


CMR INSTITUTE OF TECHNOLOGY		USN <input type="text"/>					 CMR	
Internal Assessment Test - III								
Sub:	Management and Entrepreneurship					Code:	10AL51	
Date:	19 / 11/ 2016	Duration:	90 mins	Max Marks:	50	Sem:	5	
						Branch:	ECE(A,B,C)/ TCE(A,B)	
Answer Any FIVE FULL Questions								
						Marks	OBE	
							CO	RBT
1	Explain the characteristics of SSI and explain the steps involved in setting up of a SSI.					[10]	CO1	L4
2	Explain objectives of SSI and its role in economic development.					[10]	CO1	L4
3	(a) What is the impact of Liberalization, Privatization, Globalization on S.S.I (b) Explain GATT and WTO.					[6+4= 10]	CO1	L2
							CO1	L4
4	Explain network analysis. What are the various techniques used for network analysis and explain PERT and CPM.					[10]	CO2	L4
5	What is a project? Explain the required criteria in selecting projects.					[10]	CO2	L4
6	Explain need and significant of project report.					[10]	CO1	L4
7	Explain guidelines for planning preparation of project.					[10]	CO2	L2
8	Write short notes on a) market feasibility b) Financial feasibility c) Technical feasibility d) Social feasibility e) Ancillary Industry and Tiny Industry					[5*2= 10]	CO2	L1

s/h

(COI)

122 + 185

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PO12
CO1:	Explain the major concepts in the functional areas of accounting, marketing, finance, and management.	0	0	0	0	2	1	2	1	1	0	0	0
CO2:	Evaluate the legal, social, and economic environments of business	0	0	0	0	2	2	1	2	1	0	0	0
CO3:	Apply an ethical understanding and perspective to business situations.	0	0	0	0	1	1	1	2	2	0	0	0
CO4:	Use critical thinking skills in business situations.	0	0	0	0	2	2	1	2	1	0	0	0
CO5:	Apply effective written and oral communication skills to business situations.	0	0	0	0	1	1	3	1	1	0	0	0

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - Engineering knowledge; PO2 - Problem analysis; PO3 - Design/development of solutions; PO4 - Conduct investigations of complex problems; PO5 - Modern tool usage; PO6 - The Engineer and society; PO7 - Environment and sustainability; PO8 - Ethics; PO9 - Individual and team work; PO10 - Communication; PO11 - Project management and finance; PO12 - Life-long learning

1.

Answer:

In 1955 SSIB (Small Scale Industries Board) defined SSI as “A unit employing less than 50 persons, if using power” and “less than 100 persons without the use of power” and with a capital asset not exceeding 5 Lakhs.

A SSI is defined as (1990) “a unit engaged in manufacturing, servicing, processing and preservation of goods having an investment in plant and machinery, at an original cost not exceeding Rs. 60 Lakhs”

Characteristics of SSI's

- Low capital investment, less workers.
- SSI generates more employment per unit of capital invested. Therefore its growth will help us generate more employment
- Generally owned by one or two persons and engage in production of small goods
- Most of them are family owned industries.
- Workers are not organised they are made to work in different fields as the need arises.
- Innovation and risk bearing are high in SSI
- Generally found in urban or semi urban areas
- Few of them may grow as medium scale industries

1)Employment argument: Arguments:

(i)That they have a potential to create immediate large scale employment opportunities. Which use of more of labour per unit than investment (ii)That the employment-generating capacity of small sector is eight times than that of large sector as they are labour intensive **Thus the employment argument becomes an output argument**

(ii)Equality argument: Arguments: i)That they ensure a more equitable distribution of the national income and wealth due to the widespread nature of the SSIs as compared to large scale units ,more labour intensive than large units their decentralization and dispersal to rural and backward areas and provide more employment opportunities to the unemployed

3)Decentralization argument Arguments: (i)That it emphasizes the necessity of regional dispersal of industries to promote balanced regional development in the country (ii)That it helps to tap local resources such as, materials , idle savings, local talents by starting small enterprises in a group of villages thereby improving the standard of living in the backward villages. One Example is the economy of Punjab which has more number of SSIs as compared to Maharashtra.

4.Latent resource argument: Arguments: That the small enterprises are capable of mopping up latent and unutilized resources like hoarded wealth and ideal entrepreneurial ability.

2.

Scope:

The scope for small scale industries is quite vast covering a wide range of activities requiring less sophisticated technology the important ones among them being

- 1) Manufacturing activities
- 2) servicing/repairing activities
- 3) retailing activities
- 4) Infrastructural activities like transportation, communication and other public utilities. Financial activities
- 5) whole-sale activities
- 6) construction activities

Government policy towards small scale industries to strengthen the scope for small industrial development in the country

1) announced the reservation policy for small scale industry development in the country in 1947 which included 47 items for exclusive manufacture in SSI sector

2) By 1983 the reserve list included 836 items for exclusive production in SSIs.

