Entrepreneurship and Start-ups (4300021)
GTU Previous Year Questions

AI Generated Solutions

October 24, 2026

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Winter 2025

0.1 Question 1

0.1.1 Question 1(a) [3 marks]

Describe the functions of entrepreneurship.

Solution

Entrepreneurship is the process of creating, developing, and managing a new business venture while taking on financial and personal risks to achieve profit and growth. The primary functions revolve around innovation, resource management, and risk assumption to ensure success.

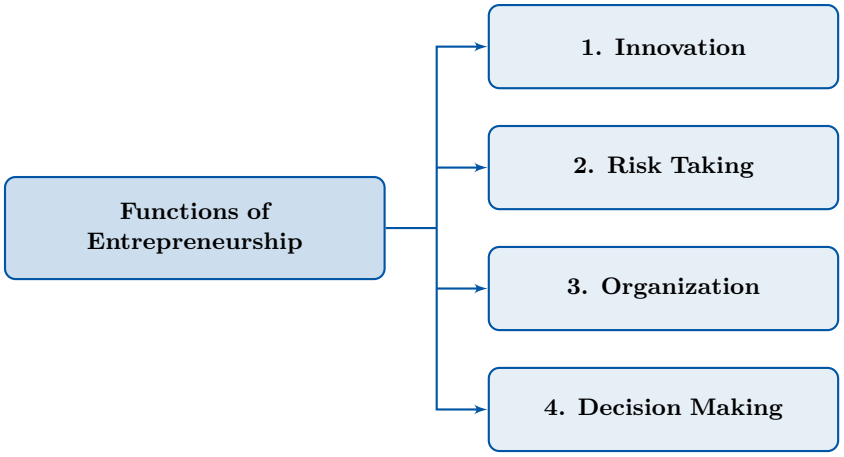


Figure 1: Core Functions of Entrepreneurship

Key Functions

- **Innovation:** Identifying new market opportunities, introducing new products, or improving existing processes.
- **Risk Taking:** Assuming financial, personal, and psychological risks associated with the new venture.
- **Organization Building:** Assembling the necessary resources, including capital, labor, and technology, to establish the business.
- **Decision Making:** Making critical choices regarding product design, pricing, marketing strategies, and operations.

Mnemonic: *IRON: Innovation, Risk-taking, Organization, Navigation (Decision Making)*

0.1.2 Question 1(b) [4 marks]

Write objectives of MSMEs.

Solution

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the economic development of a country. They act as the backbone of the economy by generating large-scale employment and contributing significantly to industrial output.

Sr. No.	Objective Description
1	**Employment Generation:** To create large-scale employment opportunities at a lower capital cost compared to large industries.
2	**Economic Equality:** To promote equitable distribution of national income and wealth across different segments of society.
3	**Regional Balance:** To encourage industrialization in rural and backward areas, reducing regional imbalances.
4	**Resource Utilization:** To effectively utilize local resources, skills, and raw materials that might otherwise remain untapped.
5	**Export Promotion:** To contribute significantly to the country's export earnings through unique and specialized products.

Secondary Objectives

- Developing an entrepreneurial base by encouraging new entrepreneurs.
- Providing complementary support to large-scale industries as ancillary units.
- Preserving traditional arts and crafts by supporting artisan-based businesses.

Mnemonic: *PEER: Promote employment, Economic equality, Export promotion, Regional balance*

0.1.3 Question 1(c) OR [7 marks]

Give advantages and disadvantages of e-commerce.

Solution

E-commerce (Electronic Commerce) refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. It offers immense convenience but also comes with security challenges.

Sr. No.	Advantages (Pros)	Disadvantages (Cons)
1	**Global Reach:** Businesses can sell products worldwide without geographical limitations.	**Security Risks:** Vulnerable to cyber-attacks, data breaches, and online payment frauds.
2	**24/7 Availability:** Stores remain open around the clock, allowing customers to shop anytime.	**Lack of Physical Touch:** Customers cannot inspect, touch, or try products before purchasing.

Sr. No.	Advantages (Pros)	Disadvantages (Cons)
3	**Lower Costs:** Eliminates the need for physical storefronts, reducing rent and utility bills.	**Delivery Delays:** Customers must wait for shipping, unlike instant gratification in stores.
4	**Personalized Content:** Uses customer data to suggest relevant products, boosting sales.	**Technical Issues:** System downtime or server crashes can halt sales entirely.
5	**Easy Comparison:** Consumers can quickly compare prices and features across multiple websites.	**High Competition:** Extremely competitive market making it hard for small businesses to survive.
6	**Direct Interaction:** Removes middlemen, allowing direct communication and higher margins.	**Return Management:** Handling returns and refunds can be costly and logistically complex.

Impact on Traditional Business

- **Market Shift:** Traditional retailers are forced to adopt omnichannel strategies to survive.
- **Supply Chain:** E-commerce requires advanced logistics and warehousing solutions.
- **Customer Expectations:** Demand for fast shipping and easy returns has increased.

Mnemonic: *Advantages (GLP): Global, Lower costs, Personalized | Disadvantages (STD): Security, Touch missing, Delivery delays*

0.2 Question 2

Q.2 (a) Differentiate between entrepreneur and manager. [3 marks]

Differentiate between entrepreneur and manager.

Solution

An **entrepreneur** is a visionary who starts a new business venture, taking on significant financial risks to innovate and create value. In contrast, a **manager** is an employee hired to run and operate an existing business efficiently.

Key Differences:

Sr. No.	Entrepreneur	Manager
1	Owner of the business.	Employee of the business.
2	Primary motive is to start a venture and generate profit.	Primary motive is to render service and earn salary.
3	Bears all financial and business risks.	Does not bear any business risk.
4	Reward is profit, which is highly uncertain.	Reward is salary, which is fixed and certain.
5	Focuses on innovation and creating new ideas.	Focuses on executing ideas and maintaining efficiency.

Role Focus:

- **Entrepreneur:** Acts as a catalyst for change and economic growth.
- **Manager:** Acts as an administrator ensuring smooth operations.

Mnemonic: *ERIS: Entrepreneur Risks, Innovates, Starts; Manager Executes, Reports, Supervises*

Q.2 (b) Explain supply chain management. [4 marks]

Explain supply chain management.

Solution

Supply Chain Management (SCM) is the centralized management of the flow of goods, data, and finances related to a product or service, from the procurement of raw materials to the delivery of the final product to the consumer.

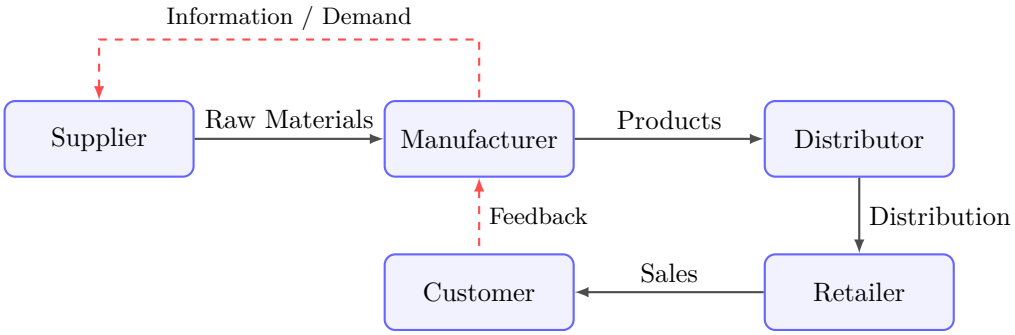


Figure 2: Supply Chain Management Flow

SCM Flow:

Core Components:

- **Planning:** Forecasting demand and designing the supply chain to meet that demand efficiently.
- **Sourcing:** Selecting suppliers for raw materials and establishing robust relationships.
- **Making (Manufacturing):** Transforming raw materials into finished products through production and testing.
- **Delivering (Logistics):** Coordinating customer orders, scheduling delivery, and managing transportation.
- **Returning:** Handling defective products and customer support processes.

Importance of SCM: Effective SCM minimizes costs, reduces inventory, and improves customer satisfaction. It ensures the right product reaches the right place at the right time.

Mnemonic: *PSMDR: Plan, Source, Make, Deliver, Return*

Q.2 (c) Give features of Government E-Market place. [7 marks]

Give features of Government E-Market place.

Solution

The **Government e-Marketplace (GeM)** is an online platform established by the Government of India to facilitate the online procurement of common use goods and services required by various government departments, organizations, and public sector undertakings.

Key Features of GeM:

- **Transparency:** Eliminates human interface in vendor registration, order placement, and payment processing, reducing corruption.
- **Efficiency:** Significantly reduces procurement time and administrative costs compared to traditional tender processes.
- **Secure and Safe:** Integrated with Aadhaar, PAN, MCA21, and biometric authentication to ensure secure transactions and verified identities.

- **Inclusivity for MSMEs:** Provides a direct market for Micro, Small, and Medium Enterprises (MSMEs), giving them equal opportunity to sell to government bodies.
- **Dynamic Pricing:** Prices are dynamic and driven by market competition, ensuring the government gets the best possible rates.
- **Continuous Vendor Rating:** Vendors are continuously evaluated and rated based on their performance, delivery timeline, and quality.

Benefits for Buyers (Government):

- Access to a massive variety of goods and services on a single portal.
- Search, compare, select, and buy facilities just like commercial e-commerce sites.
- Integrated payment systems ensuring timely disbursements.

Benefits for Sellers:

- Direct access to all government departments without intermediaries.
- Completely paperless and cashless platform.
- Assured and timely payments within guaranteed timeframes.

Real-world Impact: GeM has revolutionized public procurement in India by dismantling monopolies and creating a level playing field. It aligns with the *Digital India* initiative to promote e-governance.

Mnemonic: *TES ID: Transparency, Efficiency, Secure, Inclusivity, Dynamic pricing*

Q.2 (a) OR Describe Characteristics of entrepreneurship. [3 marks]

Describe Characteristics of entrepreneurship.

Solution

Entrepreneurship is the dynamic process of creating incremental wealth by taking risks, innovating, and organizing resources to establish a new venture.

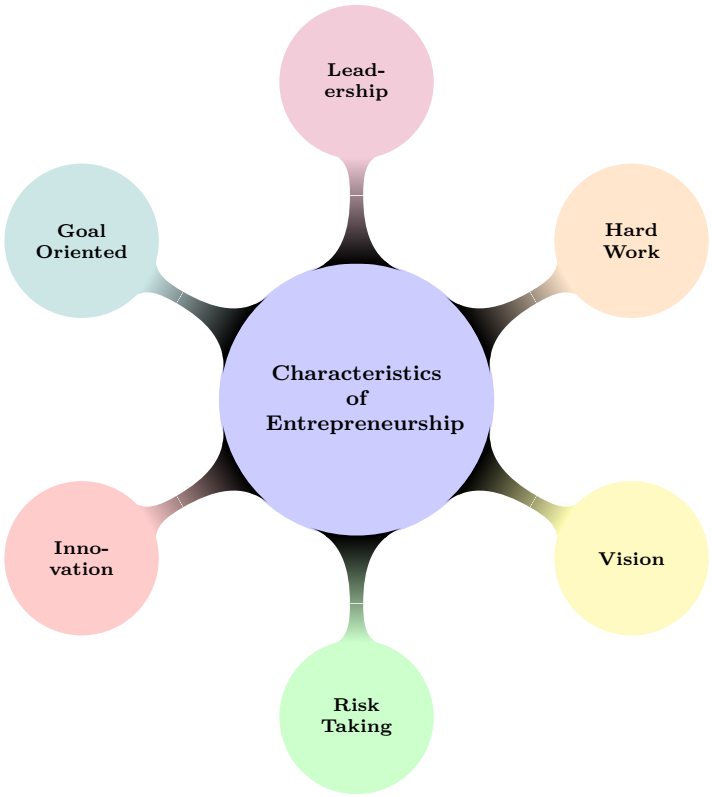


Figure 3: Characteristics of Entrepreneurship

Characteristics Diagram:

Primary Characteristics:

- **Innovation:** Constantly seeking new ideas, better production methods, or novel products to satisfy market needs.
- **Risk-Taking:** Willingness to invest time, effort, and money with uncertain outcomes and potential for failure.
- **Visionary Leadership:** Having a clear foresight of market trends and guiding a team toward a shared objective.
- **Goal-Oriented:** Highly driven to achieve predetermined targets and business milestones.
- **Flexibility:** Adapting quickly to changes in technology, consumer preferences, and economic conditions.

Mnemonic: *IRV GF: Innovation, Risk-taking, Vision, Goal-oriented, Flexibility*

Q.2 (b) OR Explain methods of generating business ideas. [4 marks]

Explain methods of generating business ideas.

Solution

Generating viable business ideas is the crucial first step in entrepreneurship. It requires creativity, observation, and systematic market analysis.

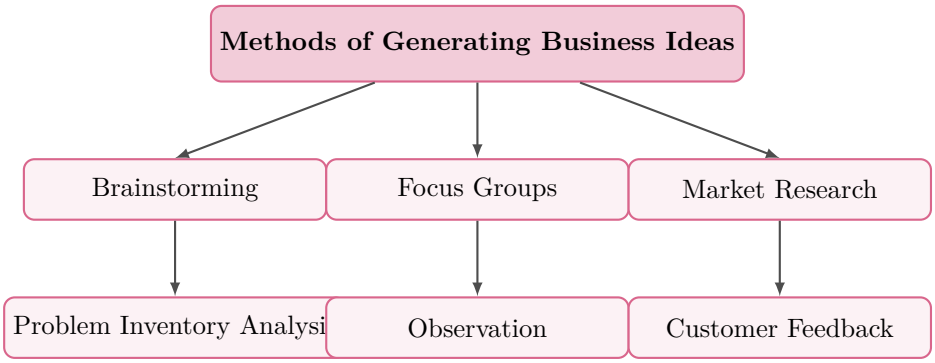


Figure 4: Methods of Generating Business Ideas

Idea Generation Flow:

Key Methods:

- **Brainstorming:** An unstructured group discussion where participants freely generate creative ideas without immediate criticism. Quantity of ideas is prioritized over quality initially.
- **Focus Groups:** Gathering a small, diverse group of potential consumers to discuss their problems, needs, and opinions on proposed concepts.
- **Market Research:** Systematically gathering and analyzing data about target markets, competitors, and industry trends to identify unfulfilled demands.
- **Problem Inventory Analysis:** Instead of generating new ideas directly, this method asks consumers to identify specific problems they face with current products.
- **Personal Observation:** Identifying daily inconveniences and developing innovative solutions to solve them.

Mnemonic: *BFM PO: Brainstorming, Focus groups, Market research, Problem analysis, Observation*

Q.2 (c) OR Differentiate between Administration and Management. [7 marks]

Differentiate between Administration and Management.

Solution

While often used interchangeably, **Administration** and **Management** represent different levels and functions within an organization. Administration is concerned with formulating policies and setting goals, whereas management involves executing those policies to achieve the goals.

Detailed Comparison:

Basis of Difference	Administration	Management
Nature of Work	It is a determinative or thinking function.	It is an executive or doing function.

Scope	Broad scope; establishes major objectives and policies.	Narrower scope; implements the policies set by administration.
Level in Organization	Top-level activity (Board of Directors, CEO, Founders).	Middle and lower-level activity (Managers, Supervisors).
Focus	Focuses on resource allocation and long-term planning.	Focuses on human resource management and daily operations.
Applicability	Typically associated with government, educational, and public sector organizations.	Typically associated with business and profit-making enterprises.
Decision Making	Decides *what* is to be done and *when* it is to be done.	Decides *who* will do it and *how* it will be done.
Skill Requirement	Requires strong conceptual and visionary skills.	Requires strong technical and human relations skills.

Conceptual Relationship: Administration acts as the brain of an organization, determining the direction and boundaries. Management acts as the body, taking practical actions within those boundaries. In modern corporate structures, the top executives perform both administrative and managerial roles, making the distinction somewhat blurred.

Functional Analogy: Think of Administration as the architects who design a building and set the blueprint. Management represents the contractors and engineers who organize the labor and materials to construct the building according to that blueprint.

Mnemonic: *ADmin = Architects Decide; MANagement = Managers Act Now*

Question 3

Q.3 (a) Explain the fastest guided media used in networking. [3 marks]

Explain the fastest guided media used in networking.

Solution

The fastest guided media used in computer networking is the **Fiber Optic Cable**. It transmits data as pulses of light through thin strands of glass or plastic, rather than using electrical signals.

Key Features:

Box

- **Speed and Bandwidth:** It supports extremely high data transfer rates, often in the range of Gbps to Tbps, providing much greater bandwidth compared to copper cables.
- **Immunity to Interference:** Since it uses light instead of electrical currents, it is completely immune to Electromagnetic Interference (EMI) and Radio Frequency Interference (RFI).
- **Distance:** It suffers from very low signal attenuation, allowing data transmission over much longer distances without the need for frequent repeaters.
- **Security:** It is highly secure because it does not radiate signals, making it extremely difficult to tap without breaking the physical connection.

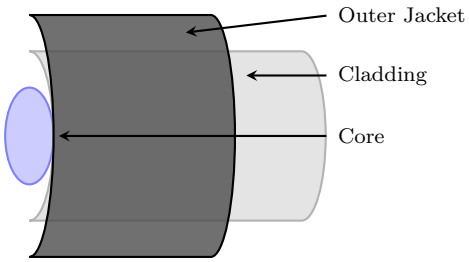


Figure 5: Structure of a Fiber Optic Cable

Mnemonic: *SIDS - Speed, Immunity, Distance, Security*

Q.3 (b) Explain the cable modem in computer networking. [4 marks]

Explain the cable modem in computer networking.

Solution

A **Cable Modem** is a hardware device that provides high-speed Internet access via a cable television (CATV) network. It translates radio frequency (RF) signals from the cable network into digital signals that a computer or router can understand.

Working Principle:

Box

- **Connection:** It connects to the wall outlet using a coaxial cable and to the user's computer or router using an Ethernet cable.
- **Modulation/Demodulation:** It modulates digital data from the computer into an analog signal to be sent over the cable network and demodulates incoming analog signals back into digital data.
- **Frequency Channels:** It uses different frequency bands for downstream (downloading) and upstream (uploading) traffic, typically providing much faster download speeds.
- **CMTS Interaction:** It communicates with a Cable Modem Termination System (CMTS) located at the Internet Service Provider's (ISP) facility to manage routing and bandwidth allocation.

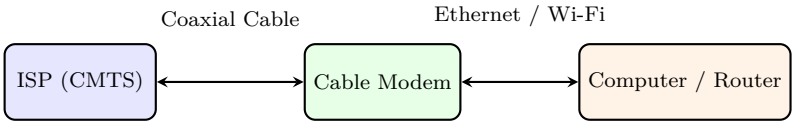


Figure 6: Cable Modem Setup

Mnemonic: *CMF - Connection, Modulation, Frequencies*

Q.3 (c) Explain the different switching techniques. [7 marks]

Explain the different switching techniques.

Solution

Switching is a mechanism used in computer networks to route data from a source node to a destination node through a network of intermediate switches. There are three primary switching techniques used in data communication.

Types of Switching:

1. Circuit Switching

- **Dedicated Path:** A dedicated physical path is established between the sender and receiver before data transmission begins.
- **Phases:** It involves three phases: connection establishment, data transfer, and connection teardown.
- **Usage:** It is predominantly used in traditional telephone networks. It guarantees bandwidth but wastes resources if no data is being sent.

2. Message Switching

- **Store and Forward:** The entire message is treated as a single data unit. It is transmitted from one node to the next.
- **Processing:** Each intermediate node receives the whole message, stores it temporarily, and then forwards it to the next node.
- **Drawback:** It requires large storage capacities at intermediate nodes and introduces significant delays, making it obsolete for modern networks.

3. Packet Switching

- **Data Division:** The data is divided into smaller, manageable units called packets.
- **Independent Routing:** Each packet is routed independently based on the destination address contained in its header. Packets may take different paths and arrive out of order.
- **Efficiency:** It is highly efficient and forms the foundation of the Internet, maximizing bandwidth utilization.

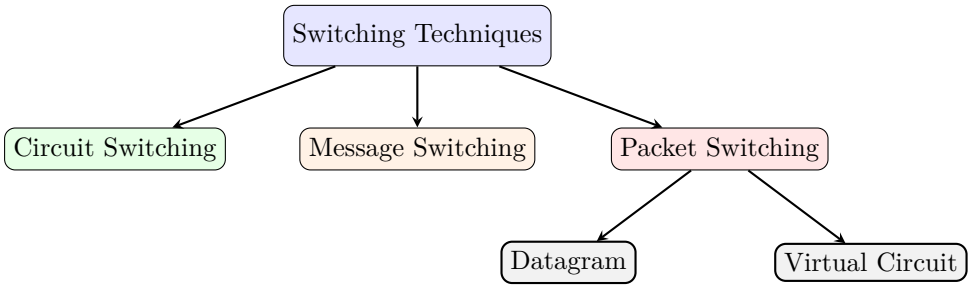


Figure 7: Classification of Switching Techniques

Mnemonic: *CMP - Circuit, Message, Packet*

OR

Q.3 (a) Explain the function of ICMP, ARP, RARP. [3 marks]

Explain the function of ICMP, ARP, RARP.

Solution

These are core Network Layer protocols in the TCP/IP suite used for control, diagnostics, and address resolution.

Functions:

Box

- **ICMP (Internet Control Message Protocol):** Used by network devices, like routers, to send error messages and operational information. For example, it is used by the `ping` command to test reachability.
- **ARP (Address Resolution Protocol):** Responsible for mapping a known logical IP address to an unknown physical MAC address on a local area network.
- **RARP (Reverse Address Resolution Protocol):** Performs the inverse operation of ARP. It maps a known physical MAC address to an unknown logical IP address, often used by diskless workstations during boot.

Table 5: Comparison of ARP and RARP

Protocol	Input Address	Output Address
ARP	IP Address	MAC Address
RARP	MAC Address	IP Address

Mnemonic: *IAR - ICMP (errors), ARP (IP to MAC), RARP (MAC to IP)*

Q.3 (b) Compare IPv4 vs IPv6. [4 marks]

Compare IPv4 vs IPv6.

Solution

IPv4 and IPv6 are the two primary versions of the Internet Protocol used to identify devices on a network and route traffic.

Table 6: Comparison between IPv4 and IPv6

Sr. No.	IPv4 (Internet Protocol v4)	IPv6 (Internet Protocol v6)
1	Uses a 32-bit address space.	Uses a 128-bit address space.
2	Addresses are represented in decimal format separated by dots.	Addresses are represented in hexadecimal format separated by colons.
3	Supports roughly 4.3 billion unique IP addresses.	Supports a virtually unlimited number of unique IP addresses.
4	Uses broadcast messages to send data to all nodes on a subnet.	Does not use broadcasts; it relies on multicast and anycast routing.
5	IPsec security is optional and must be configured separately.	IPsec security is built-in and mandatory for the protocol.

Key Differences:

Mnemonic: *SABIB - Space, Address format, Billions, IPvsec, Broadcast*

Q.3 (c) Explain the function of Data Link Layer in OSI model. [7 marks]

Explain the function of Data Link Layer in OSI model.

Solution

The Data Link Layer is the second layer in the OSI (Open Systems Interconnection) model. It is responsible for the reliable, error-free transfer of data frames between two directly connected nodes over a physical layer.

Core Functions:

Box

- **Framing:** It divides the stream of bits received from the Network Layer into manageable data units called frames. It adds a header and a trailer to the frame to define physical addresses and control information.
- **Physical Addressing:** It adds the physical MAC (Media Access Control) address of the sender and receiver in the frame header to ensure delivery to the correct device on the local network.
- **Error Control:** It detects and potentially corrects transmission errors using mechanisms like Checksum or CRC (Cyclic Redundancy Check) placed in the frame trailer. It requests retransmission of damaged frames.
- **Flow Control:** It regulates the amount of data sent by a fast transmitter to prevent overwhelming a slower receiver.

- **Access Control:** When a single communication channel is shared by multiple devices, the MAC sub-layer determines which device has control over the channel at any given time to avoid collisions.

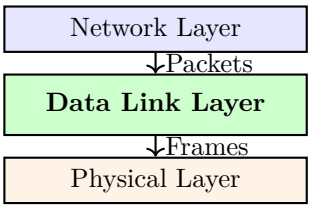


Figure 8: Position of Data Link Layer in OSI Model

Mnemonic: *FEAFA - Framing, Error control, Access control, Flow control, Addressing*

0.3 Question 4

0.3.1 Question 4(a) [3 marks]

Write short note on PATENTS

Solution

Introduction: A **Patent** is an exclusive intellectual property right granted by the government to an inventor. It provides the legal authority to exclude others from making, using, selling, or importing an invention for a limited period, typically 20 years.

Key Features of Patents:

- **Novelty:** The invention must be entirely new and not previously published or known to the public.
- **Non-obviousness:** The invention must involve an inventive step that is not obvious to a person skilled in the relevant field.
- **Industrial Applicability:** The invention must be capable of being manufactured or used in an industry.
- **Territorial Right:** A patent is only valid within the country where it is granted.

Table 7: Types of Intellectual Property

Sr. No.	Type	Protection Scope
1	Patent	Protects functional inventions and new processes.
2	Trademark	Protects brand names, logos, and symbols.
3	Copyright	Protects artistic, literary, and musical works.

Benefits of Patents:

- Encourages innovation by rewarding inventors financially.
- Helps in generating revenue through licensing or selling the patent rights.
- Prevents competitors from copying the technological advancement.

Mnemonic: *N-N-I-T (Novelty, Non-obviousness, Industrial, Territorial) - To remember patent requirements.*

0.3.2 Question 4(b) [4 marks]

Explain investor pitch deck.

Solution

Introduction: An **Investor Pitch Deck** is a brief presentation, typically created using PowerPoint, Keynote, or Prezi, that provides an overview of a business plan. Its primary purpose is to secure meetings with potential investors, such as venture capitalists or angel investors, by sparking their interest in the startup.

Purpose of a Pitch Deck:

- To clearly communicate the startup's vision and value proposition.
- To demonstrate the market potential and business model.
- To showcase the founding team's capability to execute the plan.
- To specify the funding requirements and how the capital will be utilized.

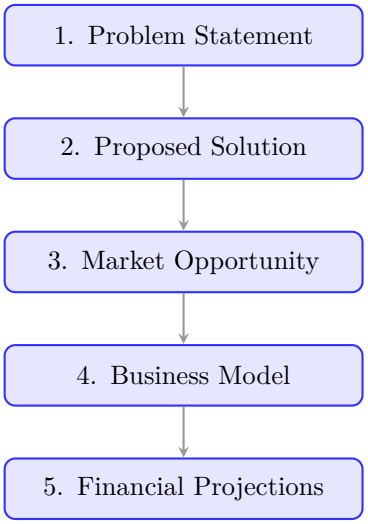


Figure 9: Key Components of a Pitch Deck

Essential Slides in a Pitch Deck:

1. **Problem & Solution:** Identifying the pain point and how the product solves it.
2. **Market Size:** Explaining the target audience and Total Addressable Market (TAM).
3. **Business Model:** Detailing how the company plans to make money (revenue streams).
4. **Traction:** Showing early success, user growth, or sales to prove product-market fit.
5. **Ask:** Clearly stating the amount of funding needed and its allocation.

Mnemonic: *P-S-M-B-T-A (Problem, Solution, Market, Business, Traction, Ask) - Core pitch deck elements.*

0.3.3 Question 4(c) [7 marks]

Give advantages and disadvantages of cooperative Society.

Solution

Introduction: A **Cooperative Society** is a voluntary association of individuals who join together with the motive of welfare of the members. It is driven by the principle of "Each for all and all for each".

