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Rationale

Development of school curriculum is a dynamic process responsive to the society and reflecting the needs and aspiration of its learners. Fast changing society deserves changes in educational curriculum particularly to establish relevance to emerging socio-economic environment; to ensure equity of opportunity and participation and finally promoting concern for excellence. In this context the course on entrepreneurship aims at instilling and stimulating human urge for excellence by realizing individual potential for generating and putting to use the inputs, relevant to social prosperity and thereby ensure decent means of living for every individual.

Objectives:

- Acquiring Entrepreneurial spirit and resourcefulness
- Familiarization with various uses of human resource for earning dignified means of living
- Understanding the concept and process of entrepreneurship - its contribution in and role in the growth and development of individual and the nation
- Acquiring entrepreneurial quality, competency and motivation
- Learning the process and skills of creation and management of entrepreneurial venture

ENTREPRENEURSHIP GRADE XI

<table>
<thead>
<tr>
<th>Unit</th>
<th>Marks</th>
<th>Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entrepreneurship - What, Why and How</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>2. An Entrepreneur</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>3. Entrepreneurial Journey</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>4. Entrepreneurship as Innovation and Problem Solving</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>5. Understanding the Market Resource Mobilization</td>
<td>15</td>
<td>40</td>
</tr>
<tr>
<td>6. Business Arithmetic</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>7. Resource Mobilization</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>8. PROJECT WORK</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>240</td>
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Design of the Question Paper for Annual Examination

Question Wise Division of Marks

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>Question Wise Division of Marks</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Marks For Each Question</td>
<td>1 Mark 2 Marks 3 Marks 4 Marks 6 Marks</td>
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</tr>
<tr>
<td>2.</td>
<td>Number Of Questions in Theory Paper</td>
<td>5 5 7 4 3</td>
<td>24 Questions</td>
</tr>
<tr>
<td></td>
<td>Total Marks allocated for Written Paper</td>
<td>5<em>1=5 5</em>2=10 7<em>3=21 4</em>4=16 3*6=18</td>
<td>70 Marks</td>
</tr>
<tr>
<td></td>
<td>Total Marks allocated for Unit Tests</td>
<td>3<em>1=3 3</em>2=6 4<em>3=12 2</em>4=8 1*6=6</td>
<td>35 Marks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1: Entrepreneurship: What, Why and How</td>
<td>After going through this unit, the student/ learner would be able to:</td>
</tr>
<tr>
<td>• Entrepreneurship- Concept, Functions, Need and Importance</td>
<td>• Understand the concept of Entrepreneurship</td>
</tr>
<tr>
<td>• Myths about Entrepreneurship</td>
<td>• Explain the functions of Entrepreneurship</td>
</tr>
<tr>
<td>• Pros and Cons of Entrepreneurship</td>
<td>• Appreciate the need for Entrepreneurship in our economy</td>
</tr>
<tr>
<td>• Process of Entrepreneurship</td>
<td>• State the myths, advantages and disadvantages of Entrepreneurship</td>
</tr>
<tr>
<td>• Describe the process of Entrepreneurship.</td>
<td>•</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit 2: An Entrepreneur</td>
<td>After going through this unit, the student/learner would be able to:</td>
</tr>
<tr>
<td>• Types of Entrepreneurs</td>
<td>• Differentiate between various types of entrepreneurs</td>
</tr>
<tr>
<td>• Competencies and Characteristics; Ethical Entrepreneurship.</td>
<td>• Explain the competencies of an Entrepreneur</td>
</tr>
<tr>
<td>• Entrepreneurial Value: Values, Attitudes and Motivation.</td>
<td>• Understand the concept of Ethics</td>
</tr>
<tr>
<td>• Mindset of an Employee and an Entrepreneur- Difference</td>
<td>• Appreciate the importance of Ethical Entrepreneurship</td>
</tr>
<tr>
<td>• Intrapreneur: Importance in Any Organization</td>
<td>• Highlight the value of ethics to an entrepreneur</td>
</tr>
<tr>
<td>• Understand the values, attitudes and motivation required by an</td>
<td>• Understand the values, attitudes and motivation required by an</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>Entrepreneur</td>
</tr>
<tr>
<td>• Differentiate between Entrepreneur and an employee</td>
<td>• State the meaning and importance of Intrapreneurship</td>
</tr>
<tr>
<td>• State the meaning and importance of Intrapreneurship</td>
<td></td>
</tr>
<tr>
<td>Unit 3: Entrepreneurship Journey</td>
<td>After going through this unit, the student/learner would be able to:</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>- Self-Assessment of Qualities, Skills, Resources and Dreams.</td>
<td>- Identify various personality types before starting any venture</td>
</tr>
<tr>
<td>- Generation of Ideas.</td>
<td>- Understand the meaning and ways of generating ideas</td>
</tr>
<tr>
<td>- Feasibility Study</td>
<td>- Explain the concept of types of feasibility study &amp; understand the meaning of importance of opportunity assessment</td>
</tr>
<tr>
<td>- Opportunity Assessment</td>
<td>- Understand the concept of Business Plan</td>
</tr>
<tr>
<td>- Business Plan Preparation</td>
<td>- Prepare a business plan</td>
</tr>
<tr>
<td>- Execution of Business Plan</td>
<td>- Explain how to execute a business plan</td>
</tr>
<tr>
<td>- Role of Society and Family in the growth of an entrepreneur.</td>
<td>- Understand the role of society and family in the growth of an Entrepreneur</td>
</tr>
<tr>
<td>- Challenges faced by women in Entrepreneurship.</td>
<td>- Understand the reasons for success and failure of Business Plan</td>
</tr>
<tr>
<td></td>
<td>- Explain the challenges faced by entrepreneurs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit 4: Entrepreneurship as Innovation and Problem Solving</th>
<th>After going through this unit, the student/learner would be able to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Entrepreneurs- as problem solvers.</td>
<td>- Understand the role of entrepreneurs as problem solvers</td>
</tr>
<tr>
<td>- Innovations and Entrepreneurial Ventures.</td>
<td>- Appreciate the role of innovations in entrepreneurial ventures</td>
</tr>
<tr>
<td>- Social Entrepreneurship- Concept and Importance</td>
<td>- Explain the concept and importance of social entrepreneurship</td>
</tr>
<tr>
<td>- Risk taking -Concept; types of business risks.</td>
<td>- State the meaning of entrepreneurial risk and risk management</td>
</tr>
<tr>
<td>- The role of technology/social media in creating new forms of firms, organizations, networks and cooperative clusters.</td>
<td>- Differentiate between internal and external risk</td>
</tr>
<tr>
<td>- Barriers to Entrepreneurship</td>
<td>- Describe the role played by technology in creation of new forms of business</td>
</tr>
<tr>
<td>- Support structure for promoting entrepreneurship (various government schemes).</td>
<td>- Explain the different barriers of entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>- Identify the various support structure available for promoting entrepreneurship</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit 5: Understanding the Market</th>
<th>After going through this unit, the student/learner would be able to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Market- Traditional and E-commerce-Concept</td>
<td>- Understand the meaning and concept of Ecommerce</td>
</tr>
<tr>
<td>- Types of Business: Manufacturing, Trading and Services.</td>
<td>- Explain the role of E-commerce for the promotion of business community</td>
</tr>
<tr>
<td></td>
<td>- Understand the concept of Market Environment</td>
</tr>
<tr>
<td></td>
<td>- Analyse the market environment of Micro and Macro level</td>
</tr>
<tr>
<td>Unit 6: Business Arithmetic</td>
<td>After going through this unit, the student/ learner would be able to:</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>- Simplified Cash Register and Record Keeping</td>
<td>- Understand the meaning of cash register</td>
</tr>
<tr>
<td>- Unit of Sale, Unit Price and Unit Cost - for single product or service</td>
<td>- Understand the concept of cash inflow and outflow of preparing a Cash Register</td>
</tr>
<tr>
<td>- Types of Costs - Start up, Variable and Fixed</td>
<td>- Understand the importance and technique of preparing a Cash Register.</td>
</tr>
<tr>
<td>- Income Statement</td>
<td>- Understand the meaning and concept of the term Cash Inflow and Cash Outflow.</td>
</tr>
<tr>
<td>- Break Even Analysis - for single product or service</td>
<td>- Explain the terms: Unit Cost, Unit of Sale, Unit Price</td>
</tr>
<tr>
<td>- Taxes</td>
<td>- Calculate Per Unit Cost of a single product.</td>
</tr>
<tr>
<td></td>
<td>- Understand the importance and preparation of Income Statement.</td>
</tr>
<tr>
<td></td>
<td>- Prepare a Cash Flow Projection</td>
</tr>
<tr>
<td></td>
<td>- Give the meaning of Break even Point</td>
</tr>
<tr>
<td></td>
<td>- Calculate between volume of a Single product or service</td>
</tr>
<tr>
<td></td>
<td>- Differentiate between Cash flow &amp; Cash flow Projections</td>
</tr>
<tr>
<td></td>
<td>- Explain the concept of Profit, its calculation and the impact of direct and indirect expenses on the profit.</td>
</tr>
<tr>
<td></td>
<td>- Understand the concept of Break Even Analysis.</td>
</tr>
<tr>
<td></td>
<td>- Understand the meaning and importance of Taxes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit 7: Resource Mobilization</th>
<th>After going through this unit, the student/ learner would be able to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Types of Resources - Human, Capital and other Resources</td>
<td>- Give the meaning of Resource Mobilisation</td>
</tr>
<tr>
<td>- Selection and utilization of human resources and professionals like Accountants, Lawyers,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Identify the different types of resources – Physical, Human, Financial, Material, Intangible</td>
</tr>
<tr>
<td></td>
<td>- Describe the role and importance of a mentor</td>
</tr>
<tr>
<td></td>
<td>- Estimate the financial requirements of an enterprise</td>
</tr>
<tr>
<td></td>
<td>- Give the meaning of Business Finance</td>
</tr>
</tbody>
</table>
| Auditors, Board Members, etc. | • State the meaning of fixed and working capital  
• Explain the factors of affecting working capital  
• Describe the meaning of capital structure  
• Explain the different sources of finance  
• Understand the concept of mentorship  
• Highlight the role and importance of mentor  
• Classify the business and industry  
• Identify the various sources for an entrepreneur |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Role and Importance of a Mentor</td>
<td></td>
</tr>
<tr>
<td>• Estimating Financial Resources required.</td>
<td></td>
</tr>
<tr>
<td>• Methods of meeting the financial requirements.</td>
<td></td>
</tr>
<tr>
<td>• Size and capital based classification of business enterprises.</td>
<td></td>
</tr>
<tr>
<td>• Various sources of Information</td>
<td></td>
</tr>
<tr>
<td>S. No</td>
<td>Typology of Questions</td>
</tr>
<tr>
<td>-------</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td><strong>Remembering:</strong> (knowledge based simple recall questions to know specific facts, terms, concepts, principles of theories. Identify, define recite or information.)</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Understanding:</strong> (comprehension based – to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase or interpret information)</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Application:</strong> (use abstract information in concrete situation, to apply knowledge to new situations, use given content to interpret a situation, provide an example or solve a problem)</td>
</tr>
<tr>
<td>4.</td>
<td><strong>High Order Thinking Skills:</strong> (analysis and syntheses – classify, compare, contrast or differentiate between different pieces of information. Organize and / or integrate unique pieces of information from a variety of sources.)</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Evaluation:</strong> (appraise, judge and/or justify the value or worth of a decision or outcome or to predict outcomes based on values)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- VSA = very short answer carrying 1 mark, SA = short answer I carrying 2 marks, LA I = short answer II carrying 3 marks, LA = long answer carrying 4 marks, ESSAY = carrying 6 marks
Assignments:

Chapter 1 – Entrepreneurship- Concept and Functions

Very short type questions: 1 Mark

Q1. Who is an Entrepreneur?
Q2. What is an Enterprise?
Q3. What is meant by entrepreneurship?
Q4. Name the basic managerial function of an entrepreneur.
Q5. Which function of an entrepreneur involves making appointments for the positions created by the organizational process?
Q6. Give any one difference between entrepreneurship and an entrepreneur.
Q7. ‘The term entrepreneurship has been defined as a process of Value Creation’. Why?
Q8. Who plays the role of an entrepreneur in a capitalist country?
Q9. Mahima Mehra’s venture ‘HathiChaap’ is a path breaking concept. Which myth of entrepreneurship does it shatter?

Short answer type question: 2 Marks

Q1. Though enterprises are as different and unique as the entrepreneurs, even most of them appear to work through a process. Explain the first two steps of this process.
Q2. “The key to success in any venture is innovation”. Do you agree? Give reasons.
Q3. ‘Entrepreneurs do not get a fixed amount as their salary’, Is it an advantage or disadvantage of being an Entrepreneur. Justify.
Q4. ‘Entrepreneurs undertake moderate risks.’ Elaborate the statement.
Q5. Explain any four managerial functions of an entrepreneur.
Q6. Differentiate between Entrepreneur and Entrepreneurship?

Short answer type question: 3 Marks

Q1. Explain any four commercial functions of an entrepreneur.
Q2. Entrepreneur plays an important role in the nation’s development. Explain how?
Q3. Kittoo, a 12th dropout, having culinary skills from his mother, decides to self-employ himself. Seeing the market for Chaat-paapri he decides to starts in area-a “Chaatcorner”. Explain the commercial functions he needs to perform for the success of his venture.
Q4. Mr. Atul, an entrepreneur, has a vision of making solarpanel as a source of energy in every household. Explain the entrepreneurial functions he needs to perform for the same.
Q5. Why is entrepreneurship regarded as a creative activity?
Q6. ‘Entrepreneurs undertake moderate risks.’ Elaborate the statement.
Q7. Explain in brief the process of controlling
Q8. Differentiate between Entrepreneur and Entrepreneurship?
Q9. Match the entrepreneur and his/her enterprise from the following table given below.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Enterprise</th>
<th>Entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>HathiChaap</td>
<td>Ambani</td>
</tr>
<tr>
<td>2.</td>
<td>Big Bazaar</td>
<td>NarayanaMurty</td>
</tr>
</tbody>
</table>
3. Nirma Mahima Mehra
4. Reliance Kishore Biyani
5. Air Deccan Verghese Kurien
6. Café coffee Day Karsan Bhai Patel
7. Infosys V.G. Siddhartha
8. Amul Capt. Gopinath

Q10. Identify the functions of an entrepreneur from the following:
   a. Concerned with employment development and compensation for the personnel
   b. Concerned with the movement of goods and services from producer to the ultimate consumers
   c. Systematic recording of entrepreneur transactions of an enterprise.

   4 Marks

Q1. State any four advantages and any four disadvantages of Entrepreneurship:
Q2. Anshuman was a very industrious sales executive with a small herbal cosmetic manufacturer. He earned a good salary and commission on the business he brought for the firm and had very good command over the Delhi market for which he had virtually become indispensable. He was aware of the enviable position he held in the firm and thought aloud: The key to success in any business is the sale of its products. The beginning and end of the business cycle is nothing but sale and ‘other’ people working in the factory to manufacture products are mere cogs in the business machine set in motion by sales people. So why carry this burden and get only a tiny share of the prosperity of the firm? Instead others enjoying the fruits of my labour, why should I not start my own business?”

Is Anshuman an entrepreneur? Give reason in support of your answer.

Case Study - Ardishir Godrej

The founder of the Godrej group of companies - Ardishir was born in 1868 as the first of six children to Burjorji and Dosibai Gootherajee. The Gootherajee's were a wealthy Parsi Zoroastrian family of Mumbai, and Ardishir's father Burjorji and grandfather Sorabji dealt in real estate. In January 1871, his father had the family name changed to Godrej.

He studied law but couldn't do well as a lawyer. He was employed at a pharmacy, where he served as an assistant to a chemist. Because of his great sense of business, he saw everything as a business opportunity. In 1895, Ardishir visited Merwanji Muncherji Cama, a friend of his father's, and who was highly respected for his business acumen. Ardishir described his plan to manufacture surgical equipment and asked for a loan. When Cama asked why Ardishir did not approach his father for the loan, Ardishir replied that his father would give him the money not as a loan but as a gift, which Ardishir was not willing to accept. This principle to not accept money as a gift would also become evident in 1918, when his father died: Ardishir refused to accept the inheritance.
Lock smithing and the foundation of Godrej Brothers

With Rs. 3,000 from Cama, Ardeshir began manufacturing "scalpels, forceps, pincers, scissors and the other implements of a surgeon's trade." When he was satisfied that the product fulfilled the necessary specifications, he asked for a meeting with the proprietor of the company he worked for, who, when they met, profoundly congratulated him on his accomplishment. But when Ardeshir insisted that the product be stamped "Made in India", the proprietor rebuked him: "you may be a first-class machinist, but we are discussing marketing here. Please don't misunderstand. I have high regard for your country. Now had this been, say, an Indian antique, I'd have said by all means blazon it in bold type as 'Made in India'. But surgical instruments, no way!" Both sides were intractable, and the venture died.

He failed twice (first as a lawyer and then in the manufacturing of surgeon’s equipment) but he learned the first lesson for success; and that is failure.

One morning Ardeshir read an article in a daily newspaper on the rise of burglary incidents in the city and in which the commissioner of police called for better security of homes and places of business. Ardeshir grasped that a better lock was needed, and began to research the subject. He soon discovered that the locks made in India were all fashioned by hand, a labour intensive and inefficient means of manufacture, and Ardeshir resolved to manufacture a lock that would be guaranteed "unpickable". Calling on Merwanji Cama again, Ardeshir apologised for his inability to repay the loan immediately, but went on to describe his plans for the new lock-making venture. Cama was interested, as he too had read the article, and promised to raise the necessary capital. When Ardeshir rose to leave, Cama asked him, "Tell me, are there other lock-makers in our community? Or, are you the first?" Ardeshir replied, "I don't know whether I'm the first or not, but I'm certainly determined, with the help of a benefactor like you, to be the best." With Cama's funds in hand, Ardeshir set out to revolutionise the Indian lock-manufacturing industry. In a 20 m² (215 ft²) shed next door to the Bombay Gas Works, with forty steam presses and a dozen skilled workers he had sent for from Gujrat and Malabar, production began on 7 May 1897. Ardeshir began with the manufacture of high security locks – under the Anchor brand – to which he attached a guarantee of "unpickability". Only later did he begin production of simpler and cheaper tumbler locks, to which he attached a note that their security was not guaranteed. The notes that he attached to the locks also attempted to clear up any misconceptions about the number of levers – as he put it, a well-made four-lever lock was infinitely more secure than a poorly made eight-lever lock. In addition, he guaranteed that each key/lock pair was unique, and that no key except those delivered with the lock would succeed in unlocking the device.

