

SIDBI as an apex institution makes use of the existing network of banks and state-level financial institutions to convey financial assistance to the MSME sector.

It has entered into a memorandum of understanding with many banks, governmental agencies, international agencies, research and development institutions, and industry agencies in India and abroad to reach out to and facilitate the development of MSME sector in the country.

2) EPCs :

In order to overcome problems in the marketing of MSME products in the overseas markets, it is considered desirable to adopt a consortium approach.

The export promotion councils for different industries make efforts to promote the exports of their member units through direct marketing, developing vendor relations, opening respective sales outlets abroad, and so on, as a collective export marketing strategy.

The activities of different councils are targeted to increase the exports from the sector.

MSME get access to export-related services from the councils.

Some of the councils obtain bulk purchase orders from foreign buyers and distribute these among member units for supply to the council for onward export.

This process ensures export orders to every member unit and thereby facilitates the timely delivery of goods abroad.

For such a service, the councils charge a nominal fee from the member units.

EPCs also offer a package of other services to existing as well as new members by providing information about the developments taking place in the international arena.

They keep the members informed of the changes with regard to export-import policies and procedures, customs and excise duty rules, and so on.

Besides trade enquiries, tender notices are circulated among members in order to assist them to avail the business opportunities for augmenting overall exports.

3) NGOs :

Besides the central and state governments and autonomous bodies, there have been an emergence NGOs in different states to provide financial assistance, information, training, marketing support, legal advice, and so on to MSME.

The 1991 SSI policy of the Government of India favoured assistance to MSME through NGOs.

A few training programmes for unemployed youth to help set up industries under the PMRY have been assigned by state governments to some NGOs.

In the present scenario, the role of NGOs is assuming increasing importance for assistance to entrepreneurs, particularly under microfinancing activities.

Many NGOs have set up Sub-Contracting Exchanges (SCXs) to promote entrepreneurship by developing and strengthening linkages between buyers and sellers.

*****END*****