Table 9: Overview: Advantages vs Disadvantages

Sr. No.	Advantages	Disadvantages
1	Easy formation and open membership.	Limited capital and resources.
2	Limited liability for members.	Inefficient management due to lack of experts.
3	Democratic control (One member, one vote).	Lack of secrecy in business operations.
4	Government support and tax benefits.	Excessive government control and audits.

Advantages of a Cooperative Society:

- **Easy Formation:** It can be started with a minimum of 10 adult members. The registration process is simple and inexpensive under the Cooperative Societies Act.
- **Limited Liability:** The liability of members is limited to the extent of their capital contribution. Their personal assets are safe from business debts.
- **Stable Existence:** The society has a separate legal entity. Death, insolvency, or insanity of a member does not affect the continuous existence of the society.
- **Democratic Management:** It operates on the principle of "One man, one vote", ensuring equal rights for all members regardless of their capital investment.
- **State Patronage:** The government provides various benefits such as low-interest loans, subsidies, and tax exemptions to promote cooperative societies.

Disadvantages of a Cooperative Society:

- **Limited Capital:** Members generally belong to lower or middle-income groups, resulting in restricted capital accumulation. The principle of "one vote per member" discourages heavy investments.
- **Inefficient Management:** They often cannot afford professional managers and rely on managing committee members who may lack business expertise.
- **Lack of Secrecy:** According to the Act, the society must discuss its affairs openly in meetings and publish its accounts, making it impossible to maintain business secrets.
- **Government Interference:** They are subjected to strict rules and regulations, regular audits, and inspections by the cooperative department, which limits their freedom of action.
- **Mutual Disputes:** Differences in opinions among members can lead to conflicts, affecting the smooth functioning and potentially leading to the closure of the society.

Mnemonic: *Advantages: ELSD (Easy, Limited liability, Stable, Democratic). Disadvantages: CIMS (Capital low, Inefficient, Mutual disputes, Secrecy lack).*

0.3.4 Question 4(a) OR [3 marks]

Give reasons of failure of startups in India.

Solution

Introduction: Despite a booming ecosystem, a significant number of startups in India fail within their first five years. This failure is often attributed to a combination of market, financial, and operational challenges.

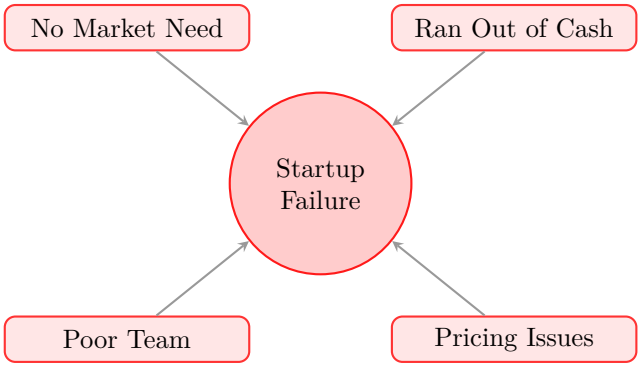


Figure 10: Primary Reasons for Startup Failures

Key Reasons for Failure:

- **No Market Need:** Building a product that does not solve a real problem or for which there is no customer demand.
- **Running Out of Cash:** Improper financial management, underestimating costs, or failing to secure additional funding in time.
- **Flawed Business Model:** Inability to find a scalable and profitable way to acquire customers and generate revenue.
- **Poor Management Team:** Lack of experience, poor leadership, or co-founder disputes can derail the startup's progress.
- **Ignoring Competition:** Failing to adapt to market changes or being out-innovated by stronger competitors.

Mnemonic: *M-C-B-T-C (Market, Cash, Business model, Team, Competition) - Key reasons for failure.*

0.3.5 Question 4(b) OR [4 marks]

Differentiate startup incubators and Accelerators.

Solution

Introduction: Both **Incubators** and **Accelerators** provide essential support to startups, but they cater to different stages of a company's lifecycle. Incubators help nurture early-stage ideas, while accelerators speed up the growth of existing companies.

Table 11: Incubators vs. Accelerators

Parameter	Incubators	Accelerators
Startup Stage	Early stage (Idea or Concept phase).	Growth stage (Minimum Viable Product ready).
Duration	Flexible, often lasts from 1 to 5 years.	Fixed duration, typically 3 to 6 months.
Primary Goal	Focuses on innovation, building a team, and product development.	Focuses on rapid growth, scaling up, and raising capital.
Investment	Usually do not provide upfront capital; may charge a fee.	Provide seed investment in exchange for a small equity stake.
Admission	Generally an open, less competitive application process.	Highly competitive selection process in cohorts.
Mentorship	Ad-hoc and as-needed basis.	Intensive, structured mentorship and networking events.

Key Concept: Think of an incubator as a greenhouse where seeds (ideas) are nurtured until they become plants. An accelerator is like a specialized training camp that prepares an already grown plant (startup) for a competitive race (market dominance).

Mnemonic: *S-D-G-I-A (Stage, Duration, Goal, Investment, Admission) - Parameters for differentiation.*

0.3.6 Question 4(c) OR [7 marks]

Explain controlling function of management.

Solution

Introduction: **Controlling** is a fundamental managerial function that ensures actual activities conform to planned activities. It involves monitoring performance, comparing it with established goals, and taking corrective action when necessary.

Importance of Controlling:

- **Accomplishing Organizational Goals:** It helps measure progress towards goals and brings deviations to light, ensuring organizational objectives are met.
- **Judging Accuracy of Standards:** An efficient control system allows management to verify whether the set standards are accurate and objective.
- **Making Efficient Use of Resources:** It reduces wastage and spoilage by ensuring activities align with predetermined standards.
- **Improving Employee Motivation:** Employees know well in advance what they are expected to do and the standards against which their performance will be judged.

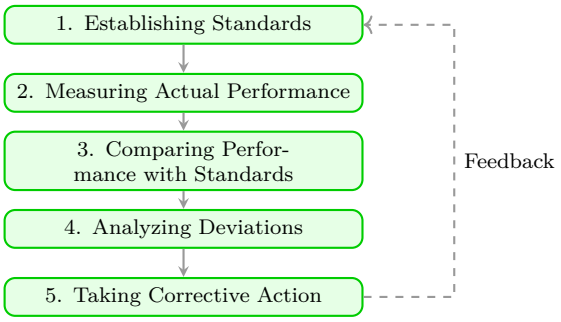


Figure 11: Steps in the Controlling Process

Steps in the Controlling Process:

1. **Establishing Standards:** The first step is to set clear, measurable benchmarks or targets against which actual performance will be evaluated (e.g., sales targets, production quotas).
2. **Measuring Actual Performance:** Performance is tracked and quantified using reports, observations, or accounting statements.
3. **Comparing Performance with Standards:** The actual results are compared to the set standards to identify any variances or deviations.
4. **Analyzing Deviations:** Management determines whether the deviations are acceptable or if they indicate a significant problem. It involves finding the root causes (e.g., machinery breakdown, lack of resources).
5. **Taking Corrective Action:** If deviations are beyond the acceptable range, remedial actions are initiated to prevent recurrence and bring performance back on track.

Mnemonic: *E-M-C-A-T (Establish, Measure, Compare, Analyze, Take action) - Steps of controlling.*

Q.5 (a) List the functions of NSIC.

Box

The National Small Industries Corporation (NSIC) provides various support services to promote and foster the growth of MSMEs in India.

- **Machinery Supply:** Provides indigenous and imported machinery on a hire-purchase scheme.
- **Raw Material Assistance:** Assists in the procurement and distribution of scarce raw materials.
- **Marketing Support:** Helps MSMEs in marketing their products through government tender participation and exhibitions.
- **Technology Support:** Operates Technical Services Centers to provide training and technology upgrades.
- **Credit Facilitation:** Arranges credit for MSMEs through tie-ups with commercial banks.

Support Area	Function Provided by NSIC
Financial	Hire-purchase machinery and credit facilitation
Marketing	Export promotion and government tender support
Technical	Software technology parks and skill development

Table 13: Key Support Areas of NSIC

Q.5 (b) Explain various types of bankruptcies.

Types of Bankruptcies

Bankruptcy is a legal proceeding involving a person or business that is unable to repay outstanding debts. The two broad categories are:

- **Voluntary Bankruptcy:** The debtor voluntarily files a petition in court for bankruptcy because they cannot pay their debts.
- **Involuntary Bankruptcy:** Creditors file a petition in court to force the debtor into bankruptcy to recover their money.

From a business restructuring perspective (e.g., under insolvency codes):

- **Liquidation:** The business operations are completely shut down, and assets are sold to pay off the creditors.
- **Reorganization / Restructuring:** The business continues to operate while restructuring its debts and repayment schedules under legal supervision.

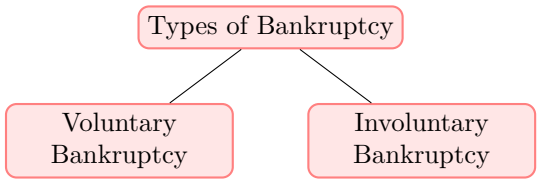


Figure 12: Classification of Bankruptcy

Q.5 (c) Explain break even point.

Break Even Point (BEP)

The Break Even Point is the level of production or sales at which total revenues equal total costs, resulting in neither a profit nor a loss.

Box

- **Fixed Costs:** Costs that do not change with the level of output (e.g., rent, salaries).
- **Variable Costs:** Costs that vary directly with the level of output (e.g., raw materials).
- **Formula:**

$$BEP(\text{in units}) = \frac{\text{Fixed Cost}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}}$$

- **Significance:** It helps businesses determine the minimum target sales needed to avoid losses and is a critical tool for pricing and project planning.

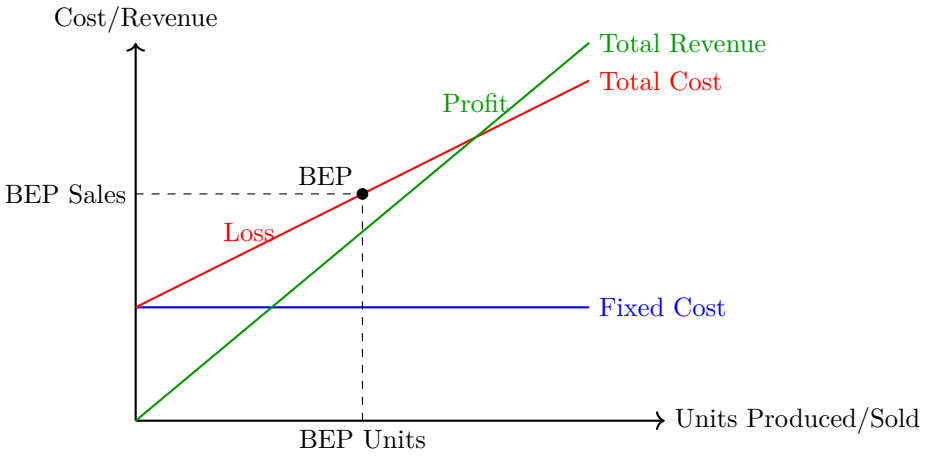


Figure 13: Break Even Point Chart

Q.5 (a) OR List the functions of DIC.

Box

The District Industries Centre (DIC) acts as a focal point at the district level to promote small scale, cottage, and village industries.

- **Opportunity Identification:** Identifies new industrial possibilities and prepares project profiles for entrepreneurs.
- **Clearances and Licenses:** Acts as a single-window agency to help entrepreneurs obtain necessary licenses and clearances.
- **Financial Assistance:** Recommends loan applications to banks and financial institutions.
- **Subsidies:** Helps in claiming various government subsidies and incentives.
- **Training:** Organizes entrepreneurship development programs and technical training.

Role	DIC Activity
Administrative	Single window clearances, licenses
Financial	Loan recommendation, processing subsidies
Developmental	Training programs, raw material assessment

Table 14: Roles of District Industries Centre

Q.5 (b) OR Give steps involved in project planning process.

Project Planning Process

A systematic approach is required to transform a business idea into a concrete project. The steps are:

1. **Idea Generation and Screening:** Identifying potential business opportunities and selecting the most viable one.
2. **Feasibility Study:** Conducting technical, financial, and market analysis to check if the project is practically possible and profitable.
3. **Project Report Preparation:** Documenting all details, costs, and projections into a formal business plan.
4. **Resource Allocation:** Arranging the 7-M resources (Men, Machine, Material, Money, etc.) required for the project.
5. **Execution and Monitoring:** Implementing the plan and continuously monitoring it against the set goals to ensure success.

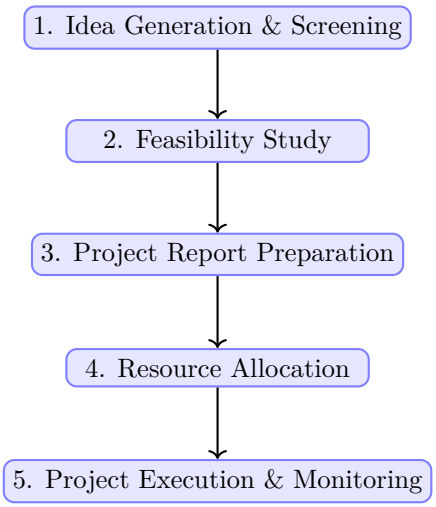


Figure 14: Steps in Project Planning

Q.5 (c) OR Explain ROI and ROS.

Return on Investment (ROI) and Return on Sales (ROS)

These are crucial financial metrics used to evaluate the profitability and efficiency of a business.

- **Return on Investment (ROI):** It measures the gain or loss generated on an investment relative to the amount of money invested.
- **Return on Sales (ROS):** Also known as operating profit margin, it measures how efficiently a company turns sales into profits.

Box

- **ROI Formula:**

$$ROI = \left(\frac{\text{Net Profit}}{\text{Total Investment}}\right) \times 100$$

- **ROS Formula:**

$$ROS = \left(\frac{\text{Operating Profit}}{\text{Net Sales}}\right) \times 100$$

- **Significance of ROI:** Used by investors to compare the efficiency of different investments. Higher ROI means better utilization of capital.
- **Significance of ROS:** Indicates operational efficiency. A higher ROS means the company is keeping a larger portion of its sales revenue as profit.

Basis	ROI (Return on Investment)	ROS (Return on Sales)
Focus	Efficiency of capital invested	Efficiency of generating profit from sales
Calculation Base	Total Investment or Capital	Total Net Sales Revenue
Usage	Investment decisions and comparisons	Internal operational performance analysis

Table 15: Comparison between ROI and ROS

Winter 2024

Question 1

Q.1 (a) Distinguish between Entrepreneur and Manager. [3 marks]

Solution

Definitions

- **Entrepreneur:** An innovator who identifies opportunities, takes financial risks, and creates new business ventures from scratch.
- **Manager:** A professional who administers, organizes, and oversees the day-to-day operations of an already established business.

Aspect	Entrepreneur	Manager
Primary Role	Creates new ventures and business opportunities	Administers and maintains existing operations
Risk Taking	High risk-taker, bears financial uncertainty	Low to moderate risk, follows organizational guidelines
Decision Making	Quick, intuitive, and highly independent decisions	Systematic, structured, and policy-based decisions
Focus	Focused on innovation, expansion, and long-term growth	Focused on efficiency, control, and smooth execution
Rewards	Receives profit, equity, and ownership of the business	Receives fixed salary, bonuses, and employee benefits

Mnemonic: *CRIFO (Creates, Risk, Innovation, Focus, Ownership)*

Q.1 (b) Explain any four functions of Entrepreneurship. [4 marks]

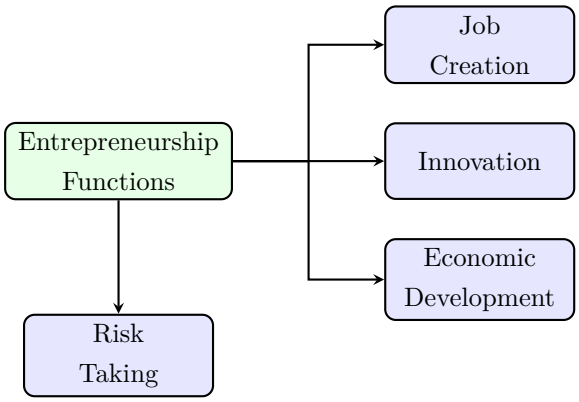
Solution

Core Functions of Entrepreneurship

Four Key Functions

- **Job Creation:** Entrepreneurs establish new businesses, which inherently require human resources, thereby creating direct and indirect employment opportunities for others.
- **Innovation:** They introduce new products, innovative services, or efficient processes to meet evolving market needs and solve existing problems.
- **Economic Development:** By generating wealth and paying taxes, entrepreneurial ventures contribute significantly to the Gross Domestic Product (GDP) and stimulate local economic growth.
- **Risk Taking:** They accept various business uncertainties, market fluctuations, and financial risks in pursuit of potential

profits and success.



Functional Flow

Mnemonic: *JIER (Job, Innovation, Economic, Risk)*

Q.1 (c) How MSMEs are important in the development of economy of India? [7 marks]

Solution

Introduction to MSMEs Micro, Small, and Medium Enterprises (MSMEs) are widely regarded as the backbone of the Indian economy. They are critical for achieving balanced regional development, promoting entrepreneurship, and generating large-scale employment at a lower capital cost compared to large industries.

Key Contributions of MSMEs

1. **Employment Generation:** After agriculture, the MSME sector is the second largest employer in India, absorbing both skilled and unskilled labor.
2. **Industrial Production:** They contribute approximately 45% of the total manufacturing output, supporting domestic production and reducing import dependency.
3. **Export Earnings:** MSMEs account for nearly 40% of the country's total exports, bringing in valuable foreign exchange.
4. **GDP Contribution:** The sector steadily contributes around 30% to India's overall Gross Domestic Product (GDP).
5. **Rural Development:** By establishing units in rural and semi-urban areas, MSMEs prevent urban migration and promote inclusive growth.
6. **Manufacturing Flexibility:** They can quickly adapt to changing market trends and customer requirements compared to rigid large-scale industries.
7. **Innovation Hub:** They serve as critical supply chain partners, acting as vendors and ancillary units to large multinational corporations.

Area	Contribution	Significance
Employment	Second largest employer	Reduces national unemployment

Table 17: Economic Impact Summary (Continued)

Area	Contribution	Significance
Production	45% of manufacturing output	Drives "Make in India" initiative
Exports	40% of total exports	Strengthens global market presence
Economy	30% of GDP	Ensures steady wealth distribution

Mnemonic: *EIGER-MIE (Employment, Industrial, GDP, Export, Rural, Manufacturing, Innovation, Entrepreneurship)*

Q.1 (c) OR How Student Start-up and Innovation Policy (SSIP) helps diploma students to start their own start-up? [7 marks]

Solution

Overview of SSIP The Student Start-up and Innovation Policy (SSIP) is an initiative by the Government of Gujarat designed to create an integrated, state-wide, university-based innovation ecosystem. It empowers diploma and degree students to convert their innovative ideas into viable business startups by providing necessary resources.

How SSIP Helps Diploma Students

1. **Financial Support:** Provides seed funding, prototype grants (up to INR 2 lakhs), and financial assistance for patent filing, removing capital barriers for students.
2. **Incubation Centers:** Grants students access to nodal institutes and established incubation centers for a structured startup development environment.
3. **Mentorship:** Connects young innovators with industry experts, alumni, and academic guides to refine business models and avoid early mistakes.
4. **Infrastructure:** Provides free access to university co-working spaces, advanced laboratories, and equipment for building prototypes.
5. **Skill Development:** Organizes entrepreneurship training programs, bootcamps, and workshops specifically tailored for technical students.
6. **Academic Integration:** Start-up activities and prototyping projects are recognized and counted as part of their academic credits or final year projects.
7. **IPR Support:** Offers legal and financial help in filing patents and copyrights to protect the intellectual property rights of students.

SSIP Component	Nature of Support	Impact on Students
Financial	Seed funding and grants	Idea validation without financial burden
Incubation	Access to 50+ centers	Structured environment for testing

Table 18: SSIP Support Framework (Continued)

SSIP Component	**Nature of Support**	**Impact on Students**
Mentorship	Expert guidance	Better business decision making
Infrastructure	Co-working spaces and labs	Zero initial capital expenditure on facilities
Skill Dev.	Bootcamps and workshops	Equips with business acumen

Mnemonic: *FIMSAIM (Financial, Incubation, Mentorship, Skill, Academic, IPR, Market)*

Q.2 (a) What is project report? Show its importance in project implementation.

Definition

Project Report: A project report is a comprehensive document containing detailed information about a proposed business venture including technical, financial, and commercial aspects.

Box

- **Loan Approval:** Banks and financial institutions require detailed project reports for making financing decisions.
- **Resource Planning:** It helps in the proper allocation of resources, machinery, and manpower for the project.
- **Risk Assessment:** It identifies potential challenges early and helps in developing mitigation strategies.
- **Roadmap:** Serves as a blueprint and timeline for actual execution and monitoring of the project.

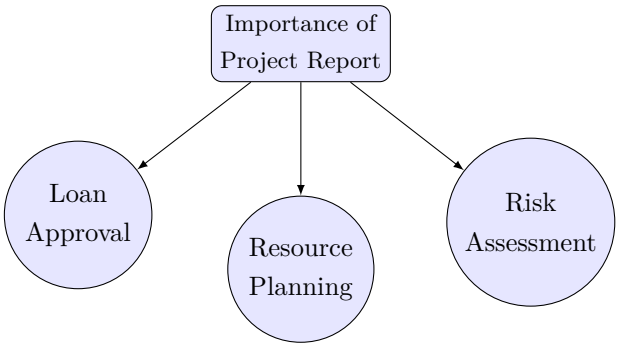


Figure 15: Importance of Project Report

Q.2 (b) How the Break-Even Point (in terms of sales revenue) is calculated? Also show graphical representation with example.

Key Concept

Break-Even Point (Sales Revenue): The point at which total revenue equals total costs, meaning there is neither profit nor loss.

Box

- **Break-Even Point (Sales)** $= \frac{\text{Fixed Costs}}{\text{Contribution Margin Ratio}}$
- Where: **Contribution Margin Ratio** $= \frac{\text{Sales} - \text{Variable Costs}}{\text{Sales}}$

Example

Example Calculation:

- Fixed Costs = Rs. 50,000
- Selling Price per unit = Rs. 100
- Variable Cost per unit = Rs. 60
- Contribution per unit = Rs. 100 - Rs. 60 = Rs. 40

- Contribution Margin Ratio = $\frac{40}{100} = 0.40$ (or 40%)
- **Break-Even Sales** = $\frac{50{,}000}{0.40}$ = Rs. 1,25,000

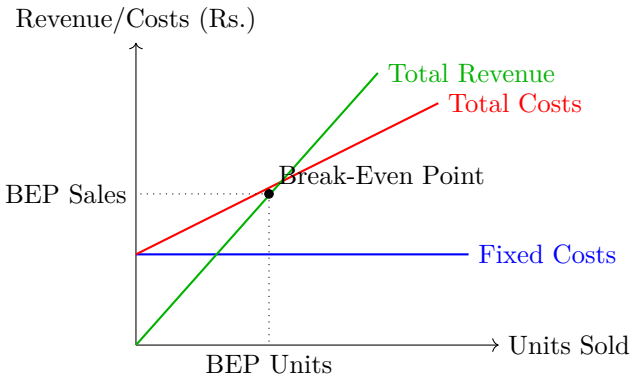


Figure 16: Break-Even Chart

Q.2 (c) Explain the need of market survey and also explain the market test method of market survey.

Box

- **Demand Assessment:** To understand customer needs, preferences, and future demands.
- **Competition Analysis:** To study competitor strategies, strengths, weaknesses, and pricing.
- **Market Size Estimations:** To estimate the total addressable market and sales potential.
- **Pricing Strategy:** To determine the optimal price points that customers are willing to pay.
- **Risk Reduction:** Minimizes the risk of product failure before a full-scale launch.

Table 19: Purpose of Market Survey

Purpose	Description
Demand Assessment	Understand customer needs and preferences
Competition Analysis	Study competitor strategies and pricing
Market Size	Estimate total addressable market
Pricing Strategy	Determine optimal price points

Box

- **Test Marketing:** Launching the product in a limited geographic area to gauge actual customer response.
- **Focus Groups:** Conducting interactive discussions with small groups of target customers to gather detailed feedback.
- **Pilot Studies:** Small-scale product trials given to selected customers before entering mass production.
- **Online Surveys:** Using digital questionnaires and social media polls for broader and faster reach.

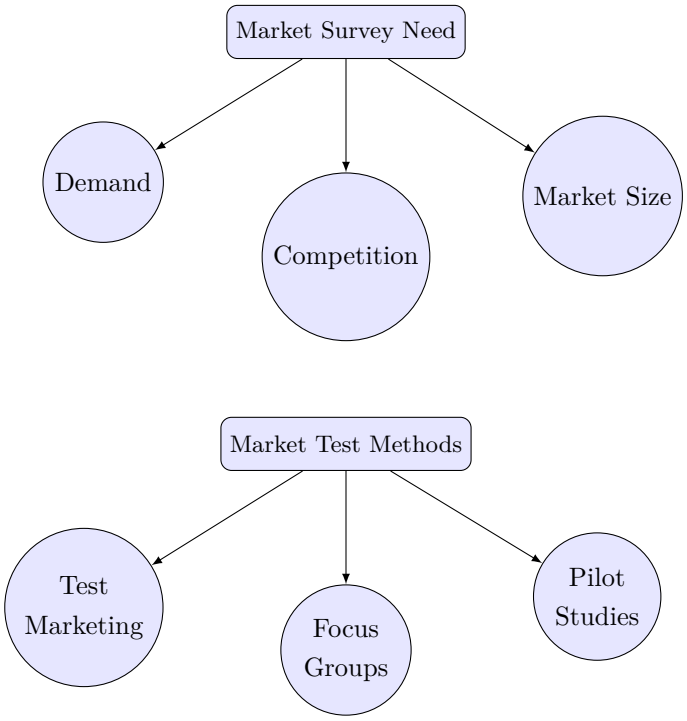


Figure 17: Market Survey Components

Q.2 (a) OR: What is marketing plan? Explain in brief.

Definition

Marketing Plan: A marketing plan is a strategic, comprehensive document outlining how a business will promote, deliver, and sell its products or services to its target customers.

Box

- **Market Analysis:** A detailed study of customer demographics, buying behavior, and target market segments.
- **Marketing Mix (4Ps):** Defining the strategies around Product features, Pricing, Place (distribution channels), and Promotion methods.
- **Budget Allocation:** Planning the financial resources required for executing marketing and advertising activities.
- **Goals & Metrics:** Setting measurable objectives like sales targets and defining KPIs to track success.

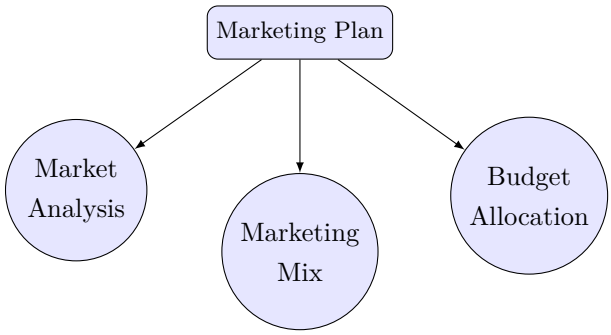


Figure 18: Marketing Plan Components

Q.2 (b) OR: Prepare SWOT analysis for a company manufacturing e-bike in urban region in Gujarat.