A few years later, Ardeshir patented the first of his inventions, a lock that would subsequently be called a "Gordian Lock". It came with two keys, both of which could lock and unlock the device, but the second key could also be used to modify the inner workings of the lock and so render the first key useless. Shortly thereafter, Ardeshir developed a lock based on Jeremiah Chubb's 1818 "Detector Lock" design, which, as the name suggests, made the owner aware of attempts to use an incorrect key. When one attempted to do so, a bolt was thrown that could only be released with the correct key, and only if the key was first turned as if to unlock the lock. Like Charles Chubb's patent of 1824, the Godrej lock didn't need a special "regulator" key to restore functionality. In a small booklet that Ardeshir published and often distributed himself, he claimed "the work is done on modern methods, with the aid of modern machinery with which the factory is equipped throughout at a very large outlay. We do not buy our locks or any safe parts ready-made, but we manufacture all our requirements ourselves. We have a large number of specially trained lock-makers having over 15 years of practice. This enables us to make our locks as accurately as those by the best European makers. Our keys are all deep-forged and machine-cut and not filed out by
hand. We cut the keys first and make the locks to fit the keys. This makes our locks absolutely unpickable and ensures long wear."

**Safes**

In 1901, Ardeshir turned to experimenting with safes. Ardeshir resolved to build a safe that was not only burglarproof, but fireproof as well, which as he determined, most safes were not. Ardeshir made dozens of designs on paper and held innumerable discussions with his engineers and craftsmen, until it was finally determined that the only way to ensure security and stability was to make the safe out of a single sheet of steel. The resultant design had altogether sixteen bends, each side of the cross-shaped sheet being folded forward and then being folded twice more (inwards) to form the front door frame. Joints were welded, not riveted, and the coffer was covered by a second sixteen-bend sheet offset to the first by 90 degrees. The door was double plated, with the lock and hinges attached to the inner plate and the joints covered by the outer plate. The total weight was 1¾ tons. Altogether three patents covered the Ardeshir design. The first safes entered the market in 1902.

**Innovation in locks**

In July 1908, Ardeshir with his brother Pirojsha applied for and were granted (in October 1909) a British patent for the world's first springless lock. Until then, the levers in the locks were pushed into their resting place with springs, which were prone to dirt and breakage, that when jammed or broken, left the levers in an open position. Moreover, the varying resistance of the levers aided a skilled burglar that attempted to pick the lock. The springless lock, which in the patent certificate is attributed to Pirojsha, brought the brothers a fortune.

Around 1910, Ardeshir planned a trip to England, France and Germany to study the lock-making efforts of his competitors. Shortly before he left, Ardeshir visited Merwanji Cama again, this time to repay him for his 3,000 Rupee loan of so many years before. Cama was seriously ill, and refused to accept it, since – as Cama put it – accepting the money would deprive him of the joy he felt in having contributed to Ardeshir's success. Cama did however have a favour to ask: would Ardeshir hire Cama's nephew Boyce? "I can never say no to you," Ardeshir answered. "Maybe, we'll make him a partner." True to his promise, Ardeshir and Pirojsha did make Boyce a partner, and the company was renamed Godrej & Boyce Manufacturing Company. But Boyce didn't have an interest in the company, and soon after Ardeshir returned from his European travels, Boyce himself suggested that he leave the company. The name 'Godrej & Boyce Mfg. Co.' was retained.

**Trip to England and subsequent development**

In England, Ardeshir visited the Chubb factory in Wolverhampton, since Chubb, together with Milner, had the exclusive rights to export security equipment to India. Ardeshir was made to feel welcome, and given a guided tour of the manufacturing facilities, giving Ardeshir the chance not only to observe how his competitor did things, but also to determine weaknesses in their products. Ardeshir made copious notes, and upon returning to Bombay, implemented many of the methods he observed on his European tour. While he had been away Pirojsha had doubled the size of the factory, which now employed 600 people.

Following his trip, Ardeshir continued experimenting with safes, and the business took off following the San Fransisco earthquake, where the subsequent fire caused more damage than the earthquake itself. Following the publication a subsequent article in *Scientific American* (26 May 1908) that revealed that most safes were in fact not fireproof, Ardeshir held a public demonstration to prove that the safes would protect the contents in the advent of a fire. The demonstration was a resounding success, but it would not be until the Calcutta Dharamtalla Street fire of April 1925 when the safes demonstrated their worth in that conflagration. The supreme test came in 1944, eight years after Ardeshir's death. The fires that resulted from an ammunition explosion at
Bombay’s Victoria docks raged for days, and the loss of life and property was enormous, but the contents in many of the Godrej safes survived, including one belonging to a bank.

Creation of Godrej Soaps

On 1 May 1928, Ardeshir transferred sole ownership and control of the company to his brother Pirojsha. He then moved to Nasik, 185 km north of Bombay, to try his hand at farming. Although that venture was unsuccessful, Ardeshir did not cease to be the inventor. When his attention was drawn to the fact that all soaps in the world contained tallow and other animal fats (inappropriate to many stringently vegetarian Hindus), he found a method to manufacture soap from vegetable oils, a procedure that everyone told him was impossible.

Read the above case study in detail and answer the following questions:

1. Do you think that Ardeshir was persistent in his efforts? Quote and explain the lines where do you find him to be persistent in his efforts?
2. Was he innovative in his ventures? Quote examples of the same from the case study given above.
3. How did he arrange for funds?
4. What entrepreneurial functions does he follow?
5. Explain the managerial functions followed by him.
6. Explain the process of entrepreneurship followed by him.
7. Do you think entrepreneurship is important for the growth of a country? How did Ardeshir contribute towards the growth.
Chapter 2 – An Entrepreneur

Very short answer type questions; 1 Marks

Q1. Define attitude.
Q2. What are Ethics?
Q3. Give the meaning of Ethical Entrepreneurship?
Q4. “They are organizers of factors of production rather than creators”. Identify the type of entrepreneur. Give example.
Q5. Give two examples of esteem needs.
Q7. Define Psychological Needs as explained by Maslow.
Q8. Give an example of security needs of an individual.
Q10. Why are entrepreneurial competencies important?
Q11. Name the highest need in Maslow’s need hierarchy.
Q12. Name the lowest level needs in Maslow’s hierarchy.
Q13. What is competency?
Q14. What are Values?
Q15. State the core values of an entrepreneur.
Q16. Why is intrapreneurship necessary?

Short answer type questions; 2 Marks

Q1. Who are Fabian entrepreneurs? Give one example.
Q2. Who are women entrepreneurs?
Q3. IndraNooyi, CEO Pepsico ltd., is an intrapreneur not an entrepreneur. State why?
Q4. Explain the consequences of not encouraging intrapreneurship with the help of an example.
Q5. What technique do trading entrepreneurs undertake to promote their business?
Q6. What is the strength of an industrial entrepreneur?
Q7. Name the type of an entrepreneur who concentrate more on production than marketing.
Q8. “Professional entrepreneurs are dynamic in nature.” Explain How?
Q9. Maslow defines one of the needs in the need hierarchy as ‘the desire to become everything one is capable of becoming’ – Identify the need and explain it.
Q10. Distinguish between Induced Entrepreneur and Motivated Entrepreneurs.
Q11. ‘An entrepreneur has to be a keen observer of the society’. Why?
Q12. Why is an entrepreneur called a risk manager and not a gambler?
Q13. An entrepreneur should be a leader and not a boss. Why?
Q14. Roadblocks to success should not deter the spirit of an entrepreneur. Identify the competency and explain it.

Short answer type question; 3/4 Marks

Q1. State the features of adaptive/imitative entrepreneurs?
Q2. How are Drone entrepreneurs different from Fabian entrepreneurs?
Q3. Who are pure entrepreneurs? State any two features of pure entrepreneurs.
Q4. State any four ethical standards which an entrepreneur should follow in his/her business practices.
Q5. Differentiate between Entrepreneur and employee on the following basis: -
   a. rewards b. Innovations c. Risk bearing d. Motive
Long answer type questions; 6 Marks

Q.1 Explain the Maslow’s Hierarchy of Needs Theory of Motivation.

**Case Study**
**BTW (BittoTikkiWala): The commercial Entrepreneur**

If we talk about a regular street vendor, Mr. Satiram Yadav, popularly known as Bittoo, You will have all the more reasons to believe that pursuing entrepreneurship as a career option does not demand any formal degree from a well-reputed university. Bittoo began his commercial venture selling tikkis and bhallapapi in the Rani Bagh area of Delhi and rose to own a well-reputed multicore chain of business, in the name of BittoTikkiWala or BTW throughout prime locations in Delhi and other cities, in a very short span of time. His success story shows that common people having great ideas and insight with great articulation and ability to sense opportunity can become entrepreneurs and flourish.

Today ‘BittoTikkiWala’ is not just a regular name in snacking options. It has become a premiere household name in the Indian Street food arena. He started off by identifying the need of locals and other people to eat something light yet delicious, while making purchases from the BittoTikkiWala or BTW as he is commonly known, had a special skill of making alootikki and bhallapapi (which tend to be highly loved Indian snacks) with new flavors and dressings. He was not afraid of trying new combinations that were not tested before though they could have proved disastrous to taste buds. It was his innovative thinking and risk-taking abilities that made him the king of street food in Delhi.

1. Do you think a particular style of entrepreneurship or a formal education in management is required to be a successful entrepreneur?

2. List the traits of Mr. Satiram Yadav that made him successful. Compare his traits with the entrepreneurial capabilities in the lesson.

3. Stories of common people like you and me, who take a stand and implement a new idea or may be some existing idea in a new way and become a brand are indeed inspiring. Identify a person or a brand in your vicinity with a similar success story.
Unit 3: An Entrepreneurial Journey

Very short answer type question; 1 Mark

1. ‘These type of entrepreneurs face problem in working with people, they are usually better leaders’. Identify the personality type of an entrepreneur.
2. They are the backbone of society identify the entrepreneur.
3. Why authoritarians are called ‘accidental’ entrepreneurs?
4. Give the meaning of ‘Business Plan’.
5. What is required to bridge the gap between who we are and what the opportunity requires?
6. Why ‘Managers’ as a personality type excel at competitive selling?
7. Identify the business.
8. What is the difference between ‘collaborator’ and ‘authoritarian’ type of personalities?
9. What is meant by generating ideas?
10. What is ‘creativity’?

Short answer type question; 2 Marks

1. Collaborators are generally great sales men. They use warm and cold selling. Differentiate between the two.
2. Explain ‘Environment Scanning’.
3. Give the meaning of ‘Focus Groups’ as a ways to generate ideas.
4. This is a method of gathering information about products that already exist in the market. Identify and explain the concept.
5. Explain ‘Brainstorming’ as a way of generating ideas.
6. What is meant by ‘feasibility study’?
7. What is meant by ‘opportunity assessment’?

Short answer type question; 3 Marks

1. Identify the type of feasibility study:
   a. How much start-up capital is required and the sources of capital
   b. Which defines the legal and corporate structure of business
   c. Which includes a description of the industry, current market etc.,
2. ‘Family support is essential for an entrepreneur”? Explain why?
3. Idea evaluation is an important step in researching the feasibility of ventures. Why explain the reasons.
4. Describe the importance of evaluating ideas.

4 mark

1. State the purposes that a business plan serve?
2. Differentiate between a ‘feasibility study’ and a ‘business plan’.

Long answer type questions; 6 Marks

1. Explain the various structured approaches that are adopted to generate ideas.
2. State the features of a feasibility study.
3. Explain the basic processes involved in the execution of a business plan.
4. Explain any four misconceptions about great idea.
5. ‘Although there is no singular process to manage the execution of a business plan, there are basic processes and fundamentals to be followed’. Explain.
6. Describe the various structured approaches adopted to generate idea.
7. Explain the various problems faced by women entrepreneurs.

**Case Study**

**PATRICIA NARAYAN: FROM EARNING 50 PAISE A DAY TO OWNING THE CHAIN OF RESTAURANTS**

If taken positively, every struggle contains the seed of growth and opportunity. The Struggle is when you refuse to give up and keep taking consistent actions amidst odds and hurdles, regardless of failures and disappointments. Patricia Narayan, the winner of this year’s *Ficci Woman Entrepreneur of the Year* award, is a burning example of how to take advantages of hard times instead of being used and controlled by them and how to evolve through difficulties that lead you to the road of accomplishment – from battling against helplessness, getting rid of failed marriage and drug addict and abusive husband, and taking care of two small kids, she not only managed to pursue her passion but also laid the foundation of success on it by establishing the chain of restaurants.

Hailing from a conservative Christian family from Nagercoil, her marriage to a Brahmin caused an uproar in her family. Soon, all went downhill for Patricia who suffered abuse at the hands of her drug addict husband. At 18, Patricia was left to fend for herself and her two children.

“I reached the crossroads where I had to choose between living and dying. I chose to live.” Keeping her two children in mind, Patricia decided to fight her own battle. “My entire life has been driven by my determination to be independent.” Her passion for cooking only fuelled her will to survive. She started out by selling pickles, jams and squashes. From then on, there was no looking back and she set up a kiosk at the Marina beach, selling juice and cutlets. Her first-day sales would not count as memorable – she sold one cup of coffee for 50 paise, undeterred, she was back at the Marina next day. “I had no time to sympathise with myself. Soon, my hands were full and I was running all the time.”

Ms. Patricia’s road to becoming a restaurateur was no overnight miracle but a journey spanning 30 years. She took up catering contracts in the cafeterias of the Slum Clearance Board, Bank of Madura and the National Institute of Port Management after which she forged a partnership with one of the restaurants of a leading hotel chain in Chennai.

Patricia’s progress was halted briefly when tragedy struck in the form of her newly married daughter's death. A bereaved Patricia left her business to her son Praveen. After two years, the resilient woman came back and set up her first restaurant named after her daughter Sandheepa.

“Everybody should have a motto in life to succeed. At that time, mine was to stand by my son.” According to her, the hallmark of the restaurant is the home-made quality of the food. She advises entrepreneurs in the food sector never to compromise on quality or hygiene.

Ms. Patricia also operates an ambulance service from Acharapakkam, the spot of her daughter's accident to Chengalpet. “I shall never forget the sight of my daughter's corpse which arrived in the boot of a car, as the ambulance had refused to take her.” Willpower is the most important attribute to succeed, claims the entrepreneur. “When she sets her mind to something, she always achieves...
it,” her son Praveen asserts. Not a complacent entrepreneur, she sets targets for herself. Her next goal? “To operate a cruise liner,” a wish that was triggered off at an event in Tiruchi. Going by her record, this should be a cruise as well.

Questions:

1. What are the various problems faced by Patricia?
2. Which qualities imbibed in her helped her to face these problems?
3. Explain her entrepreneurial journey.
4. Prepare a business plan for a restaurant.
UNIT 4. Entrepreneurship as Innovation and Problem solving

Very short answer type question

Q1. Why are entrepreneurs called problem solvers?
Q2. What is social entrepreneurship?
Q3. Who is a social entrepreneur?
Q4. Who is referred as the father of Green revolution?
Q5. Why is there a growing need for social entrepreneurs?
Q6. What do you mean by business intelligence as a new form of business?
Q7. What do you mean by smart mobility as a new form of business?
Q8. What is meant by business risk?
Q9. Name the type of business risk whenever there is fluctuation in price and demand.
Q10. What do you understand by social media?
Q11. Give an example of economic barrier to entrepreneurship.
Q12. How does systematic study of barriers help an entrepreneurship?

Short answer type questions: 2 marks

Q1. “Most entrepreneurial ventures have survived when they solve problems of people, understanding their needs and accordingly changing the product to their needs.” Give an example in the support of this statement.
Q2. Differentiate between entrepreneurship and social entrepreneurship.
Q3. Why is there a growing need for social entrepreneurs?
Q4. “Social entrepreneurs keep on asking themselves – Am I creating value for the people I am serving? Do I understand their needs? Why do they think so?
Q5. Why social entrepreneurs are called social catalysts?
Q6. Describe the various types of Business risk.
Q7. Explain “Dynamic risk”.
Q8. Describe the role of information collection in the present business scenario.
Q9. State the importance of 'business intelligence’ as a new form of business.
Q10. Describe the power of social media for the entrepreneurial ventures.
Q11. What is business incubation?
Q12. How do incubators help start ups to get funds for their enterprise?
Q13. Enlist any six sector specific schemes run by the government for the growth and development of entrepreneurship in India.
Q14. Distinguish between insurable risk and non insurable risk.
Q15. “The Gujarat earthquake caused irreparable damage not only to the business enterprises, but also adversely affected the whole economy of the State? Name he risk factor involved into it.
Q16. Emerging markets will create plenty of opportunities related to smart technology.” How? Explain with the help of an example.

Short answer type question; 4 Marks

Q1. Invention is the mother of necessity. How an entrepreneur does prove this statement? Give example in support of the answer.
Q2. “Creativity is a continuous activity for the entrepreneur.” Explain.
Q3. How does the study of environmental barriers help in the growth of entrepreneurship?
Q4. How does the economic environment create Barrier for an entrepreneur?
Q5. How does economic environment support an entrepreneur?
Q6. Name any six institutions involved in entrepreneurship development program.

**Long answer type question; 6 Marks**

Q1. Describe the main characteristics of social entrepreneurs.
Q2. Differentiate between internal risk & external risk.

**Case Study**
**Muhammad Yunus**

Muhammad Yunus, the founder and managing director of Grameen Bank, and a well-known modern day social entrepreneur of Bangladesh, was awarded the Nobel Peace Prize in 2006 for his social contribution. The work of Yunus and Grameen Bank echoes a theme among contemporary social entrepreneurs, that accentuates the enormous synergies and benefits of establishing business models that drive change for the betterment of people and planet and creating revenue stream, along with it.