3) The main objectives being to insulate the small sector from unequal competition of large industrial establishments. Important industries reserved for exclusive development in the small sector are: Food and allied industries, Textile products; leather and leather products including footwear; rubber products: plastic products :chemical and chemical products: glass and ceramics: mechanical engineering transport equipment: metal cabinets all types: pressure stove: electrical appliances: electronic equipments and components: boats and truck body buildings: auto parts components mathematical and survey instruments; sports goods; stationary items, clocks and watches etc.

3. a) The poor growth rate in SSIs during the post liberalization period can be attributed due to the following factors:

- 1) The government policy did not ensure the interests or priority of the sector
- 2) the SSIs were left to the mercy of the lending institutions and promotional agencies as a result of which the SSI sector suffered deterioration in the quality of its output, industrial sickness and retrograde growth.
- 3) also resulted in the delay of the implementation of the projects, inadequate availability of finance and credit, expensive mode of communication, marketing problems, cheap and low quality products, delay in payments, technological obsolescence, imperfect knowledge of market conditions, lack of infrastructural facilities, and deficient managerial and technical skills
- 4) Opening of the markets has also led to stiff competition besides world trade organizations regulating multilateral trade requiring its member countries to remove import quotas, restrictions and reduce import tariffs.
- 5) India was also asked to remove quantitative restrictions on imports by 2001 and all export subsidies by 2003 as a result every individual small or large, exporting or serving a domestic market had to face competition.
- 6) the SSI also had to face competition due to the placing of 586 of the 812 reserved items on the Open General License (OGL) import list which resulted in the import of high quality goods from developed countries
- 7) The SSIs also had to face stiff competition due to the arrival of MNCs and removal of the restrictions on foreign direct investments which witnessed the arrival of many automobiles and electronics companies in 1991.

3. b) Explain the functions of WTO.

Answer:

The setting up of the WTO in 1995 has altered the framework of international trade towards non-distortive, market oriented policies. This is in keeping with the policy shift that occurred worldwide in favour of the free market forces and tilt away from state

regulation/intervention in economic activity. This is likely to lead to an expansion in the volume of international trade and changes in the pattern of commodity flows. The main outcome of WTO stipulated requirements will be brought about through reduction in export subsidies, greater market access, removal of non-tariff barriers and reduction in tariffs. There will also be tighter patent laws through regulation of intellectual property rights under Trade-Related Intellectual Property Rights (TRIPS) Agreements, which laid down what is to be patented, for what duration and on what terms. Increased market access to imports will mean opening up the domestic market to large flows of imports. The removal of quantitative restrictions on imports of these items will soon be freed from all restrictions as announced in the recent import-export policy. Increased market access will also mean that our industries can compete for export markets in both developed and developing countries. But the expected surge in our exports can come about only if SSI sector is restructured to meet the demands of global competitiveness, which is the key to the future of small industries in present contest.

The main opportunities of the WTO are classified into three. Firstly, national treatment of exportable items across the countries all over the world, with better market access through the internet. Second, enlightened entrepreneurs have greater opportunities to benefit from their comparative advantages due to lowering of tariffs and dismantling of other restrictions. Finally, industries that are in constant touch with government, which in turn negotiates in their best interests in the on-going dialogue with the WTO, are going to benefit. India has real chance of becoming superpower in the service sector, particularly IT. It has already captured about 25 percent of world exports.

5.

(a) Explain the objectives of KSFC.

Karnataka State Financial Corporation (KSFC) was established in 1951 through a State Financial Corp. Act-1951.

OBJECTIVES:

- To cater to the requirements of small scale units.
- To extend medium and long term credit to units which fall outside the purview of Industrial Finance Corporation and Public Sector Banks

FUNCTIONS:

- To provide long term finance to small and medium sized industrial units organized on different ownership basis such as proprietorship, partnership, cooperative, public or private company concern.
- To provide finance to service oriented enterprises such as travel agencies, car rental agencies, hotels, tourism related activities, hospitals and nursing homes, etc.
- To take over sick SSIs and auction them to entrepreneurs willing to rebuild.

6.

Explain the objectives of TECSOK.

Technical Consultancy Services of Karnataka was established in 1976. It is located in Bangalore. TECSOK provides multi-disciplinary support in areas including technical, industrial and management consultancy.