Key Concept

SWOT Analysis evaluates the internal Strengths and Weaknesses, alongside external Opportunities and Threats for the e-bike manufacturing company in Gujarat.

Table 20: SWOT Analysis for E-bike Company

Factor	Analysis Points
Strengths (Internal)	• Government support and subsidies for electric vehicles. • Highly environmentally friendly with zero emissions. • Very low operational and maintenance costs compared to petrol bikes.
Weaknesses (Internal)	• High initial manufacturing and purchasing cost. • Range anxiety among users due to battery limitations. • High cost of battery replacement.
Opportunities (External)	• Rising petrol prices driving demand for alternatives. • Favorable state policies (e.g., Gujarat EV Policy subsidies). • Growing urban population and pollution concerns in cities like Ahmedabad and Surat.
Threats (External)	• Strong competition from established traditional two-wheeler brands entering the EV space. • Lack of widespread public charging infrastructure in the state. • Rapidly changing battery technology making current models obsolete.

Q.2 (c) OR: What is innovation? List any five innovations of any product or process or service.

Definition

Innovation: Innovation is the process of creating, developing, and implementing new or significantly improved products, services, or processes that provide tangible value to customers and a competitive advantage to organizations.

Box

- **Value Creation:** It must solve an existing problem or fulfill a customer need better than previous solutions.
- **Market Disruption:** It often changes traditional business models and influences user behavior.
- **Technology Integration:** Usually combines multiple technologies to enhance the overall user experience.

Table 21: Examples of Innovation

Innovation	Type	Description
UPI Payment System	Service	A digital payment platform that revolutionized peer-to-peer and merchant transactions in India.
Tesla Electric Cars	Product	Advanced sustainable automotive technology integrated with autonomous driving features.
Netflix Streaming	Service	Transformed the traditional video rental business into an on-demand digital entertainment model.
3D Printing	Process	An additive manufacturing technology that builds objects layer by layer, altering traditional production.
Zoom Video Calling	Service	A highly optimized remote communication platform that streamlined virtual meetings and remote work.

Q.3 (a) Write short note on partnership firm. [3 marks]

Solution

A **partnership firm** is a business structure where two or more individuals jointly own and operate a business for profit. It is governed by the Indian Partnership Act, 1932.

Key Features:

Box

- **Shared Ownership**: Multiple partners contribute capital and expertise.
- **Joint Liability**: Partners are personally liable for business debts.
- **Profit Sharing**: Earnings are distributed according to the partnership agreement.
- **Mutual Agency**: Every partner is both an agent and a principal for the firm.

Partnership Firm Details:

Sr. No.	Aspect	Description
1	Minimum Members	2
2	Maximum Members	50
3	Registration	Optional but recommended
4	Legal Status	No separate legal entity

Mnemonic: *SJP - Shared Joint Profit*

Q.3 (b) Explain the various activities involved in 'staffing' function of management with example. [4 marks]

Solution

Staffing is the managerial function of hiring, developing, and retaining a competent workforce to achieve organizational goals.

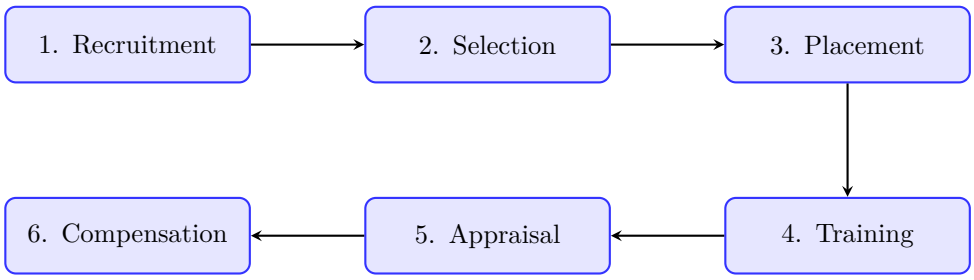


Figure 19: Staffing Activities

Staffing Process:

Key Activities:

Staffing Activities

1. **Recruitment**: Attracting potential candidates. Example: Posting job advertisements on LinkedIn.
2. **Selection**: Choosing suitable candidates. Example: Conducting interviews and aptitude tests.
3. **Training**: Skill development programs. Example: New employee orientation sessions.
4. **Performance Appraisal**: Evaluating employee performance. Example: Annual performance reviews.

Additional Activities:

- **Placement**: Assigning the right person to the right job position.
- **Promotion**: Career advancement based on performance and experience.
- **Compensation**: Determining a fair wages and benefits package.

Mnemonic: *RSTPPC - Recruitment Selection Training Performance Placement Promotion Compensation*

Q.3 (c) Explain the autocratic leadership and state its advantages. [7 marks]

Solution

Autocratic Leadership (also known as authoritarian leadership) is a management style where the leader makes all decisions independently without consulting team members. The leader holds absolute power and dictates policies and procedures.

Characteristics:

Box

- **Centralized Decision Making**: The leader has complete authority and control over all operations. Subordinates merely execute the orders.
- **Clear Chain of Command**: There is a well-defined hierarchy and reporting structure. Information flows purely from top to bottom.
- **Limited Employee Input**: Minimal or zero participation of subordinates in the decision-making process.
- **Strict Supervision**: Close monitoring of employee performance to ensure compliance and maintain discipline.
- **Reward and Punishment**: Performance is often managed through a rigid system of rewards for compliance and punishments for failures.

Advantages:

Sr. No.	Advantage	Description
1	**Quick Decisions**	Faster problem-solving since there are no lengthy consultations or group meetings required.

2	**Clear Direction**	Employees know exactly what is expected of them, eliminating confusion regarding their roles.
3	**Crisis Management**	Highly effective during emergencies or critical situations requiring immediate and decisive action.
4	**Productivity**	Higher short-term output due to a highly structured work environment and strict supervision.
5	**Accountability**	Single point of responsibility for outcomes, making it easy to track successes and failures.
6	**Unskilled Labor Management**	Very effective when managing inexperienced or unskilled workers who require detailed instructions.

Disadvantages:

- Leads to low employee morale, motivation, and job satisfaction.
- Discourages creativity, innovation, and out-of-the-box thinking.
- Results in a high employee turnover rate due to an oppressive work culture.

Mnemonic: *QCCPA - Quick Clear Crisis Productivity Accountability*

Q.3 (a) OR Write short note on joint stock company. [3 marks]

Solution

A **joint stock company** is a business organization where capital is divided into small units called shares, which are owned by multiple shareholders.

Key Features:

Box

- **Limited Liability**: Shareholders' liability is limited to their investment amount.
- **Transferable Shares**: Ownership can be easily bought and sold in the open market.
- **Separate Legal Entity**: The company exists independently of its owners.
- **Perpetual Succession**: The life of the company is not affected by the death or insolvency of members.

Classification:

Sr. No.	Type	Minimum Members
1	Private Limited Company	2
2	Public Limited Company	7

Mnemonic: *LTS - Limited Transferable Separate*

Q.3 (b) OR Explain the various activities involved in 'organizing' function of management with example. [4 marks]

Solution

Organizing is the management function that establishes a structure of roles and responsibilities to achieve organizational goals effectively.

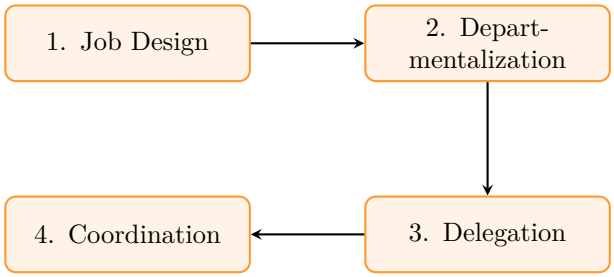


Figure 20: Organizing Activities

Organizing Process:

Key Activities:

Organizing Activities

1. **Job Design**: Defining roles and responsibilities. Example: Creating job descriptions for a marketing manager.
2. **Departmentalization**: Grouping similar activities together. Example: Forming HR, Finance, and Operations departments.
3. **Delegation**: Assigning authority and responsibility. Example: A manager delegating budget approval to team leads.
4. **Coordination**: Ensuring smooth workflow between units. Example: Weekly inter-department meetings.

Other Activities:

- **Resource Allocation**: Distributing financial and human resources efficiently.
- **Span of Control**: Determining the optimal number of subordinates per manager.
- **Unity of Command**: Ensuring each employee reports to only one superior.

Mnemonic: *JDDCRSU - Job Departmentalization Delegation Coordination Resource Span Unity*

Q.3 (c) OR Explain the democratic leadership and state its advantages. [7 marks]

Solution

Democratic Leadership (also known as participative leadership) is a management style where leaders involve team members in decision-making processes and encourage open participation. The leader acts as a facilitator, guiding the group towards a consensus.

Characteristics:

Box

- **Participative Decision Making**: Team members actively contribute to problem-solving and formulating strategies.
- **Open Communication**: Two-way communication flows freely between leaders and employees, fostering transparency.
- **Shared Responsibility**: Collective ownership of outcomes and results, rather than blaming individuals.
- **Empowerment**: Employees are given the autonomy to make certain decisions and manage their tasks.
- **Focus on Growth**: Continuous emphasis on employee skill development and career advancement.

Advantages:

Sr. No.	Advantage	Description
1	**Higher Job Satisfaction**	Employees feel valued, respected, and heard, leading to better morale and lower turnover rates.
2	**Better Quality Decisions**	Gathering multiple perspectives and expertise improves the overall quality of decisions.
3	**Improved Creativity**	Encourages diverse ideas, innovative solutions, and out-of-the-box thinking.
4	**Team Building**	Fosters stronger collaboration, mutual respect, and trust among team members.
5	**Employee Development**	Enhances skills through active participation, delegation, and continuous learning.
6	**Reduced Resistance to Change**	Employees are more likely to accept changes when they are involved in the planning process.

Disadvantages:

- Decision-making can be very slow, time-consuming, and resource-intensive.
- It is not suitable during crisis situations or emergencies requiring quick actions.

- May lead to unresolved conflicts if team members have strongly opposing viewpoints.

Mnemonic: *JQCTE - Job Quality Creativity Team Employee*

0.4 Question 4

0.4.1 Question 4(a) [3 marks]

State various functions of District Industries center.

Solution

Functions of District Industries Center (DIC): The District Industries Centre (DIC) program was started by the central government to promote small, tiny, cottage, and village industries at the district level and to provide all necessary support services under one roof.

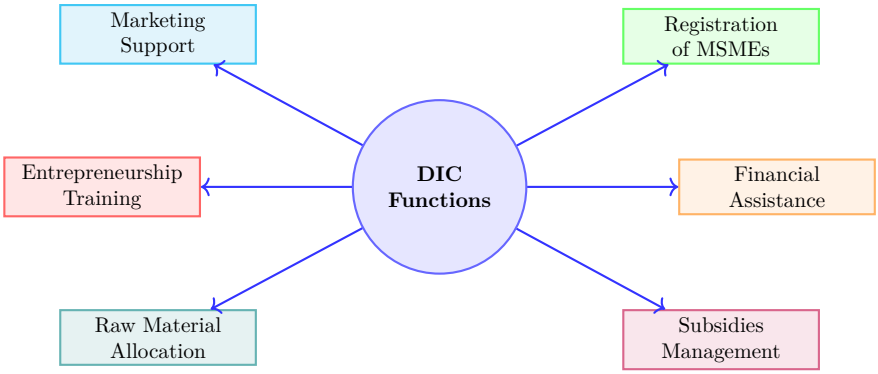


Figure 21: Functions of District Industries Center (DIC)

Key Functions

- **Registration:** Providing registration to Micro, Small and Medium Enterprises (MSMEs) and issuing acknowledgment.
- **Financial Assistance:** Recommending loan applications to banks and financial institutions for setting up new industries.
- **Subsidies & Incentives:** Assisting entrepreneurs in availing various government subsidies and scheme benefits.
- **Raw Material Arrangement:** Recommending the allocation of scarce raw materials to the eligible industrial units.
- **Training & Development:** Organizing entrepreneurship development programs (EDPs) to train prospective entrepreneurs.
- **Marketing Support:** Helping small-scale industries in marketing their products by organizing exhibitions and buyer-seller meets.

Mnemonic: *ReFS RaTM (Registration, Finance, Subsidies, Raw material, Training, Marketing)*

0.4.2 Question 4(b) [4 marks]

Identify any two state level incubators and write their functions.

Solution

State Level Incubators in Gujarat: Incubators provide startups with the necessary resources, mentorship, and funding to grow their ideas into successful businesses.

Table 26: Prominent State Level Incubators and Their Functions

Sr. No.	Incubator Name	Key Functions
1	**iCreate** (International Centre for Entrepreneurship and Technology)	• Provides seed funding and grooming support to tech innovators. • Offers co-working spaces and high-tech prototyping labs. • Connects startups with global mentors and investors.
2	**GUSEC** (Gujarat University Startup and Entrepreneurship Council)	• Facilitates pre-incubation and incubation of student startups. • Provides intellectual property (IP) support and legal guidance. • Organizes networking events, hackathons, and bootcamps.

Common Functions of Incubators:

- **Infrastructure:** Providing subsidized office space, high-speed internet, and lab facilities.
- **Mentorship:** Connecting founders with industry experts and successful entrepreneurs for strategic guidance.
- **Funding Access:** Helping startups prepare pitch decks and connecting them with angel investors and venture capitalists.

Mnemonic: *IMF (Infrastructure, Mentorship, Funding)*

0.4.3 Question 4(c) [7 marks]

What is start-up eco system? List various activities and elements of start-up eco system.

Solution

Start-up Ecosystem: A start-up ecosystem is formed by people, startups in their various stages, and various types of organizations in a location, interacting as a system to create and scale new startup companies. These organizations can be further divided into categories such as universities, funding organizations, support organizations, research organizations, service provider organizations, and large corporations.

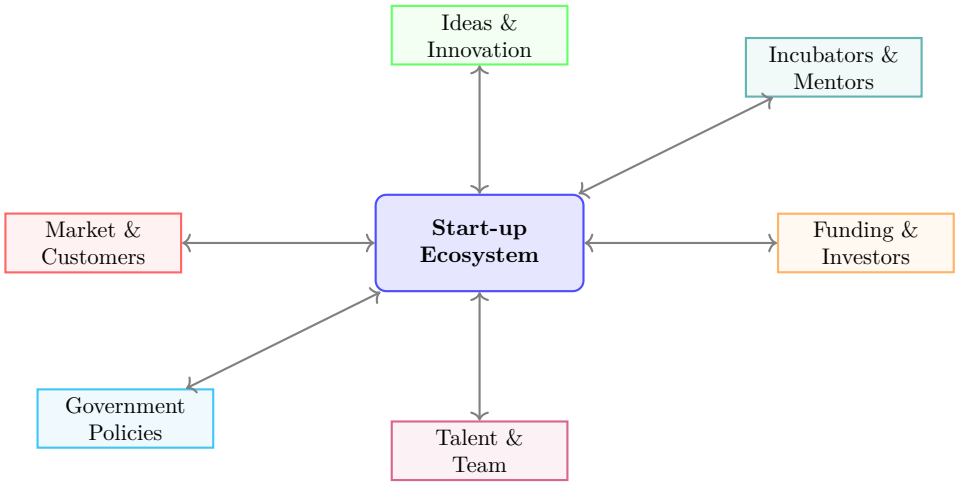


Figure 22: Elements of Start-up Ecosystem

Elements of a Start-up Ecosystem:

- **Ideas & Innovation:** The core foundation driven by research and creative problem-solving.
- **Talent:** Skilled workforce, domain experts, and visionary founders.
- **Capital (Funding):** Angel investors, venture capitalists, and government grants.
- **Support Infrastructure:** Incubators, accelerators, and co-working spaces.
- **Market Dynamics:** Early adopters, customer base, and market demand.
- **Government Policies:** Favorable laws, tax benefits, and ease of doing business.

Activities of a Start-up Ecosystem:

- **Networking Events:** Meetups and conferences to connect founders, investors, and talent.
- **Pitching Sessions:** Opportunities for startups to present their ideas to potential investors.
- **Hackathons:** Intensive collaborative sessions to build prototypes and solve problems.
- **Mentorship Programs:** Guidance sessions by experienced entrepreneurs.
- **Incubation & Acceleration:** Structured programs to help startups grow rapidly from concept to market.

Mnemonic: *Elements: IT C SMG (Ideas, Talent, Capital, Support, Market, Government)*

0.4.4 Question 4(a) OR [3 marks]

State various functions of Small industries Development Bank of India (SIDBI).

Solution

Functions of SIDBI: Small Industries Development Bank of India (SIDBI) acts as the principal financial institution for the promotion, financing, and development of the Micro, Small and Medium Enterprise (MSME) sector.

Key Functions of SIDBI

- **Direct Financing:** Providing term loans, working capital assistance, and venture capital support directly to MSMEs.
- **Indirect Financing:** Refinancing loans extended by primary lending institutions (like commercial banks and state financial corporations) to small units.
- **Micro Finance:** Supporting microfinance institutions (MFIs) for routing financial assistance to the unserved and underserved segments.
- **Technology Upgradation:** Providing financial support to MSMEs for technology modernization, quality upgradation, and skill development.
- **Marketing Support:** Offering financial assistance to help MSMEs market their products domestically and internationally.
- **Promotional Activities:** Conducting entrepreneurship development programs and supporting incubation centers to foster a healthy startup culture.

Mnemonic: *DIRT MP (Direct, Indirect, Refinancing, Technology, Marketing, Promotional)*

0.4.5 Question 4(b) OR [4 marks]

Identify any two national level incubators and write their functions.

Solution

National Level Incubators in India: National level incubators operate on a larger scale, often backed by premier academic institutions or central government bodies, and provide world-class facilities to promising startups across the country.

Table 28: Prominent National Level Incubators and Their Functions

Sr. No.	Incubator Name	Key Functions
1	**CIIE.CO (IIM Ahmedabad)** (Centre for Innovation Incubation and Entrepreneurship)	• Accelerates early-stage startups through intensive bootcamps. • Provides access to a massive network of alumni and corporate partners. • Manages seed funds and invests in high-growth ventures.
2	**T-Hub (Hyderabad)**	• Acts as an innovation hub bridging startups with global corporations. • Provides state-of-the-art infrastructure and scaling programs. • Facilitates international market access for matured startups.

Core Focus of National Incubators:

- **Global Expansion:** Helping startups scale beyond national borders.
- **Policy Advocacy:** Working closely with the central government to shape startup-friendly policies.
- **Deep Tech Support:** Offering specialized labs for AI, IoT, biotech, and space-tech innovations.

Mnemonic: *GPD (Global, Policy, Deep Tech)*

0.4.6 Question 4(c) OR [7 marks]

Which steps should be taken to avoid failure of start-up? Explain in brief.

Solution

Avoiding Startup Failure: Statistics show that a large percentage of startups fail within the first few years due to various reasons like running out of cash, lack of market need, or team issues. Proactive measures can significantly mitigate these risks.



Figure 23: Sequential Steps to Ensure Startup Success

Key Steps to Avoid Failure:

- **Validate the Market Need:** Many startups fail because they build a product nobody wants. Conduct extensive market research, surveys, and build a Minimum Viable Product (MVP) to test the waters before heavy investment.
- **Ensure Adequate Financial Planning:** Running out of cash is the second biggest reason for failure. Maintain a lean operation, control unnecessary expenses, and always have a financial runway of at least 12 to 18 months.
- **Build a Complementary Team:** Avoid having a team with identical skills. Ensure a balance of technical, marketing, and operational expertise. A cohesive team that shares the same vision can weather tough times.
- **Adapt and Pivot:** Stubbornness can lead to downfall. Continuously gather customer feedback and be willing to pivot your product, target audience, or business model if the initial plan is not working.
- **Focus on Customer Retention:** Acquiring a new customer is far more expensive than retaining an existing one. Provide excellent customer support and continuously add value to keep churn rates low.
- **Avoid Premature Scaling:** Scaling the business (hiring fast, spending heavily on marketing) before achieving a proper product-market fit can drain resources quickly. Scale only when the core business model is proven and profitable.

Mnemonic: *V F T P R S (Validate, Finance, Team, Pivot, Retention, Scaling)*

Q.5 (a) How Return on Investment (ROI) is calculated?

Solution

Introduction: Return on Investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost.

Calculation Methodology: To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio.

Table 30: ROI Formula Components

Sr. No.	Component	Description
1	Net Profit	Total revenue generated minus all associated costs.
2	Total Investment	Total initial cost of the investment or venture.
3	Percentage Conversion	Multiplying the ratio by 100 to get a percentage value.

Mathematical Formula: The standard formula for calculating ROI is:

$$\text{ROI} = \left(\frac{\text{Net Profit}}{\text{Total Investment}} \right) \times 100$$

Mnemonic

""NTH" - Net Total Hundred"

Q.5 (b) Show the significance of technical analysis in feasibility study.

Solution

Introduction: Technical analysis in a feasibility study assesses the details of how a good or service will be delivered. It evaluates the technical viability of a proposed project, ensuring that the necessary technology, resources, and processes are available and implementable.

Significance of Technical Analysis:

- **Technology Assessment**: It evaluates the technical viability and specific technology requirements.
- **Resource Planning**: It helps in determining machinery, equipment, and infrastructure needs.
- **Process Design**: It identifies the optimal production methods and operational workflow.
- **Quality Standards**: It ensures that the final product meets industry specifications and compliance.

Table 31: Significance of Technical Analysis

Sr. No.	Significance Area	Core Impact on Project
1	Equipment Selection	Ensures optimal machinery is purchased for the process.
2	Location Planning	Determines the most suitable site based on technical needs.
3	Cost Estimation	Provides accurate capital and operational cost projections.
4	Risk Mitigation	Identifies technical bottlenecks early in the planning phase.

Mnemonic

““TRPQ” - Technology Resource Process Quality”

Q.5 (c) Explain the characteristics of corporate social responsibility.

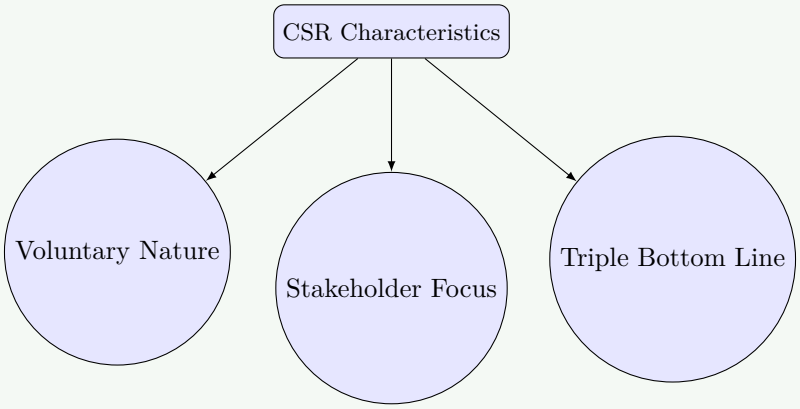
Solution

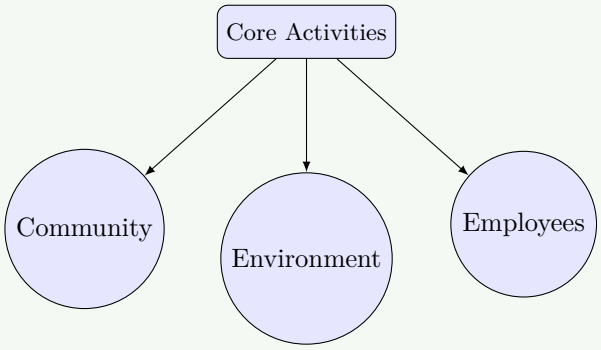
Introduction: Corporate Social Responsibility (CSR) refers to business practices involving initiatives that benefit society and demonstrate a commitment to ethical operations. It is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public.

Key Characteristics:

- **Voluntary Nature**: CSR activities are typically voluntary and go beyond legal requirements.
- **Stakeholder Orientation**: Focuses on the impact on all stakeholders, not just shareholders.
- **Triple Bottom Line**: Emphasizes People, Planet, and Profit simultaneously.
- **Sustainable Practices**: Promotes long-term environmental and social sustainability.
- **Transparency**: Involves open reporting and accountability to the public.

Figure 24: CSR Overview





Core Focus Areas: CSR integrates economic, social, and environmental concerns into business operations. Companies with strong CSR policies often engage in community development, environmental protection, and employee welfare programs, which in turn enhances brand reputation and customer loyalty.

Mnemonic

""VSTST" - Voluntary Stakeholder Triple Sustainable Transparency"

Q.5 (a) OR How Return on Sales (ROS) is calculated?

Solution

Introduction: Return on Sales (ROS) is a financial ratio that calculates how efficiently a company is generating profits from its top-line revenue. It measures the performance of a company by analyzing the percentage of total revenue that translates into operating profit.

Calculation Methodology: To calculate ROS, the net profit is divided by the net sales over a specific period. The result is expressed as a percentage, indicating the operational efficiency of the business.

Table 32: ROS Formula Components

Sr. No.	Component	Description
1	Net Profit	Revenue remaining after all operating expenses are deducted.
2	Net Sales	Gross sales minus returns, allowances, and discounts.
3	Percentage Conversion	Multiplying the ratio by 100 to yield a percentage.

Mathematical Formula: The standard formula for calculating ROS is:

$$\text{ROS} = \left(\frac{\text{Net Profit}}{\text{Net Sales}} \right) \times 100$$

Mnemonic

““NSH” - Net Sales Hundred”

Q.5 (b) OR Show the significance of market analysis in feasibility study.

Solution

Introduction: Market analysis is a critical component of a feasibility study that evaluates the attractiveness and dynamics of a special market within a specific industry. It helps entrepreneurs understand the potential demand for their product or service.

Significance of Market Analysis:

- **Demand Forecasting**: It helps in estimating future market size, trends, and growth potential.
- **Competition Assessment**: It provides a clear understanding of the competitive landscape and rival strategies.
- **Pricing Strategy**: It assists in determining optimal price points that balance profitability and market penetration.
- **Market Segmentation**: It identifies distinct target customer groups based on demographics and behavior.

Table 33: Significance of Market Analysis

Sr. No.	Significance Area	Core Impact on Project
1	Target Audience	Clearly defines who the product is being built for.
2	Market Share	Estimates the percentage of the market the business can capture.
3	Sales Projections	Forms the foundation for expected revenue models.
4	Strategy Development	Guides marketing campaigns and promotional efforts.

Mnemonic

""DCPM" - Demand Competition Pricing Market"

Q.5 (c) OR Explain the characteristics of ethics.

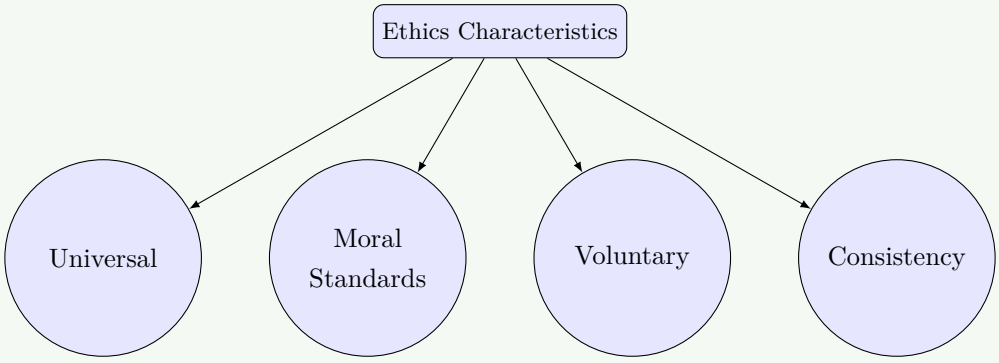
Solution

Introduction: Ethics are moral principles that govern an individual's behavior or the conducting of an activity. In a business context, ethics guide decision-making and ensure that actions align with societal norms of right and wrong, fostering trust and integrity.