**Verghese Kurien**

Verghese Kurien also known as milkman of India and the father of the white revolution, started the world’s biggest agriculture revolution programme, which transformed India into the largest milk producer of the world from a milk deficient nation, even surpassing the United States of America in 1998. He founded AMUL, GCMMF and other institutions of excellence, which are owned and managed by the farmers and run by the professionals. Because of his great vision and creative ideas, dairy farming became India’s largest and self-sustaining industry that helps to alleviate poverty from the lives of millions of Indians and other people living in rural India.

Questions:
1. Why would you consider the above people as social entrepreneurs?
2. How are such social entrepreneurs different from commercial entrepreneurs described in the previous section?

Discuss with your peers and compare your opinions with the text.

**Social Entrepreneur- SEWA: Trade Union for Self-employed Women**
**Ela Bhatt**

Ela Bhatt, the founder of Trade Union for self-employed women ‘self-employed women’s Association (SEWA), is a much appreciated social entrepreneur of Indian origin. She is associated with the microfinance movement and other programmes such as international labour, cooperative women etc.. It was her unflinching zeal to work for the betterment of women that earned her fame, both in India and abroad by winning several national and International awards.

In 1968, Ela was asked by the Textile Labour Association (TLA, idealized by Mahatma Gandhi and structured by Anasuya Sarabhai in 1920) to head its women’s wing, created in 1954. At that time, Ela was working with the Gujarat government. TLA was majority representing workers of organized sector, starting primarily with assisting women belonging to the households of mill workers in training (sewing, knitting, typing) and welfare activities.
However, during the 1970s, Ela realized the need to protect unorganized women workers, working as tailors, cart pullers, head loaders and used garment dealers in the cloth market. With the difference in outlook and opinion with TLA (Women’s wing), and the wider aim to reach masses to eradicate poverty by way of empowering Indian Women. Ela initiated a novel step by forming a self-employed Women’s Association (SEWA) in December 1971.

In spite of the opposition, SEWA got registered as a trade union in April 1972. In the past few decades, SEWA has transformed lives of nearly 17 lakh women. Ela equated poverty with war and hence, worked relentlessly in helping Indian Women to become independent and self-reliant. She believed in efforts directed towards developing self-sufficient local models by using local talent and facilities for building amenities, which are locally produced and consumed by the poor. SEWA has largely proved successful in reshaping the lives of millions of women in India.

SEWA grew continuously from 1972, increasing its membership and supporting different kinds of occupations under its umbrella.

Questions:
1. How do you think social entrepreneurship can contribute in the economic development of a developing nation like India?
2. Highlight the major contributions made by Ela Bhatt in the light of the case discussed above.
3. Social entrepreneurs are different from commercial entrepreneurs. Discuss the relevance of the statement in the light of a few parameters that differentiate the two categories of entrepreneurs.
Unit 5- Concept of Market

Very Short answer type questions

Q1. What is Market?
Q2. What is marketing?
Q3. What is Barter system?
Q4. What revolutionized the market system?
Q5. What is E-Business?
Q6. Define trade?
Q7. What are demographic forces?
Q8. Differentiate between micro environment and macro environment.
Q9. Name any four uncontrollable forces operating in the market environment.
Q10. Explain the role of following forces operating in the market
    a) Marketing intermediaries
    b) Competitors
Q11. Explain the impact of the following external forces on the market
    a) Technological forces
    b) Political forces
Q12. Enumerate any two characteristics of a good marketing information?
Q13. What is meant by marketing research?
Q14. What is the purpose of the information so collected through Market research?
Q15. Explain market research process
Q16. What is meant by Research Instrument?
Q17. Define market survey.
Q18. What principles are vital for an effective market survey?
Q19. Enlist the methods used for surveying.
Q20. What ‘Options’ are available to any company to survive in the changing environment?
Q21. What is Expansion Strategy?
Q22. Stability is what the entrepreneur is looking for in the beginning. Why?
Q23. What is preferred initially by a firm for Expansion?
Q24. What is stability strategy?
Q25. How can a firm encourage the non-users of the product to use the product?
Q26. What is Retrenchment strategy?
Q27. What is a combination strategy?
Q28. ‘There is no fun in surrendering before a war’. What is required from an entrepreneur to be done in this regard?
Q29. Enlist the modes available to an entrepreneur for attracting new cliente.
Q30. Why is it always good to have a large customer base?
Q31. What is the objective behind rendering multiple activities by human beings?
Q32. Define business
Q33. Business is “the state of being busy in making, distributing or providing of any goods or services which other members of the community need”. State the fundamental characteristics of business.
Q34. Name the categories into which business activities can be divided.
Q35. Enlist the range of activities performed under business.
Q36. Heena, a dairy owner not only sells milk but even sells out enroapped cheese butter milk and fresh cream there from. Name the kind of manufacturing industry she is involved in?
Q37. Define Industry.
Q38. What is meant by Genetic industry?
Q39. Explain Extractive Industry with examples.
Q40. What is a Secondary Industry?
Q41. Explain different types of Secondary Industry.
Q42. Define trade
Q43. Define commerce
Q44. Differentiate between Internal Trade and External Trade
Q45. Define ‘Entre pot Trade’.
Q46. Rahul a young fisherman goes deep in Indian Ocean for a good catch. Name and explain the type of industry he is engaged in.
Q47. Define Marketing Mix.
Q48. Name the four P’s of marketing
Q49. Define product
Q50. What is place or physical distribution?
Q51. Enlist the modes which facilitates the physical movement of goods from the place of production to the place of consumption.
Q52. State three controllable aspects of marketing a product/service
Q53. Classify product on the basis of durability.
Q54. What is promotion mix?
Q55. Describe the role of promotion mix for an entrepreneur.
Q56. What factors must be taken in consideration before selection a promotional tool?
Q57. Explain the two major components around which the price revolves.
Q58. Which factors must be considered while fixing the price?
Q59. List some methods used for pricing
Q60. What points must be considered in marketing mix to boost sales and capture the market area?
Q61. Enlist some product variables of the marketing mix.
Q62. Enlist some price variables of the marketing mix.
Q63. Differentiate between traditional market and modern market.
Q64. What changes are seen in Indian economy after globalization?
Q65. How E-commerce has resulted in easy launching of new products?
Q66. How E-commerce have resulted in lowering personnel cost?
Q67. Describe the role of E-business in the development of a nation?
Q68. Give features of market.
Q69. Which forces govern the market?
Q70. Identify the types of market survey?
Q71. What are the features of marketing intermediaries?
Q72. Why demographic forces play an important role in the market?
Q73. Give an example of demographic classification.
Q74. What is meant by economic factor?
Q75. What do technological forces include?
Q76. What do political forces include?
Q77. Give the features of political forces.
Q78. Define Service Industry.
Q79. State the different modes of transportation commonly available to entrepreneur presently in India
Q80. Give the features of internal trade.
Q81. Differentiate between Wholesale Trade and Retail Trade.
Q82. Enlist the features of foreign trade.
Q83. Describe various types of foreign trade transactions.
Q84. Explain ‘Aids to trade’.
Q85. Why business does needs a continuous supply of finance? 
Q86. Besides finance which other services are provided by banks. 
Q87. Which utility is created through warehousing? 

Long answer type questions

Q1. How is ‘market’ perceived in present scenario? 
Q2. Explain the forces of micro environment or internal environment. 
Q3. What things should be known by the enterprises in order to have an edge in the competition? 
Q4. Describe the factors or forces that are the main players in the macro environment. 
Q5. Enumerate the steps involved in market survey. 
Q6. “Marketing research is thus that versatile activity which is used by many different kinds of organizations to gather a variety of information”. Justify the statement giving reasons. 
Q7. How ‘Decision making’ gets facilitated because of market survey? 
Q8. Describe the importance of market survey. 
Q9. Define Manufacturing Industry. Explain its various types giving examples. 
Q10. The flow of goods/services from producers to consumers is obstructed by many. Explain the support system available to entrepreneur to ensure for the smooth distribution of goods/services. 
Q11. Why is pricing important? 
Q12. Price is the only element in the marketing mix that produces revenue, the other elements produce cost. Explain. 
Q13. Enlist the factors determining the choice of channel. 
Q14. Describe the common channels of distribution. 
Q15. Describe the benefits from marketing mix. 
Q16. Anjali, a student of MBA, her project is required to collect information evaluate and interpret data regarding ‘child labour in and around Bihar’, so as to help an NGO take some steps in this direction for improvement. She has selected personal interview as her method worked upon the magnitude of her study and ready with the questionnaire. You are required to assist her as to what next is to be done to successfully complete her survey? 
Q17. A market survey is a tool specifically and only required for launching of a new product in the market. Defend or refute the statement giving reasons and for example the same. 
Q18. Tanish, is doing well in his business of roasted healthy namkeens in Jaipur. Recently during his holiday trip to Shimla he comes across a shopkeeper interested in being wholesaler for Tanish’s namkeens. He assures him of not only a good return but also of facilitating Tanish entering into many more cities. Which kind of option is being available to Tanish? 
Q19. Explain in detail the various strategic alternatives available before an enterprise. 
Q20. “Marketing mix is future marketing strategy to boost sales”. Define or refute the statement giving reason for your answer. 
Q21. Meha Mega mart opened its outlet and started by keeping convenience products. The sale increased rapidly. They then thought of keeping some shopping products also. They excelled in this area also and it is now the biggest retail chain. Name and explain the element of marketing mix involved in the above case. 
Q22. For any entrepreneur to be successful, it is very important for him/her to take care of its pricing strategy. Preetha favoured this statement and worked hard to make her firm successful. Her market survey revealed that her product has great utility and demand in the market. Identify and enlist four factors other than demand and utility which must be taken care by Preetha while fixing price. 
Q23. ‘Product is a bundle of utilities’. What dimensions in reference to the proposed product should be as such evaluated by the entrepreneur.
Q25. Which type of channels of distribution should be used in case the buyers are widely dispersed over a large geographical area?
Q26. What is indirect channel of distribution? Explain the types of indirect channels of distribution available.
Q27. ‘It is necessary that goods and services must be made available to the customer at the right place in right quantity and at the right time’.
   a. Name and explain the concerned element of marketing mix
   b. Explain the components of the element.
Q28. Vinay, is a wholesaler of fruits and vegetables. He uses a combination of Railways and roadways to send the stock to retailers in and around Dehradun. Name all functions involved in physical movement of goods from one place to another.
Q29. What are the benefits of promotion mix to an entrepreneur?
Q30. Swift sold their car at a discount of ` 10,000 for a limited period to clear off excess stock while Honda started with a scheme of giving a music system free with every purchase.
   a. Which promotional tool is used by both the companies?
   b. Explain any two other tool which these companies can make use of.
Q31. Name and explain the non paid form of communication of information about the products.
Q32. Surjeet, owner of Flame cosmetics ltd., is facing the problem of poor sales. Suggest him any four promotional tools which he can undertake to improve sales.
Q33. Define price mix. Explain the factors influencing pricing.

**Case study**

**Kurkure**

When it comes to describing the 15-year-old brand Kurkure, the Rs 1,000-crore snack brand of PepsiCo India, the old-timers often talk of luck. One of the members of the founding team, Geetu Verma says, "The birth of Kurkure was part necessity, part serendipity." Currently the Executive Director (food and refreshments) at Hindustan Unilever, Verma had strategised the brand's launch in 1999. The need was to carve out a space as a competitor to namkeen and capture the market faster than potato chips. Initially the team's challenge was to differentiate the product in a market where potato chips at Rs 300/kg were also a significant premium to the namkeens, the traditional Indian salty snack, at Rs 100/kg. The luck was in how Kurkure did stunningly well in the market.

Unlike potato chips or namkeens, Kurkure offered a different and compelling taste experience thanks to the different technology used to make it. The ingredients are fed into a machine that makes puffed extrusions or collette, which are then cut to desired length. It was a new experience for India and PepsiCo India managed to offer a compelling taste at a competitive price. "We had the same mix as a 200gm bag of namkeen for Rs 20 but we delivered a bag size that was almost 1.7 times bigger," says Verma. While a local snack of same quantity was of the same price, potato wafers were almost double the price.

Instead of a purely corn-based product, the team came up with a spicy flavoured Masala Munch made of lentils, rice and corn. "We were not sure if people would take to the new brand and so we had called it Lehar Kurkure," says DeepikaWarrier, Vice President (Marketing), PepsiCo India. Lehar, the Indian partner's brand name, was added to Kurkure for access to local taste and cues. The team's concerns were justified as it was angling for a space between the traditional salty snack and the more western potato wafer. The company called it the 'bridge' category and Kurkure, the 'finger snack'.
Today, the company commands about 60 per cent market share in the 'bridge' category, which is worth Rs 1,950 crore. The total market for salty snacks in India is worth Rs 13,000 crore and traditional snacks account for Rs 5,200 crore. The puffed snack market too is valued at Rs 1,950 crore. The potato chips/wafer market is worth Rs 3,900 crore where Uncle Chips and PepsiCo's Lays are market leaders.

Hear the crunch

Though Kurkure created a new space in the market, the larger challenge for the company was to get the customers hooked to its unusually shape and crunchy texture. "In fact the brand name Kurkure was the outcome of a group discussion in which consumers sampled the brand and repeatedly said that it was nice and 'kurkura' (crunchy)," says Dr T.S.R Murali, Head of R&D, PepsiCo India. The first objective was to start consumer trials. "We stuck to the consumer feedbacks and used the advertising line Kya Karen Control NahiHota," says Warrier. However, advertising was not the only strategy that the company relied on. While consumer trials were on, the sales team also launched an orange parade. "I remember being in Chandigarh, which was one of our first launch markets," says an industry veteran. All the three-wheelers carrying the product were painted orange. Almost the entire sales team had assembled in Chandigarh to ensure 100 per cent coverage of outlets in 10 days. Its success led to it being repeated in other regions too. "It was perhaps one of our fastest market placements ever. We knew in the first 30 days itself that there was no looking back," says a former PepsiCo India employee.

The company was relying on communication and also pushing the boundaries of marketing innovations. "They were the first in the segment to start selling ladi (string of packs) that we could hang out in our stores," says a shopkeeper. He lauded the company which in 2001 had provided racks outside the shops to display the brand.

After the product was established in the market, the phase II plans took off. There was a need to make Kurkure a central part of the tea-time. The company by then had clearly delineated between Lays and Kurkure brands. "We decided early on that it had to be part of the tea-time. It was this irrepressible, loud, desi brand that was affordable. Lays appealed to the youth, was Western in its taste cues and an impulsive out-of-home snack," says Warrier. As part of this, in 2005, the company roped in actor JuhiChawla as a celebrity brand ambassador. The brand also kept pace with the flavour of the season - teleserials. The tagline 'Kahani Mein Kurkure' was launched where Chawla spoofed the character of Tulsi in the KyunkiSaasBhiKabhiBahuThi soap and the brand humorously wedged itself into the mainstream. The 'Kya Family Hai' campaign tried to capture the dysfunctional family that came together at tea-time.

Party Poopers

In 2007, the company was caught off-guard when ITC Foods launched Bingo. "Their communication was gaining traction and the product caught consumers' attention," says Warrier. PepsiCo started the TedhaHai Par MeraHai campaign that allowed the company to win back attention of customers from Bingo, which had a variant called TedheMedhe. There was a minor communication challenge too when the brand switched to 'Kya Family Hai' campaign. "We thought we might create a more real family if the protagonist wasn't a celebrity like Chawla. So then came the job of telling Chawla that she was not going to be Nikki, the protagonist in our new campaign," says Sonia Bhatnagar, Executive Creative Director, JWT. But that could not be managed. Though Chawla did her role well, the feedback was not satisfactory.

The brand was also embroiled in a controversy in 2008 when allegations surfaced on social media that Kurure contained plastic. "We have countered it in whatever platform it surfaced on. This issue has withered away," says Warrier. However, many local competitors were mushrooming. Significant among them were Balaji Foods, Yellow Diamond and established brands DFM Foods with Crax brand and Haldiram's and Bikanerwala. Between 2009 and 2011, the number of local players rose from 1,378 to 2,863 and...
PepsiCo lost two to three per cent market share. The competition forced it to be innovative again. Around 2005, the brand had begun widening its consumption base in a manner similar to that of Cadbury's ad campaign through which it tried to put itself in place of traditional sweets. Kurkure made a similar attempt with its campaign MeethaSheethaChodo, KurkureKhaKeHoJao Mast. It also scaled down price to launch Rs 3 packs in 2004 and Rs 2 packs in 2011. The brand created excitement with its own versions of Desi Beats in 2009. "We used some tactical exercises where we combined our brands and offered attractive discounts," says Warrier. "We have allowed Lays to take a correction but not Kurkure's. We worked on scaling down the packaging costs while keeping quality intact," she says. Industry sources say Kurkure continues to hold 60 per cent of the market share in the segment. All others such as Bingo, Yellow Diamond, Balaji and Bikanerwala together accounts for less than 25 per cent. "We will continue to take the high road of product innovation and have recently entered the puffed snacks range. There will be regionally strong players and there will be times when some others could come up with something new, but we are not taking off our eyes from the ball," says Warrier.

1. Explain the various strategies followed PepsiCo.
2. Explain with reasons the elements of marketing mix followed in the case above.
3. How do they face competition?
4. Give some suggestions as to how they can increase their market share.

**Incredible India Campaign - Individual activity**

The tourism industry is a service industry and is major source of revenue in India. In 2002, the Ministry of Tourism launched a campaign to promote brand India as a tourist destination.

Surf the Internet to find out how the ministry promoted the tourist destinations in India based on the following 4 Ps.

1. Service product or service package
2. Pricing
3. Place
4. Promotion

Based on your findings, answer the following questions:

1. Do you think the ‘Incredible India’ campaign was effective? Justify your answer.
2. Comment on the Integrated Communication Strategy’ of the Tourism Industry. Has it made any difference in making India a more sought after tourist place?
3. Explain the reasons that lead to decrease in the number of tourists in any given year.
4. Discuss in groups what more can the Indian government do to make this industry flourish.
5. Create a chain story to show how the money moves from one hand to the other benefitting a lot more groups in any city [take Agra or Jaipur as eg.]