OBJECTIVES:

- To provide reliable consultancy support for entrepreneurs to start up self employment ventures in Karnataka.
- To provide consultancy services to the various departments and agencies of state and central governments

FUNCTIONS:

- To identify investment opportunities which are location specific
- To assist entrepreneurs in obtaining statutory and procedural clearances.
- To carry out feasibility studies and environmental impact studies.
- To assist preparation of detailed project reports as per investment norms and financial norm
- To carry out market survey and research specific to industry notes.
- To assist in project implementation and extend turnkey assistance.
- To help in reorganization and restructuring.
- To diagnose sick units and suggest rehabilitation measures.
- To provide consultancy in valuation of assets, manpower planning and budgetary control system.
- To promote consultancy for mergers and takeovers.

TYPES OF HELP:

- Since its inception, TECSOK has catalyzed a large number of industries throughout Karnataka.
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7.

(a) Define Project. State and explain the classification of projects.

A project can be defined as a ‘**scientifically evolved work plan**’ devised to achieve a specific objective within a specified period of time.

Some of the various definitions given by project management experts are:

i. WORLD BANK: Project is an approval for a capital investment to develop facilities to provide goods and services.

ii. HARRISON: Project is a non-routine, non-repetitive, one-off undertaking, normally with discrete time, financial and technical performance goals.

iii. NEWMAN, SUMMER AND WARREN: A project typically has a distinct mission that is designed to achieve and a clear termination point, the achievement of the mission.

iv. LITTLE AND MIRLESS: A project is any scheme or part of a scheme for investing resources which can be reasonably analyzed and evaluated as an independent unit. It may be item of investment activity which can be separately evaluated.

v. GILLINGER: A project is the whole complex of activities involved in using resources to gain benefits.

vi. VASANTH DESAI: A project is a scientifically evolved work plan devised to achieve a specific objective within a specified period of time.

CLASSIFICATION OF PROJECT:

Projects can be majorly classified under the following categories:

Projects can be majorly classified under the following categories:

- a) **QUANTIFIABLE AND NON-QUANTIFIABLE PROJECTS:** **Quantifiable projects** are those projects for which a quantitative assessment of benefits can be carried out. **E.g.: Power plants, development of industrial parks, etc.** **Non-quantifiable projects** on the other hand are those projects for which a quantitative assessment of benefits cannot be made. **E.g.: Projects related to healthcare and education domains.**
- b) **SECTORAL PROJECTS:** Projects based on various sectors. **Some examples include automotive projects, agricultural projects, health projects, manufacturing projects, etc.**
- c) **TECHNO-ECONOMIC PROJECTS:** This classification has three types:
- i. **FACTOR INTENSITY ORIENTED CLASSIFICATION:**

CAPITAL INTENSIVE- Large investment made in plant or machinery.

LABOR INTENSIVE- Large requirement of human resource
 - ii. **CAUSE ORIENTED CLASSIFICATION:**

DEMAND BASED- Existence of demand for goods/services.

RAW MATERIAL BASED- Availability of raw materials, skill or other resources.
 - iii. **MAGNITUDE ORIENTED CLASSIFICATION:**

Depending on the investment, projects may be classified as small scale projects, medium scale projects and large scale projects.

8. Explain the criteria for selecting a project.

The process of selecting a project begins where identification ends. Projects identified are analyzed bearing in mind existing economic conditions, government policies, target markets, potential profits, availability of raw materials, etc.

SWOT (Strength, Weaknesses, Opportunities, Threats) analysis is one of the most commonly used tools for this process.

The entrepreneur analyzes the strength of his enterprise in terms of skill, infrastructure, manpower, capital, etc. with respect to the project. Weaknesses or constraints are considered and plans are made to overcome each of these weaknesses. Various opportunities which emerge from the development of project are identified and studied in detail. These include potential market share, profits, possibility of diversification, export potential, etc. Threats like competition, product substitution, government policies, technological obsolescence, etc. are analyzed.

The other points to be considered in selection of a project are:

- i. **Technology:** Technology required to develop the project should be available, preferably indigenously. Importing the technology or working with foreign collaboration initially might be difficult for an entrepreneur.
- ii. **Equipment:** The availability of equipment must be determined beforehand. Selecting the best equipment for the projects is crucial for the successful execution of any project.
- iii. **Investment Size:** The investment required to execute the project must be determined accurately. Wrong estimates lead to shortage of funds or resources towards the middle or end of the project.
- iv. **Location:** Selecting the location of the project site is very important. The location must be such that the entrepreneur

doesn't incur any costs while sourcing the raw materials from his suppliers, or spend too much in transporting the finished product to the customer site.

- v. **Marketing:**The product should be marketable. The estimated market share for the product, competitor market share, etc. must be determined before commencement of the project
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