Key Characteristics:

- **Universal Principles**: Ethical guidelines often apply broadly across different cultures and situations.
- **Moral Standards**: They are fundamentally based on universal concepts of right and wrong behavior.
- **Voluntary Compliance**: Ethical behavior stems from internal motivation rather than external legal forces.
- **Consistency**: True ethical behavior remains constant, even under pressure or changing circumstances.
- **Stakeholder Consideration**: It involves accounting for the impact of actions on all affected parties.

Figure 25: Key Ethical Characteristics



Core Focus Areas: Ethics require individuals and organizations to maintain transparency and accountability. By prioritizing moral obligations over short-term gains, ethical practices build long-term reputation, enhance employee morale, and secure lasting stakeholder trust.

Mnemonic

““UMVCS” - Universal Moral Voluntary Consistency Stakeholder”

Winter 2023

Question 1

Q.1 (a) Give Comparison between Entrepreneurship and Intrapreneurship. [3 marks]

Solution

Definitions

- **Entrepreneurship:** The process of starting a new business venture from scratch, taking on financial risks in the hope of profit.
- **Intrapreneurship:** The act of behaving like an entrepreneur while working within a large organization.

Parameter	Entrepreneurship	Intrapreneurship
Definition	Setting up a new business	Innovation within an existing company
Risk	High financial risk borne by the entrepreneur	Risk is borne by the company
Capital	Raised by the entrepreneur	Provided by the company
Autonomy	Complete independence	Dependent on management approval
Reward	Keeps all profits	Receives salary and bonuses
Status	Independent business owner	Employee of the organization

Mnemonic: *R-CARS (Risk, Capital, Autonomy, Reward, Status)*

Q.1 (b) Discuss characteristics and functions of Entrepreneurship [4 marks]

Solution

Characteristics of Entrepreneurship

Key Characteristics

- **Innovation:** Continuous search for new ideas, products, and services.
- **Risk-Taking:** Willingness to assume calculated financial and operational risks.
- **Vision and Leadership:** Clear direction and ability to motivate teams.
- **Hard Work and Commitment:** Dedication to overcoming obstacles and achieving goals.

Functions of Entrepreneurship

Core Functions

1. **Innovation and Creation:** Introducing new products and technologies.
2. **Job Creation:** Generating employment opportunities in society.

3. **Resource Management:** Efficiently utilizing capital, labor, and materials.
4. **Economic Development:** Contributing to national income and wealth generation.

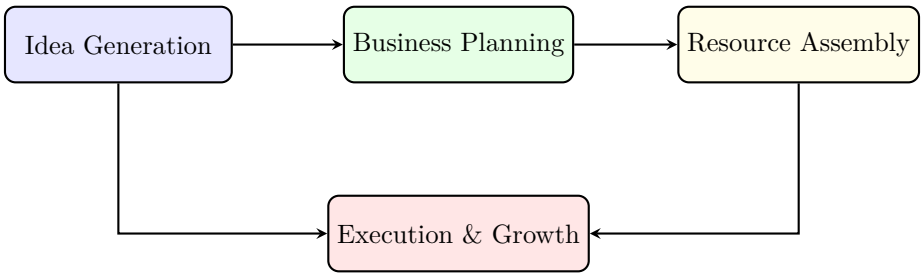


Figure 26: Entrepreneurship Process Flow

Process Flow

Mnemonic: *I-R-V-H (Innovation, Risk, Vision, Hard work) and I-J-R-E (Innovation, Job, Resource, Economy)*

Q.1 (c) Identify and discuss 7-M Resources in detail. [7 marks]

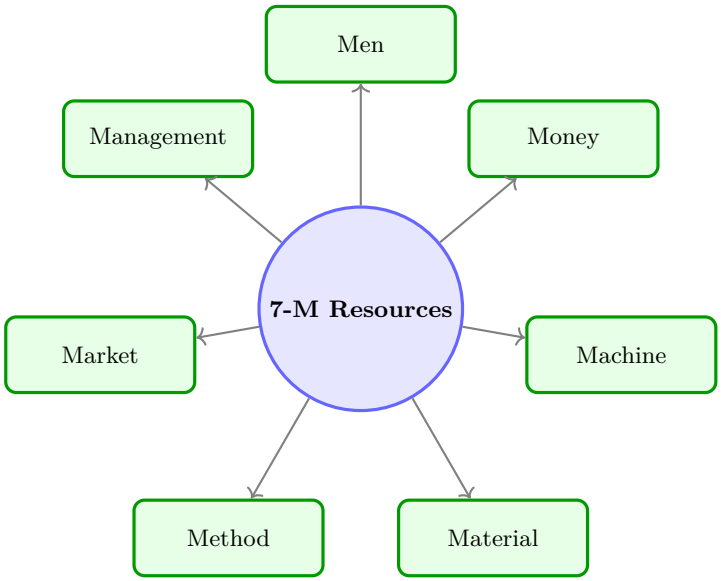
Solution

Introduction to 7-M Resources The 7-M resources are fundamental elements required for successfully planning, organizing, and operating any business or manufacturing process. Effective management of these resources ensures high productivity and efficiency.

The 7-M Resources

Detailed Breakdown of 7-M

1. **Men (Human Resources):** The workforce, employees, and management team needed to execute tasks.
2. **Money (Financial Resources):** Capital required for investment, operations, and paying salaries.
3. **Machines (Equipment):** Tools, computers, vehicles, and machinery needed for production.
4. **Materials (Raw Materials):** The physical items, parts, or supplies used to create the final product.
5. **Methods (Processes):** The procedures, techniques, and operational workflows used in the business.
6. **Markets (Target Audience):** The customers, distribution channels, and overall demand for the product.
7. **Management (Leadership):** The administration and decision-making processes that coordinate all other resources.



Resource Integration Diagram

Mnemonic: *7-M: Men, Money, Machines, Materials, Methods, Markets, Management*

Q.1 (c) OR Write down the Start Up India Registration process. [7 marks]

Solution

Start Up India Program Startup India is a flagship initiative of the Government of India intended to catalyze startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.

Registration Process Steps

Step-by-Step Registration

1. **Incorporate your Business:** First, incorporate the business as a Private Limited Company, a Partnership firm, or a Limited Liability Partnership (LLP). Obtain the Certificate of Incorporation, PAN, and other required compliances.
2. **Register with Startup India:** Log in to the official Startup India portal and create an account by filling in the business details.
3. **Get DPIIT Recognition:** Apply for recognition by the Department for Promotion of Industry and Internal Trade (DPIIT) to avail of various benefits.
4. **Application Details:** Fill in details about the entity, authorized representative, directors/partners, and provide startup activities and self-certification.
5. **Submit Documents:** Upload the certificate of incorporation, details of the directors, a brief description of the business, and pitch deck or website link.
6. **Get Recognition Number:** Once the application is approved by the authority, a recognition number and certificate are issued immediately.
7. **Apply for Other Benefits:** After receiving the DPIIT recognition, the startup can apply for tax exemptions (under Section 80IAC) and IPR (Intellectual Property Rights) benefits.

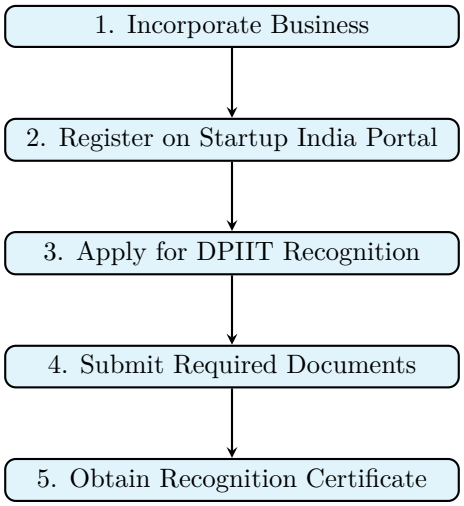


Figure 27: Startup India Registration Workflow

Registration Workflow

Mnemonic: *I-R-D-A-S-R-A (Incorporate, Register, DPIIT, Application, Submit, Recognition, Apply)*

Q.2

Q.2 (a) List Methods of Market Research. [3 marks]

List Methods of Market Research.

Solution

Introduction to Market Research:

Definition

- Market research is the process of gathering, analyzing, and interpreting information about a market.
- It helps businesses understand their target audience and competitive landscape.

Table 35: Methods of Market Research

Sr. No.	Primary Research Methods	Secondary Research Methods
1	**Surveys:** Questionnaires to collect customer data directly.	**Online Research:** Internet-based data collection from existing sources.
2	**Interviews:** Direct, one-on-one interaction with the target audience.	**Published Reports:** Industry analysis and academic studies.
3	**Focus Groups:** Group discussions to gather qualitative feedback.	**Government Data:** Statistical information from official government sources.

Mnemonic: *Survey Interview Focus Online Published Government*

Q.2 (b) Draw and Explain Product Life Cycle. [4 marks]

Draw and Explain Product Life Cycle.

Solution

Stages of Product Life Cycle:

Key Concept

- The Product Life Cycle (PLC) represents the stages a product goes through from its introduction to its decline in the market.
- Understanding these stages helps in making strategic marketing and financial decisions.

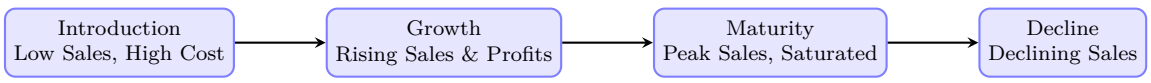


Figure 28: Product Life Cycle Diagram

Detailed Stages:

- **Introduction:** The product is launched with high marketing costs and low sales.
- **Growth:** Rapid increase in sales and market acceptance; profits begin to rise.
- **Maturity:** Peak sales and market saturation, accompanied by intense competition.
- **Decline:** Decreasing demand and eventual phase-out of the product.

Mnemonic: *I Grow My Dreams (Introduction, Growth, Maturity, Decline)*

Q.2 (c) Identify and discuss 4 P's of Marketing. [7 marks]

Identify and discuss 4 P's of Marketing.

Solution

Introduction to Marketing Mix:

Definition

- The 4 P's of marketing form the foundational model for businesses, also known as the marketing mix.
- All 4 P's must work together to create an effective marketing strategy.

Table 37: The 4 P's of Marketing

Element	Description	Key Considerations
Product	Goods or services offered to the market. Features, quality, and branding.	Focus on customer needs satisfaction and problem-solving.
Price	The cost paid by the customer. Includes pricing strategy and discounts.	Competitive positioning and perceived value by the customer.
Place	Distribution channels defining where the product is sold.	Ensuring accessibility and convenience to customers.
Promotion	Marketing communication including advertising, PR, and sales promotion.	Creating brand awareness and driving consumer demand.

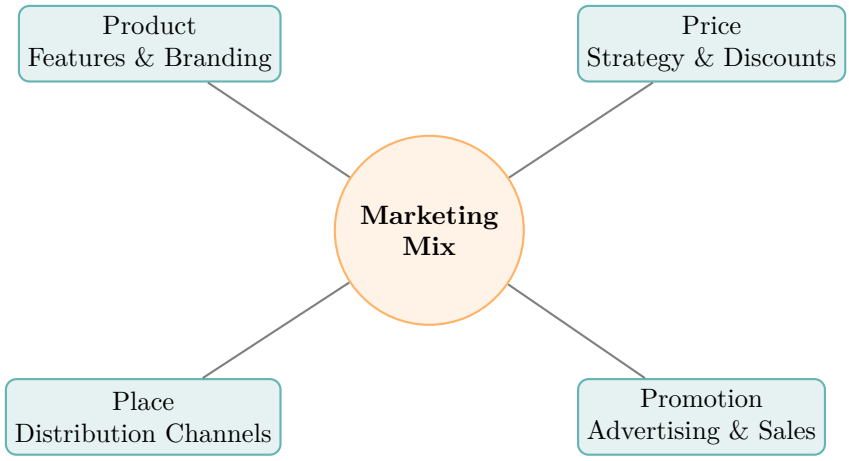


Figure 29: 4 P's of Marketing Overview

Integration:

- A successful marketing strategy requires a balanced integration of all four elements.
- Altering one 'P' generally requires adjusting the others to maintain market alignment.

Mnemonic: *People Purchase Products Properly*

Q.2 (a) OR Discuss B2B, E-commerce and GeM. [3 marks]

Discuss B2B, E-commerce and GeM.

Solution

Digital Business Models:

Definition

- Modern trade heavily relies on digital platforms and inter-business relationships.
- These models streamline procurement and expand market reach globally.

Table 39: Comparison of B2B, E-commerce, and GeM

Type	Full Form	Key Features
B2B	Business to Business	Involves bulk transactions and long-term trade relationships between companies.
E-commerce	Electronic Commerce	Uses digital platforms for online buying and selling with a global reach.
GeM	Government e-Marketplace	A transparent government procurement portal ensuring competitive pricing.

Mnemonic: *Businesses Buy Electronically, Government e-Markets*

Q.2 (b) OR Write a note on the plans for creating and starting the business. [4 marks]

Write a note on the plans for creating and starting the business.

Solution

Business Creation Plans:

Key Concept

- Starting a new business requires comprehensive planning across multiple domains.
- A well-structured plan mitigates risks and sets a clear roadmap for execution.

Table 41: Key Components of Business Planning

Category	Aspects to Consider	Objectives
Market Analysis	Target customers, competition study, and market size estimation.	Identify the primary audience and determine potential revenue.
Financial Planning	Capital requirements, revenue projections, and break-even analysis.	Secure initial investment and establish profitability timelines.
Operational Setup	Location selection, resource allocation, and legal compliance.	Ensure strategic positioning and acquire necessary licenses.

Implementation Focus:

- Continuously monitor the market and adapt the business plan accordingly.
- Ensure adequate funding is available for initial operations and contingencies.

Mnemonic: *Market Finance Operations = Business Success*

Q.2 (c) OR Explain the concept of Risk and SWOT analysis. [7 marks]

Explain the concept of Risk and SWOT analysis.

Solution

Concept of Risk:

Definition

- Risk is the uncertainty that can affect business outcomes, both positively and negatively.
- Common types include Financial Risk (funding issues), Market Risk (demand fluctuations), and Operational Risk (production problems).

Table 43: SWOT Analysis Framework

Factor Type	Internal Factors	External Factors
Positive	**Strengths:** Core competencies and unique resources.	**Opportunities:** Market growth and new technologies.
Negative	**Weaknesses:** Skill gaps and resource limitations.	**Threats:** Competition and economic changes.

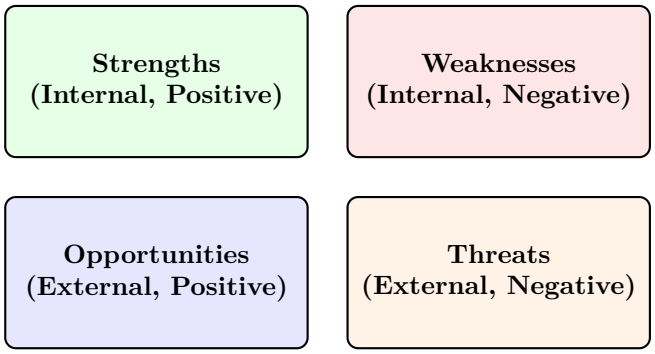


Figure 30: SWOT Analysis Components

Risk Mitigation Strategies:

- **Diversification:** Spread risks across different business areas or products.
- **Insurance:** Transfer potential financial risks to insurance companies.
- **Contingency Planning:** Prepare proactive strategies for unexpected situations.

Mnemonic: *Strong Weak Opportunities Threaten = SWOT*

Q.3 (a) Write short note on cooperative type organization. [3]

Write short note on cooperative type organization.

Solution

Definition

A **Cooperative Society** is a voluntary association of individuals who join together with the motive of mutual help and welfare, rather than profit maximization. It operates on the principle of "Each for all and all for each".

Key Characteristics:

- **Voluntary Membership:** Anyone with common interests can join or leave freely.
- **Democratic Control:** Managed by an elected committee, following "One Member, One Vote".
- **Service Motive:** Primary aim is to provide service to members, not to earn maximum profit.
- **Capital & Distribution:** Capital is raised through shares, and surplus is distributed based on members' contribution or purchases.

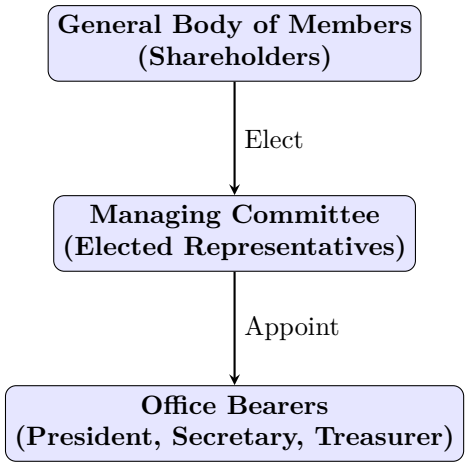


Figure 31: Structure of a Cooperative Organization

Mnemonic: *VDSC (Voluntary, Democratic, Service, Capital)*

Q.3 (b) Give a list of functions of management and define all of them. [4]

Give a list of functions of management and define all of them.

Solution

Overview of Management Functions: Management is a continuous process consisting of several interconnected functions. The most widely accepted classification includes five core functions:

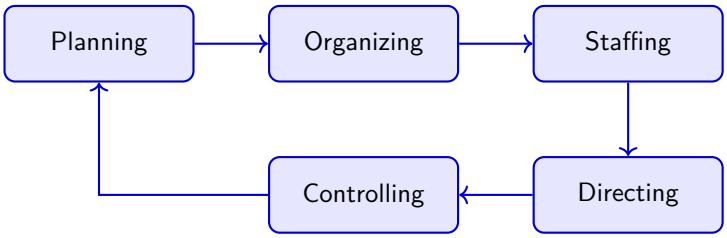


Figure 32: Functions of Management Cycle

Definition of Functions:

1. **Planning:** It is the process of deciding in advance what to do, how to do it, when to do it, and who is to do it. It bridges the gap between where we are and where we want to go.
2. **Organizing:** This involves identifying and grouping work, defining responsibilities, and establishing authority relationships to achieve organizational goals effectively.
3. **Staffing:** The process of filling and keeping filled the positions in the organizational structure. It includes recruitment, selection, training, and development of employees.
4. **Directing:** It refers to instructing, guiding, communicating, and inspiring people in the organization to achieve its objectives.
5. **Controlling:** The process of measuring actual performance against planned goals, identifying deviations, and taking corrective actions to ensure targets are met.

Mnemonic: *POSDC (Planning, Organizing, Staffing, Directing, Controlling)*

Q.3 (c) Describe types of Ownership and explain any three in detail. [7]

Describe types of Ownership and explain any three in detail.

Solution

Types of Business Ownership: The primary forms of business ownership are:

- Sole Proprietorship
- Partnership Firm
- Joint Stock Company
- Cooperative Society
- Limited Liability Partnership (LLP)

1. Sole Proprietorship:

- **Meaning:** A business owned, managed, and controlled by a single individual.
- **Features:** The owner bears all risks, enjoys all profits, and has unlimited liability.
- **Suitability:** Ideal for small-scale businesses like retail shops, salons, and consulting services.

2. Partnership Firm:

- **Meaning:** An association of two or more persons who agree to combine their financial resources and managerial abilities to run a business and share profits.
- **Features:** Governed by a partnership deed. Partners have unlimited, joint, and several liabilities.
- **Suitability:** Suitable for medium-scale businesses like CA firms, legal firms, and small manufacturing units.

3. Joint Stock Company:

- **Meaning:** A voluntary association of individuals formed for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership.
- **Features:** It is an artificial legal person with separate legal entity, perpetual succession, and limited liability of shareholders.
- **Suitability:** Best for large-scale operations requiring huge capital investment.

Sr.	Sole Proprietorship	Partnership	Joint Stock Company
1	Single owner	Minimum 2, maximum 50 partners	Minimum 2 (Pvt) or 7 (Public) members
2	Unlimited liability	Unlimited liability	Limited liability
3	Quick decision making	Mutual consent required	Board of Directors takes decisions
4	Capital is limited	Moderate capital	Huge capital can be raised

Mnemonic: *SPJ (Sole, Partnership, Joint-Stock)*

Q.3 (a) OR Explain different Leadership Models. [3]

Explain different Leadership Models.

Solution

Overview of Leadership Models: Leadership models (or styles) describe how leaders guide, motivate, and direct their teams. The three primary models are:

- **Autocratic (Authoritarian) Leadership:** The leader makes all decisions independently without consulting subordinates. It is strictly top-down. Useful in crisis situations but lowers employee morale.
- **Democratic (Participative) Leadership:** The leader involves subordinates in the decision-making process. The final authority remains with the leader, but team input is valued. This boosts morale and creativity.
- **Laissez-Faire (Free-Rein) Leadership:** The leader gives complete freedom to subordinates to make decisions and complete their work. The leader provides resources but steps back from daily management. Best for highly skilled and self-motivated teams.

Model	Decision Making	Suitability
Autocratic	Centralized with leader	Unskilled workers, emergencies
Democratic	Shared with team	Skilled workforce, complex tasks
Laissez-Faire	Delegated to team	Highly expert professionals

Mnemonic: *ADL (Autocratic, Democratic, Laissez-Faire)*

Q.3 (b) OR Give the difference between Administration and Management [4]

Give the difference between Administration and Management

Solution

Key Concept: Administration is concerned with setting objectives and formulating policies, whereas management is concerned with executing these policies to achieve the set objectives.

Parameter	Administration	Management
Nature	It is a determinative or thinking function.	It is an executive or doing function.
Scope	It makes major policies and objectives.	It implements policies framed by administration.
Level	Top-level activity (Board of Directors, CEO).	Middle and lower-level activity (Managers).
Skills required	Conceptual and human skills are more important.	Technical and human skills are more important.
Usage	Mostly used in government, military, and educational sectors.	Mostly used in business and corporate enterprises.
Influence	Influenced by external factors like public opinion and government policies.	Influenced by internal factors like values and beliefs.

Mnemonic: *NSL-SU (Nature, Scope, Level, Skills, Usage)*

Q.3 (c) OR Explain the concept of difference between industry, commerce and business. [7]

Explain the concept of difference between industry, commerce and business.

Solution

Concept Definitions:

- **Business:** It is an economic activity concerned with the production and distribution of goods and services with the primary motive of earning profit. It encompasses both Industry and Commerce.
- **Industry:** It refers to the part of business concerned with the extraction, production, or processing of goods. It creates "form utility" by converting raw materials into finished products (e.g., manufacturing, mining).
- **Commerce:** It is the part of business that deals with the distribution of goods from the producer to the consumer. It includes trade and aids to trade (transport, banking, insurance), creating "place and time utility".

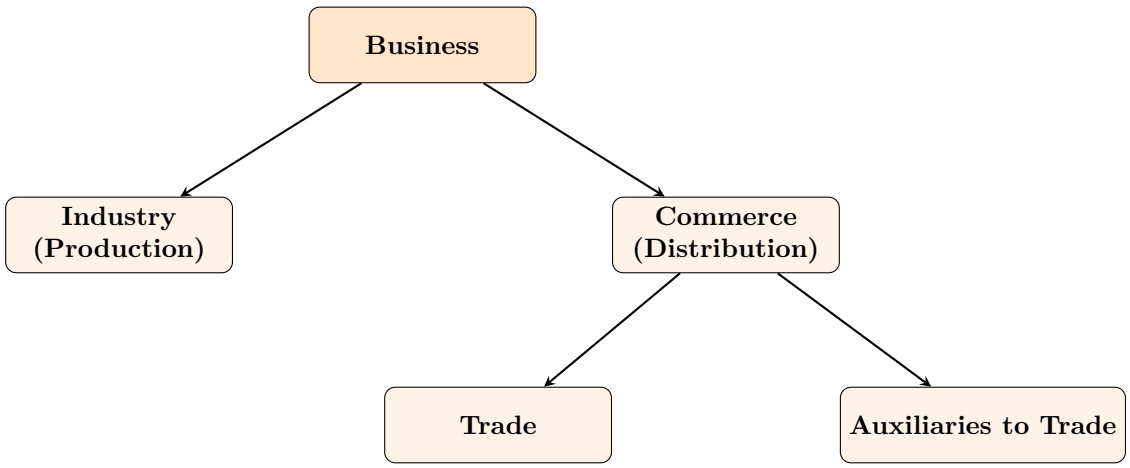


Figure 33: Structure of Business

Basis	Industry	Commerce	Business
Meaning	Extraction, reproduction, and manufacturing of goods.	Distribution of goods and services.	Encompasses both production and distribution for profit.
Scope	Includes primary, secondary, and tertiary industries.	Includes trade and auxiliaries to trade.	Includes both Industry and Commerce.
Utility	Creates form utility.	Creates place, time, and possession utility.	Creates all types of utility.
Capital	Requires huge capital investment.	Requires comparatively less capital.	Capital requirement depends on the scale of business.
Risk	Involves high risk due to production uncertainties.	Involves moderate risk.	High risk overall as it includes both.
Side	Represents the supply side of goods.	Represents the demand side (connecting producer and consumer).	Represents the entire economic system.

Mnemonic: *MSU-CRS (Meaning, Scope, Utility, Capital, Risk, Side)*

0.5 Question 4

Q.4 (a) Explain following terms: 1. Contracts 2. Copyrights [3 marks]

Solution

Introduction: Understanding legal terms like Contracts and Copyrights is essential for protecting business operations and intellectual property.

Definition

- **Contract:** A legally binding agreement between two or more parties that creates mutual obligations enforceable by law.
- **Copyright:** An intellectual property right granted to creators of original works, giving them exclusive rights to its use and distribution.

Detailed Explanation:

- **Contracts** ensure smooth business transactions by defining roles, responsibilities, and dispute resolution mechanisms.
- **Copyrights** protect literary, dramatic, musical, and artistic works from unauthorized copying or piracy.

Table 49: Comparison of Contracts and Copyrights

Parameter	Contract	Copyright
Nature	Agreement between parties	Intellectual property protection
Governing Law	Indian Contract Act, 1872	Copyright Act, 1957
Purpose	To enforce promises and obligations	To protect creative expression
Duration	As specified in the agreement	Generally lifetime of author + 60 years

Mnemonic: *CC: Contracts Control business, Copyrights Conserve creations.*

Q.4 (b) Give a note on startup incubation center and Modalities. [4 marks]

Solution

Overview of Incubation Centers: A startup incubation center is a collaborative program designed to help new startups succeed by providing workspace, seed funding, mentoring, and training.

Box

- **Infrastructure Support:** Co-working spaces, high-speed internet, and testing labs.
- **Mentorship & Guidance:** Access to industry experts, successful entrepreneurs, and academicians.
- **Financial Assistance:** Seed funding, grants, and connecting with angel investors.
- **Networking Opportunities:** Events, workshops, and pitching sessions for business growth.

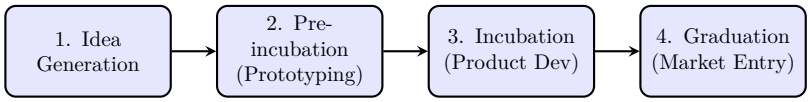


Figure 34: Startup Incubation Process

Incubation Process Diagram:

Importance for Startups:

- Reduces the initial capital required for establishing an office.
- Increases the survival rate of startups during the critical early stages.
- Provides legal and compliance support which is essential for early-stage companies.