**Individual Activity:**

With the advent of SMS marketing, facebook pages to promote products, create an advertisement to sell any product of your choice.
UNIT 6 Business Finance and Arithmetic

Very short answer type questions

Q1. Name the book in which all cash transactions are recorded.
Q2. In accounting language, give another name used for cash book.
Q3. What do you understand by entry?
Q4. Why maintaining a cash book or register is very essential for every business?
Q5. What do you understand by unit cost/variable cost/cost of goods sold?
Q6. Give some examples of variable cost/unit cost
Q7. What do you understand by contra transaction?
Q8. What do you understand by contra entry?
Q9. What is meant by buying on credit?
Q10. How do credit transactions (Whether given or taken) will be entered in the cash book?
Q11. What is the treatment of money withdrawn from ATM for business enterprise?
Q12. Name the type of tax which can be included as a cost element in computation.
Q13. What do you understand by the term cash flow projection?
Q14. Where is cash register used?
Q15. Name the latin word for ‘Tax’.
Q16. What do you understand by operational cost and how will you categorise it?

Short answer type question

Q1. Differentiate between cash flow statement and cash flow projection.
Q2. How cash flow projects will help an entrepreneur?
Q3. Distinguish between cost and expenses.
Q4. Measurement is essential to analyse performance of any business. Given below are some businesses are items being sold/serviced by them. Write unit of sale in each case

<table>
<thead>
<tr>
<th>Business Items being sold/serviced</th>
<th>Unit of sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garment shop T-shirt</td>
<td>?</td>
</tr>
<tr>
<td>Coaching class Tuition</td>
<td>?</td>
</tr>
<tr>
<td>Textile shop Fabric</td>
<td>?</td>
</tr>
<tr>
<td>Baker Cake</td>
<td>?</td>
</tr>
</tbody>
</table>

Q5. Write down the difference between cost and expense with the help of an examples.
Q6. Profit is not to be considered as inflow. Comment with apt reason.
Q7. Telephone bill may vary slightly month to month, depending on the usage. According to you it will fall under which category fixed or variable.
Q8. Expenses can be variable or fixed. Though examples show how an expense can fall in both.

Questions on numerical

Q1. From the following information prepare a cash register
(a) Ms.Keerti commenced business with Rs. 500000
(b) Bought furniture worth Rs. 200,000 and paid freight of Rs. 5000
(c)Purchased from Mr. Martin for cash:
   5 coloured TV @ 10,000 each
   5 LED @ 18,000 each
(d) Sold to M/s Nehal for cash: 2 colour TV @ 20,000 each
(e) Returned 1 LED TV to Mr. Martin as it was defective and received payment
(f) Received commission of Rs. 3000  
(g) Paid 3 months rent Rs. 30,000  
(h) Paid salary to Mohan Rs. 2000  
(i) Sold to Neerja for cash  
  3 colour TV for 20,000  
  3 LED of 18,000 each for Rs. 25000  
(j) Paid electricity bill of Rs. 800  
k) Depreciation charged on furniture @5 % p.a  
l) Paid income tax of Rs. 3000 and sales tax of Rs. 2000

Q2. Mr.Varun started an enterprise of shoes and other footwear with an cash balance of are onelakh rupees and a bank balance of fifty thousand rupees

(i) On 4th December 2013, he purchased shoes and sandle worth Rs. 15000  
(ii) 8th December 2013 Adda Enterprises paid a cheque of Rs. 12000 for buying stock on a largeextend in the previous month  
(iii) On 12 December 2013 brought cabinet and extra furniture worth Rs. 20000  
(iv) On 13th December 2013 sold shoes worth Rs. 30000  
(v) On 14th December 2013 sold sandle worth Rs. 10000  
(vi) On 16th December 2013 sold sleepers worth Rs. 10000 and cheque received  
(vii) On 18th December 2013 purchased slippers and sandle from Bombay shoes co worth Rs.20000  
(viii) On 19th December 2013 sold carriage Rs. 300  
(ix) On 28th December 2013 paid rent Rs. 15000  
(x) On 29th December 2013 paid salary to workers of Rs. 7000  
(xi) On 30th December 2013 hald amount paid through cheque to Bombayshoes co  
(XII) On 30th December 2013 deposited in bank Rs. 5000

Q3. Ms.Neerja, who runs a computer stationary store, has the following transactions. Please help her with the cashbook for her operations  
(i) On 1st of January 2014, she has Rs. 22500 in cash and Rs. 40000 in bank account  
(ii) On 5th January 2014, she makes a cash sale of Rs. 19500  
(iii) On 7th January 2014, she receives a cheque for 16000 from excel company for sales made in December  
(iv) On 9th January 2014 she buys CDs and pendrives and makes a cheque payment of Rs. 5000  
(v) On 12th January 2014, she makes cash payment of Rs. 25000 for various stationery purchased  
(vi) On 17th January 2014, she withdraws cash of Rs. 15000 from her checking account  
(vii) On 18th January 2014, she pays salary of Rs. 15000 to her sales staff  
(Viii) On 24th January 2014, she pays the monthly rent of Rs. 12500 by cheque  
(xi) On 29th January 2014, she deposits Rs. 15000 in her bank account

Q4. Find out break even point from the following information  
Fixed cost = Rs. 40,000  
Variable cost = Rs. 2 per unit  
Sales price = Rs. 4 per unit
Q5. From the following information relates to a company, which produces a single product (Doormats). Calculate BEP (in units) BEP in
Fixed cost = Rs. 1,00,000
Variable cost = Rs. 50 per unit
Sales price = Rs. 100 per unit

Q6. The following information relates to a company, which produces a plastic bottles
Direct labour per unit Rs. 10
Direct material per unit Rs. 25
Variable overheads per unit Rs. 5
Fixed cost Rs. 30,000
Selling price per unit Rs. 100

Calculate
(i) Variable cost per unit
(ii) The minimum number of units that must be sold for the company to break even
(iii) Show break even in terms of rupees
CHAPTER 7

RESOURCE MOBILISATION

Introduction: A very important function of entrepreneurs is the arranging and procuring proper resources.

THINK is an important word for entrepreneurs, because cows do not give milk, milk has to be extracted-meaning entrepreneur’s first job is to arrange, in a constructive way, the resources that are required for the enterprise's working. An economic or productive factor required to accomplish an activity, or as a means to undertake an enterprise and achieve the desired outcome is referred as 'Resource'. Therefore, 'resource' refers to —anything or means (physical tangible/non-physical-tangible) required or required to support the activities of organisation to achieve pre-determined organizational goals.

These 'resources' are life blood of any economic activity. Their successful and timely identification, procurement and utilization ensure the success of an organisation. Human, financial, physical and knowledge are the basic factors that provide a firm, the means to perform its business processes and are referred as 'Business Resources'.

Procurement of Resources: Resource mobilization is the process of getting resource from a resource provider, using different mechanisms, to implement the organization's work for achieving the pre-determined organizational goals. It deals in acquiring the needed resources in a timely-cost effective manner.

The most basic resources, for any enterprise are: a) Land b) Labour c) Capital Though 'other resources' required vary from enterprise to enterprise, but commonly comprise of: a) Entrepreneurship b) Energy c) Expertise d) Information e) Management f) Machines g) Materials and Methods.

Very often, we equate the term 'resource mobilization' with fund raising. But it goes beyond the liquid money. It includes building valuable contacts and networks and garnering the interest, support and in-kind contributions, important to organisation.

How can an organisation make adequate preparations for resource mobilization to be effective and to ensure they are maximizing all opportunities?

a. An organization’s resource mobilization plan should be tightly integrated with organizational goals and be chalked out step-by-step
b. A resource mobilization plan must follow closely, the vision, mission and goals of the organisation.

Thus, the success of any enterprise lies in the capacity and ability of the entrepreneur to: (1) Mobilize the resources (2) Organize the resources (3) Manage them efficiently and effectively as they are always scarce with reference to their demand. Types of Resources: A firm's resources are the basic inputs into the production process, combined in different ways so as to provide firm capacity to achieve superior performance. Different firms need different resources.

The requirement of resources depends upon: (a) Nature of activity (b) Size of activity (c) Product specification (d) Type of business activity.

Business resources can usefully be grouped as following:

I. Physical
II. Human
III. Financial
IV. Material
V. Intangible
I. **Physical**: These resources are those that are made by human through his abilities and skills. They are available to an organisation in the form of buildings, plants, machineries etc. required for running of an enterprise. So, the foremost concern for the entrepreneur is to assess the 'place' where the enterprise is going to be established. The basic infrastructure required to be constructed is all part of physical resources. The category of physical resources covers a wide range of operational resources concerned with the physical capability of the enterprise, encompassing mainly:

**What are the things that we need to see while selecting place of establishment?**
1. Capital Cost
2. Access to other resources
3. Transport and Communication Cost
4. Availability of manpower and its cost (wages, salaries)
5. Cost of production
6. Availability of other utilities like water, gas, fuel etc.
7. Access to market for both raw material and finished goods
8. Pollution concerns involved
9. Degree of legal requirements like taxes etc.

**What investigations need to be done while selecting the other physical resources like machinery, tools, equipments, process technology, raw material?**
1. Short and long term cost of the project.
2. Durability and utility (usefulness) expected from these assets.
3. Possibility of growth potential.
4. Market needs helps to decide the range of products and the type of technology.
5. Market size to be covered will indirectly help to assess the size/capacity of plant.
6. Quality concerns.
7. Feasibility for transfer of technology i.e. is it possible to acquire and implement the technology/technique so selected.
8. Feasibility for training of manpower, i.e., is it possible to provide the required training to the workers on the selected technology?

II. **Human**: An organization's performance and resulting productivity are directly proportional to the quantity and quality of its human resource.

**What are the benefits of selecting proper human resources in an organisation?**
1. Benefits of specialization to the firm
2. Minimizes wastages of resources
3. Reduces inefficiencies
4. Reduces labour turnover ratio and rate of absenteeism
5. Saves cost of production

The human resources required by an enterprise can be broadly classified as follows:
1. Managerial Manpower
2. Non-Managerial Manpower
3. Professionals and Others

Larger the enterprises, more complicated is the classification. How many of people does he/she need? This question deals with the quantity of personnel the enterprise needs. The number of people required for various positions throughout the enterprise gets affected by:

(a) Finding out the total amount of works to be done and then dividing it into different sets of activities.
(b) The total number of tasks and jobs required to be accomplished under different activities.
(c) How much work can the average person do in a specified period of time?
(d) Level of absenteeism expected.
(e) Level of labour turnover.
(f) The present number of employees.
(g) The future plans for expansions, diversification and growth.

**Efficient Utilization of Human Resource:**
1. Managerial Staff: This category is like brain box of the enterprise. Framing policies, objectives goals etc. for the enterprise, ensuring their implementation and finally getting the work done from workers is the field area of this category.

2. Non-managerial staff: The real group which effectively converts the raw material into finished goods is 'workers'. Nature of job decides the quality and quantity of workers to be assigned.

3. Trained Technical Manpower: This constitutes of people who have technological expertise and are frequently required for machinery selection, installation, supervision and operation.

4. Administrative Manpower: To run the enterprise, the entrepreneur needs a group of staff which gives support services to managerial, professional and trained staff. They do not contribute to production directly but only provide assisting services in the maintenance of the enterprise.

5. Professional Manpower: Chartered accountants, auditors, bankers, lawyers, who are professional experts can be outsourced by the entrepreneur if required. Small enterprises cannot afford them on their regular payrolls.

Thus efficient utilization of human resources is only possible if the entrepreneur is able to decide:

(i) The total work to be done

(ii) The right type of people who can do the work.

(iii) Employing Right man at right job.

Selection of Personnel: Selecting the right number of people and right kind of people with appropriate skills at the right place and the right time to do work for which they are economically most suitable, needs on the part of entrepreneur, a careful, comprehensive, in-depth, and scientifically evolved strategy for selection of personnel. Therefore, in order to achieve specialization in work, the entrepreneurs should try procuring/arranging for following types of qualified resources as per their requirement, comprising of:

1. Efficient tapping and scientific selection.
2. Appropriate and cost effective training.
3. Proper induction, orientation and familiarization with the organisation and its climate.
4. Periodic performance appraisal.
5. Feedback and scope for development.
6. Proper motivation and remuneration schemes.
7. Ensuring scope for the participation in management.
8. Ensuring adherence to certain statutory requirements governing the compensation and welfare of measures of employees, such as Factories Act, Provident Fund and Miscellaneous Provision Act, etc.

III. Financial

Finance is one of the important prerequisites to start an enterprise. It is the availability of finance that facilities an entrepreneur to bring together, personnel, machines, materials, methods, land and convert a dream into reality.

It will not be incorrect to elucidate finance as "lubricant to the process of production" or "lifeblood of enterprise" or "whoever has the gold makes the rule".

As a part of financial resourcing, an entrepreneur must work out following:

1. How much finance is needed?

At first, an assessment is to be made regarding the right amount of capital required. Neither should there be paucity of funds, nor should there be any excess, as finance is raised against a cost.

2. Terms for which finance is required

Finance, is required for:
(a) **Long term:** It is generally a period of 5 or more years for:
(i) Procuring Fixed assets
(ii) Meeting out Expansion or Diversification plans
(iii) Conduct research work
(b) **Short term:** It is generally a period of up to 1 year. To meet working capital requirement short term finance is to be raised.
(c) **Medium term:** A period, where finance is required for more than one year but less than 5 years, is called medium term requirement. To meet especially modernization requirements, finance is required for medium term.

(3) **Sources of Generating Finance:** There are various sources from where finance can be arranged. Most entrepreneurs invest small capital from their own funds and remaining from outside. Thus, selecting a proper balance between owners' funds and borrowed funds is the next step.
(a) **Owner’s Fund:** This is that part of capital that belongs entirely to the entrepreneur in the form of:
(i) Equity capital
(ii) Preference capital
(iii) Margin money/seed money
(b) **Borrowed Funds:** Entrepreneur can if required raise capital from outside through:
(i) Issue of debentures
(ii) Loan from financial institutions
(iii) Loan from banks
(iv) Private lenders of money
Except certain government schemes, banks and financial institutions require physical (asset) security to release loans. The assets mortgaged with the institution for the sanction of a loan is called collateral security. Thus, loans are either:
(a) Secured
(b) Unsecured

**IV. Material**
Whether a business enterprise markets a product or a service, certain operations are essentially carried out combining raw material, processing and assembling, machines, tools, power etc. A deep insight into the production processes is essential for effective handling of the enterprise. To successfully convert raw material into finished products with value addition, a wide range of arrangements need to be worked out by entrepreneur. Some of the important decisions are regarding:
(1) Size of the unit and its installed capacity.
(2) Identifying machinery and the technical know-how required.
(3) Technical training involved.
(4) Quality control systems required.
(5) Type of technical staff required.
(6) Maintenance cost
(7) Availability of spares parts and support services (after sale services)
(8) Wear and tear rate of assets.
(9) Type of raw materials required.
(10) Supplies of the raw material, their number and location.

**V. Intangible**
A much ignored resource, which is otherwise quite crucial, is intangible resources. These resources are neither felt nor seen, far from being touched or preserved but help immensely in providing a strong foothold to enterprise. The intangible possession is a resource which enables a business to
continue to earn a profit that is in excess of the normal basic rate of profit earned by other businesses of similar type. This category generally comprises of:

(a) **Goodwill**: The difference between the value of the tangible assets of the business and the actual value of the business (what someone would be prepared to pay for it). Though it is generally not present in case of new entrepreneurs. But if he is acquiring or entering into a partnership or some alliance, he may benefit from the goodwill of his associate, if any.

(b) **Reputation**: Does the business have a track record of delivering on its strategic objectives? If so, this could help gather the necessary support from employees and suppliers.

(c) **Brands**: Strong brands are often the key factor in whether a growth strategy is a success or failure. An entrepreneur needs to assess the same. Being associated with a strong brand, an entrepreneur can command and sustain higher margins.

(d) **Intellectual Property**: Key commercial rights protected by patents and trademarks may be an important factor to be worked out by the entrepreneur.

**Estimating Financial Requirements**
The scarcest of all resources being finance is referred as "life blood of enterprise", having persistent demand. The demand for finance is not only recurring but ever mounting to meet out ever increasing requirements of capital for:
- Commencement
- Day to day operation
- Modernization activities
- Expansion
- Diversification
- Research and development activities

**Business finance** may be defined as the acquisition and utilization of capital funds in meeting the financial needs and overall objectives of a business enterprise.

"**Financial Planning**" - It is the process of estimating the fund requirement, specifying the sources of funds and utilizing them in an optimum manner.

**Objectives of financial planning**:
(a) To assess the different types of financial requirements, viz. long, medium and short-term funds, i.e. capitalization.
(b) To procure the funds from the suitable sources, keeping in view the principles of economy, convenience, financial commitments, ownership etc. i.e. capital structure.
(c) To allocate the funds to various departments to achieve the predetermined objectives.
(d) To establish effective control on financial matters.
(e) To provide optimum amount of working capital requirement of the enterprise.
(f) To build up reserves for future contingencies.

**Estimate Capital Requirement**
The capital requirement of a business enterprise can broadly be classified into two main categories. They are:
(i) Fixed capital requirements
(ii) Working capital requirements

1. **Fixed Capital**
The capital which is required for meeting the permanent or long term needs of the business is referred as fixed capital. It is that part of the total capital of an enterprise which is invested for the purchase of fixed assets like land and building, plant and machinery etc.
Features
Fixed capital exhibits following characteristics:
1. Not easy to withdraw this capital from the business, as it's more like a permanent capital.
2. Generally procured through long term financial resources.
3. Invested in procuring fixed assets.
4. Forms the basis for income generation capacity of the enterprise.

Factors affecting the fixed capital:

(a) Nature of his/her business: viz. trading, manufacturing, services
(b) Size of the business: small business needs less fixed capital in comparison to large scale enterprises.
(c) Technology to be used in production: i.e. whether capital intensive or labour intensive.
(d) Range of production: If more diversified products are manufactured, more is fixed capital requirement in comparison to those who deal in single type of product range.
(e) Type of product to be manufactured: It may range from being simple (e.g., soap) to a highly complicated machinery, thus demanding more investment in fixed assets.
(f) Method of acquisition of fixed assets: The option of buying a fixed asset demands more capital in comparison to acquiring an asset on lease or hire purchase system.

From where will we get fixed capital?
The fixed capital requirement should be correctly assessed and financed carefully for the smooth running of enterprise. These needs are generally financed from permanent sources as:
(1) Issue of shares
(2) Issue of debentures
(3) Inviting public deposits
(4) Ploughing back of profits (in case of existing firms)
(5) Long term borrowings from banks and financial institutions.

II. Working Capital
Working capital refers to that part of the capital which is needed for the financing of the working or current requirements of the enterprises and for meeting out day-to-day operational expenses.

Factors affecting working capital requirements:
The requirement of working capital is not uniform in all enterprises. It varies from one enterprise to another because of following factors playing the lead role.
(i) Nature and size of business: The business that is engaged in production process requires more working capital in comparison to the one rendering trade services. Similarly enterprises working on large demands for higher working capital than small scale units.
(ii) Business Cycle: Boom period is marked by more demand, more production and thus more working capital as compared to depression phase having declined demands.
(iii) Gestation Period: Longer the time gap between commencement and end of manufacturing process, more is requirement working capital as compared to industries having shorter gestation period.
(iv) **Volume and procurement of raw material**: If amount to be spent on raw material is more in total investment, automatically, the requirement for working capital will be higher as compared to those enterprises where the raw material cost involved is smaller.

(v) **Manual v/s automation**: In labour intensive industries, large working capital will be required than in the highly mechanized ones.

(vi) **Need to stock up inventories**: The larger the stocks of whether raw material or finished goods required to be kept, more will be the need for working capital and vice-versa.

(vii) **Turnover of working capital**: Turnover means the rate at which the working capital is recovered by the sale of finished goods. Enterprises where the rate is higher, less working capital is required as compared to enterprises having lesser slow rate.

(viii) **Terms of Credit**: Those enterprises who believe in selling goods on credit, need more working capital than the ones selling goods against cash.

**From where will a company get its working capital?**
A part of working capital is permanently locked up in a company, it should be financed by the use of long term sources of funds and the variable working capital requirement can be met by using:

(i) Short/medium term borrowing from commercial banks/financial institutions.
(ii) Public deposits
(iii) Other finance companies
(iv) Internal sources

**What is Capitalization?**
It is the total amount of long term funds received by a business from its shareholders and creditors. It includes shares, debentures, long term loans and free reserves. Any company should make sure that the ratio of owned funds to borrowed funds is proper according to the company.
A. Equity Financing/Ownership Financing:

Equity refers to the capital invested in an enterprise by its owners. Equity means that, in return for money, the inventor receives a percentage of ownership in the company.

Features:
1. Equity results in sharing of the ownership with the investors.
2. It's a permanent source of raising finance.
3. No fixed obligation in the form of dividend payment.
4. No charge over assets.
5. Maximum controlling rights through voting power.

Methods of Equity Financing:
(a) Retained Profits/Ploughing Back of Profits:
Retained profits is a technique of financial management, under which all profits of a company are not distributed amongst the shareholders as dividend, but a part of the profits is retained and reinvested in the business.

(b) Equity Shares:
Equity shareholders are the virtual owners of the company. Thus, company is under no obligation to pay them either the principal amount or dividend and that's make them true risk bearers. The management vest with them as they enjoy maximum voting rights.

c) Preference Shares:
Preference shares are those shares which are entitled to a priority in:
1) the payment of a dividend at a fixed before any dividend is paid on equity shares;
2) the return of capital in the event of winding up of the company.

(d) Seed Capital:
Seed Capital is the financing of the internal product development or the capital provided to an entrepreneur to prove the feasibility of a project or qualify for start-up capital.

B. Personal Financing:
Sources
a) Personal Savings: Past savings, if any, is the most conventional source of financing, dependable, readily available and without incurring any liability.

b) Friends and Relatives: Arranging finance from near and dear ones viz. (a) friends (b) relatives (c) known persons, in informal manner is even a popular source of financing.

c) Chit Funds: This customary source where in some members who might be friends, or known etc, form a type of club, committee, party, association, etc., keep paying monthly deposits privately and can claim the 'chit' if his sudden demand for money i.e. like 'kitty'. This premature encashing of the deposited amount is like an internal source of financing and personal.

d) Deposits from Dealers: When the dealers or distributors are appointed by the business firm, the dealers selected are required to give "security deposits" to the entrepreneurs, depending upon the reputation, goodwill and creditability of the enterprise. This can be used as a short term source of financing.

C. Venture Capital Finance:
The most important and little understood area in entrepreneurship having its emergence in United States in venture capital finance. It's an alternative form of equity financing for small enterprises.

New entrepreneurs, conventional small businesses and privately held middle market
companies tend to have a difficult time obtaining external equity capital. It is advocated that these enterprises require 3 types of funding as their business develops.

(a) Early stage financing
(b) Expansion or Development financing
(c) Acquisitions and Leveraged Buyout financing (Diversifying)

These three stages are at times funded by two strong groups of capitalists / investors, referred to as:

(a) Angel Investors
(b) Venture Capitalist

**Angel Investors or Business Angels** are individuals or virtually invisible group of wealthy investors, in the informal risk capital market, who are looking for equity type investment opportunities in a wide variety of entrepreneurial ventures, big or small. These angels provide the funds needed for all stages of financing, particularly the first stage financing.

**Venture Capitalist** - These are investors and investment companies whose specialty is financing new, high potential, high-technology oriented entrepreneurial ventures.

**D. Debt Financing**
Debt-financing is a financing method involving an interest-bearing instruments; usually a loan, the payment of which is only indirectly related to the sales and profits of the venture. Typically, debt financing called as asset-based financing requires that some asset e.g. car, house, etc. be used as a collateral. Here, the entrepreneur is to pay back the amount of funds borrowed as well as a fee expressed in terms of the interest rate.

**Sources of raising Debt**
1) **Debentures**: A debenture is a written instrument acknowledging a debt and containing provisions as regards the repayment of principal amount and the payment of interest at a fixed rate.
   Thus, a certificate or a document issued by a company under its seal as an acknowledgement of it debt to be repaid back after the expiry of said period is a debenture. It’s a long term arrangement of raising funds from outside.
2) **Public Deposits**: When an entrepreneur invests the general public to deposit their savings with his company, for a period not exceeding 36 months at the rate of return (interest) which is generally higher than the rate applicable on bank deposits is called to raise funds through public deposits. The depositors have no rights in management and are like creditors of the company.
3) **Loan from Bank**: Commercial banks, generally extend short term to medium term loans to firms of all sizes and in many ways like:
   (a) **Overdraft**: A temporary arrangement in the form of a permission granted to the customers to withdraw more than the amount standing to his/her credit.
   How it works:
   (i) Under overdraft, the bank permits the customer to overdraw his account up to a certain limit for an agreed period.
   (ii) To avail of this facility, a customer should have a current account with that bank.
   (iii) Interest is charged on the amount actually overdrawn.
   (iv) Overdraft may be allowed on the security of assets or customer's personal security.
   (b) **Cash Credit**: This facility is like overdraft arrangement with it's features being:
   (i) The bank allows the borrower to borrow up to a specified limit.
(ii) The amount is credited to the account of the borrower.
(iii) The customer can withdraw this amount as and when he requires.
(iv) Interest is charged on the amount actually withdrawn.
(v) Cash Credit is usually granted on a bond or some other security.

(c) **Discounting of bills/Factoring:** Discounting of bills, is an arrangement, where in the bank encashes the customer's bills before they become due for payment. For this, the bank charges a nominal amount called discounting charges. In case the bill is dishonored on due date, the bank can recover the amount from the customer. Similarly, factoring is a financial service which is rendered by the specialized person known as a 'factor', who deals in realizing the book debts, bills receivables, managing sundry debtors and sales registers of the commercial and trading firms in the capacity of agent for a commission called commercial charges or discount. Thus, it is the sale of accounts receivables to a bank or finance company or anyone else.

(d) **Loans and Advances:** A loan is a lump sum advance made for a specified period. Here, the entire amount is paid to the borrower in lump sum either in cash or by way of transfer to his account. In this:
(i) The borrower may withdraw the entire amount in a lump sum or in instalments as per his/her needs.
(ii) The interest is charged on full amount of loan irrespective of how much had been actually withdraw.
(iii) Loans are generally granted against the security of certain assets.

(e) **Term Loan:** These loans are extended by the banks to their customers for fixed period to purchase:
(i) Machinery
(ii) Trucks, Scooters
(iii) Houses, etc.
The borrower repays these back in monthly/quarterly/half yearly/ annual instalments.

(f) **Demand Loans:** These loans are provided by the banks against the security of Fixed Deposits Receipts (FDR), Government Securities, Life Insurance Policies, etc. These loans are called demand loans because bank can demand them at any time, by giving notice to the customer.

(4) **Loans from Financial Institutions:** Institutional finance refers to institutional sources of finance to Industry, other than commercial banks. These institutions are established by the Central/State Government, aiming at:
(i) Promoting the industrial development of a country.
(ii) Providing both owned capital and land capital for long and medium term requirements.
(iii) Supplement the traditional financial agencies like commercial banks.
(iv) To encourage setting up of industries in backward areas.
(v) To provide technical assistance to industrial units.
(vi) To develop investment markets.

(5) **Loans from specialized Financial Institutions:** Specialized Financial Institutions provide mainly the long term financial assistance to the Industrial Undertakings. These specialized institutions provide three basic ingredients to industries:
(a) Capital
(b) Knowledge and Technical Help
(c) Entrepreneur guidance.

(6) **Grants:** All publicity funded schemes are designed to encourage new and growing businesses to bring wealth and ultimately create jobs. To help achieve this, government makes available a portion of the tax payer's money to help and encourage enterprise.

(7) **Private Money Lenders:** Borrowing funds from the Private Money lenders is one of the oldest practice of availing finance.
(8) Trade Credits: Credits extended by one trader to another, for the purchase of goods/services from one another. Customarily, a credit period of 180 days is extended on purchase of supplies. Thus, it facilitates the entrepreneur's working capital.

Who is a Mentor?
A mentor is a trusted guide, advisor, wise intellect person who uses the mind creatively especially in occupational settings.

What does a mentor do?
Teaches the mentee about a specific issue
Coaches the mentee on a particular skill
Facilitates the mentee growth by sharing resources and networks
Challenges the mentee to move beyond his or her comfort zone
Creates a safe learning environment for taking risks
Focuses on the mentee total development.

Role and Importance
Mentors are there to provide support, identify strengths and weaknesses and help mentee to deal with them effectively. For giving a strong foothold to the venture and ensuring its growth, the role of the mentor is very wide, crucial and significant. This long-term guidance support, enabling someone who is less experienced to develop and grow in their chosen role can be summarized as follows:
(a) Help in diagnosing in order, to define and understand the current situations in the enterprise.
(b) Help a mentee to assess his/her areas of shortcomings and strengths, giving critical feedback to him in key areas.
(c) Provide assistance in finding the necessary information.
(d) Provide assistance in preparation of documentation for the enterprise and enterprise support programmes.
(e) Provides guidance and support in preparation and implementation of development activities/plans/projects, in order to achieve the best possible business results.
(f) Helps in identification, procurement and utilization of resources required for the proposed venture.
(g) Provides assistance in finding business partners.
(h) Provides consultation, and help in coordinating activities aimed at accessing funds, new technologies etc.
(i) Introduce the mentee to relevant consultants, trainers, suppliers, lawyers, accountants etc. for that will help him boost confidence.
(j) As the mentor has the experience of witnessing 'highs' and 'lows' during his venture starting, he/she can be a great source of introducing mentee to threats, can risks of market.
(k) Helps mentee in learning, specific skills, knowledge, unspoken rules critical for success of business.

Size and capital based classification of Business Enterprises
According to volume of capital invested, industries are categorized as:
(a) Small Scale
(b) Medium Scale
(c) Large Scale
According to the MSMED Act, 2006 Small Scale enterprises are classified broadly into:

1. enterprises engaged in the manufacture of goods pertaining to any industry
   According to the investment in the plant and machinery
   - Micro enterprises: upto Rs. 25 lacs
   - Small enterprises: above Rs. 25 lacs to Rs. 5 crore
   - Medium Enterprises: above rs. 5 crore to 10 crore

2. enterprises engaged in providing services - According to the investment in the equipment
   - Micro enterprises: upto Rs. 10 lacs
   - Small enterprises: above Rs. 10 lacs to Rs. 2 crore
   - Medium Enterprises: above Rs. 2 crore to 5 crore

**Very short answer type question (1 marks)**

Q1. What is meant by mentorship?
Q2. Why is a mentor called a trusted guide?
Q3. Define strategy.
Q4. Who is called the brain box of the enterprise?
Q5. What constitutes borrowed capital?
Q6. What are intangible resources?
Q7. What do you understand by the term business?
Q8. Rama joined Deepayan School in the academic session 2014-15. Since she is new to the organization her Head of Department guided her time to time her colleagues also helped her in understanding the schooling system of the school. Identify the type of mentoring.
Q9. Differentiate between overdraft facility and cash credit facility.

**Short answer type questions (2 marks)**

Q1. Define finance.
Q2. Define business finance.
Q3. Differentiate between ‘seed capital’ and ‘margin money’.
Q4. What is ‘seed capital’?
Q5. What is collateral security?
Q6. Distinguish between ‘formal mentoring’ and ‘informal mentoring’.
Q7. “A mentorship relationship is based on trust”. Do you agree? Explain giving reason.
Q8. What is meant by Business Cycle?
Q9. Distinguish between shares and debentures.
Q10. What is meant by Business Cycle?
Q11. In addition to providing financial assistance, specialized financial institution help industries into other ways. State these two ways.
Long answer type question (3 Marks)

Q1. Explain advantages and disadvantages of owner’s funds.
Q2. Differentiate between secured loan and unsecured loan.
Q3. Distinguish between ‘formal mentoring’ and ‘informal mentoring’.
Q4. “A mentorship relationship is based on trust”. Do you agree? Explain giving reason.
Q5. Distinguish between shares and debentures.
Q6. ABC Exports, a prominent name in international trade have an account in VAIO bank. Their balance on 20th June, 2014 was Rs. 15,63,200. But however they had drawn a cheque for Rs.20,00,000 dated 22nd, June, 2014. The bank cleared the cheque. State and explain the source of finance being applied here.

Long answer type questions (6 Marks)

Q1. State whether the following require small or large working capital. Answer should be supported by a valid reason.
   (i) A company manufacturing furniture against order
   (ii) Wollen garments
   (iii) Bread
   (iv) Sugar
   (v) Locomotives
   (vi) Air coolers

Q2. Suhas Limited a sewing machine manufacturing Co. is planning to expand its operations from Delhi to other states as well. It needs finance for the expansion plans. Suhas Limited wants to go in for such a source of finance that does not dilute the ownership neither has a fixed any fixed obligation for payment of interest.

   a) State any two schemes of finance which can be used by Suhas Limited.
   b) Identify the sources of finance not desired by Suhas Limited. Also state the lines from the excerpt that helped you to identify the source.

Case Study
Each year schools and some NGO’s organize annual melas and several activities, where different stalls are put to facilitate the sale of goods. To identify and promote the entrepreneurial skills of their students, a school, this year, has decided to charge only Rs. 500 per day from a student willing to put up a stall.

A student, Madhuri, plans to have a stall to sell eatables. However, she needs money to pay the stall charges, buy the raw materials, arrange for utensils for cooking and serving the food items, engage cook etc. She decides to use her pocket money and since it turned out to be insufficient, she wants to know about the other sources from where the funds can be arranged.

Can you suggest some ways to Madhuri to arrange for the money?

1. Madhuri is going to be involved in the business activity. It is to be noted that it is a business activity and not an ongoing business. It is a small venture
2. Make a list of things required for setting up the stall
3. What will be her approximate financial requirement?
4. Which items she need not buy but take them on rent.
5. How do you think her requirement would differ, if she chooses to set up a large scale ongoing business?
GRADE XI - Project Work (Any Three) 40 Periods

- Visit and report of DIC,
- Case Study,
- Field Visit,
- Learn to earn or
- Know thy state handicraft

SUGGESTED ALTERNATIVE PROJECT FOR CLASS XI - Know thy State Handicraft

Introduction
The Entrepreneurship students of Class XI will be given this opportunity to understand the ethnic and traditional handicraft work of every state. Detailed below are complete guidelines to proceed with the project and the expected outcome thereof.

Objective
- To find out the traditional handicraft of every state.
- To understand the intricacy involved in the traditional handicraft work.
- To find out the reasons for success/failure of the handicraft.
- To find out innovative ways in which the product could be enhanced to be made more popular.
- To look into various ways to market the handicraft.
- To make entrepreneurship seem do-able.
- To excite the students about entrepreneurship.
- To understand business concepts - planning, organizing, staffing, marketing.
- Survey and analyze the market to understand customer needs.
- To understand the importance of earning/profits.
- To understand the importance of sales and turnover.
- Value the craft, appreciate and respect the effort put into generating it.

Process
- Given below is a list of states: Arunachal Pradesh, Mizoram, Manipur, Sikkim, Nagaland, Assam, Meghalaya, Jharkhand, Jammu and Kashmir, Chattisgarh, Telengana, Uttarakhand or any other state.
- The glass will be divided into groups of 2/3 members each depending on the class strength.
- Student groups to select a particular state.
- Let the groups, research and find out the traditional handicrafts of that particular state.
- Make a list of all the traditional present in that state.
- Select one particular handicraft which is not very popular amongst people.
- Give a complete history of the handicraft - raw materials needed for it, process of making it, number of years since when this handicraft is being done.
- If there is emporium of that particular state in your city, then encourage students to visit the emporium to get a firsthand experience in looking into the product as well as if possible they can interview the manager/craftsman present in the showroom to know more about the handicraft.
  - Suggest an innovative way to popularize the product - for e.g. it can an innovative way to enhance the values of the product itself, innovative ways to market the product.
Guidelines for Practical Examination

I. CASE STUDY
Procedure
Instructions to students:
Select a business according to your interest.
Identify your Role Model. (RM)
Organize a meeting using references. (Respect their privacy; it can be with a prior appointment or use of networking skills).