Mnemonic: *IMFN: Infrastructure, Mentorship, Finance, Networking.*

Q.4 (c) List State level agencies which supports start-ups and describe their functionalities. [7 marks]

Solution

State Level Agencies Overview: State governments establish various agencies to nurture the entrepreneurial ecosystem, provide financial aid, and offer infrastructure support to regional startups.

Key Concept

- **SSIP (Student Startup and Innovation Policy):** Focuses on fostering innovation at the university level.
- **i-Hub (Gujarat Student Startup and Innovation Hub):** A nodal agency for developing startup culture in Gujarat.
- **CED (Centre for Entrepreneurship Development):** Provides training and skill development.
- **GVFL (Gujarat Venture Finance Limited):** Offers venture capital funding to emerging startups.

Functionalities of State Agencies:

- **Capacity Building:** Organizing bootcamps, hackathons, and training sessions.
- **Financial Support:** Providing seed grants for proof-of-concept (PoC) and prototyping.
- **Intellectual Property (IP) Support:** Subsidizing the cost of filing patents and trademarks.
- **Market Linkage:** Helping startups connect with government departments and corporate buyers.

Table 50: State Level Agencies and Their Key Functions

Agency Name	Primary Focus	Key Functionality
SSIP Cell	Student Innovators	PoC grants, Patent filing support, Academic mentorship
i-Hub	Early-stage Startups	Co-working space, Investor networking, Acceleration programs
CED Gujarat	Skill Development	Entrepreneurship awareness camps, Industrial training
GVFL	Growth-stage Startups	Venture capital funding, Board-level strategic guidance
GIDC	Manufacturing Startups	Industrial plots, Sheds, Infrastructure development

Impact on Ecosystem: These agencies play a crucial role in decentralizing the startup ecosystem, ensuring that innovators from tier-2 and tier-3 cities receive adequate support to scale their businesses globally.

Mnemonic: *SIC-GG: SSIP, i-Hub, CED, GVFL, GIDC.*

Q.4 (a) OR Explain following terms: 1. IPR 2. Trademarks [3 marks]

Solution

Basic Definitions: Protecting the unique ideas and brand identity is vital for a startup's long-term success and market positioning.

Definition

- **IPR (Intellectual Property Rights):** Legal rights given to inventors and creators over the creations of their minds for a certain period of time.
- **Trademark:** A recognizable sign, design, or expression which identifies products or services of a particular source from those of others.

Detailed Explanation:

- **IPR** acts as an umbrella term that includes patents, copyrights, trademarks, and trade secrets. It encourages innovation by granting monopolies to creators.
- **Trademarks** specifically protect brand names, logos, slogans, and symbols (e.g., the Nike Swoosh or Apple logo), ensuring brand loyalty and preventing consumer confusion.

Table 51: IPR vs Trademarks Comparison

Aspect	IPR (General)	Trademark (Specific)
Scope	Broad (includes patents, copyrights, etc.)	Narrow (only brand identifiers)
Purpose	To protect all forms of intellectual creation	To protect brand identity and reputation
Examples	Inventions, literary works, software	Logos, brand names, taglines
Validity	Varies by type (20 years for patents)	10 years (can be renewed indefinitely)

Mnemonic: *IPR Protects Intellect, Trademarks Trust the Brand.*

Q.4 (b) OR Define the role of Investor in start-up. [4 marks]

Solution

Introduction to Startup Investors: An investor in a startup does much more than just provide capital; they act as catalysts for growth, offering strategic direction and industry connections.

Box

- **Capital Infusion:** Providing necessary funds for product development, marketing, and scaling operations.
- **Strategic Mentorship:** Guiding founders through critical business decisions using their industry experience.
- **Network Expansion:** Introducing startups to potential clients, partners, and future investors.
- **Credibility Building:** Association with a reputed investor enhances the startup's market credibility.

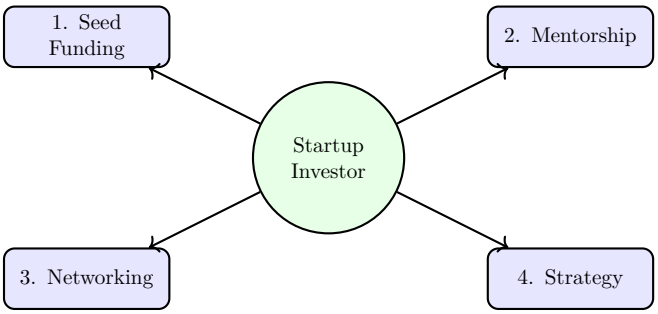


Figure 35: Multidimensional Role of an Investor

Visualizing Investor Roles:

Long-term Impact:

- Investors help in establishing strong corporate governance and financial discipline.
- They assist in talent acquisition by attracting top-tier professionals to the startup.
- During crisis periods, investors often act as sounding boards and provide emergency bridge funding.

Mnemonic: *FC-MN: Funding, Credibility, Mentorship, Networking.*

Q.4 (c) OR List National level agencies which support start-ups and describe their functionalities. [7 marks]

Solution

National Agencies Overview: The Government of India has launched multiple central-level agencies and initiatives to build a robust entrepreneurial ecosystem and promote the "Make in India" vision.

Key Concept

- **DPIIT (Department for Promotion of Industry and Internal Trade):** Drives the Startup India initiative.
- **NITI Aayog (Atal Innovation Mission - AIM):** Promotes a culture of innovation across schools, universities, and industries.
- **SIDBI (Small Industries Development Bank of India):** Manages the Fund of Funds for Startups (FFS).
- **Ministry of MSME:** Offers schemes for micro, small, and medium enterprises.

Functionalities of National Agencies:

- **Policy Making:** Formulating startup-friendly policies, tax exemptions, and ease of doing business norms.
- **Fund of Funds:** Providing massive capital to venture funds through agencies like SIDBI.
- **Incubation Infrastructure:** Establishing Atal Incubation Centres (AICs) and research parks nationwide.
- **International Access:** Facilitating global market access and cross-border startup exchange programs.

Table 52: National Level Agencies and Their Key Functions

Agency Name	Target Area	Key Functionality
Startup India (DPIIT)	All Tech Startups	DPIIT recognition, 3-year tax holiday, Fast-track IP filing
AIM (NITI Aayog)	Innovation Culture	Setting up Tinkering Labs and Atal Incubation Centres
SIDBI	Finance	Providing collateral-free loans and venture debt
BIRAC	Biotechnology	Funding biotech research and healthcare innovations
DST	Science & Tech	Setting up NIDHI incubators and providing seed support

Significance in Ecosystem: National agencies bridge the gap between ideation and commercialization at a macroeconomic level, ensuring standard policies and large-scale funding access across all states of India.

Mnemonic: *D-S-N-M: DPIIT, SIDBI, NITI Aayog, MSME.*

Q.5 (a) Explain following terms: 1.Break Even point 2.Return on Investment 3.Return on Sales.

Solution

- **Break-Even Point (BEP):** The point where total cost equals total revenue, resulting in no profit and no loss.
- **Return on Investment (ROI):** A profitability metric indicating how much profit an investment generates relative to its initial cost.
- **Return on Sales (ROS):** A financial ratio measuring how efficiently a company converts its net sales into operating profits.

Table 53: Summary of Financial Terms

Term	Formula	Meaning
Break-Even Point	Fixed Costs / (Price - Variable Cost)	No Profit, No Loss
Return on Investment	(Net Profit / Cost of Investment) × 100	Investment Profitability
Return on Sales	(Operating Profit / Net Sales) × 100	Operational Efficiency

Q.5 (b) Write a short note on Import-Export Policy

Solution

- **Definition:** Also known as the EXIM Policy, it is formulated by the Directorate General of Foreign Trade (DGFT) to regulate foreign trade.
- **Primary Objectives:** Aims to promote exports, facilitate essential imports, and balance the national trade deficit.
- **Key Features:** It simplifies export procedures, provides financial incentives to exporters, and restricts harmful or non-essential goods.
- **Impact:** Strengthens the economy by ensuring global market integration and increasing foreign exchange reserves.

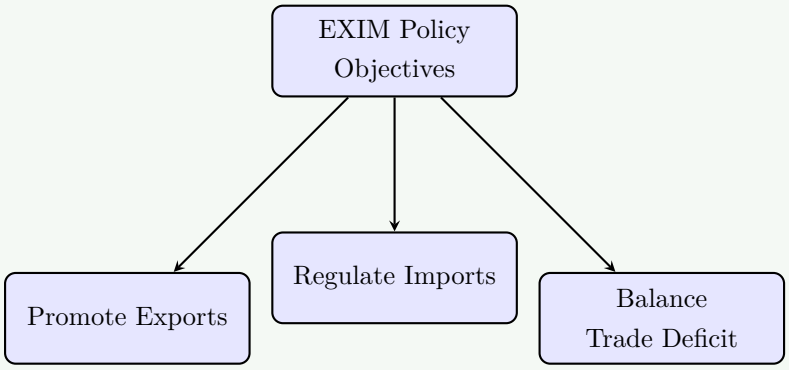


Figure 36: Objectives of the EXIM Policy

Q.5 (c) Describe the connection between CSR and Economic Performance.

Solution

- **Corporate Social Responsibility (CSR):** Business practices that aim to benefit society, creating a direct positive impact on economic performance.
- **Brand Reputation:** Strong CSR initiatives improve public image, leading to higher product sales and strong customer loyalty.
- **Cost Savings:** Adopting eco-friendly and energy-efficient practices significantly reduces long-term operational costs.
- **Employee Retention:** Workers prefer socially responsible organizations, which decreases recruitment and training expenses.
- **Investor Attraction:** Ethical investors favor funding responsible firms, improving capital availability and market value.

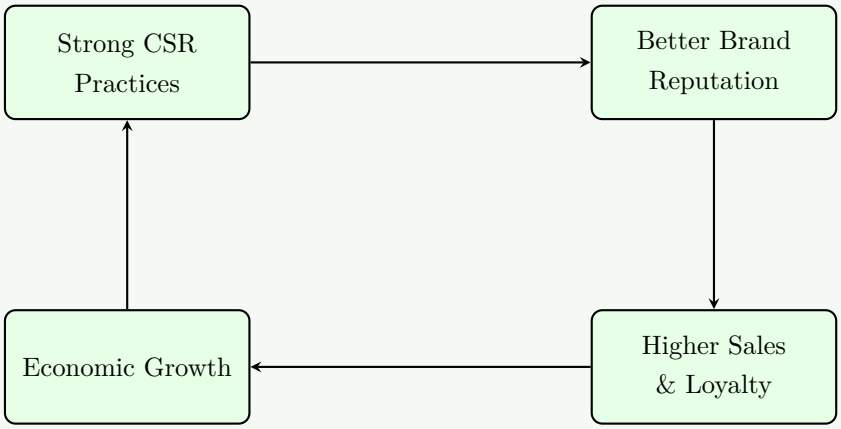


Figure 37: Cycle Connecting CSR to Economic Growth

Q.5 (a) OR Write a note on Bankruptcy and Avoidance.

Solution

- **Bankruptcy:** A legal status where a business or an individual is completely unable to repay their outstanding debts.
- **Primary Causes:** Usually stems from poor financial management, sudden economic downturns, or taking on excessive debt.
- **Avoidance Strategies:** To prevent bankruptcy, companies should implement strict financial controls.
- **Reserve Maintenance:** Maintain sufficient emergency cash reserves for unexpected crises.
- **Expense Reduction:** Actively cut down unnecessary operational expenses.
- **Loan Restructuring:** Negotiate with lenders to restructure existing loans for lower interest rates.

Table 54: Bankruptcy: Causes and Avoidance

Common Causes	Avoidance Strategies
Poor Financial Management	Strict Budget Controls
Excessive Debt	Loan Restructuring
Economic Downturns	Emergency Cash Reserves

Q.5 (b) OR Write an importance of Business Ethics.

Solution

- **Business Ethics:** The moral principles and standards that guide behavior in the world of business.
- **Builds Trust:** Ethical behavior naturally builds deep trust with customers, suppliers, and external investors.
- **Improves Work Culture:** Creates a highly positive, fair, and safe working environment that motivates employees.
- **Legal Compliance:** Following ethics prevents costly lawsuits, regulatory fines, and legal complications.
- **Long-term Success:** Ensures sustainable growth while building a strong, lasting corporate reputation.

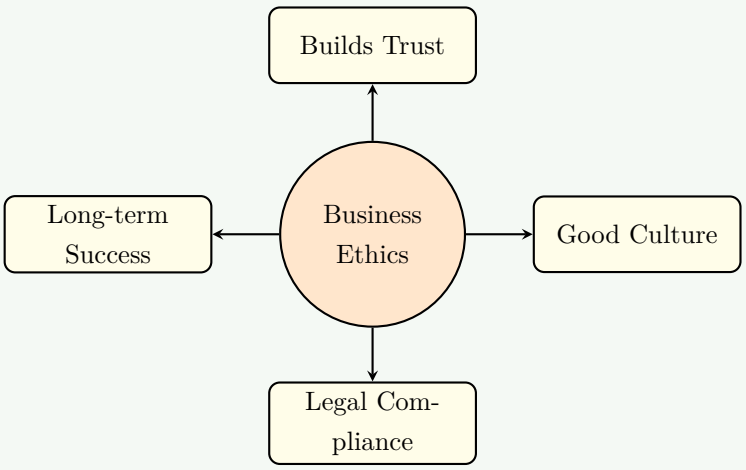


Figure 38: Key Benefits of Business Ethics

Q.5 (c) OR Give the steps and format of project report writing

Solution

- **Project Report:** A structured document providing complete details and the overall picture of a proposed business endeavor.
- **Step 1 - Title Page:** Must include the project name, author details, and submission date.
- **Step 2 - Executive Summary:** A brief, high-level overview of the entire project's goals and scope.
- **Step 3 - Introduction:** Covers the project background, primary objectives, and problem statement.

- **Step 4 - Methodology:** Details the specific processes, methods, and resources used for execution.
- **Step 5 - Financial Analysis:** Outlines the required budget, cost estimates, and projected Return on Investment (ROI).
- **Step 6 - Conclusion:** Summarizes the final outcomes, potential impacts, and actionable recommendations.

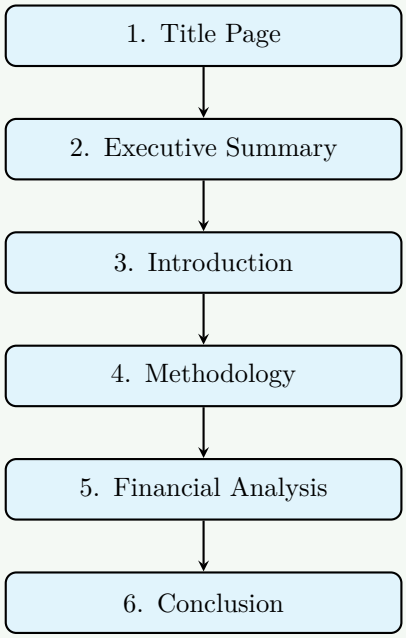


Figure 39: Steps in Project Report Writing

Summer 2025

Q.1 (a) Differentiate between Entrepreneur and Intrapreneur.

Box

Point of Difference	Entrepreneur	Intrapreneur
Meaning	An individual who starts their own business with a new idea or concept.	An employee who is tasked with developing an innovative idea or project within a company.
Primary Motives	Independence, financial gain, and creating a legacy.	Career advancement, corporate recognition, and driving change within the company.
Risk	Takes the primary financial and operational risk.	Takes less risk as the company bears the financial risk.
Capital	Raises capital from their own resources, investors, or loans.	Funded entirely by the existing company.
Status	Acts as the owner of the enterprise.	Acts as a salaried employee of the enterprise.

Q.1 (b) Explain 7-M resources for an Entrepreneur.

7-M Resources for an Entrepreneur

To start and run a successful business, an entrepreneur requires various resources. These are commonly referred to as the 7-Ms:

1. **Men (Human Resources):** Skilled and unskilled workforce required to perform various business operations.
2. **Money (Financial Resources):** The capital needed to purchase assets, pay salaries, and fund daily operations.
3. **Materials (Physical Resources):** Raw materials, semi-finished goods, and consumables required for production.
4. **Machines (Equipment):** Tools, machinery, and technology needed to manufacture goods or deliver services.
5. **Methods (Process):** The techniques, procedures, and systems used to carry out business activities efficiently.
6. **Markets (Target Audience):** The customer base or area where the products or services will be sold.
7. **Management (Administration):** The leadership and planning required to coordinate all other resources effectively.

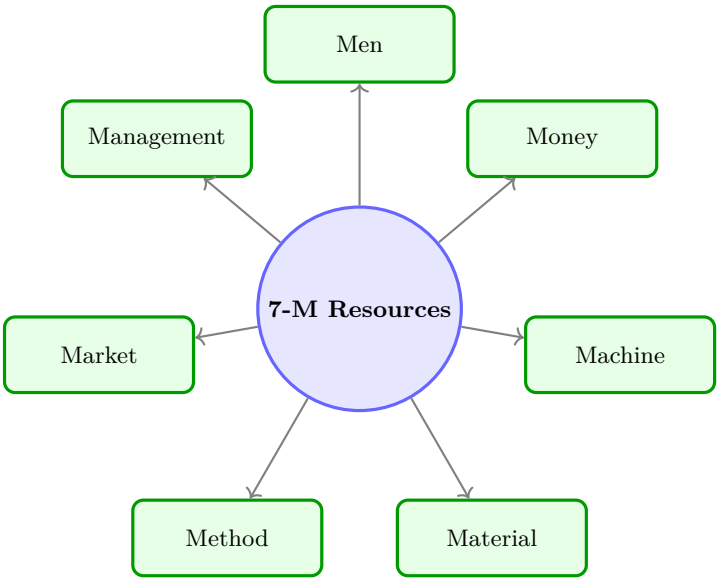


Figure 40: 7-M Resources of Entrepreneurship

Q.1 (c) Describe Step-by-Step procedure for recognition as Start up under Start up India Scheme.

Box

To get recognized under the Startup India Scheme by DPIIT (Department for Promotion of Industry and Internal Trade), follow these steps:

1. **Incorporate the Business:** The business must first be incorporated as a Private Limited Company, a Limited Liability Partnership (LLP), or a Registered Partnership Firm.
2. **Register on Startup India Portal:** Visit the official Startup India website and create an account by filling in the necessary details.
3. **Fill the Recognition Application:** Log in to the portal and fill out the Startup Recognition form with details about the business model, founders, and innovation.
4. **Upload Required Documents:** Submit necessary documents such as the Incorporation/Registration certificate, details of Directors, and a write-up explaining the innovative nature of the business.
5. **Self-Certification:** Self-certify that the startup meets the eligibility criteria (e.g., entity age, turnover limits, and innovation requirements).
6. **Obtain Recognition Number:** Once the application is reviewed and approved by DPIIT, a system-generated Certificate of Recognition is issued.

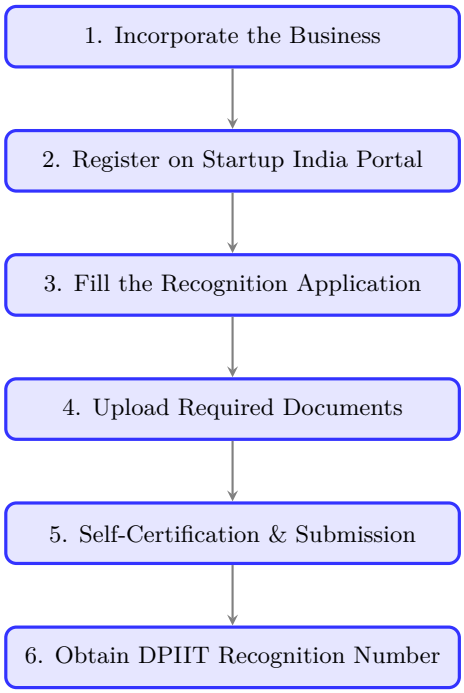


Figure 41: Flowchart for Startup Recognition Process

Q.1 (c) OR Define Micro, Small and Medium Enterprise. Explain the role of MSME in the economic development of the nation.

Definition of MSME

According to the revised MSME classification criteria by the Government of India (based on Investment and Annual Turnover):

- **Micro Enterprise:** Investment in Plant and Machinery or Equipment does not exceed Rs. 1 Crore and Annual Turnover does not exceed Rs. 5 Crore.
- **Small Enterprise:** Investment in Plant and Machinery or Equipment does not exceed Rs. 10 Crore and Annual Turnover does not exceed Rs. 50 Crore.
- **Medium Enterprise:** Investment in Plant and Machinery or Equipment does not exceed Rs. 50 Crore and Annual Turnover does not exceed Rs. 250 Crore.

Table 55: MSME Classification Criteria

Enterprise Type	Investment Criteria	Turnover Criteria
Micro	Less than Rs. 1 Crore	Less than Rs. 5 Crore
Small	Less than Rs. 10 Crore	Less than Rs. 50 Crore
Medium	Less than Rs. 50 Crore	Less than Rs. 250 Crore

Role of MSME in Economic Development

MSMEs play a crucial role in the economic growth of the nation in the following ways:

- **Employment Generation:** MSMEs are highly labor-intensive and provide employment to millions of people, second only to agriculture.
- **Contribution to GDP:** They contribute significantly to the manufacturing output and the gross domestic product (GDP) of the country.
- **Promotion of Exports:** MSMEs account for a large percentage of India's total exports, helping in earning valuable foreign exchange.
- **Rural and Regional Development:** By setting up industries in rural and backward areas, MSMEs help in reducing regional imbalances and urban migration.
- **Support to Large Industries:** They supply raw materials, components, and spare parts to large-scale industries, acting as an essential supply chain link.
- **Utilization of Local Resources:** MSMEs effectively utilize locally available resources and skills, which might otherwise remain unutilized.
- **Fostering Entrepreneurship:** They provide a platform for budding entrepreneurs to start businesses with minimal capital investment.

Q.2 (a) Define Business idea and Enlist its various sources.

Business Idea

A business idea is a concept that can be used for financial gain that is usually centered on a product or service that can be offered for money. It is the first milestone in the process of building a successful enterprise.

Sources of Business Ideas

- **Consumers:** Paying attention to customer needs, complaints, and feedback to identify unmet demands.
- **Existing Products & Services:** Analyzing current products in the market to find areas for improvement or modification.
- **Distribution Channels:** Distributors and wholesalers are close to the market and can suggest new product needs.
- **Government Policies:** Changing regulations, bans, or subsidies often create new business opportunities.
- **Research & Development (R&D):** Innovations and new technological advancements generated through structured research.
- **Brainstorming:** Generating creative ideas through focused group discussions and problem-solving sessions.

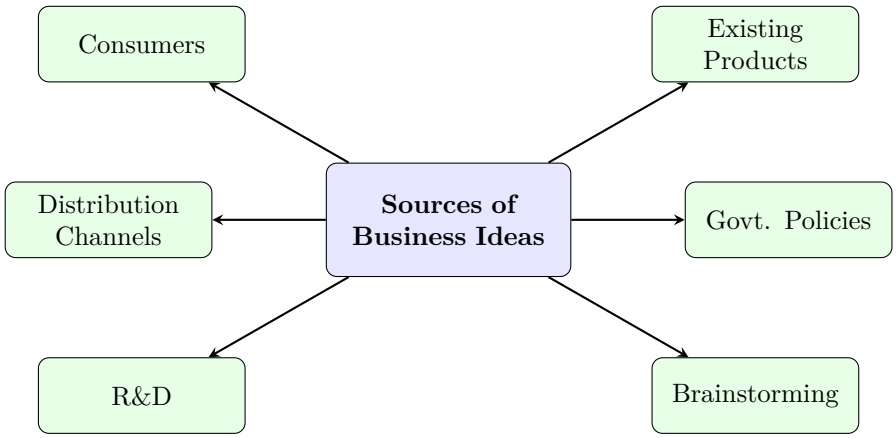


Figure 42: Sources of Business Ideas

Q.2 (b) Write short notes on SWOT analysis.

Overview of SWOT Analysis

SWOT analysis is a strategic planning tool used to evaluate the competitive position of a business and develop strategic planning.

- **Strengths (Internal):** Characteristics of the business that give it an advantage over others (e.g., strong brand, loyal customers).
- **Weaknesses (Internal):** Characteristics that place the business at a disadvantage relative to others (e.g., limited capital, poor location).
- **Opportunities (External):** Elements in the environment that the business could exploit to its advantage (e.g., new trends, unfulfilled market needs).
- **Threats (External):** Elements in the environment that could cause trouble for the business (e.g., new competitors,

economic downturn).

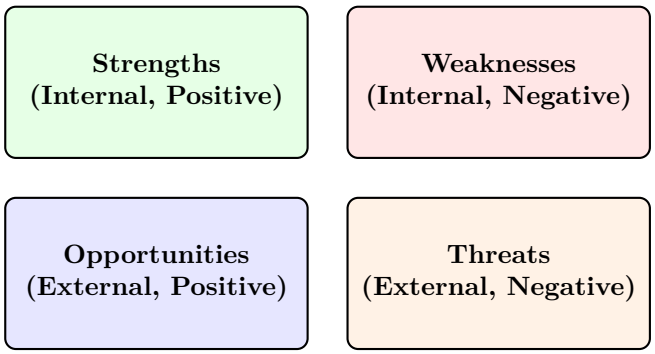


Figure 43: SWOT Analysis Matrix

Q.2 (c) Explain various stages of Product Life Cycle (PLC).

Stages of Product Life Cycle (PLC)

The Product Life Cycle (PLC) describes the period of time over which an item is developed, brought to market, and eventually removed from the market.

1. **Introduction Stage:**
   - The product is newly launched into the market.
   - Sales are generally low, and marketing costs are high as awareness is built.
   - Profits are minimal or negative.
2. **Growth Stage:**
   - The product gains market acceptance and sales rise rapidly.
   - Production costs decrease due to economies of scale.
   - Competitors may start entering the market.
3. **Maturity Stage:**
   - Sales volume peaks and the market becomes saturated.
   - Price competition becomes intense.
   - Focus shifts to brand differentiation and maintaining market share.
4. **Decline Stage:**
   - Sales and profits begin to fall due to market saturation or technological obsolescence.
   - The business must decide whether to discontinue, reposition, or innovate the product.

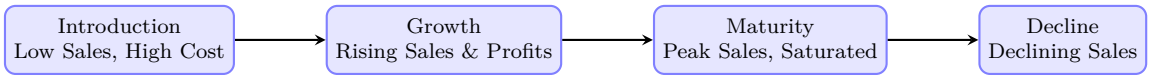


Figure 44: Product Life Cycle Stages

Q.2 (a) OR What are the essentials of a Project Report?

Essentials of a Project Report

A project report is a comprehensive document that outlines the feasibility, viability, and operational plan of a proposed business.

- **Executive Summary:** A brief overview of the entire business proposal, including objectives and capital requirements.
- **Business Profile:** Details about the promoter, industry background, and the nature of the business.
- **Market Analysis:** Information on target audience, demand-supply gap, and competitor analysis.
- **Technical Feasibility:** Details on manufacturing processes, machinery required, raw materials, and location.
- **Financial Viability:** Cost of the project, means of finance, break-even point, and projected profitability.
- **Management Plan:** Organizational structure and details about key personnel and staffing needs.