Home Work:
Prepare ‘snapshots’ about your Role Model and details to help you in the process of conversation.
Example: his/her personal details, his/her business, family etc.
Questionnaire/Question bank to be used by the student to seek details about the Role Model.
1. Background: Family; birth place; education; vision and ambitions in life
3. Experiences: List the options available/thought of/tried and reasons for selecting the particular venture. Was it technical knowhow or hands on experience. What role did education play in the whole process? Is education more important than experience?
4. Turning Point: Road to success, cost of success. Having a mentor, his/her role in motivating when situations were against you.
5. Achievements and Acknowledgements: 1st achievement/mile stones.
6. Changing Times: Market and market trends; technology; environment factors (political, legal, socio cultural, economic). Business then and now. Local to global transformation; presence of competition; how to face competition. Plans for expansion; growth parameters; identifying the hurdles and finding solutions.
7. Future: Vision for the times to come; next generations
8. Self-Actualization: Contentment in life; giving back to the society (staff and labour welfare, environmental concerns).
10. Business Mantra: What according to you is the reason for their success?
11. Message to our Youth: A few words of motivation for the young people.

Allocation of Marks
S. No. Basis Marks
1 Presentation/Creativity 02
2 Content 04
3 Viva-voce 04
Total 10

II. LEARN TO EARN
Objective:
To understand:
- The importance of earning, be it small or big
- How to sell
- The value of money
- Appreciating and respecting the effort put into generating income

**Process:**
The teacher discusses the advantages and disadvantages of manufacturing/trading/service. The student identifies categories and works on the possibility of having different types of money generating activities within the limits of the school.

**Options:**
1. **Manufacturing**
   - Chocolates
   - Snacks - bhel puri, sevpuri, sandwiches etc
   - Beverages - cold coffee, lemonade, ice tea
   - Handmade cards
   - Potted plant
   - Best out of waste
   - Syrups
   - Any other suggestion by the teacher

2. **Trading**
   - Stationery
   - Beads
   - Wrist bands
   - Sprouts, cereals and pulses
   - Craft work
   - Biscuits
   - Packaging material
   - Fruit juices
   - Seasonal and festival related specifics: diyas, candles, rakhis, souvenirs, puppets of various types/designs.
   - Any other suggestion by the teacher

3. **Services**
   - Mehandi art
   - Running the school canteen
   - T-shirt painting
   - Running the stationery shop
   - Sale of saplings
   - Games
   - Sale of second hand books/novels
   - Any other suggestion by the teacher

4. **Occasions**
   - Parent Teachers Meet
   - Carnivals, school fests
   - Weekly canteen specials
   - Important events in schools where parents and children are there and are a source of purchasing power.
   - The students can think of innovative ways to promote such events.
   - Important for the teacher to take permission from the Principal before planning such an event
   - The School Head, Teacher and Students decide what to do with the profits thus generated.

**Allocation of Marks**

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<tr>
<th>S. No.</th>
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<tr>
<td>1 Group Work</td>
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<td>02</td>
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III. AN EXHIBITION
The teacher divides the class into seven groups (1 for each unit). Each group is given a unit and asked to exhibit the content of that unit in any of the following forms.

(Teacher to keep the nature of unit content in mind while forming these groups)
1. Charts
2. Models
3. Acronyms
4. Skits
5. Quizzes
6. Puzzles
7. Games
8. Debates
9. Puppet shows
10. Power Point Presentation
11. Story Telling
12. Songs
13. Poetry
14. Film Clips/
15. Documentary

A date should be fixed in advance to allow more schools to be invited for the exhibition.
Students can exhibit their case studies or any other project work done during the academic year.
The exhibits have to be explained by the groups, making the concepts of their respective units simpler and easily understood even by a layman.

Allocation of Marks
S. No. Basis          Marks
---   交接    -----
1 Group Work        03
2 Presentation/Creativity  04
3 Understanding/Delivery  02
4 Audience Response  01
Total              10

IV. VISIT TO DISTRICT INDUSTRIES CENTRE (DIC)
Objective:
To understand
The grants/schemes offered by the Government
Various training centres for skill development
Testing centres for quality assurance for helping the entrepreneurs
Financial institutions offering assistance to the Entrepreneurs

Process:
Teachers to arrange a trip for all the students to the District Industries Centre in their area, to understand the grants/schemes offered by the Government to Entrepreneurs.
Teachers to take permission from school administration for taking the students on a field visit to DIC
Students prepare a list on what kind of information they would expect to find from DIC such as:
- Assistance provided for start-ups
- Whether mentorship is provided or not
- Level of technical assistance provided
- Setting up of a small scale industry
- Registrations required
- Grants/schemes provided
- Specific grants provided for women entrepreneurs
- Financial assistance provided

After the students have noted all the points, they prepare the report on the basis of any small scale industry which they would like to start. For example: If the student wants to start an Export Oriented Unit, he/she must consider the legal procedures involved in it. As a woman entrepreneur why assistance is provided by the government.

Students need to submit a report on the basis of all the points covered.

Expected Learning Outcomes from the Project:
- Students learn the procedure of setting up of a small scale industry
- Understand the various statutory legislations involved in the process
- Understand the financial assistance provided for the enterprises

Allocation of Marks
S. No. Basis Marks
1 Content 08
2 Report 02
Total 10

Know thy State Handicraft

Introduction
The Entrepreneurship students of Class XI will be given this opportunity to understand the ethnic and traditional handicraft work of every state.
Detailed below are complete guidelines to proceed with the project and the expected outcome thereof.

Objective
- To find out the traditional handicraft of every state.
- To understand the intricacy involved in the traditional handicraft work.
- To find out the reasons for success/failure of the handicraft.
- To find out innovative ways in which the product could be enhanced to be made more popular.
- To look into various ways to market the handicraft.
To make entrepreneurship seem do-able.
To excite the students about entrepreneurship.
To understand business concepts - planning, organizing, staffing, marketing.
Survey and analyze the market to understand customer needs.
To understand the importance of earning/profits.
To understand the importance of sales and turnover.
Value the craft, appreciate and respect the effort put into generating it.

Process

- Given below are a list of states: Arunachal Pradesh, Mizoram, Manipur, Sikkim, Nagaland, Assam, Meghalaya, Jharkhand, Jammu and Kashmir, Chattisgarh, Telengana, Uttrakhand or any other state.
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- Student groups to select a particular state.
- Let the groups, research and find out the traditional handicrafts of that particular state.
- Make a list of all the traditional present in that state.
- Select one particular handicraft which is not very popular amongst people.
- Give a complete history of the handicraft - raw materials needed for it, process of making it, number of years since when this handicraft is being done.
- If there is an emporium of that particular state in your city, then encourage students to visit the emporium to get a firsthand experience in looking into the product as well as if possible they can interview the manager/craftsman present in the showroom to know more about the handicraft.
- Suggest an innovative way to popularize the product - for e.g.
  1. it can an innovative way to enhance the values of the product itself,
  2. innovative ways to market the product.

Expected Learning Outcomes from the Project:
- Presence of mind
- Crisis management/Risk Management - you must take advance from your clients beforehand
- Team work
- Various options to start a business venture
- Quality of the product matters much in the market
- Understanding the needs of the customer
- Any idea can be innovative if its in accordance to people's need
- Marketing strategies

Project Report

- Students need to submit a detailed report according to the guidelines mentioned below:
- Introduction - State chosen, reasons for selecting that state
- List of handicrafts in that state
• Selection of a particular handicraft-process, craftsman involved in it, photographs of the process, if possible attach sample of the work
• If possible interview with the craftsman
• Innovative suggestion to enhance the value of the product.

**RUBRICS**

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1. **Cover page**
   - Design an attractive cover

2. **Certificate of Authenticity**
   - Print the Certificate

3. **Acknowledgements**
   I, ______________________, do hereby declare that this project is my original work and I would like to thank Ms ______________________, my Entrepreneurship teacher, for her wholehearted support and guidance for making it possible to complete this project on time. I would also like to thank CBSE for giving us an opportunity to widen our knowledge base by introducing this topic of study and my school for giving us this subject option.
   I would also like to thank my friends and family members for their kind support and guidance without which this project could not have been completed.

4. **Executive Summary**
   - For my Market Survey, I choose to find out the feasibility of producing a ______________ and the innovation I introduced was----------------------------------. 
   OR
   For my Market Survey, I choose to find out the feasibility of providing a ______________ service and the innovation I introduced was-------------------.
   - To see whether my business would be successful or not, I prepared and administered a questionnaire containing ______ questions to 25 respondents.
   - Once my respondents filled in these questionnaires, I analysed them. For every question, I prepared tally bars that summarised their responses, and I identified the least and the most favourable responses.
   - On the basis of these responses, i took decisions that helped me to plan out the 4 P’s for my product namely:
     i. The features that my product/service should have
     ii. The price that they will be willing to pay for my services
     iii. The distribution network they would prefer
     iv. The ,promotion techniques that I should use for my product.
5. Index

• Print or make an index in the order of presentation.

6. Introduction to the Topic

MARKETING

What is marketing?

The definition that many marketers learn as they start out in the industry is:
Putting the right product in the right place, at the right price, at the right time.

It’s simple! You just need to create a product that a particular group of people want, put it on sale some place that those same people visit regularly, and price it at a level which matches the value they feel they get out of it; and do all that at a time they want to buy. Then you’ve got it made!

The marketing mix and the 4 Ps of marketing are often used as synonyms for each other. In fact, they are not necessarily the same thing.

Marketing Mix

There are a large number of factors that affect marketing decisions. They can be classified as:

• Non-controllable factors and Controllable factors:

To be successful, a firm needs to take sound decisions wrt controllable factors while keeping the environmental factors in mind.

To develop marketing tools, marketing managers use the abovementioned controllable factors and the set of marketing tools that a firm uses to pursue its marketing objectives in the target market is described as Marketing Mix.

Success of a market offer will depend upon how well these ingredients are mixed to create superior value for customers and simultaneously achieve their sales and profit objective. Thus, an ideal marketing mix would need:

• Producing satisfying products
• Offered to buyers at a reasonable price
• Conveniently available
• About which communication is offered.

Marketing mix" is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. The 4Ps is one way – probably the best-known way – of defining the marketing mix, and was first expressed in 1960 by E J McCarthy. The 4Ps are:

• Product (or Service), Place, Price and Promotion.

A good way to understand the 4Ps is by the questions that you need to ask to define your marketing mix.

Here are some questions that will help you understand and define each of the four elements:
Product/Service
- Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers.
- Product is the tangible/intangible product, which is goods/services/anything of value that is offered to the market for exchange. It relates to not only the physical product but also the benefits offered by the product from the customers' point of view.
- Important decisions in this area include deciding about the features and quality of the product, its packaging, labeling, trademark and branding of products.
  - What does the customer want from the product/service? What needs does it satisfy?

Place Mix:
- Set of decisions that need to be taken in order to make the product available for purchase and consumption of the target market at the right place, in the right time and at the right price.
- It includes all the activities involved in transferring ownership and physical possessions of the product to the consumer.
- It involves decisions wrt:
  - Channels of distribution - selection of intermediaries/dealer to reach the customers, providing support to the intermediaries etc.
  - Physical distribution - managing inventory, storage, warehousing and transportation of goods from the place where they are produced to the place where it is required by the buyer.

Price Mix:
- It is a value that a buyer passes on to the seller in lieu of the product or services provided.
- It is a source of revenue for the seller.
- Decision also includes pricing methods, pricing strategies, pricing policies, price changes, discounts to be offered, credit terms etc.
- Price is the cost the customers has to bear for the product and so must be set so that the customers perceive the price to be in lieu with the value of the product.

Promotion Mix:
- These are activities undertaken to persuade and motivate people to buy their products.
- It involves communicating the features, attributes, availability, merits etc of the product to both the customers and the participants in the channels of distribution in order to achieve sales goals.
- Tools used include advertising, sales promotion, personal selling etc.

The 4Ps model is just one of many marketing mix lists that have been developed over the years. And, whilst the questions we have listed above are key, they are just a subset of the detailed probing that may be required to optimize your marketing mix.

The reason why I selected this product is

__________________________________________________________________________________________
__________________________________________________________________________________________
__________________________________________________________________________________________

__________________________________________________________________________________________
__________________________________________________________________________________________
__________________________________________________________________________________________
7. **Objectives**

- To identify our target market and find out their key needs.
- To find out the possibility of marketing a ______________________
- To conduct a market survey that will give an indication about whether the product that I have designed meets the needs of my target market.
- To help me get an idea about the:
  i. Price range at which I should offer my product.
  ii. What channel of distribution I should use to distribute my product.
  iii. The similarities and differences between my products and customers and my competitors' products and customers.
  iv. To understand when do customers buy and the factors that influence their buying decisions- Convenience, price, quality, reputation, location, selection, brands, impulse, etc.
  v. To find out how do customers buy- Cash, credit, etc.
  vi. To find what price they will be willing to pay for my product.
  vii. To identify the promotion schemes that will have a positive impact on their buying behaviour.

8. **Profile of the Organization**

Write about the product/service you have chosen:

1. Give details about
   a. **The features of your product**
      - *Ensure that you have highlighted the innovation that you have introduced.*
   b. **The target market of your product**
      - *This includes who buys the product or service. Give some details about them that may cover aspects such as where do they live, what income levels are in the market, what is the age pattern in the market,*
      - *Answers to these questions help identify target markets, specific products or services and advertising efforts. Use demographic characteristics to identify customers. Demographics include age, gender, income, race, marital status, education, occupation, home ownership, number in the household and age of the home.*
c. The competitive brands

- Try to identify 3 competitive brands and their compare them with your product. One sample is given below. You can add or delete basis of comparison.

<table>
<thead>
<tr>
<th>Basis of comparison</th>
<th>I have</th>
<th>Competitor #1 has</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brand names</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Delivery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Installation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Warranty service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Variety of selection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Credit terms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Return policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Convenient location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Appropriate atmosphere</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Convenient store hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Experienced personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Concern for customers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Data Analysis and Interpretation

- Give one blank questionnaire
- Analyze each question and for each question, give:
  i. The question
  ii. Tally bars
  iii. Analysis of responses
  iv. Conclusion drawn/ decision take.

One example is given below:
• **Question:** What motivated you to buy this washing detergent?

• **Tally Bars:**

<table>
<thead>
<tr>
<th>Options</th>
<th>Tally bars</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Detergent</td>
<td>II II II</td>
<td>12</td>
</tr>
<tr>
<td>Price</td>
<td>II</td>
<td>5</td>
</tr>
<tr>
<td>Brand image</td>
<td>III</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

• **Analysis:**

On the basis of survey conducted maximum number of consumers are motivated to buy a washing detergent by looking at the quality of detergent, as 12 respondents look at quality whereas 5 and 3 respondents focuses on price and brand image of detergent respectively.

• **Conclusion or Decision taken:**

So we can conclude by saying that quality is the most important factor in selecting a detergent followed by Brand image and price.

10. **Conclusions and Recommendations**

The *Conclusion or Decision taken* for every question in the project to be presented here in points in one or two pages.

11. **Photographs** (if any)

12. **Bibliography**

Names of books used and website addresses.

13. **Appendix**

- Any specific terms used are to be defined here.
- *All filled in questionnaires are to be attached here.*
- Any printed research material to be attached here.

14. **Teacher’s Observations**

- Take a print of the market survey Evaluation form.
### Business Plan:

**Name of Student:**
CBSE Roll Number
Year:2017-18

<table>
<thead>
<tr>
<th>Index</th>
<th>Objectives</th>
<th>Certificate of Authenticity</th>
<th>Acknowledgements</th>
</tr>
</thead>
</table>

**Competitive advantage and USP of your product/service/firm**

<table>
<thead>
<tr>
<th>Selling Price</th>
<th>Start Up Costs</th>
<th>Marketing Plan</th>
<th>Cost Decisions</th>
</tr>
</thead>
</table>

**Statement Of Profit And Loss**

<table>
<thead>
<tr>
<th>Statement Of Profit And Loss</th>
<th>Break Even Analysis</th>
<th>Bibliography</th>
</tr>
</thead>
</table>

| Appendix | Teacher’s Observations | |
|----------|------------------------|
Choose Your Business idea. You can choose any one Product/Service given below or opt for any other:

<table>
<thead>
<tr>
<th>Product</th>
<th>Services</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolates</td>
<td>Tiffin service</td>
<td>Stationary</td>
</tr>
<tr>
<td>Soap</td>
<td>Crèche</td>
<td>Flower shop</td>
</tr>
<tr>
<td>Detergent powder/liquid soap</td>
<td>Pet care center</td>
<td></td>
</tr>
<tr>
<td>Sandwiches</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **Cover page**
   - Design an attractive cover

2. **Certificate of Authenticity**
   - Print the Certificate

3. **Acknowledgement**

4. **Index:**
   
   (Print the index given and then copy the theory given below)

**BUSINESS PLAN**

- Planning can be defined as "thinking in advance what is to be done when it is to be done, how it is to be done and by whom it should be done."
- The entrepreneur must make some important decisions and gather information about the external and internal factors so as to address the integration and co-ordination of effective business objectives and strategies related to his proposed venture.

**WHAT IS A BUSINESS PLAN?**

- The business plan is a comprehensively written down document prepared by the entrepreneur describing formally all the relevant external and internal elements involved in starting a new venture.
- Thus, a business plan is a comprehensive project report which not only encompasses the entire range of activities which are being planned in the business, but also:
  a) Helps to understand the feasibility and viability of the proposed venture,
  b) facilities in assessing and making provisions for the bottlenecks in the progress and implementation of the idea,
  c) Discusses the potential for the success of the project along with the risk factors involved.
Business plan are decision-making tools:

i. Describing all necessary inputs to the enterprise.
ii. Explaining the mode of utilization of the resources.
iii. Detailing the strategies for the execution of the project.
iv. Outlining the desired goals
v. Assessing market sensitivity and the profitability of the venture.

Thus, the content and the format of the business plan is such which is able to represent all these aspects of business planning process.

WHO CAN WRITE THE PLAN?

A business plan represents all aspects of business planning process declaring vision and strategy alongside sub-plans to cover:

- Marketing
- Finance
- Operations
- Human resources
- Legal compliance
- Intellectual property rights, etc.