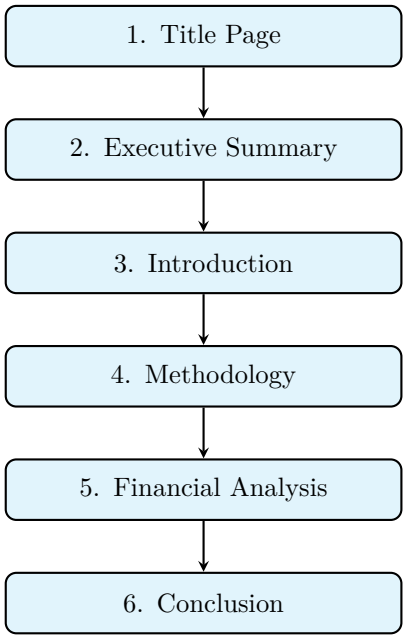


Figure 45: Steps in a Project Report

Q.2 (b) OR Enlist the advantages and disadvantages of e-commerce.

Advantages and Disadvantages of E-commerce

E-commerce provides a global platform for buying and selling, but it comes with certain limitations.

Table 56: Advantages and Disadvantages of E-commerce

Advantages	Disadvantages
Global Reach: Overcomes geographical limitations and reaches customers worldwide.	**Security Risks:** Susceptible to hacking, data theft, and financial fraud.
Lower Operational Costs: Reduces the need for physical retail spaces and staff.	**Lack of Physical Touch:** Customers cannot inspect or try the product before buying.
24/7 Availability: Business remains open round the clock, increasing sales opportunities.	**Delivery Delays:** Depends heavily on logistics, and shipping can sometimes be delayed.
Personalized Shopping: Allows businesses to track user behavior and offer targeted recommendations.	**Technical Failures:** Website crashes or server downtime can halt business operations immediately.

Q.2 (c) OR Explain various steps of questionnaire design for Market Research.

Steps of Questionnaire Design

Designing a well-structured questionnaire is critical for collecting accurate and useful data during market research.

1. **Define the Objectives:** Clearly identify what information is needed and the primary goal of the research.
2. **Identify the Target Audience:** Determine who will be answering the questionnaire to ensure the language and tone are appropriate.
3. **Choose the Question Type:** Decide whether to use open-ended (qualitative) or closed-ended (multiple-choice, rating scales) questions.
4. **Draft the Questions:** Keep questions clear, concise, and unbiased. Avoid leading questions that might influence the respondent's answer.
5. **Determine the Sequence:** Arrange questions logically, usually starting with easy, general questions and moving to more specific or sensitive ones.
6. **Test and Revise (Pilot Testing):** Conduct a small trial run to identify confusing questions and make necessary adjustments before final distribution.

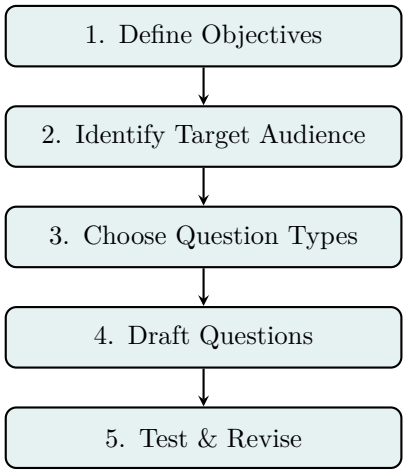


Figure 46: Steps in Questionnaire Design

Q.3 (a) Differentiate between Management and Administration. [3 Marks]

Box

Table 57: Management vs Administration

Basis	Management	Administration
Meaning	The art of getting things done through others.	The process of formulating policies and setting objectives.
Nature	Executing function (doing).	Decision-making function (thinking).
Scope	Decides who will do the work and how.	Decides what is to be done and when.
Level	Middle and lower level management.	Top level management.
Applicability	Applicable to business concerns (profit-making).	Applicable to government, military, educational, or religious organizations.

Q.3 (b) Differentiate between Private Company and Public Company. [4 Marks]

Box

Table 58: Private Company vs Public Company

Basis	Private Company	Public Company
Minimum Members	Requires a minimum of 2 members.	Requires a minimum of 7 members.
Maximum Members	Maximum limit is 200 members.	No limit on the maximum number of members.
Transfer of Shares	Restriction on the transfer of shares.	Shares are freely transferable.
Public Subscription	Cannot invite the public to subscribe to its shares.	Can invite the public to subscribe to its shares or debentures.
Name suffix	Must use ”Private Limited” (Pvt. Ltd.) at the end.	Must use ”Limited” (Ltd.) at the end of its name.
Number of Directors	Minimum of 2 directors required.	Minimum of 3 directors required.

Q.3 (c) Explain Break-even analysis for a business practice. [7 Marks]

Break-Even Analysis

Break-even analysis is an economic tool used to determine the exact point where a business neither makes a profit nor suffers a loss. At this point, the total revenue (TR) exactly equals the total cost (TC). It helps a business figure out how many units it needs to sell to cover all its expenses.

Key Components of Break-Even Analysis

- **Fixed Costs (FC):** Costs that do not change with the level of production or sales (e.g., rent, salaries, insurance).
- **Variable Costs (VC):** Costs that vary directly in proportion to the level of production (e.g., raw materials, direct labor).
- **Total Cost (TC):** The sum of fixed costs and total variable costs ($TC = FC + VC$).
- **Total Revenue (TR):** The total money earned from selling the product ($TR =$ Selling Price per unit $\times$ Quantity).
- **Margin of Safety:** The difference between the actual or expected sales and the break-even sales. It shows how much sales can drop before the business starts losing money.

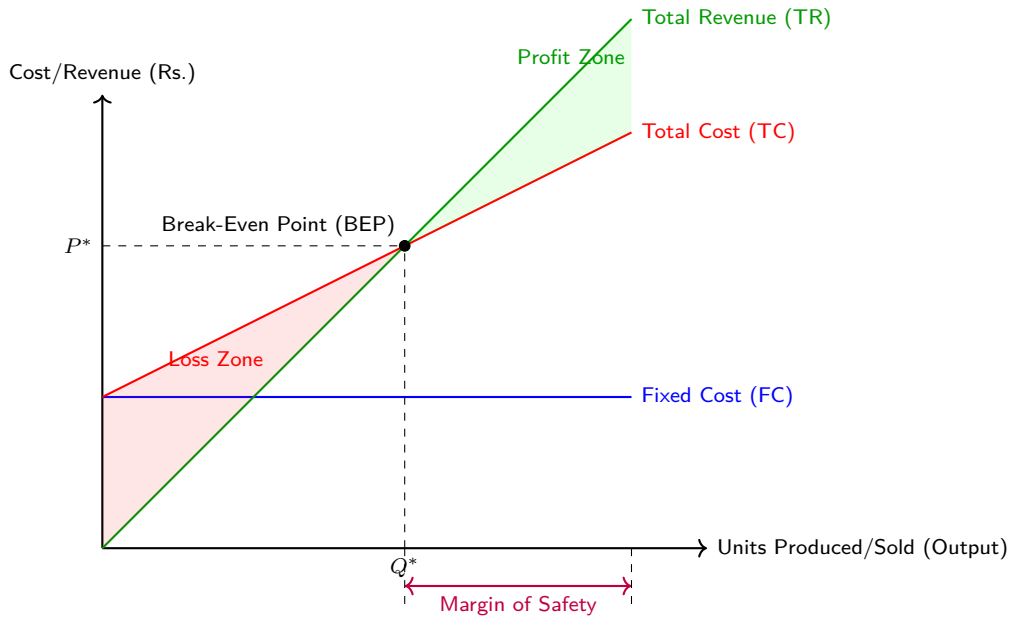


Figure 47: Break-Even Chart showing Profit and Loss Zones

Box

- **Pricing Strategy:** Helps in determining the optimum selling price for products.
- **Target Setting:** Assists management in setting sales targets to achieve desired profit levels.
- **Cost Control:** Identifies major cost components and helps in controlling variable and fixed expenses.
- **Decision Making:** Useful in deciding whether to add or drop a product line, or accept special orders.
- **Risk Assessment:** Measures the risk associated with new product launches and business expansions.

Q.3 (a) What is Leadership? Give its characteristics. [3 Marks]

Leadership

Leadership is the ability to influence, guide, and motivate a group of individuals to willingly strive towards achieving common organizational goals. It involves inspiring others to perform at their highest potential.



Figure 48: Key Characteristics of Leadership

Box

- **Continuous Process:** It is not a one-time act but a continuous ongoing process of influencing behavior.
- **Influencing Behavior:** The core of leadership is the ability to influence and persuade the followers.
- **Goal Oriented:** Leadership is always directed towards the achievement of specific, shared goals.
- **Interpersonal Relationship:** It exists only when there is a relationship between the leader and followers.
- **Situation Bound:** Leadership style changes according to the situation and environment.
- **Followership:** Without followers, there can be no leader. The success of leadership depends on the followers.

Q.3 (b) Enlist functions of management and explain planning. [4 Marks]

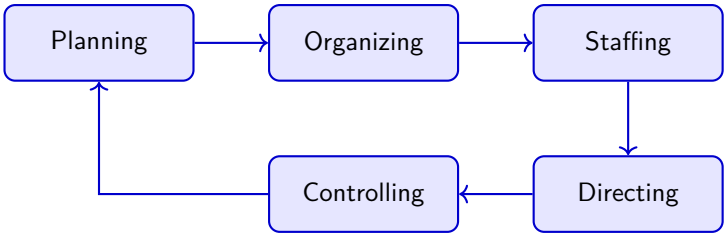


Figure 49: Functions of Management

Box

The basic functions of management include:

1. **Planning**
2. **Organizing**
3. **Staffing**
4. **Directing (Leading)**
5. **Controlling**

Explanation of Planning

Planning is the fundamental and primary function of management. It involves deciding in advance what is to be done, when it is to be done, how it is to be done, and who is to do it.

- **Goal Setting:** Establishing organizational objectives and goals.
- **Course of Action:** Selecting the best possible alternative to achieve these goals efficiently.
- **Future-Oriented:** It bridges the gap between where the organization is currently and where it wants to be.
- **Minimizes Risk:** It helps in anticipating future uncertainties and minimizing risks through forecasting.

Q.3 (c) Explain the features of a Joint Stock Company and write down its advantage. [7 Marks]

Joint Stock Company

A Joint Stock Company is a voluntary association of individuals formed for the purpose of carrying on a business. It is an artificial person created by law, having a separate legal entity, perpetual succession, and a common seal.

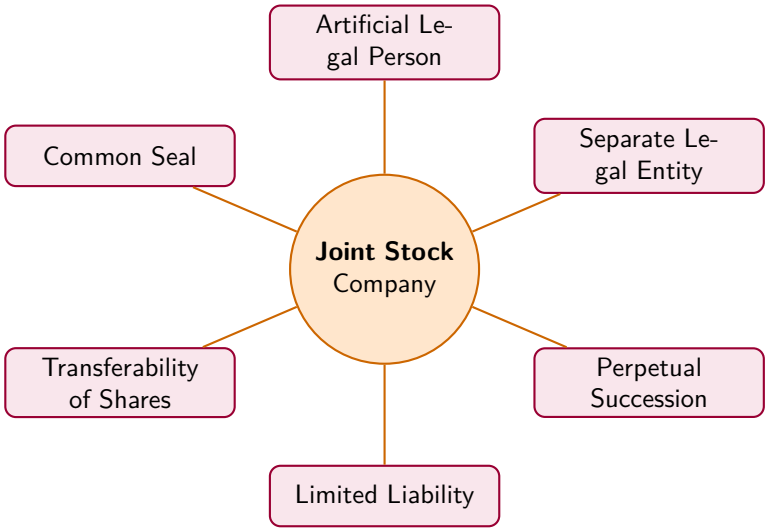


Figure 50: Features of a Joint Stock Company

Features of a Joint Stock Company

- **Artificial Legal Person:** It is created by law and exists independent of its members.
- **Separate Legal Entity:** The company and its members (shareholders) are legally separate. It can own property and sue in its own name.
- **Perpetual Succession:** The company's existence is not affected by the death, insolvency, or retirement of its shareholders.
- **Limited Liability:** The liability of a shareholder is limited to the unpaid amount on the shares held by them.
- **Transferability of Shares:** Shares of a public limited company can be easily bought and sold in the stock market.
- **Common Seal:** Since it is an artificial person, it acts through a common seal, which acts as the official signature of the company.

Box

- **Huge Financial Resources:** Can raise a large amount of capital by issuing shares to the general public.
- **Limited Liability:** Encourages people to invest since their personal assets are safe.
- **Professional Management:** Can afford to hire expert and professional managers to run the business efficiently.
- **Continuity of Existence:** Offers stable business operations without interruption from changes in ownership.
- **Economies of Scale:** Due to large-scale operations, it enjoys various economies in purchasing, production, and marketing.

Q.4 (a) Enlist any three State or National level Financial Institutions for support in developing new enterprise. [3 marks]

Solution

Definition

Financial institutions play a crucial role in supporting new enterprises by providing capital, subsidies, and advisory services. These institutions operate at both state and national levels to promote entrepreneurship.

Key Financial Institutions:

- **SIDBI (Small Industries Development Bank of India):** Provides direct and indirect financial assistance to MSMEs.
- **NABARD (National Bank for Agriculture and Rural Development):** Focuses on rural enterprises and agricultural startups.
- **NSIC (National Small Industries Corporation):** Offers raw material assistance and marketing support.
- **State Financial Corporations (SFCs):** State-level organizations that provide term loans for acquiring fixed assets.
- **MUDRA (Micro Units Development & Refinance Agency):** Provides funding to non-corporate small business sectors.

Table 59: State and National Financial Institutions

Sr. No.	Institution	Level
1	SIDBI	National
2	NABARD	National
3	SFCs	State
4	MUDRA	National

Mnemonic: *SIDBI and NABARD support NSIC and MUDRA in States.*

Q.4 (b) What is Startup Mentor? What are the benefits of keeping Mentor. [4 marks]

Solution

Definition

Startup Mentor Definition: A startup mentor is an experienced professional or successful entrepreneur who guides new founders by providing valuable advice, industry connections, and strategic support without necessarily taking a financial stake.

Benefits of Keeping a Mentor

- **Experience Sharing:** Mentors share their past mistakes and successes, helping founders avoid common pitfalls.
- **Network Access:** They provide access to a wide network of investors, potential clients, and industry experts.
- **Strategic Guidance:** They help in refining the business model, setting goals, and giving clear business direction.

- **Skill Development:** They support the personal growth of founders by enhancing their leadership and decision-making skills.
- **Emotional Support:** They offer encouragement and psychological support during challenging phases of the startup journey.

Table 61: Mentor Benefits Summary

Sr. No.	Benefit Area	Impact on Startup
1	Experience	Prevents costly mistakes
2	Networking	Faster client acquisition
3	Strategy	Better product-market fit
4	Emotional	Reduces founder burnout

Mnemonic: *Mentors provide Experience, Network, Strategy, and Skills (ENSS).*

Q.4 (c) Explain different types of Leadership models. [7 marks]

Solution

Definition

Leadership Models: Leadership models are theoretical frameworks that define how leaders should behave, make decisions, and interact with their teams to achieve organizational goals effectively.

Types of Leadership Models:

- **Autocratic Leadership:** The leader makes all decisions independently without consulting the team. Best for crisis situations.
- **Democratic Leadership:** The leader involves team members in the decision-making process. Best for team environments.
- **Laissez-faire Leadership:** The leader provides minimal direction, allowing employees to make their own decisions. Best for creative projects.
- **Transformational Leadership:** The leader inspires and motivates employees to innovate and create change. Best for change management.
- **Transactional Leadership:** The leader uses rewards and punishments to drive performance. Best for routine operations.

Table 63: Comparison of Leadership Models

Sr. No.	Leadership Model	Application Scenario
1	Autocratic	Crisis and emergencies
2	Democratic	Collaborative team projects
3	Laissez-faire	Highly skilled creative teams
4	Transformational	Organizational restructuring
5	Transactional	Daily operational tasks

Selection Factors for Leadership Models

The choice of leadership model depends on several factors:

1. **Situation:** The context and urgency of the task.
2. **Team Maturity:** The experience and skill level of the employees.
3. **Organizational Culture:** The established values and norms of the company.
4. **Task Complexity:** The nature and difficulty of the work involved.

Mnemonic: *Autocratic, Democratic, and Laissez-faire Transform Transactions.*

Q.4 (a) OR Write short notes on Startup Incubators. [3 marks]

Solution

Definition

Startup Incubators: Startup incubators are collaborative programs designed to help new startups succeed by providing workspace, seed funding, mentoring, and training. They usually support companies at the very early (idea) stage.

Services Provided by Incubators

- **Office Space:** Shared working facilities at subsidized rates.
- **Mentorship:** Expert guidance from seasoned entrepreneurs.
- **Funding:** Seed capital and access to angel investors.
- **Networking:** Connections with industry partners and potential customers.
- **Training:** Skill development programs and workshops on business basics.

Table 65: Incubator Services

Sr. No.	Service	Benefit
1	Workspace	Reduces initial operational cost
2	Mentoring	Avoids early-stage mistakes
3	Funding	Provides initial capital
4	Networking	Builds business relationships

Mnemonic: *Incubators provide Space, Mentorship, Funding, Networking, and Training (SMFNT).*

Q.4 (b) OR What is IPR? Write down its importance. [4 marks]

Solution

Definition

IPR Definition: Intellectual Property Rights (IPR) are legal rights given to creators for their inventions, designs, and artistic works. It protects creations of the mind from being copied or used by others without permission.

Types of IPR:

- **Patents:** Protects new inventions and processes.
- **Trademarks:** Protects brand names, logos, and symbols.
- **Copyrights:** Protects literary, musical, and artistic works.
- **Trade Secrets:** Protects confidential business information.

Table 67: Importance of IPR

Sr. No.	Benefit	Description
1	**Innovation Protection**	Safeguards creative ideas and original concepts.
2	**Commercial Value**	Creates valuable intangible business assets.
3	**Market Advantage**	Provides competitive differentiation in the market.
4	**Revenue Generation**	Offers opportunities for licensing and franchising.

Economic Impact

IPR encourages businesses to invest heavily in research and development (R&D) because it guarantees that their investments will be legally protected and can yield profits.

Mnemonic: *IPR ensures Innovation, Commercial Value, Market Advantage, and Revenue (ICMR).*

Q.4 (c) OR Discuss the Financial organization Management. [7 marks]

Solution

Definition

Financial Organization Management: It refers to the structured arrangement of the finance department within a company, ensuring that all financial operations like planning, accounting, and investment are managed efficiently.

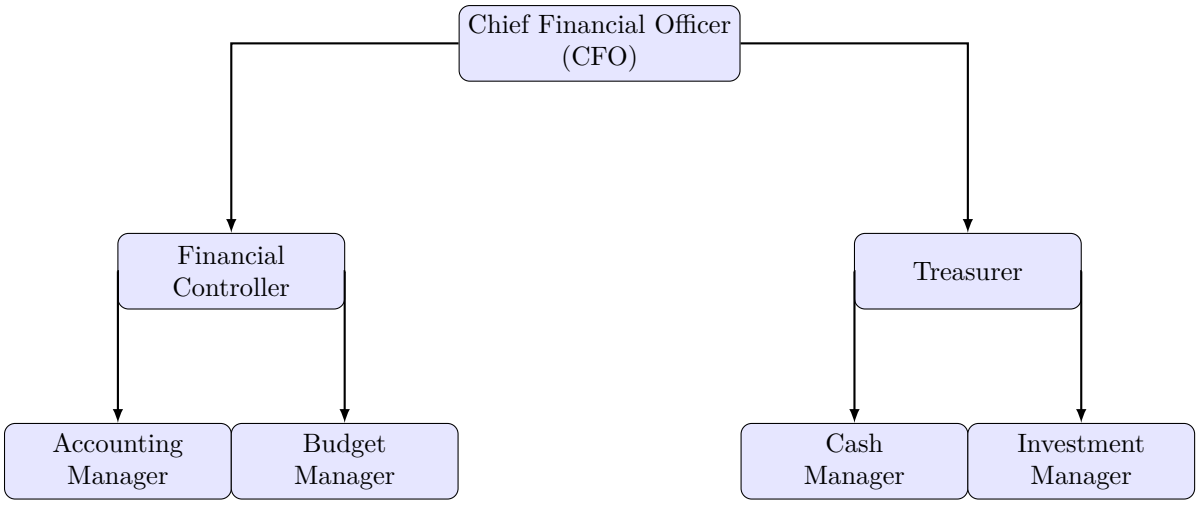


Figure 51: Financial Organization Structure

Financial Organization Structure:

Key Functions

- **Financial Planning:** Preparation of budgets and financial forecasting.
- **Fund Management:** Maintaining optimal capital structure and liquidity.
- **Risk Management:** Assessment and mitigation of financial risks.
- **Performance Monitoring:** Analysis of financial reports and performance metrics.
- **Compliance:** Ensuring adherence to tax laws and regulatory requirements.
- **Investment Decisions:** Strategies for capital allocation and asset management.

Table 69: Organizational Benefits

Sr. No.	Benefit	Explanation
1	Clear Accountability	Defined roles for accounting and treasury.
2	Efficient Operations	Streamlined daily financial processes.
3	Better Control	Enhanced oversight to prevent fraud.
4	Strategic Support	Informed data for management decisions.

Mnemonic: *Plan Funds, Manage Risk, Monitor Performance, Comply, and Invest.*

Question 5

Q.5 (a) What is project planning? Write down its purposes. [3 marks]

Solution

Project Planning Definition Project planning is a structured process of defining project goals, determining the necessary steps to achieve them, allocating resources, and setting timelines. It serves as a roadmap for the entire project lifecycle, ensuring that the team stays on track.

Purposes of Project Planning

- **Goal Clarity:** To clearly define the precise objectives and scope of the project for all stakeholders involved.
- **Resource Allocation:** To efficiently assign personnel, materials, and funds to various required tasks.
- **Time Management:** To establish realistic schedules, specific deadlines, and important milestones.
- **Risk Management:** To identify potential problems early and formulate appropriate mitigation strategies.
- **Cost Control:** To provide a strong baseline for budget estimation and track overall financial performance.

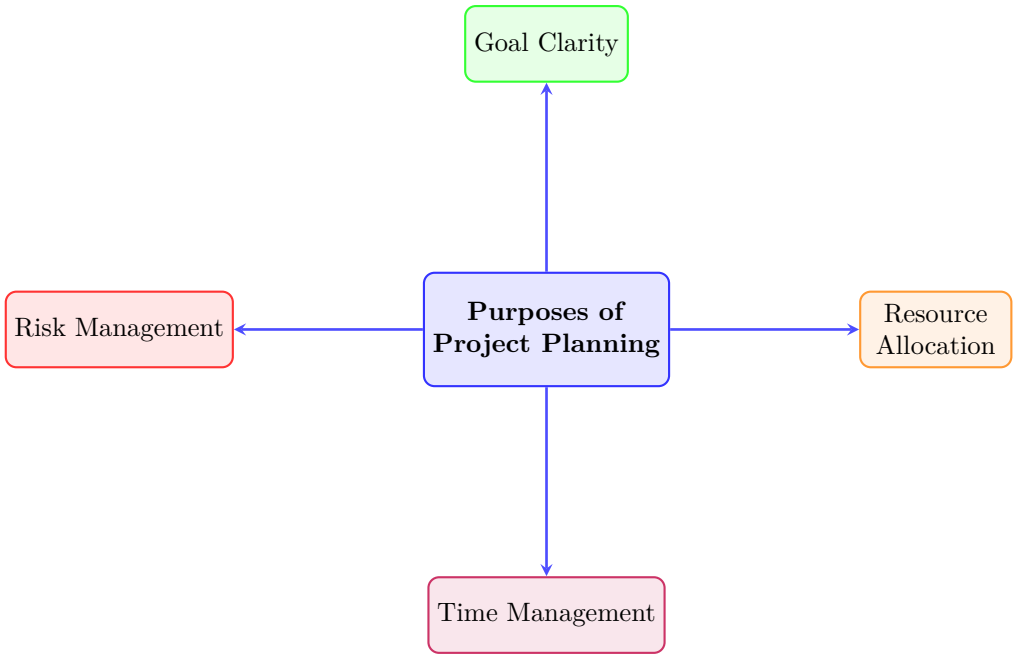


Figure 52: Purposes of Project Planning

Diagrammatic Representation

Mnemonic: *GRTRC (Goal clarity, Resource allocation, Time management, Risk management, Cost control)*

Q.5 (b) Write short notes on Project cost estimation. [4 marks]

Solution

Introduction Project cost estimation is the systematic process of predicting the financial resources required to complete a project within a defined scope. It is a critical component of project management that ensures the venture remains financially viable and within budget.

Key Aspects of Cost Estimation

1. **Direct Costs:** Expenses directly tied to the project, such as raw materials, labor wages, and specific equipment rentals.
2. **Indirect Costs:** Overhead expenses not directly linked to a single project, like administrative salaries, utility bills, and office rent.
3. **Contingency Reserves:** Additional funds intentionally set aside to cover unforeseen circumstances and mitigate unexpected financial risks.
4. **Estimation Methods:** Techniques like analog estimation (using past projects) and parametric estimation (using statistical models).

Cost Type	Description	Examples
Direct Cost	Expenses directly tied to specific project execution	Labor wages, raw materials, equipment
Indirect Cost	Shared overhead expenses not tied to one project	Office rent, utilities, administrative salaries
Contingency	Emergency funds reserved for unforeseen risks	Risk buffer, emergency reserves

Mnemonic: *DICE (Direct costs, Indirect costs, Contingency reserves, Estimation methods)*

Q.5 (c) What is feasibility analysis in business? Explain various analysis covered in feasibility study. [7 marks]

Solution

Feasibility Analysis Definition Feasibility analysis is an in-depth assessment conducted before starting a project to determine whether the proposed business idea is viable, practical, and profitable. It helps entrepreneurs make informed ”go/no-go” decisions by evaluating potential challenges and requirements.

Types of Feasibility Analysis

- **Technical Feasibility:** Assesses whether the required technology, equipment, and technical skills are available or accessible to complete the project successfully.
- **Economic Feasibility:** Also known as cost-benefit analysis, it evaluates if the project’s financial benefits logically outweigh its estimated costs.

- **Legal Feasibility:** Investigates whether the project completely complies with local laws, zoning regulations, labor laws, and environmental compliance.
- **Operational Feasibility:** Determines if the organization's current operations, structure, and workforce can adapt to support the new project.
- **Market Feasibility:** Analyzes specific market demand, target audience demographics, competition, and potential market share for the product or service.

Analysis Type	Focus Area	Key Question
Technical	Technology, machinery, and tools	Can we physically build it?
Economic	Financial costs and future benefits	Will it be profitable?
Legal	Compliance and government regulations	Is it legally permissible?
Operational	Management and workforce capability	Can our team handle it?
Market	Customer demand and competition	Will customers buy it?

Mnemonic: *TELOM (Technical, Economic, Legal, Operational, Market)*

Q.5 (a) OR What is bankruptcy? Write down the reasons of bankruptcy in business. [3 marks]

Solution

Bankruptcy Definition Bankruptcy is a formal legal proceeding involving a person or business that is unable to repay their outstanding debts. It offers a fresh start by forgiving debts that cannot be paid while offering creditors a regulated chance to obtain some measure of repayment.

Primary Reasons for Business Bankruptcy

1. **Poor Cash Flow Management:** Inability to maintain sufficient liquidity to meet daily operational expenses and short-term obligations.
2. **High Debt Burden:** Excessive borrowing leading to overwhelming interest payments that drain business profits continuously.
3. **Economic Downturns:** External macroeconomic factors such as recessions, inflation, or sudden market shifts that drastically reduce sales.
4. **Ineffective Management:** Lack of strategic planning, poor executive leadership, and failure to adapt to changing consumer preferences.

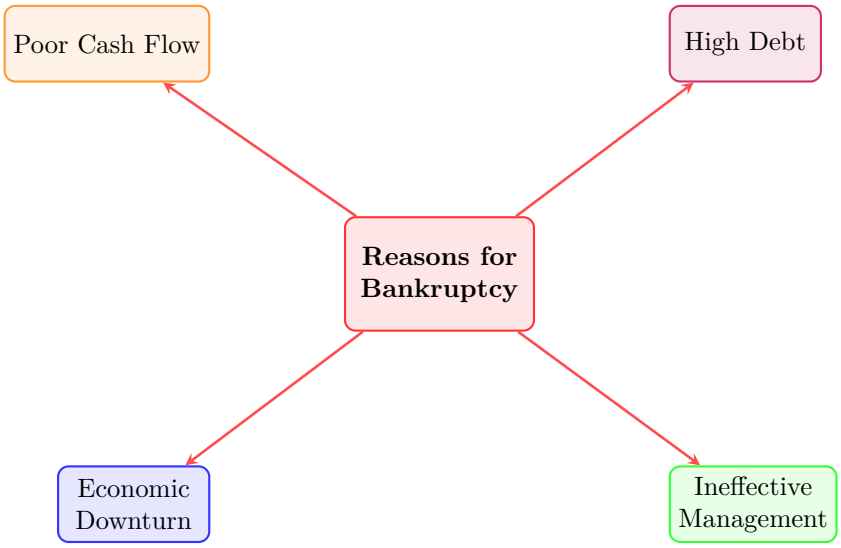


Figure 53: Reasons for Bankruptcy

Diagrammatic Representation

Mnemonic: *CHEI (Cash flow, High debt, Economic downturn, Ineffective management)*

Q.5 (b) OR Distinguish between fixed cost and variable cost. [4 marks]

Solution

Introduction to Costs In business economics, operational costs are primarily classified into fixed and variable categories based on how they respond to changes in production volume. Understanding this fundamental distinction is strictly vital for pricing, budgeting, and break-even analysis.

Parameter	Fixed Cost	Variable Cost
Meaning	Costs that strongly remain constant regardless of production volume	Costs that visibly fluctuate in direct proportion to production volume
Occurrence	Incurred definitely even if the production output is completely zero	Incurred only when actual production realistically occurs
Time Scope	Generally associated with short-term business rigidities	Associated broadly with both short and long-term operations
Unit Cost	Fixed cost per unit gradually decreases as production increases	Variable cost per unit generally remains fairly constant
Examples	Factory rent, insurance premiums, permanent staff salaries	Raw materials, direct labor, product packaging costs

Mnemonic: *MOTUE (Meaning, Occurrence, Time scope, Unit cost, Examples)*

Q.5 (c) OR Describe various business ethics and their importance. [7 marks]

Solution

Business Ethics Definition Business ethics refer to the moral principles, policies, and values that govern the behavior of individuals and organizations in the commercial world. They guide decision-making to logically ensure fairness, transparency, and social responsibility.

Core Business Ethics

- **Honesty and Integrity:** Being perfectly truthful in all communications, actively avoiding deceptive marketing, and fulfilling promises made to customers.
- **Fairness and Justice:** Treating all stakeholders totally equally, avoiding workplace discrimination, and maintaining fair pricing strategies.
- **Transparency:** Openly sharing highly relevant financial and operational information with investors, employees, and the public.
- **Corporate Social Responsibility (CSR):** Actively contributing to societal welfare, environmental protection, and ensuring sustainable practices.

Importance of Business Ethics

1. **Builds Trust:** Enhances the company's reputation, leading to strong customer loyalty and repeat business.
2. **Attracts Talent:** Ethical companies naturally attract and consistently retain high-quality employees who highly value a positive work environment.
3. **Investor Confidence:** Modern investors strictly prefer transparent and ethical businesses, massively reducing the risk of corporate scandals.
4. **Legal Compliance:** Substantially reduces the likelihood of facing lengthy lawsuits, heavy regulatory fines, and government interventions.

Ethical Principle	Practical Application	Positive Result
Honesty	Truthful product marketing	Long-term customer trust
Fairness	Equal employment opportunity	High employee satisfaction
Transparency	Clear financial reporting	Strong investor confidence
CSR	Sustainable eco-friendly practices	Positive societal goodwill

Mnemonic: *HFT-TAIL (Honesty, Fairness, Transparency - Trust, Attracts talent, Investor confidence, Legal compliance)*

Summer 2024

Q.1 (a) Distinguish between Entrepreneur and Manager. [3 Marks]

Box

Table 75: Comparison: Entrepreneur vs. Manager

Basis of Difference	Entrepreneur	Manager
Motive	The main motive is to start a venture by setting up an enterprise for personal goals.	The main motive is to render their services in an enterprise set up by someone else.
Risk	Assumes all risk and uncertainty involved in the enterprise.	Does not bear any risk involved in the enterprise.
Reward	Reward is the profit earned from the enterprise, which is highly uncertain.	Reward is the salary drawn for the services rendered, which is fixed and regular.
Status	An entrepreneur is the owner of the enterprise.	A manager is simply an employee in the enterprise.

Q.1 (b) Explain any four functions of Entrepreneurship. [4 Marks]

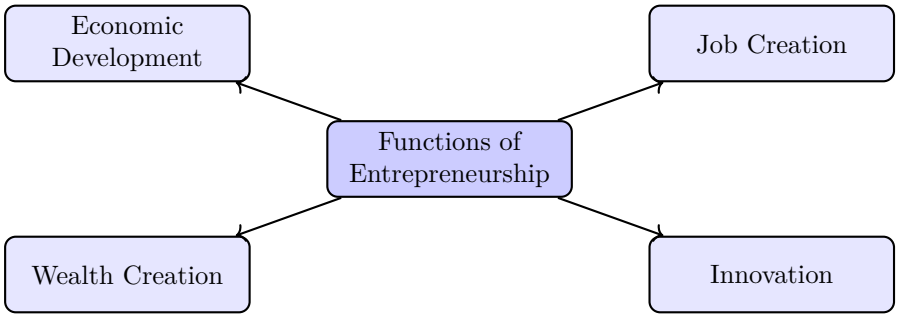


Figure 54: Key Functions of Entrepreneurship

Box

- **Job Creation:** Entrepreneurs establish new businesses, which require human resources, thereby generating employment opportunities for others in the society.
- **Innovation:** They introduce new products, services, processes, or technologies to the market, solving existing problems more efficiently.
- **Economic Development:** By investing capital, generating income, and paying taxes, entrepreneurial activities significantly boost the national economy.
- **Wealth Creation:** They mobilize idle savings and resources, turning them into productive investments that create wealth for the founders, investors, and society.

Q.1 (c) How MSMEs are important in the development of economy of India? [7 Marks]

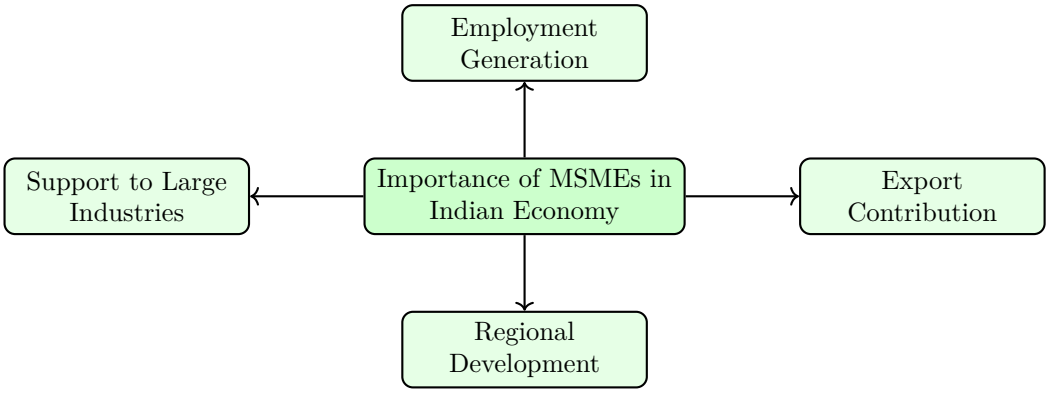


Figure 55: Role of MSMEs in the Indian Economy

Importance of MSMEs in the Indian Economy

The Micro, Small and Medium Enterprises (MSME) sector is a highly vibrant and dynamic sector of the Indian economy. Its key contributions include:

- **Large Scale Employment:** After agriculture, MSMEs are the second largest employer in India. They require lower capital to generate employment, making them crucial for a populous country.
- **Contribution to GDP:** The sector contributes a significant percentage (around 30%) to India's Gross Domestic Product (GDP) through manufacturing and services.
- **Boost to Exports:** A large chunk of India's total exports comes from MSMEs. They produce diverse products ranging from traditional handicrafts to modern tech components.
- **Regional Balance:** MSMEs can be established in rural and backward areas. This promotes balanced regional development and prevents rural-to-urban migration.
- **Support for Large Industries:** They act as ancillary units, producing intermediate goods, spare parts, and components required by large-scale industries.
- **Entrepreneurship Development:** They provide a fertile ground for budding entrepreneurs to test their ideas with minimal capital and risk.
- **Utilization of Local Resources:** They make effective use of locally available raw materials, indigenous skills, and traditional knowledge.

Q.1 (c) OR How Student Start-up and Innovation Policy (SSIP) helps diploma students to start their own start-up? [7 Marks]



Figure 56: Mechanism of SSIP Support for Diploma Students

Role of SSIP in Supporting Diploma Students

The Student Start-up and Innovation Policy (SSIP) of the Government of Gujarat provides end-to-end support to young innovators in diploma colleges:

- **Financial Support for Proof of Concept (PoC):** SSIP provides grants (up to a certain limit, often ₹2 Lakhs) to students to build prototypes and test the technical feasibility of their ideas.
- **Patent and IPR Filing Assistance:** Filing a patent can be expensive. SSIP reimburses the costs associated with filing domestic and international patents, helping students protect their intellectual property.
- **Mentorship and Expert Guidance:** Students are paired with industry experts, alumni, and academic mentors who guide them in technical development and business strategy.
- **Incubation Infrastructure:** Institutes establish SSIP cells or incubation centers where students get access to workspaces, high-end labs, internet, and maker-spaces to work on their start-ups.
- **Capacity Building and Training:** Regular workshops, hackathons, and boot camps are organized to develop entrepreneurial skills, business model canvas understanding, and pitching techniques among students.
- **Networking Opportunities:** SSIP facilitates connections with angel investors, venture capitalists, and industry networks, helping students secure further seed funding for commercialization.
- **Academic Incentives:** In many institutions, students working on SSIP projects can get attendance relaxations or academic credits for their entrepreneurial efforts.

0.6 Question 2

0.6.1 Question 2(a) [3 marks]

What is project report? Show its importance in project implementation.

Solution

Definition of Project Report: A project report is a comprehensive document that outlines the details of a proposed business plan or project. It acts as a roadmap for the entrepreneur, detailing the technical, financial, marketing, and operational feasibility of the business.

Key Components

- **Executive Summary:** Brief overview of the entire business concept.
- **Financial Plan:** Estimated costs, revenue projections, and funding sources.
- **Technical Details:** Machinery, technology, and production process required.
- **Market Analysis:** Target audience, competitors, and marketing strategies.

Importance in Project Implementation: The project report is crucial for successful execution for several reasons:

1. **Securing Finance:** Banks and investors require a detailed project report to evaluate the viability of the project before providing loans or funding.
2. **Risk Mitigation:** It helps identify potential bottlenecks and risks in advance, allowing for contingency planning.
3. **Resource Allocation:** Provides a clear estimation of required resources like manpower, materials, and machinery.
4. **Performance Tracking:** Serves as a benchmark against which actual performance can be measured during implementation.

Table 76: Benefits of Project Report

Sr. No.	Internal Benefits	External Benefits
1	Clear strategic direction	Attracting potential investors
2	Better resource management	Obtaining government approvals
3	Performance monitoring	Securing bank loans

Mnemonic: *F-R-R-P: Finance, Risk, Resources, Performance.*

0.6.2 Question 2(b) [4 marks]

How the Break-Even Point (in terms of sales revenue) is calculated? Also show graphical representation with example.

Solution

Concept of Break-Even Point (BEP): The Break-Even Point (BEP) is the level of sales at which total revenues equal total costs, resulting in neither profit nor loss. It is a critical metric for businesses to determine the minimum sales volume required to cover all fixed and variable expenses.

Calculation in Terms of Sales Revenue: To calculate BEP in terms of sales revenue (in Rupees), the formula uses Fixed Cost and Profit Volume (P/V) Ratio.

Definition

Formula:

$$\text{BEP (in Sales Revenue)} = \frac{\text{Total Fixed Cost}}{\text{P/V Ratio}}$$

Where, $\text{P/V Ratio} = \frac{\text{Contribution}}{\text{Sales}} = \frac{\text{Sales} - \text{Variable Cost}}{\text{Sales}}$

Alternatively:

$$\text{BEP (in Revenue)} = \text{BEP (in Units)} \times \text{Selling Price per Unit}$$

Example Calculation: Consider a company with the following data:

- Total Fixed Cost (FC) = Rs. $50,000$
- Selling Price per Unit (SP) = Rs. 100
- Variable Cost per Unit (VC) = Rs. 60

Contribution per Unit = SP − VC = $100 - 60 = 40$ Rs.
P/V Ratio = $\frac{40}{100} = 0.40$ (or 40%)
BEP (Revenue) = $\frac{50{,}000}{0.40} = 1,25,000$ Rs.

Graphical Representation: The break-even chart plots total revenue and total cost against sales volume. The intersection point of the Total Cost (TC) line and Total Revenue (TR) line represents the Break-Even Point.

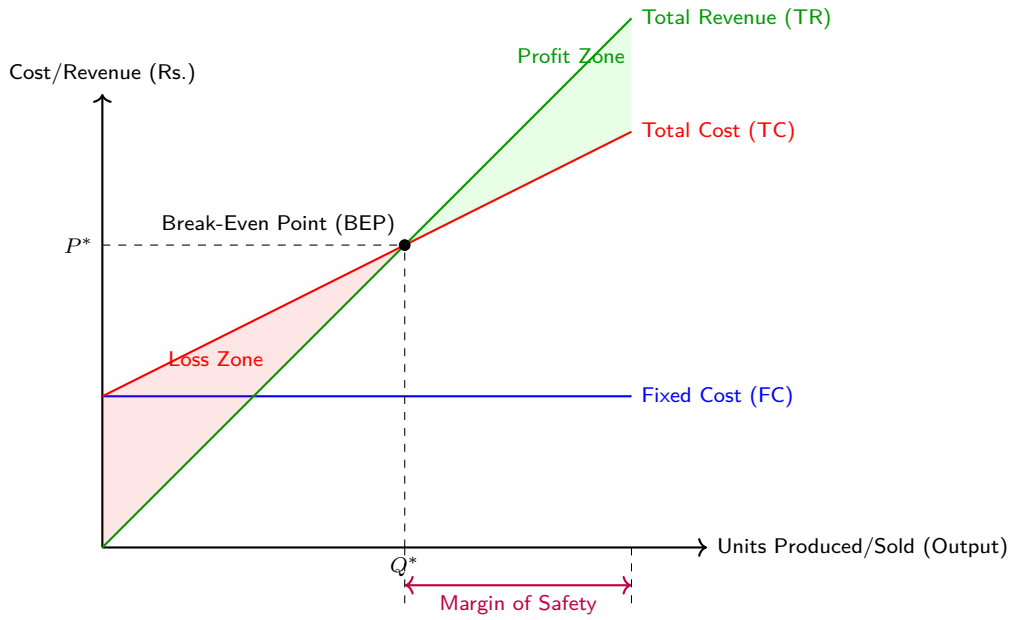


Figure 57: Break-Even Analysis Chart

Mnemonic: *No Profit, No Loss: Total Revenue equals Total Cost.*

0.6.3 Question 2(c) [7 marks]

Explain the need of market survey and also explain the market test method of market survey.

Solution

Concept of Market Survey: A market survey is a systematic process of collecting, analyzing, and interpreting data about a target market, consumers, and competitors. It is an essential part of market research that helps businesses make informed decisions before launching a product or service.

Need of Market Survey: Conducting a market survey is vital for the success of any business enterprise. The key reasons include:

- **Understanding Customer Needs:** It helps identify what the customers want, their preferences, and their pain points.
- **Demand Forecasting:** Surveys help estimate the potential demand for a product, allowing businesses to plan production capacities accurately.
- **Competitor Analysis:** By surveying the market, companies can evaluate the strengths and weaknesses of existing competitors and find gaps in the market.
- **Risk Reduction:** It minimizes the risk of product failure by validating the business idea before significant investments are made.
- **Pricing Strategy:** Feedback from surveys helps in determining the optimal price point that customers are willing to pay.

Table 78: Types of Data Collected in Market Survey

Sr. No.	Primary Data	Secondary Data
1	Collected directly via interviews	Gathered from existing reports
2	Specific to the current problem	General industry statistics
3	High cost and time-consuming	Cost-effective and quick

Market Test Method: The Market Test method (also known as Test Marketing) is a technique where a product and its marketing plan are exposed to a carefully chosen sample of the population.

Key Features of Market Test Method:

1. **Real-World Trial:** The product is launched in a limited geographic area (e.g., a single city) rather than nationwide.
2. **Consumer Behavior Observation:** It observes actual consumer buying behavior instead of relying purely on opinions or theoretical surveys.
3. **Strategy Refinement:** The company tests various marketing variables like price, packaging, and advertising campaigns.
4. **Final Decision:** Based on the test market's response, the management decides whether to proceed with a full-scale launch, modify the product, or drop the idea completely.

Mnemonic: *U-D-C-R-P for Need: Understanding, Demand, Competitor, Risk, Pricing.*

0.6.4 Question 2(a) OR [3 marks]

What is marketing plan? Explain in brief.

Solution

Definition of Marketing Plan: A marketing plan is a strategic document that outlines the specific actions a business will take to reach its target audience, generate leads, and achieve its sales goals. It is a core component of the overall business plan.

Key Elements of a Marketing Plan: A well-structured marketing plan typically includes the following elements:

- **Market Research:** Analysis of current market trends, customer demographics, and competitor strategies.
- **Target Audience:** Clearly defining the ideal customer profile (buyer persona).
- **Marketing Mix (4Ps):** Strategies regarding Product, Price, Place (distribution), and Promotion.
- **Budget and Metrics:** Allocating financial resources for marketing campaigns and defining Key Performance Indicators (KPIs) to measure success.

Purpose of Marketing Plan

The primary objective is to create a roadmap that aligns marketing efforts with business objectives, ensuring efficient use of resources to maximize return on investment (ROI).

Mnemonic: *R-A-M-B: Research, Audience, Mix, Budget.*

0.6.5 Question 2(b) OR [4 marks]

Prepare SWOT analysis for a company manufacturing e-bike in urban region in Gujarat.

Solution

SWOT Analysis Concept: SWOT Analysis is a strategic planning technique used to identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning.

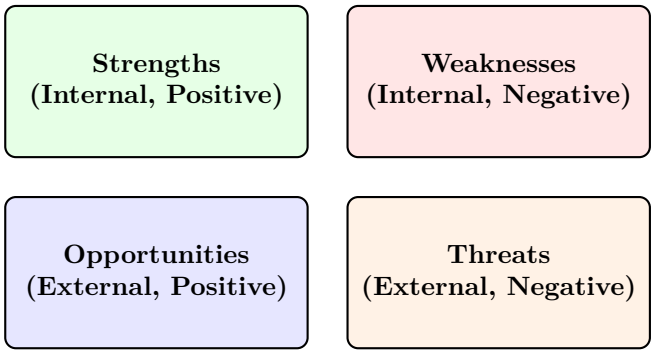


Figure 58: SWOT Analysis Framework

SWOT Analysis for E-bike Manufacturer in Gujarat: For an e-bike manufacturing company operating in urban areas of Gujarat (like Ahmedabad, Surat, Vadodara), the analysis is as follows:

- **Strengths (Internal):**
  - Environment-friendly product appealing to modern urban consumers.
  - Low running cost and minimal maintenance compared to petrol vehicles.
  - Strong local supply chain networks in Gujarat.
- **Weaknesses (Internal):**
  - High initial setup and battery manufacturing costs.
  - Limited range on a single charge causing range anxiety.
  - Dependence on imported battery cells (Lithium-ion).
- **Opportunities (External):**
  - Government subsidies (like Gujarat State EV Policy) promoting electric vehicles.
  - Rising petrol prices driving consumers towards EV alternatives.
  - Increasing awareness about reducing carbon footprints in urban cities.
- **Threats (External):**
  - High competition from established players like Ather, Ola, and TVS.
  - Lack of widespread public charging infrastructure.
  - Safety concerns related to EV battery fires in summer.

Mnemonic: *S-W-O-T: Strengths, Weaknesses, Opportunities, Threats.*

0.6.6 Question 2(c) OR [7 marks]

What is innovation? List any five innovations of any product or process or service.

Solution

Concept of Innovation: Innovation is the process of translating a new idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination, and initiative in deriving greater or different values from resources.

It is distinct from invention; invention is the creation of a new idea, whereas innovation is the commercial application and successful implementation of that idea.

Table 80: Types of Innovation

Sr. No.	Type of Innovation	Description
1	Product Innovation	Creating a new product or improving an existing one.
2	Process Innovation	Improving the method of creation, delivery, or production.
3	Service Innovation	Introducing new services to enhance customer experience.

Five Innovations of Product/Process/Service: Here are five notable innovations that revolutionized their respective industries:

1. **Digital Payments (Service/Process Innovation):** The introduction of UPI (Unified Payments Interface) in India drastically changed how people transfer money. It replaced cash and traditional net banking with instant mobile-based transactions.
2. **Smartphones (Product Innovation):** The convergence of a mobile phone, internet browser, camera, and music player into a single touch-screen device (e.g., Apple iPhone) replaced multiple standalone devices.
3. **Electric Vehicles (Product Innovation):** Companies like Tesla innovated the automobile industry by replacing internal combustion engines with high-efficiency electric motors and lithium-ion batteries.
4. **Cloud Computing (Service/Process Innovation):** Services like AWS and Google Cloud innovated data storage and processing by allowing users to access servers remotely over the internet, eliminating the need for local hardware.
5. **Online Streaming (Service Innovation):** Platforms like Netflix and Spotify innovated media consumption by offering on-demand access to vast libraries of movies and music via the internet, disrupting physical media like DVDs and CDs.

Mnemonic: *D-S-E-C-O: Digital payments, Smartphones, EVs, Cloud, Online streaming.*

0.7 Question 3

Q.3 (a) Write short note on partnership firm.

Write short note on partnership firm.

Solution

Introduction to Partnership Firm: A partnership firm is a business structure where two or more individuals manage and operate a business in accordance with the terms and objectives set out in a Partnership Deed. They share the profits and liabilities of the business.

Key Features:

- **Agreement:** A formal or informal agreement (Partnership Deed) is essential.
- **Number of Partners:** Minimum 2, and maximum 50 partners.
- **Sharing of Profit and Loss:** Profits and losses are shared in a pre-agreed ratio.
- **Unlimited Liability:** Partners have unlimited liability for the debts of the firm.
- **Mutual Agency:** Each partner acts as an agent for the firm and other partners.

Table 82: Partnership Firm vs Sole Proprietorship

Sr. No.	Parameter	Partnership
1	Ownership	Two or more persons
2	Capital	Higher capital can be raised
3	Risk	Shared among partners

Mnemonic: *A N S U M (Agreement, Number, Sharing, Unlimited, Mutual)*

Q.3 (b) Explain the various activities involved in `staffing' function of management with example.` staffing' function of management with example.

Explain the various activities involved in 'staffing' function of management with example.

Solution

Introduction to Staffing: Staffing is the managerial function of acquiring, developing, and retaining a competent workforce to achieve organizational goals. It involves putting the right person in the right job.

Key Activities in Staffing:

- **Manpower Planning:** Estimating the number and types of employees required.
- **Recruitment:** Searching for prospective candidates and stimulating them to apply.
- **Selection:** Choosing the most suitable candidate from the applicant pool.
- **Placement and Orientation:** Assigning the job and introducing the employee to the organization.
- **Training and Development:** Enhancing skills and knowledge of employees.
- **Performance Appraisal:** Evaluating the performance of employees against standards.

Example: If an IT startup needs to develop a new app, staffing involves:

- **Planning:** Identifying the need for 2 Android developers and 1 UI/UX designer.
- **Recruitment:** Posting job ads on LinkedIn and tech portals.
- **Selection:** Conducting technical interviews and hiring the best 3 candidates.
- **Placement:** Assigning them to the app development team.

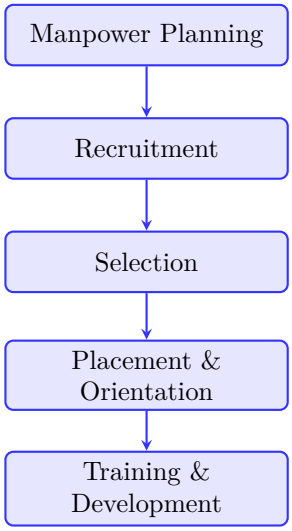


Figure 59: Staffing Process Flow

Mnemonic: *M R S P T P (Manpower, Recruitment, Selection, Placement, Training, Performance)*

Q.3 (c) Explain the autocratic leadership and state its advantages.

Explain the autocratic leadership and state its advantages.

Solution

Introduction to Autocratic Leadership: Autocratic leadership, also known as authoritarian leadership, is a style where the leader holds all decision-making authority and power. The leader dictates policies and procedures without consulting team members.

Characteristics:

- Centralization of power and decision-making.
- One-way communication (top-down).
- Minimal group participation or input.
- Close supervision and strict control over subordinates.
- Focus on task completion rather than employee satisfaction.

Autocratic Leadership

- A leadership style in which a single individual has total authority.
- Decisions are made without the input of others.

Advantages of Autocratic Leadership:

- **Quick Decision Making:** Since only one person makes decisions, it saves time and allows for rapid responses to crises.
- **Clear Chain of Command:** Roles, responsibilities, and expectations are clearly defined, reducing ambiguity.
- **Effective for Unskilled Workers:** Ideal when managing inexperienced or low-skilled workers who require detailed instructions.
- **High Productivity:** Can lead to high productivity in the short term under close supervision.
- **Reduced Stress for Subordinates:** Employees do not have to bear the burden of decision-making.

Disadvantages:

- Can lead to low employee morale and high turnover.
- Suppresses creativity and innovation among team members.
- Over-reliance on the leader can stall operations in their absence.

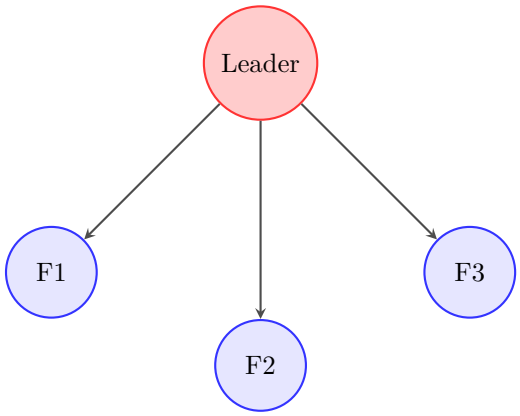


Figure 60: Autocratic Leadership Structure

Mnemonic: *Q C E H R (Quick, Clear, Effective, High, Reduced)*

OR Q.3 (a) Write short note on joint stock company.

Write short note on joint stock company.

Solution

Introduction to Joint Stock Company: A joint stock company is a voluntary association of individuals for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership.