Entrepreneur should consult the following while preparing it:

i. Lawyers, vi. Officially Appointed Or/And Set-Up Banks,
ii. Accountants, Specialized Financial Institutions Or Agencies
iii. Marketing Consultants, To Promote Entrepreneurship
v. Internet Sites

IMPORTANCE OF THE BUSINESS PLAN:

- The business plan is valuable to the entrepreneur, potential investors, venture capitalists, Banks, Financial institutions, new suppliers, customers, advisors and others who are trying to familiarize themselves with the venture, its goals, and objectives.
- The business plan –
  a) Determining the viability of the venture
  b) Helps in satisfying the concerns, queries, and issues of interested groups
  c) Provides room for self-assessment and self-evaluation.
  d) Helps to realize the obstacles which cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money.
  e) Reflects the entrepreneur’s credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool in funds procurement.
  f) Helps in providing guidance to the entrepreneur in organizing his/her planning activities as such:
     i. Identifying the resources required
     ii. Enabling obtaining of licenses if required etc.
     iii. Working out with legal requirements as desired by the government.

- Hence, a business plan gives adequate clarity to the entrepreneur, Investor(s) and the government of:
  - What an entrepreneur is doing,
  - Why he/she is doing it, and
  - How he/she will do that?
FORMAT OF BUSINESS PLAN:

- The depth and detail in the business plan depends on the size and scope of the proposed new venture. There is no fixed content for a business plan as it varies according to the entrepreneur’s goals and audience (i.e., who are being targeted).
- Thus, it is common for especially start-ups to have three or four formats as follows for the same business plan.
  
i. Elevator pitch:
   a. It is a three-minute summary.
  
ii. A pitch deck with oral narrative:
   a. A slide show and oral narrative that includes the executive summary and a few key graphs showing financial trends and key decision making benchmark.
  
iii. A written presentation for external stakeholders:
   a. A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.
  
iv. An internal operational plan:
   a. A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.

- Depending upon the entrepreneur’s experience, knowledge and purpose, generally a business plan outlines sequentially following components or parts:

<table>
<thead>
<tr>
<th>1. Introductory cover page/general introduction</th>
<th>4. Production plan</th>
<th>7. Marketing plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>10. Miscellaneous/appendix</td>
</tr>
</tbody>
</table>

I. INTRODUCTORY PROFILE/GENERAL INTRODUCTION

- This is the title or cover page - a brief summary of business plan’s contents:
  
i. Entrepreneur’s bio-data:
  ii. Industry’s profile:
  iii. Constitution and organization: i.e., the legal form of the proposed enterprise
  iv. Product details:

II. DESCRIPTION OF VENTURE/BUSINESS VENTURE

- "Mission Statement" by the entrepreneur and
- Description about the following key elements:
  
i. Site  
ii. Physical infrastructure:

III. ORGANIZATIONAL PLAN

- The organizational plan is that part of the business plan that describes the proposed venture’s opted form of ownership adequately mentioning necessary details. All businesses will fall into one of the four basic categories: Manufacturing, Wholesale, Retail and Service.

- Organizational plan describes the proposed venture’s form of ownership. Each type of business differs significantly in terms of:
  
1. Commencement procedures  
2. Legal constraints  
3. Financial requirement  
4. Accounting methods  
5. Marketing and promotional strategies  
6. Risk and liability
• The entrepreneur have access to following forms to choose from to start his/her venture: a) Sole proprietorship  b) Partnership  c) Joint Hindu family  d) Cooperative, or  e) Corporation

• Each of these forms has important implications on (i) Taxes (ii) Liability (iii) Continuity (iv) Financing (v) Ownership. No form is the best form. Entrepreneur in light of multiple factors (as already discussed) decides the legal structure, best suited to attain his dream.

• To conclude, both the entrepreneur and the potential investors stands to gain from the organizational plan as the design of the organization so opted helps even in:
  o Specifying the types of skills needed and the roles that must be filled by the member
  o Chalking out informal organization or culture.

IV. PRODUCTION PLAN
• Aims at “Plan your work”
• The objective of preparing a Production Plan =
  ✓ Visualizing every step in a long series of separate operations,
  ✓ So as to ensure that each step is to taken in the right place of the right degree, and at the right time and
  ✓ each operation to be done at maximum efficiency”,

• Hence, a production plan helps to plan the work in such a manner that one can clearly form an idea about:
  ✓ Production schedule and/or budget
  ✓ Machinery, equipment requirement
  ✓ Manufacturing method and process involved
  ✓ Plant layout
• There may be three situations before the venture viz complete manufacturing, partial manufacturing and no manufacturing.

V. OPERATIONAL PLAN
• Operations plan ensures "work your plan".
• It is actually a blue print prepared right in advance of actual operations –
  ii. Ensuring orderly flow of materials in the manufacturing process
  iii. Facilitating continuous production, lesser work-in-progress and minimization of wastage.
  iv. Co–ordinating the work of engineering, purchasing, production, selling and inventory management.
  v. Describing the flow of goods / services from production point to the consumers.
  vi. Introducing a proper system of quality control
  vii. Undertaking the best and most economic production policies and methods.

• Elements of operational plan: Operation plan, in a way is planning:
  i. For production in advance of operations.
  ii. Establishing the exact route of each individual item, part of assembly.
  iii. Setting starting and finishing dates for each important assignment/work.
  iv. Regulating the orderly movement of goods through the entire manufacturing cycle i.e. right from procurement of all materials to the shipping of finished goods.

✓ Nature of venture ✓ Scale of operation, and
✓ Type of product/service ✓ Technology involved
• Thus, to obtain the above mentioned objectives, entrepreneur specifically pays attention to the following elements of the plan:
  a. Routing
d. Follow-Up
  b. Scheduling.
e. Inspection
c. Dispatching
  f. Shipping

VI. MANPOWER PLANNING
• An organisation’s performance and resulting productivity are directly proportional to the quantity and quality of its manpower.
• Manpower planning is a process by which an entrepreneur ensures that he/she has the right number of people, and the right kind of people with appropriate skills, at the right place and the right time to do work for which they are economically most suitable.
• Manpower planning thus helps to assess:
  i. What kinds of people are required?
  ii. How many people are required?
  iii. How to procure personnel?
b. Procurement of "right man, at right job, at right time" is the objective of human resource plan.

VII. MARKETING PLAN
• Describes the market conditions and strategies related to how:
  a. Products/services will be distributed,
b. Priced
c. Promoted.
• It is a guideline regarding the marketing objectives, strategies and activities to be followed by the new enterprise.
• Provides answers to three basic questions:
  a. Where have we been?
  b. Where do we want to go?
  c. How do we get there?

• Normally, each year the entrepreneur should prepare an annual marketing plan so as to gel well with the changing business environment and its forces.

• Steps in preparing the marketing plan - procedure for preparing the marketing plan involves following steps:
  i. Business situation analysis
  ii. Identify the target market
  iii. Conduct SWOT analysis
  iv. Establish goals
  v. Define marketing strategy
  vi. Implementation and monitoring of the plan.

VIII. FINANCIAL PLAN
• Finance brings together men, material, machines and methods to produce goods/services.
• As timely availability of funds in right volume is key to entrepreneurial success, the entrepreneur should develop a sound financial plan discussing:
a) Financial requirements
b) Sources of raising funds
c) Exact assessment of the revenue, cost, profits, cash flow dynamics, stock of inventory loans etc.

- Financial plan is a projection of key financial data about:
  a) The potential investment commitment needed for the new venture, and
  b) Economic feasibility of the enterprise

- The financial plan is so designed that the entrepreneur and the investors could have a clear picture of:
  a) How much funds are required?
  b) Where will funds come from?
  c) How are they disbursed?
  d) The amount of cash available
  e) General financial well-being of the new venture i.e. probable revenue forecast for the first year at least.

- As the financial plan must explain to any potential investor how the entrepreneur plans to meet all financial obligations and maintain its liquidity in order to either pay off debt or provide good return on investment, several financial projection techniques and tools are made use of by the entrepreneur. In general, the financial plan will need three years of projected financial data to satisfy any outside investors.

- Components of financial plan Major financial items that should be included in the financial plan are:
  1. Proforma Investment Decisions
  2. Proforma Financing Decisions
  3. Proforma Income Statements
  4. Proforma Cash Flow
  5. Proforma Balance Sheet
  6. Break-Even Analysis
  7. Economic And Social Variables

IX. ASSESSMENT OF RISK
   a. There are some hazards, risks, or/and obstacles always present in the competitive environment. In a business plan, entrepreneur should:
      i. Identify potential hazards
      ii. Develop alternative strategies to either prevent minimize or respond to the risk.

X. APPENDIX
   a. contains any backup material that is not necessary in the text of the document as:
      i. Letters from customers, distributors etc., Any primary or secondary research data, Copies of contracts, agreements or any price lists if received.

(End here)

(Next Page)

5. Objectives:

- To find out the feasibility of starting a business to sell ______________
  OR
- To find out the feasibility of starting a business to provide __________________ services
  OR
- To find out the feasibility of starting a business to trade in __________________.

In addition to the above, in this project, i have tried to:
  o To identify my key objectives for the next three to five years and how they will be achieved.
  o To work on the following areas:
o A marketing plan giving details about my competitor, my target customers and how will you reach them, my advertising and promotion idea, Packaging (if applicable), Distribution, quality certification required,

- A financial plan to identify fixed and variable costs
- To fix the selling price and choosing the pricing strategy to be adopted by my firm
- To estimate my start-up costs
- To identify possible risks that my firm may face
- To prepare a projected Statement of profit and Loss
- To conduct a break even analysis

(End here)

(Next Page)

6. Name Of The Business, Logo And Tagline

A logo is a graphic mark or emblem commonly used by commercial enterprises, organizations and even individuals to aid and promote instant public recognition. Logos are either purely graphic (symbols/icons) or are composed of the name of the organization (a logotype or word mark).

In the days of hot metal typesetting, a logotype was a uniquely set and arranged typeface or colophon. At the level of mass communication and in common usage a company’s logo is today often synonymous with its trademark or brand. The current era of logo design began in the 1870s with the first abstract logo, the Bass red triangle. Today there are many corporations, products, brands, services, agencies and other entities using an ideogram (sign, icon) or an emblem (symbol) or a combination of sign and emblem as a logo. As a result, only a few of the thousands of ideograms people see are recognized without a name. An effective logo may consist of both an ideogram and the company name (logotype) to emphasize the name over the graphic, and employ a unique design via the use of letters, colors, and additional graphic elements.

Tagline In entertainment, a tagline (or tag line) is a small amount of text which serves to clarify a thought for, or designed with a form of, dramatic effect. Many tagline slogans are reiterated phrases associated with an individual, social group, or product. As a variant of a branding slogan, taglines can be used in marketing materials and advertising.

The idea behind the concept is to create a memorable phrase that will sum up the tone and premise of a audio/visual product, or to reinforce and strengthen the audience’s memory of a literary product. Some taglines are successful enough to warrant inclusion in popular culture. Consulting companies which specialize in creating taglines may be hired to create a tagline for a brand or product.

a. Name of my Business is _________________________________.

b. The reason/s why I selected this name is:
   i. ..............................................................................................................

   ..............................................................................................................

   ..............................................................................................................

   ..............................................................................................................

   ..............................................................................................................

   ..............................................................................................................
d. My tagline is ________________________________

End here)

7. Competitive advantage and USP of your product/service/firm

Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats. Profiling coalesces all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives.” As a result, traditional environmental scanning places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis.

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. New technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process (for example, better identification and understanding of customers).

The unique selling proposition (USP), or unique selling point, or "unique selling product" or "unique selling price" is a marketing concept first proposed as a theory to explain a pattern in successful advertising campaigns of the early 1940s. The USP states that such campaigns made unique propositions to the customer that convinced them to switch brands. The term was developed by advertising pioneer Rosser Reeves of Ted Bates & Company. Theodore Levitt, a professor at Harvard Business School, suggested that, "Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage." The term has been used to describe one's "personal brand" in the marketplace. Today, the term is used in other fields or just casually to refer to any aspect of an object that differentiates it from similar objects.

Unique propositions that were pioneers when introduced include:
• **Anacin** "Fast, fast, incredibly fast relief." In 1952, Rosser Reeves created a TV commercial that capitalized on Anacin’s “special ingredient,” caffeine, by suggesting limitations of other aspirin and repeating, three times, the differentiation proposition: fast.\[4\]

• **Domino’s Pizza**: "You get fresh, hot pizza delivered to your door in 30 minutes or less – or it’s free."

• **FedEx**: "When your package absolutely, positively has to get there overnight."

  - Competitive advantage of my product or service is:
    - ………………………………………………………………………………………………………………………………………………………………………………………
    - ………………………………………………………………………………………………………………………………………………………………………………………
    - ………………………………………………………………………………………………………………………………………………………………………………………
    - ………………………………………………………………………………………………………………………………………………………………………………………

  - **My USP is**
    - …………………………………………………………………………………………………………………………………………………………………………………
    - …………………………………………………………………………………………………………………………………………………………………………………

    End here)

(Next Page)

8. **Marketing Plan**

A **target market** is a group of customers towards which a business has decided to aim its marketing efforts and ultimately its merchandise. A well-defined target market is the first element to a marketing strategy. The marketing mix variables of **product**, **place** (distribution), **promotion** and **price** are the four elements of a marketing mix strategy that determine the success of a product in the marketplace.

Target markets are groups of individuals that are separated by distinguishable and noticeable aspects. Target markets can be separated by the following aspects:

- **Geographic** segmentations - addresses (their location climate region)
- **demographic/socioeconomic** segmentation - (gender, age, income, occupation, education, household size, and stage in the family life cycle)
- **psychographic** segmentation - (similar attitudes, values, and lifestyles)
- **behavioural** segmentation - (occasions, degree of loyalty)
- **product-related** segmentation - (relationship to a product)

In addition to these segmentations, market researchers have advocated a needs-based market segmentation approach to identify smaller and better defined target groups. Some approaches to these smaller groups are:

- Select the target audience – the customers are grouped based on similar needs and benefits sought by them on purchase of a product.
• Identify clusters of similar needs – demographics, lifestyle, usage behaviour and pattern used to differentiate between segments.

• Apply a valuation approach – market growth, barriers to entry, market access, switching, etc. are used.

• Test the segments – A segment storyboard is to be created to test the attractiveness of each segment’s positioning strategy.

• Modify marketing mix – expanding segment positioning strategy to include all aspects of marketing mix. The four elements of Marketing Mix are:

  **Product Mix:**
  ✓ Product mix relates to decisions regarding planning, developing and producing the right type of products and services for the consumers. The four elements of marketing mix are:
  ✓ ✓ Product is the tangible/intangible product, which is goods/services/anything of value that is offered to the market for exchange. It relates to not only the physical product but also the benefits offered by the product from the customers’ point of view.
  ✓ ✓ Important decisions in this area include deciding about the features and quality of the product, its packaging, labeling, trademark and branding of products.
    o What does the customer want from the product/service? What needs does it satisfy?

  **Place Mix:**
  ✓ Set of decisions that need to be taken in order to make the product available for purchase and consumption of the target market at the right place, in the right time and at the right price.
  ✓ It includes all the activities involved in transferring ownership and physical possessions of the product to the consumer.
  ✓ ✓ Place Mix involves decisions wrt:
    o Channels of distribution - selection of intermediaries/dealer to reach the customers, providing support to the intermediaries etc.
    o Physical distribution - managing inventory, storage, warehousing and transportation of goods from the place where they are produced to the place where it is required by the buyer.

  **Price Mix:**
  ✓ It is a value that a buyer passes on to the seller in lieu of the product or services provided.
  ✓ It is a source of revenue for the seller.
  ✓ Decision also includes pricing methods, pricing strategies, pricing policies, price changes, discounts to be offered, credit terms etc.
  ✓ Price is the cost the customers has to bear for the product and so must be set so that the customers perceive the price to be in lieu with the value of the product.

  **Promotion Mix:**
  ✓ These are activities undertaken to persuade and motivate people to buy their products.
  ✓ It involves communicating the features, attributes, availability, merits etc of the product to both the customers and the participants in the channels of distribution in order to achieve sales goals.
  ✓ ✓ Tools used include advertising, sales promotion, personal selling etc.

  ✓ The 4Ps model is just one of many marketing mix lists that have been developed over the years. And, whilst the questions we have listed above are key, they are just a subset of the detailed probing that may be required to optimize your marketing mix.
   i. My 3 primary competitors are:
      1. _______________________
      2. _______________________
      3. _______________________

b. Demand for my product:
   ii. There is a demand for my product / service
   OR
   iii. At present there is no demand for your product / service but I think I can create it?

c. Comparison of my product with my competitor:

<table>
<thead>
<tr>
<th>Basis of comparison</th>
<th>I have</th>
<th>Competitor 1 has</th>
<th>Competitor 2 has</th>
<th>Competitor 3 has</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
d. My target customers and how will I reach them.
(from the given table, choose any 5 that are relevant for you)

<table>
<thead>
<tr>
<th>Details of target market</th>
<th>Reasons for my choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Where do they live</td>
<td></td>
</tr>
<tr>
<td>ii. What income levels are in the market,</td>
<td></td>
</tr>
<tr>
<td>iii. What is the age pattern in the market,</td>
<td></td>
</tr>
<tr>
<td>iv. Age,</td>
<td></td>
</tr>
<tr>
<td>v. Gender,</td>
<td></td>
</tr>
<tr>
<td>vi. Marital status</td>
<td></td>
</tr>
<tr>
<td>vii. Education,</td>
<td></td>
</tr>
<tr>
<td>viii. Occupation,</td>
<td></td>
</tr>
<tr>
<td>ix. Home ownership,</td>
<td></td>
</tr>
<tr>
<td>x. Number of members in the household</td>
<td></td>
</tr>
<tr>
<td>xi.</td>
<td></td>
</tr>
<tr>
<td>xii.</td>
<td></td>
</tr>
</tbody>
</table>

e. My advertising and promotion idea.