Key Features:

- **Artificial Legal Person:** It is created by law and has a separate legal entity from its members.
- **Limited Liability:** The liability of members is limited to the unpaid amount on their shares.
- **Perpetual Succession:** The company continues to exist irrespective of the death or insolvency of members.
- **Transferability of Shares:** Shares of a public company are freely transferable.
- **Common Seal:** It acts as the official signature of the company.

Table 84: Characteristics of Joint Stock Company

Sr. No.	Feature	Description
1	Legal Entity	Separate from owners
2	Liability	Limited to share value
3	Life Span	Perpetual succession

Mnemonic: *A L P T C (Artificial, Limited, Perpetual, Transferability, Common seal)*

OR Q.3 (b) Explain the various activities involved in `organizing' function of management with example.` organizing' function of management with example.

Explain the various activities involved in 'organizing' function of management with example.

Solution

Introduction to Organizing: Organizing is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together.

Key Activities in Organizing:

- **Identification of Activities:** Recognizing all the tasks required to achieve goals.
- **Grouping of Activities (Departmentalization):** Classifying related activities into departments.
- **Assignment of Duties:** Allocating tasks to specific individuals or positions.
- **Delegation of Authority:** Granting power to individuals to carry out their duties.
- **Establishing Reporting Relationships:** Defining who reports to whom to coordinate efforts.

Example: In a mobile manufacturing company, organizing involves:

- **Identifying:** Purchasing components, assembling, marketing, and accounting.
- **Grouping:** Creating Production, Marketing, and Finance departments.
- **Assigning:** Giving a manager the task of leading the Production team.
- **Relationships:** Workers report to supervisors, who report to the production manager.

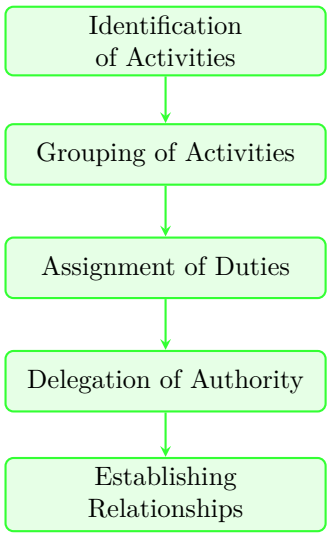


Figure 61: Organizing Process Steps

Mnemonic: *I G A D E (Identification, Grouping, Assignment, Delegation, Establishing)*

OR Q.3 (c) Explain the democratic leadership and state its advantages.

Explain the democratic leadership and state its advantages.

Solution

Introduction to Democratic Leadership: Democratic leadership, also known as participative leadership, is a style where the leader involves team members in the decision-making process. While the leader retains the final say, the input of subordinates is actively sought and valued.

Characteristics:

- Decentralization of power and decision-making.
- Two-way communication between leader and subordinates.
- High group participation and encouragement of ideas.
- Focus on both task completion and employee satisfaction.
- Fosters teamwork and collaboration.

Democratic Leadership

- A leadership approach that emphasizes collaboration and the free flow of ideas.
- Team members share in decision-making responsibilities.

Advantages of Democratic Leadership:

- **High Morale and Motivation:** Employees feel valued and respected, leading to higher job satisfaction.
- **Better Decision Making:** Input from diverse team members leads to more creative and effective solutions.
- **Increased Acceptance of Changes:** Since employees are involved in decisions, they are more likely to accept and implement them.
- **Development of Future Leaders:** Encouraging participation helps build leadership skills among subordinates.
- **Lower Employee Turnover:** A positive work environment reduces attrition rates.

Disadvantages:

- **Time-Consuming:** The participative process can delay decision-making, which is detrimental during crises.
- **Potential for Conflict:** differing opinions among team members can lead to disagreements.
- **Incompetent Subordinates:** If employees lack knowledge or experience, their input may not be valuable.

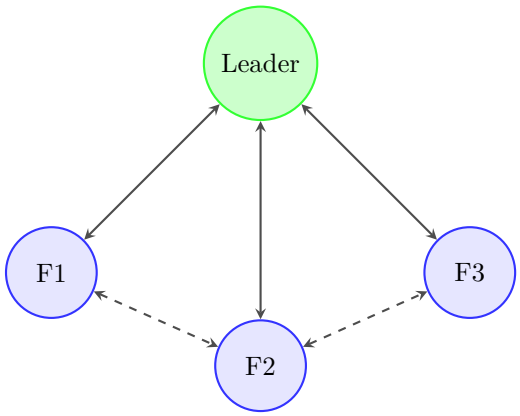


Figure 62: Democratic Leadership Structure

Mnemonic: *H B I D L (High, Better, Increased, Development, Lower)*

Q.4 (a) State various functions of District Industries center.

Solution

Key Concept

District Industries Centers (DICs) are established at the district level to provide all the necessary support services under one roof for entrepreneurial development.

Functions of DIC:

- **Registration:** Providing provisional and permanent registration to small scale and ancillary units.
- **Financial Assistance:** Arranging loans from financial institutions and subsidies from various government schemes.
- **Raw Materials Procurement:** Assisting in procuring scarce and imported raw materials for continuous production.
- **Infrastructure Support:** Helping entrepreneurs in obtaining land, factory sheds, power, and water connections.
- **Training Programs:** Organizing entrepreneurship development programs and technical training for skill enhancement.
- **Marketing Guidance:** Providing information on market opportunities and facilitating government purchases from small industries.

Table 86: Functions of DIC

Sr. No.	Category	Function Details
1	Regulatory	Registration and licensing of small industries
2	Promotional	Entrepreneurship development and training
3	Financial	Facilitating loans, subsidies, and grants
4	Operational	Providing raw materials, land, and power

Mnemonic: *RF-RIT-M (Registration, Finance, Raw materials, Infrastructure, Training, Marketing)*

Q.4 (b) Identify any two state level incubators and write their functions.

Solution

Key Concept

State-level incubators play a crucial role in nurturing early-stage startups by providing workspace, mentorship, funding access, and networking opportunities.

Prominent State-Level Incubators in Gujarat:

1. **iCreate (International Centre for Entrepreneurship and Technology)**
2. **GUSEC (Gujarat University Startup and Entrepreneurship Council)**

Box

- **Infrastructure:** Provides seed funding, co-working office space, and specialized technological labs.
- **Mentorship:** Offers intense mentoring from industry experts and successful entrepreneurs.
- **Networking:** Facilitates strong networking with venture capitalists and angel investors to secure next-round funding.

Box

- **Student Focus:** Supports student startups and innovations without taking any equity.
- **End-to-end Support:** Provides pre-incubation, incubation, and acceleration support for early-stage ideas.
- **Legal Assistance:** Offers Intellectual Property (IP) filing support, legal assistance, and market access strategies.

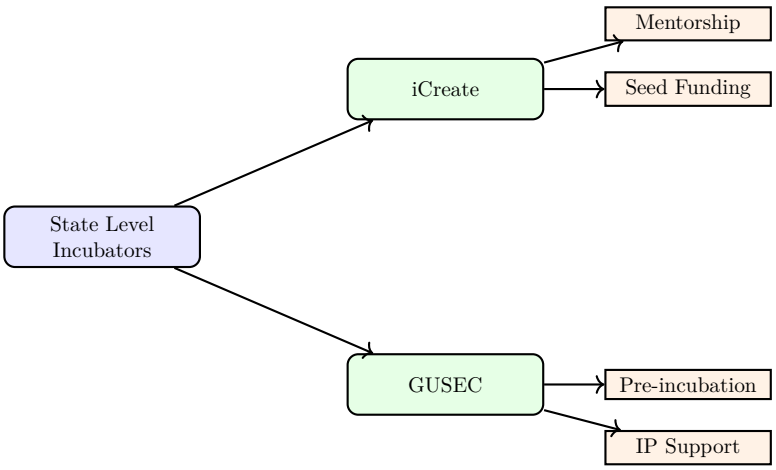


Figure 63: Functions of State Level Incubators

Mnemonic: *State Incubators give IMN (Infrastructure, Mentorship, Networking) and SEL (Student focus, End-to-end support, Legal assistance).*

Q.4 (c) What is start-up eco system? List various activities and elements of start-up eco system.

Solution

Definition

A **Startup Ecosystem** refers to a network of individuals, organizations, and resources that interact to create and scale new startup companies in a specific geographic location or sector.

Elements of a Startup Ecosystem:

- **Ideas and Inventions:** The foundation of any startup, generated through research, market gaps, or innovative thinking.
- **Entrepreneurs:** The driving force who execute the ideas, take risks, and build the business ventures.
- **Mentors and Advisors:** Experienced professionals providing guidance, strategic direction, and industry insights.
- **Investors:** Angel investors, venture capitalists, and banks providing necessary capital for growth.

- **Incubators and Accelerators:** Organizations providing infrastructure, training, and initial operational support.
- **Government and Regulations:** Favorable policies, tax incentives, and ease of doing business implemented by the government.

Activities in a Startup Ecosystem:

- **Networking Events:** Pitching sessions, hackathons, and conferences to connect various stakeholders.
- **Mentorship Programs:** Connecting experienced industry leaders with budding entrepreneurs for knowledge transfer.
- **Funding Rounds:** Organizing seed funding, Series A, B, and C investment campaigns.
- **Skill Development:** Conducting workshops on business modeling, marketing, and legal compliance.

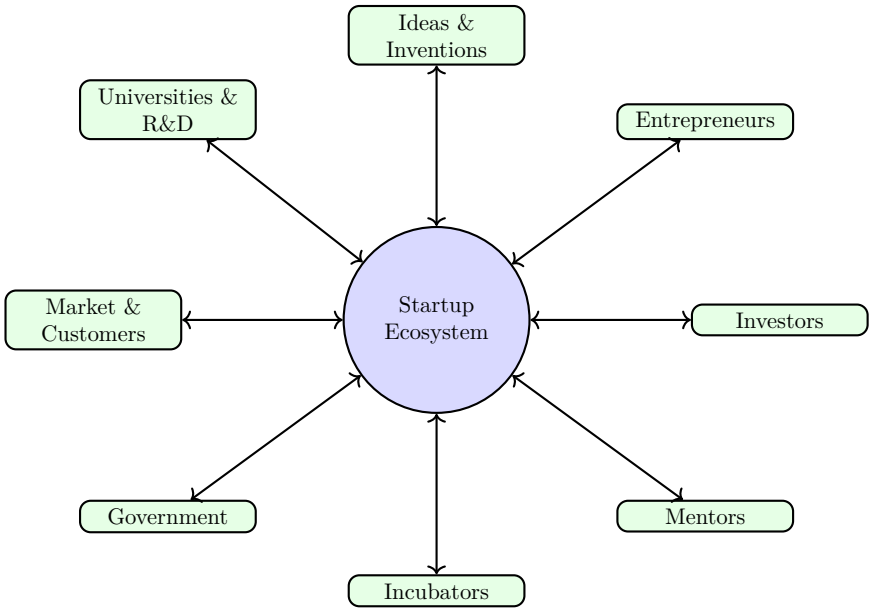


Figure 64: Elements of Startup Ecosystem

Mnemonic: *Ecosystem Elements: I-E-M-I-I-G (Ideas, Entrepreneurs, Mentors, Investors, Incubators, Government)*

Q.4 (a) OR State various functions of Small industries Development Bank of India (SIDBI).

Solution

Key Concept

Small Industries Development Bank of India (SIDBI) is the apex regulatory body in India for the licensing and regulation of micro, small, and medium enterprise (MSME) finance companies.

Functions of SIDBI:

- **Direct Finance:** Providing direct loans to MSMEs for capacity expansion, technology upgradation, and working capital requirements.
- **Indirect Finance:** Refinancing banks and State Financial Corporations (SFCs) to boost lending capabilities to the MSME sector.

- **Microfinance Support:** Supporting microfinance institutions (MFIs) to extend credit to the unorganized and grassroots sectors.
- **Venture Capital:** Operating venture capital funds to support innovative, technology-driven, and high-growth startups.
- **Promotional Activities:** Conducting entrepreneurship development programs and skill upgradation workshops across the country.

Table 87: Key Functions of SIDBI

Sr. No.	Function Type	Details
1	Financial Assistance	Direct loans, refinancing, and bill discounting
2	Developmental Support	Promoting entrepreneurship and skill building
3	Policy Advocacy	Advising government on MSME sector policies

Mnemonic: *DIM-VP (Direct finance, Indirect finance, Microfinance, Venture capital, Promotional activities)*

Q.4 (b) OR Identify any two national level incubators and write their functions.

Solution

Key Concept

National-level incubators are premier institutions funded and supported by the central government to foster high-tech and large-scale innovations across the country.

Prominent National-Level Incubators:

1. **NSRCEL (Nadathur S. Raghavan Centre for Entrepreneurial Learning)** at IIM Bangalore
2. **CIE (Centre for Innovation and Entrepreneurship)** at IIIT Hyderabad

Box

- **Expert Mentoring:** Provides comprehensive mentoring from IIM faculty and seasoned industry veterans.
- **Capacity Building:** Conducts extensive bootcamps and workshops for early-stage ventures.
- **Global Networking:** Facilitates strong connections with global investors and large corporate partners.

Box

- **Deep-Tech Focus:** Specializes in supporting deep-tech startups involving Artificial Intelligence, Machine Learning, robotics, and blockchain.
- **Technical Access:** Provides access to cutting-edge research labs and technical expertise from the university.
- **IP Support:** Offers seed funding and strategic support for intellectual property (IP) filing and commercialization.

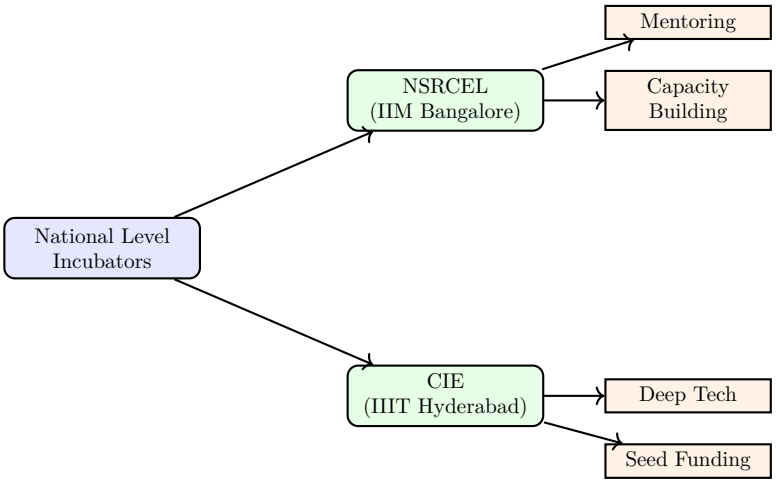


Figure 65: Functions of National Level Incubators

Mnemonic: *National Incubators offer ECG (Expert mentoring, Capacity building, Global networking) and DTI (Deep-tech focus, Technical access, IP support).*

Q.4 (c) OR Which steps should be taken to avoid failure of start-up? Explain in brief.

Solution

Key Concept

Startup failures can be minimized by adopting systematic planning, understanding market needs deeply, and maintaining strict financial discipline from the early stages.

Steps to Avoid Startup Failure:

- **Thorough Market Research:** Validate the product idea with the target audience before launching to ensure there is a genuine demand.
- **Develop a Solid Business Plan:** Create a clear, well-documented roadmap outlining goals, target audience, revenue models, and operational strategies.
- **Manage Finances Wisely:** Keep meticulous track of cash flow, minimize unnecessary expenses, and secure adequate funding for lean periods.
- **Build a Competent Team:** Hire skilled individuals who complement each other's strengths and share the startup's long-term vision.
- **Focus on Customer Feedback:** Continuously iterate and improve the product or service based on early user feedback to achieve better product-market fit.
- **Maintain Adaptability:** Be ready to pivot the business model swiftly if initial strategies fail to yield expected results.
- **Implement a Strong Marketing Strategy:** Do not rely solely on word-of-mouth; invest in effective, targeted marketing to build solid brand awareness.

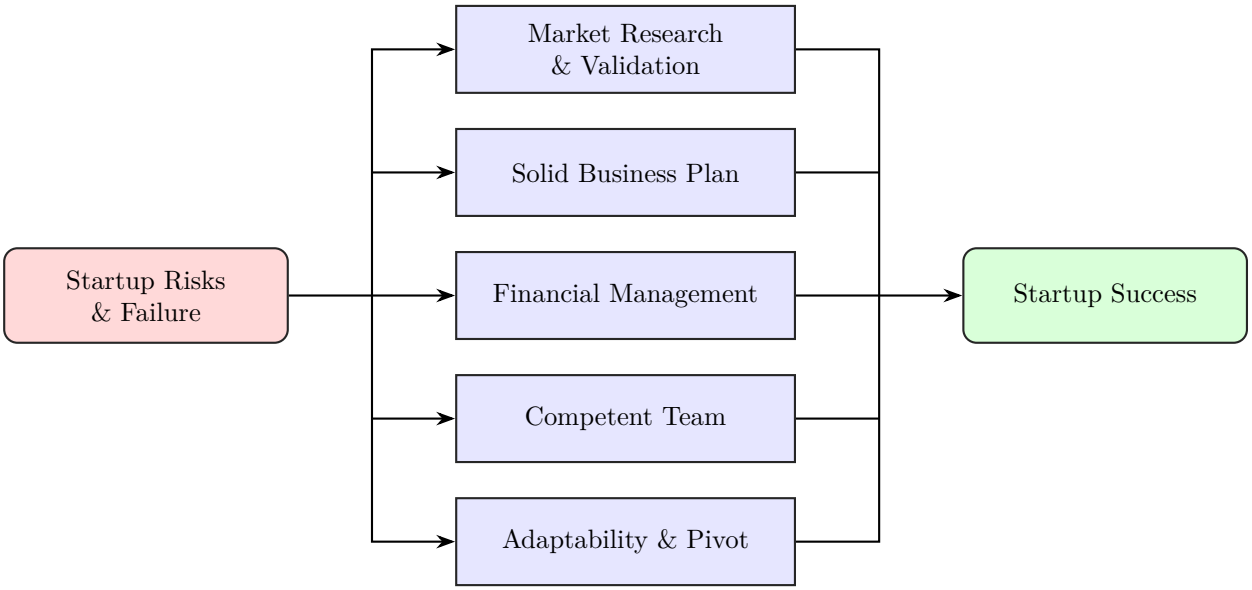


Figure 66: Steps to Avoid Startup Failure

Mnemonic: *MR. B.F. CAM (Market Research, Business plan, Finances, Competent team, Adaptability, Marketing)*

Q.5 (a) How Return on Investment (ROI) is calculated? [3 marks]

Solution

Return on Investment (ROI)

- Return on Investment (ROI) is a fundamental financial metric used to evaluate the profitability of an investment.
- It measures the return or profit generated from an investment relative to its initial cost.
- ROI is expressed as a percentage, making it easy to compare the financial efficiency of different projects.

Calculation Method

- The standard formula for calculating ROI is:

$$\text{ROI} = \left(\frac{\text{Net Profit}}{\text{Total Investment Cost}} \right) \times 100\%$$

- **Net Profit:** This is calculated by subtracting the initial investment cost from the final value of the investment.
- **Total Investment Cost:** The total capital initially invested in the project or business.

Table 88: Key Components of ROI Calculation

Component	Description	Example
Investment Cost	The initial amount spent on the project.	₹1,00,000
Final Value	The total amount received after completing the investment.	₹1,20,000
Net Profit	Final Value minus Investment Cost.	₹20,000
ROI Percentage	Net Profit divided by Investment Cost multiplied by 100.	20%

Mnemonic: *ROI: Return Over Investment - Profit divided by Principal.*

Q.5 (b) Show the significance of technical analysis in feasibility study. [4 marks]

Solution

Technical Analysis in Feasibility Study

- Technical analysis is a critical component of a feasibility study that evaluates the technical viability of a proposed project.
- It determines whether the required technology, equipment, and technical skills are available and suitable for the project.
- This analysis ensures that the product can actually be manufactured or the service can be delivered as planned.

Significance of Technical Analysis

- **Technology Selection:** Helps in choosing the most appropriate and cost-effective technology for the manufacturing process.
- **Resource Assessment:** Evaluates the availability of raw materials, power, water, and necessary infrastructure.

- **Location Suitability:** Determines if the chosen plant location is technically suitable for the operations.
- **Capacity Planning:** Assists in determining the optimal production capacity based on technical constraints.

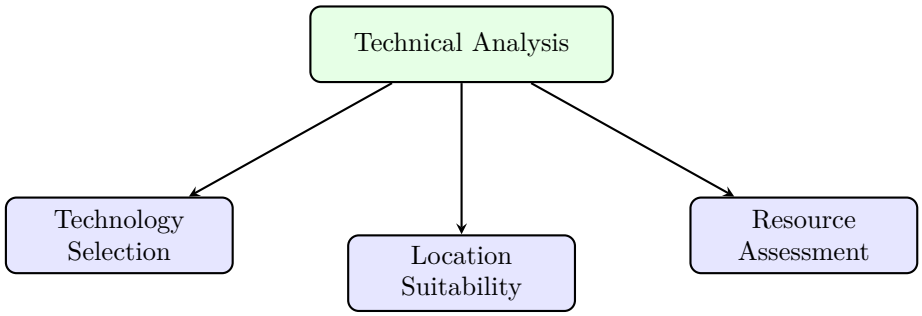


Figure 67: Components of Technical Analysis

Mnemonic: *TECH: Technology selection, Equipment, Capacity planning, and Hardware assessment.*

Q.5 (c) Explain the characteristics of corporate social responsibility. [7 marks]

Solution

Corporate Social Responsibility (CSR)

- Corporate Social Responsibility (CSR) is a business model that helps a company be socially accountable to itself, its stakeholders, and the public.
- By practicing CSR, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.
- It goes beyond simply making profit and focuses on sustainable development.

Key Characteristics of CSR

- **Voluntary Action:** CSR activities are largely voluntary and go beyond standard legal requirements.
- **Integration into Business:** It is not just an add-on but is integrated into the core business strategy and daily operations.
- **Multiple Stakeholders:** It addresses the needs and interests of various stakeholders, including employees, customers, suppliers, and the local community.
- **Triple Bottom Line Approach:** Focuses on three pillars: Profit (economic), People (social), and Planet (environmental).
- **Ethical Behavior:** Emphasizes transparency, honesty, and fair practices in all business dealings.
- **Sustainability:** Aims at long-term benefits for the society without compromising the ability of future generations to meet their needs.

Table 89: Dimensions of Corporate Social Responsibility

Dimension	Focus Area	Examples of Activities
Environmental	Reducing ecological footprint.	Waste management, using renewable energy, reducing emissions.
Social	Improving community well-being.	Educational programs, healthcare initiatives, supporting NGOs.
Economic	Fair financial practices.	Fair wages, ethical investments, supporting local businesses.
Workplace	Employee welfare and safety.	Safe working conditions, equal opportunity, training programs.

Mnemonic: *CSR FOCUS: Community, Sustainability, Responsibility, Fairness, Organization, Compliance, Understanding, Society.*

Q.5 (a) OR How Return on Sales (ROS) is calculated? [3 marks]

Solution

Return on Sales (ROS)

- Return on Sales (ROS) is a measure of how efficiently a company turns sales into profits.
- It is also known as the operating profit margin.
- ROS indicates the percentage of revenue that remains as profit after deducting variable costs of production, such as wages and raw materials.

Calculation of ROS

- The formula for calculating ROS is:

$$\text{ROS} = \left(\frac{\text{Operating Profit}}{\text{Net Sales}}\right) \times 100\%$$

- **Operating Profit:** The profit earned from regular business operations before deducting taxes and interest.
- **Net Sales:** Total revenue generated from sales minus any returns, allowances, and discounts.

Table 90: Key Components of ROS

Component	Description	Example
Net Sales	Total sales revenue generated.	₹5,00,000
Operating Expenses	Costs related to daily operations.	₹4,00,000
Operating Profit	Net Sales minus Operating Expenses.	₹1,00,000
ROS Percentage	Operating Profit divided by Net Sales.	20%

Mnemonic: *ROS: Revenue's Operating Share.*

Q.5 (b) OR Show the significance of market analysis in feasibility study. [4 marks]

Solution

Market Analysis in Feasibility Study

- Market analysis is a systematic evaluation of the target market to determine the potential demand for a product or service.
- It is a crucial part of a feasibility study that helps entrepreneurs understand their customers, competitors, and industry trends.
- Without a proper market analysis, a business risks producing something that nobody wants to buy.

Significance of Market Analysis

- **Identifying Target Customers:** Helps in defining the demographics, preferences, and buying behavior of potential customers.
- **Demand Forecasting:** Estimates the future demand and sales potential for the product or service.
- **Competitor Analysis:** Analyzes the strengths and weaknesses of existing competitors in the market.
- **Pricing Strategy:** Provides insights for setting competitive and profitable prices.
- **Risk Reduction:** Minimizes the risk of business failure by ensuring there is a viable market before investing capital.

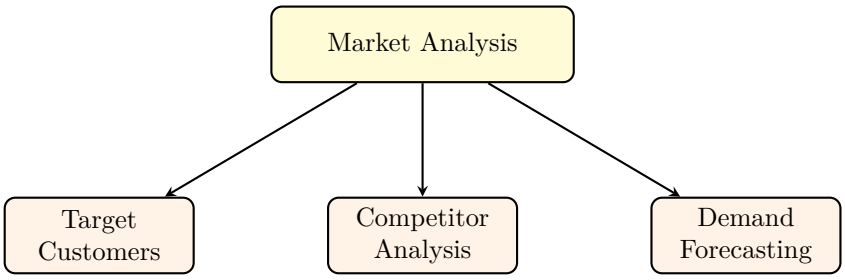


Figure 68: Elements of Market Analysis

Mnemonic: *MARKET: Measurement of demand, Audience identification, Rivals check, Key trends, Estimation of sales, Target pricing.*

Q.5 (c) OR Explain the characteristics of ethics. [7 marks]

Solution

Ethics

- Ethics refers to the moral principles and values that govern the behavior of individuals or groups.
- It provides a framework for distinguishing between what is right and wrong, good and bad, or acceptable and unacceptable behavior.
- In a business context, ethics ensures that operations are conducted fairly, transparently, and with respect for all stakeholders.

Key Characteristics of Ethics

- **Universal Application:** Ethical principles like honesty, integrity, and fairness are universally applicable, though their specific interpretations might vary across cultures.
- **Normative Science:** Ethics is considered a normative science because it deals with how things *ought* to be, rather than how they *are*.
- **Personal and Social Dimensions:** Ethics involves individual conscience as well as social accountability.
- **Beyond the Law:** While laws provide a minimum standard of behavior, ethics often goes above and beyond legal requirements to ensure moral correctness.
- **Dynamic Nature:** Ethical standards can evolve over time as society's values, technology, and understanding change.
- **Internal Control:** Unlike laws which are enforced by external authorities, ethics relies primarily on an individual's internal sense of duty and self-regulation.
- **Requires Voluntary Choice:** Ethical behavior involves making a voluntary, conscious choice to do the right thing even when nobody is watching.

Table 91: Ethics vs Law

Parameter	**Ethics**	**Law**
Origin	Moral values and social norms.	Government legislation.
Scope	Broad; covers almost all aspects of human behavior.	Narrow; covers specific acts prohibited by the state.
Enforcement	Self-regulated, social pressure.	Enforced by police and courts.
Punishment	Guilt, loss of reputation, social boycott.	Fines, imprisonment, legal penalties.

Mnemonic: *ETHICS: Equal treatment, Transparency, Honesty, Integrity, Character, Social responsibility.*