<table>
<thead>
<tr>
<th>Options</th>
<th>Tools of promotion I would use (please tick)</th>
<th>Reasons for my choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Advertising</td>
<td>Media available: Stationery, Window display or office front, Press advertising, Radio, Television, Direct mail, Outdoor, Ambient, Cinema, Point of sale, Online, Directory listings</td>
<td></td>
</tr>
<tr>
<td>- Personal Selling (if used)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Sales Promotion

- **Consumer promotions**
  1. Point of purchase display material
  2. In-store demonstrations, samplings and celebrity appearances
  3. Competitions, coupons, sweepstakes and games
  4. On-pack offers, multi-packs and bonuses
  5. Loyalty reward programs

- **Business promotions**
  1. Seminars and workshops
  2. Conference presentations
  3. Trade show displays
  4. Telemarketing and direct mail campaigns
  5. Newsletters
  6. Event sponsorship

- **Trade promotions**
  1. Reward incentives linked to purchases or sales
  2. Reseller staff incentives
  3. Competitions
  4. Corporate entertainment

- **Sales force promotions**
  1. Commissions
  2. Sales competitions with prizes or awards
  3. Back to top

### Public Relations

- News creation and distribution (media releases)
- Special events such as news conferences, grand openings and product launches
- Speeches and presentations
- Educational programs
- Annual reports, brochures, newsletters, magazines and AV presentations
- Community activities and sponsorships

---

iv. Packaging used (if applicable)

1. ……………………………………………………………………………………………

2. ……………………………………………………………………………………………

3. ……………………………………………………………………………………………

Eco friendly packaging used if any __________________________________________
f. Distribution – I intend to reach my consumers using:

v. Channels of distribution selected –  
   1. Direct (zero level)  
   OR  
   2. Indirect (one/two or three levels)  

vi. Explain the reasons for your choice of Channels of Distribution  
   1. …………………………………………………………………………………  
      …………………………………………………………………………………  
   2. …………………………………………………………………………………  
      …………………………………………………………………………………  
   3. …………………………………………………………………………………  
      …………………………………………………………………………………  

9. Cost Decisions

Costing is a managerial accounting method that describes when all fixed and variable costs, including manufacturing costs, are used to compute the total cost per unit. Full costing includes these costs when computing the amount of money it takes to produce and distribute one unit of output.

In the early industrial age, most of the costs incurred by a business were what modern accountants call "variable costs" because they varied directly with the amount of production. Money was spent on labor, raw materials, power to run a factory, etc. in direct proportion to production. Managers could simply total the variable costs for a product and use this as a rough guide for decision-making processes.

Some costs tend to remain the same even during busy periods, unlike variable costs, which rise and fall with volume of work. Over time, these "fixed costs" have become more important to managers. Examples of fixed costs include the depreciation of plant and equipment, and the cost of departments such as maintenance, tooling, production control, purchasing, quality control, storage and handling, plant supervision and engineering. In the early nineteenth century, these costs were of little importance to most businesses. However, with the growth of railroads, steel and large scale manufacturing, by the late nineteenth century these costs were often more important than the variable cost of a product, and allocating them to a broad range of products lead to bad decision making. Managers must understand fixed costs in order to make decisions about products and pricing.
In management accounting, fixed costs are defined as expenses that do not change as a function of the activity of a business, within the relevant period. For example, a retailer must pay rent and utility bills irrespective of sales.

In accounting terminology, fixed costs will broadly include almost all costs (expenses) which are not included in cost of goods sold, and variable costs are those captured in costs of goods sold. The implicit assumption required to make the equivalence between the accounting and economics terminology is that the accounting period is equal to the period in which fixed costs do not vary in relation to production. In practice, this equivalence does not always hold, and depending on the period under consideration by management, some overhead expenses (e.g., sales, general and administrative expenses) can be adjusted by management, and the specific allocation of each expense to each category will be decided under cost accounting.

h. Compute the Fixed Costs (per month)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Consultation Charges</td>
<td>₹</td>
</tr>
<tr>
<td>ii. Rent</td>
<td>₹</td>
</tr>
<tr>
<td>iii. Insurance</td>
<td>₹</td>
</tr>
<tr>
<td>iv. Salaries</td>
<td>₹</td>
</tr>
<tr>
<td>v. Utilities (water, power etc)</td>
<td>₹</td>
</tr>
<tr>
<td>vi. Transport</td>
<td>₹</td>
</tr>
<tr>
<td>vii. Miscellaneous</td>
<td>₹</td>
</tr>
<tr>
<td>viii. Promotion expenses</td>
<td>₹</td>
</tr>
<tr>
<td>ix. Monthly Interest</td>
<td>₹</td>
</tr>
</tbody>
</table>

Amt of loan (if any) *Rate of Interest * 1 =

\[
\frac{100 \times 12}{100 \times 12} = 1
\]

x.  
xi.  

Total Fixed Expenses (Cash) ₹

xii. Depreciation (non-cash expense)

Total depreciable Assets *Rate of Depreciation* 1 =

\[
\frac{100 \times 12}{100 \times 12} = 1
\]
100 12

(assuming that assets have a useful life of ten years and so we charge 1/10th or 10% as depreciation every year)

| Total Monthly Fixed Costs (Cash and Non-Cash) | ₹ |

i. Compute the Variable Costs per Unit - Any of the following details can be added:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Variable costs per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Packing Charges (per unit)</td>
<td>₹</td>
</tr>
<tr>
<td>ii. Raw Material (per unit)</td>
<td>₹</td>
</tr>
<tr>
<td>iii. Power (per unit)</td>
<td>₹</td>
</tr>
<tr>
<td>iv. Wages (per unit)</td>
<td>₹</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Variable Costs (per unit)</td>
<td>₹</td>
</tr>
</tbody>
</table>

End here

(Next Page)

10. Selling Price

- **Price** is the value that is put for a product.
- It depends on
  - Cost of production, Segment targeted, Ability of the market to pay, Supply - demand and a host of other direct and indirect factors.
  - There can be several types of pricing strategies, each tied in with an overall business plan.
  - Pricing can also be used as a demarcation, to differentiate and enhance the image of a product.
  - Price is the only revenue generating element amongst the four P’s, the rest being cost centers.
  - Some **Methods Of Pricing** which are used in pricing decisions are as follows: Cost Plus Pricing, Penetration Pricing, Price Skimming and Variable Pricing

a. **Cost-Plus Pricing**
- The manufacturer charges a price to cover the cost of producing a product plus a reasonable profit. The cost-plus method is simple, but it does not encourage the efficient use of resources.
- Cost-plus pricing is typically based on a manufacturing estimate.
- Estimates are made of the resources required, the cost of those resources and the time for which they will be used.

- **Advantages of cost plus pricing**
  1. A company knows exactly the amount of expenditure and therefore they can add profit margin accordingly.
  2. It is the simplest method.
  3. Easier for a company to evaluate the reasons for escalations in expenses and therefore it can take corrective action immediately.

- **Disadvantages of cost plus pricing**
  1. This method does not take into account the future demand.
  2. It also does not take into account the competitor actions.
  3. It can result in the company overestimating the price.

b. **Penetration Pricing**
- Price is initially set at a price lower than the eventual market price, to attract new customers.
- The expectation is that customers will switch to the new brand because of the lower price.
- Penetration pricing is most commonly associated with a marketing objective of increasing market share or sales volume.
- **The advantages of penetration pricing to the firm are:**
  1. Result in fast diffusion and adoption. This can achieve high market rates quickly.
  2. It can create goodwill among the early adopters segment.
  3. It creates cost control and cost reduction pressures from the start.
  4. It discourages the entry of competitors. Low prices act as a barrier to entry
  5. It can create high stock turnover throughout the distribution channel
  6. This can create critically important enthusiasm and support in the channel.
- **Disadvantages or penetrating price method:**
  1. The main disadvantage with penetration pricing is that it establishes long-term price expectations for the product and image preconceptions for the brand and company.
  2. Another potential disadvantage is that the low profit margins may not be sustainable long enough for the strategy to be effective.

c. **Creaming or Skimming**
- Goods are sold at higher prices. Usually employed to reimburse the cost of investment of the original research into the product.
- This strategy is often used to target "early adopters" of a product or service who generally have a relatively lower price-sensitivity.
- This strategy is employed only for a limited duration.
- **Advantages of skimming price**
  i. Helps the company recovering the research and development costs.
  ii. If the company caters to consumers who are quality conscious rather than price conscious.
- **Disadvantages of skimming price**
  i. This strategy can backfire if there are close competitors.
  ii. Not viable when there are strict legal and government regulations.
iii. If the company has history of price skimming then consumers will never buy a product when it is newly launched, they would rather wait for a few months and buy the product at lower price.

d. **Variable price method**
   - Permits different rates to be extended to different customers for the same goods or services.
   - Often employed where potential buyers are allowed to participate in a bidding situation, such as in an auction.
   - Variable pricing may come into play when the customer is committing to the purchase of large volumes of goods or services. When this is the case, the customer must usually comply with specific criteria in order to enjoy pricing that varies from the standard cost.
   - One of the classic examples of the use of variable pricing has to do with street vendors who sell various types of small goods. The real estate market also functions with the use of variable pricing.
   - **Examples:** Difference in order size of the customers, Difference in the anticipated business from different customers.
   - Variable pricing does provide some benefits, but also has the potential for drawbacks.
   - **Benefit** = move goods that have failed to perform as originally anticipated, allowing them to earn a modest profit or at least recoup their investment in the products.
   - **Drawback** = A it can lead to losing other customers who paid full price for their purchases, if they find out that a more recent customer was able to receive a lower price.

j. My selling price is: ______________________

k. The pricing strategy I have selected is ________________________

11. **Start Up Costs**

Start-up costs are non-recurring costs associated with setting up a business, such as accountant’s fees, legal fees, registration charges, as well as advertising, promotional activities, and employee training. Also called start-up expenses, preliminary expenses, or pre-opening expenses

a. Details of my Start Up costs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Land</td>
<td>₹</td>
</tr>
<tr>
<td>ii. Building (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>iii. Computers (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>iv. Equipments (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>v. Machinery (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>vi. Vehicles (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>vii. Vessels</td>
<td>₹</td>
</tr>
<tr>
<td>viii. Software</td>
<td>₹</td>
</tr>
<tr>
<td>ix. Hardware (Depreciable)</td>
<td>₹</td>
</tr>
<tr>
<td>x. Inauguration ceremony expenses (or any other promotional expense)</td>
<td>₹</td>
</tr>
<tr>
<td>xi. Raw materials</td>
<td>₹</td>
</tr>
</tbody>
</table>
I would meet my start up costs by:

- Investing my own funds to the tune of ₹ __________________________ and / or
- Borrowing ₹ __________________________ @ ___________% interest per annum

(End here)

12. Risk Analysis

- The term business risk refers to the possibility of inadequate profits or even losses due to uncertainties e.g., changes in tastes, preferences of consumers, strikes, increased competition, change in government policy, obsolesce etc. Every business organization contains various risk elements while doing the business.

- **Business risks** implies uncertainty in profits or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business to fail.

- For example, an owner of a business may face different risks like in production, risks due to irregular supply of raw materials, machinery breakdown, labor unrest, etc. In marketing, risks may arise due to different market price fluctuations, changing trends and fashions, error in sales forecasting, etc. In addition, there may be loss of assets of the firm due to fire, flood, earthquakes, riots or war and political unrest which may cause unwanted interruptions in the business operations. Thus business risks may take place in different forms depending upon the nature and size of the business.

- Business enterprises constantly face two types of risk:
  - Speculative risks: involve both the possibility of gain as well as the possibility of loss.
  - Pure risks: involve only the possibility of loss or no loss.

- Business risks can be classified by the influence by two major risks: **internal risks** (risks arising from the events taking place within the organization) and **external risks** (risks arising from the events taking place outside the organization).
  - Internal risks arise from factors (endogenous variables, which can be controlled) such as human factors (talent management, strikes), technological factors (emerging technologies), physical factors (failure of machines, fire or theft), operational factors (access to credit, cost cutting, advertisement).
  - External risks arise from factors (exogenous variables, which cannot be controlled) such as economic factors (market risks, pricing pressure), natural factors (floods, earthquakes), political factors (compliance and regulations of government).

- **Causes Of Business Risks**
  - a) Natural causes: eg earthquake, flood, drought etc.
  - b) Human causes: eg losses due to carelessness or dishonesty of employees.
  - c) Economic causes: eg price fluctuation, changes in the market conditions etc
  - d) Other causes: e.g. accidents, equipments becoming outdated or damaged.
The likely risk factors of my business and how I would meet them:

<table>
<thead>
<tr>
<th>Type of risk</th>
<th>Risk faced by my firm</th>
<th>How will we meet them</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speculative risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pure risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>external risks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

End here)

(Next Page)

13.Statement Of Profit And Loss

- A financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time - usually a fiscal quarter or year. These records provide information that shows the ability of a company to generate profit by increasing revenue and reducing costs. The P&L statement is also known as a "statement of profit and loss", an "income statement" or an "income and expense statement".
- It is referred to as an income statement, or profit and loss account, revenue statement, statement of financial performance, earnings statement, operating statement, or statement of operations.
- The statement of profit and loss follows a general form as seen in this example. It begins with an entry for revenue and subtracts from revenue the costs of running the business, including cost of goods sold, operating expenses, tax expense and interest expense. The bottom line (literally and figuratively) is net income (profit). Many templates can be found online for free, that can be used in creating your profit and loss, or income statement.
- It is one of the financial statements of a company and shows the company’s revenues and expenses during a particular period.

  - It indicates how the revenues (money received from the sale of products and services before expenses are taken out) are transformed into the net income (the result after all revenues and expenses have been accounted for, also known as “net profit”).
  - It displays the revenues recognized for a specific period, and the cost and expenses charged against these revenues. The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported.

It’s now a year since I started my Business. I am presenting one month’s Profit and Loss Statement for the first month of the second year to cover the following main items:
<table>
<thead>
<tr>
<th>Units</th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sales</td>
<td>₹</td>
</tr>
<tr>
<td>B</td>
<td>Cost Of Sales</td>
<td>₹</td>
</tr>
<tr>
<td>C</td>
<td>Gross Profit = a - b</td>
<td>₹</td>
</tr>
</tbody>
</table>

**Fixed Expenses:**

- i. Consultation Charges | ₹
- ii. Salary | ₹
- iii. Rent | ₹
- iv. Insurance | ₹
- v. Salaries | ₹
- vi. Rent | ₹
- vii. Utilities (water, power etc) | ₹
- viii. Transport | ₹
- ix. Miscellaneous | ₹
- x. Monthly Interest | ₹
  - Amt of loan (if any) | Rate of Interest | ₹
  - | 100 | 12 |
  - 100 | 12 |
- xi. Depreciation | ₹
  - Total depreciable Assets | Rate of Depreciation | ₹
  - | 100 | 12 |
  - 100 | 12 |
- xii. Consultation Charges | ₹
- xiii. Salary | ₹
### 14. Break Even Analysis

- **Breakeven point** is the level of sales (or revenue generated) that equals all the expenses required for generating that revenue.
- It is not more than the expenses (i.e. no profit) nor is it less than the expenses (i.e. no loss). In other words there is neither loss nor profit.
• At the breakeven level
  
  B.E. Qty = \frac{Fixed Expenses}{Selling \ price \ per \ unit - \ variable \ cost \ per \ unit}.

• Thus, Break even quantity is the quantity where Total Revenue = Total Expenses, where
  
  o Total Revenue = Total Quantity x Price Per Unit = Qty x Unit Price
  o Total Expenses = (Total Quantity x Cost Per Unit) + Fixed Costs

  \Rightarrow (Qty \times Unit \ Price) - (Qty \times Unit \ Cost) = Fixed \ Exp

  \Rightarrow Qty \times (Unit \ Price - Unit \ Cost) = Fixed \ Exp

  \Rightarrow Qty \times Gross \ Margin \ (or \ Profit) \ per \ Unit = Fixed \ Exp

B.E. Qty for a single product

= \frac{Fixed \ expenses}{Selling \ price \ per \ unit - \ variable \ cost \ per \ unit}.

B.E. quantity for multiple products

= \frac{Fixed \ expenses}{Weighted \ Average \ Selling \ Price \ per \ Unit - Weighted \ Average \ Variable \ Cost \ per \ Unit}.

• Usefulness of Break-Even Analysis
  
  1. Forecasts
  2. Identify problem areas
  3. Cost estimation
  4. Price policy

For my firm,

• B.E. Point in value = \frac{Fixed Expenses}{Selling \ price \ per \ unit - \ variable \ cost \ per \ unit}.

• B.E. Point in value = \frac{Fixed Expenses}{Contribution \ per \ unit}.

• B.E. Qty = \frac{Fixed Expenses}{Gross \ Margin \ per \ Unit}.

Calculate breakeven point expressed in amount of sales in rupees.

<table>
<thead>
<tr>
<th>Selling price per unit</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable cost per unit</td>
<td>₹</td>
</tr>
<tr>
<td>Fixed costs</td>
<td>₹</td>
</tr>
</tbody>
</table>

Solution:

• B.E. Point = \frac{Fixed Expenses}{Selling \ price \ per \ unit - \ variable \ cost \ per \ unit}.
• B.E. Point = \_ \_ = ____________________ units

• B.E. Point in Rupees = ___________ units x ₹________ per unit = ₹_____________
15. **Conclusions**: The complete findings of the project to be presented here in points in ½ or 1 page.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Name Of The Business</strong>,</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Logo And</strong></td>
</tr>
<tr>
<td>3.</td>
<td><strong>Tagline</strong></td>
</tr>
<tr>
<td>4.</td>
<td><strong>Competitive advantage and USP of your product/service/firm</strong></td>
</tr>
</tbody>
</table>
| 5. | **Marketing Plan**  
|   | • My main competitors,  
|   | • My target market,  
|   | • Advertising and promotion idea,  
|   | • Packaging (if applicable),  
|   | • Distribution,  
|   | • Quality |
| 6. | **Cost Decisions**  
|   | • Fixed costs  
|   | • Variable costs |
| 7. | **Selling Price**  
|   | • Selling price per unit  
|   | • Pricing strategy followed |
| 8. | **Start Up Costs**  
|   | • Total startup costs  
|   | • How will I meet them |
| 9. | **Risk Analysis**  
|   | • Causes of risk |
| 10. | **Statement Of Profit And Loss**  
|   | • Projected Profits/losses |
| 11. | **Break Even Analysis**  
|    | • Breakeven point in rupees  
|    | • Breakeven point in units |