

Biyani's Think Tank
Concept based notes

Entrepreneurship

XII

Deptt. Of Education
Biyani Girls College, Jaipur



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Sector-3, Vidhyadhar Nagar,
Jaipur-302 023 (Rajasthan)

Ph. : 0141-2338371, 2338591-95 | Fax : 0141-2338007

E-mail : acad@biyanicolleges.org

Website : www.biyanithinktank.com; www.biyanicolleges.org

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Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concept of the topic. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the reader for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who is the backbone and main concept provider and also have been constant source of motivation throughout this endeavour. We also extend our thanks to M/s. Hastlipi, Omprakash Agarwal/Sunil Kumar Jain, Jaipur, who played an active role in co-ordinating the various stages of this endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and the students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

Chapter: 1
Sensing Entrepreneurial opportunities.

Q1. Who is an entrepreneur?

A1. An entrepreneur is a person who conceives the idea or who discovers the opportunity in the environment, arranges all the resources such as manpower, material and capital required to give shape to the idea or to grab the opportunity.

Q2. What are the key roles of the entrepreneur?

A2. Key roles are:

1. Opportunity spotter- the most important attribute of an entrepreneur is to spot the problem and create opportunity to solve the problem. For example, Nirma detergent was the first one to spot the problem of poor to buy and use the expensive detergent.
2. Entrepreneur as the project champion- only perceiving the opportunity is not sufficient; he must be able to convert it into a feasible creative venture and a feasible possible project. The manufacturer of Nirma not only spotted the opportunity but he also became a creative project champion by creating a large share in the market.

Q3. How does the entrepreneur contribute to economic development of the country?

A3. He contributes in the following manner:-

1. Contributes to GDP- entrepreneurship leads to an increase in GDP by organizing production; it results in an increase in the value of GDP directly.
2. Capital formation- they use their own savings and encourage their friends, relatives to save and invest in business.
3. Employment generation- they help the people to be self-employed as those who are not professionally qualified and are not in employment, they can earn their livelihood by setting an enterprise.
4. Generation of business opportunities for others- a business enterprise not only creates employment opportunities but every business enterprise creates

business opportunities for other business such as suppliers and marketers of output.

5.Improves economic efficiency-they always insist on optimum utilization of resources i.e. minimum wastage and maximum utilization.

6.Increasing the scope of economic activities- they results in diversification of economic activities by creating employment and business opportunities.

7.Growth of local communities –for the growth of underdeveloped regions and sectors, government is encouraging setting up of small scale enterprise in these areas.

8.Boosting the spirit of exploration, experimentation and daring –they have the spirit of exploring local resources and taking risk to earn profit.

Q4.What do you mean by sensing the entrepreneurial opportunity?

A4. It refers to grabbing the opportunities and setting up a business enterprise to offer the solution of various problems.

Generally the person who can perceive the need and problems of people and society and arrive at creative solution can turn out to be a successful entrepreneur.

Q5. Describe the process of perceiving an opportunity?

A5.Opportunities exist in the environment .The process of perceiving opportunity gives rise to selling up business and expansion of the business, for example : when maruti udyod signed a contract with Suzuki company of Japan to manufacture cars in India , goodlass nerolac company was the first one to sensitise the opportunity for car painting in India.

Q6. Explain the difference between an entrepreneur and an employee?

A6. The two main points of difference between the two are:-

ENTREPRENEUR	EMPLOYEE
1. They conceives the idea to start the business.	1. They help in implementing the idea of entrepreneur.
2. They earns income by selling goods and services for himself.	2. They sell goods and services for some one else.

Chapter -2

Scanning of environment.

Q1. Where do business opportunity exists?

A1. They exist in business environment. So to grab them, it is must to scan the business environment.

Q2. What is the process of setting up an enterprise?

A2. It involves following stages:

1. Spotting up an opportunity.
2. Evaluation.
3. Innovation.
4. Setting up of an enterprise.

Q3. Define environmental scanning?

A3. It means carefully examining various factors prevailing in the environment.

Q4. How does environment help in making choice of business?

A4. Sometimes where entrepreneur is confused regarding the type of business to be started the common problem existing in the environment can help him to select the business.

Q5. How can legal and financial influence business or an entrepreneur?

A5. They are:

1. Deregulation of capital market has it easy for business to collect capital from primary market.
2. Advertisement of alcoholic products is prohibited.
3. Delicensing policy of industries.

Q.6 Describe briefly the influence of political factor on entrepreneurial decisions?

A6. Political factor incorporates the type of government in power, attitude of government towards different types of groups and their work related policies.

e.g in 1977 when Janta Government came into rule, they criticized foreign companies and adopted a policy of sending them back.

Q.7 What is the interface between spotting and product identification?

A7. First of all the entrepreneur has to spot the opportunity that exist in the environment , then he has to scan the various elements (political, social, economic, legal, ethical , demographic etc.) present in the environment and finally he decides which product he has to produce in order to benefit from the environmental factors.

Chapter-3

Generation of idea

Q1.What are the common ways of generating the ideas?

A1.Some ways are:

1. Brain storming-under this method a group of persons are stimulated to creative thinking. This is a very productive method of generating as many ideas as possible.
2. Doing market research-this is done to get new ideas for the products and services. The research is conducted to gather information regarding products and services which are already in the market.
3. Gathering information from publications- another source of getting information is from printed matter such as sales brochures, catalogues, advertisements , posters etc.
4. Seeking assistance from entrepreneurs- seminars and conferences are the the useful way to provide ideas to the new entrepreneurs by the well established entrepreneurs.

5. Using hobbies to generate ideas-many hobbies can be converted into successful business ventures. Many successful projects are developed from personal hobbies. Eg: photography, gathering paintings.etc.

6. Talking and listening to people- by observing and listening to people he will be able to find out their tastes, preferences , needs etc.

7. Day dreaming and fantasizing- Many business ideas are created when the entrepreneurs dream or fantasize about products and service they wish to have in their lives.

Q2.What are the ideas generated from service sector?

A2.Service sector refers to providing of service either by entrepreneur himself or by hiring some employees. Entrepreneurs can think of many service-based enterprise such as transport , banking etc. Entrepreneur must own the enterprise and provide service through his enterprise.

Q3.Explain: (a) Values,(b) Resources,(c) Environment.

A3. (a)Values: every businessmen gives importance to values such as honesty, customer satisfaction, supply of quality products, employees welfare etc.all such qualities indicate values.

(b) Resources: as the resources are important and must for every business organization the businessmen should protect the wastage of resources and put them to the best possible use.

(c) Environment: all the resources come from the environment the businessmen should take steps to safeguard environment and betterment of environment and not for polluting and destruction of environment.

Q.4 Explain the issues related to sustainable development?

A4. Sustainable development means a development based on ones own resources and considering the following three issues:

a. Values

b. Environment

c. Talent

Chapter 4

Product identification

Q1. What are the three basic qualities an entrepreneur must possess?

A1. The three basic qualities that he must possess are:

- a. Talent i.e basic skill of creativity and innovation
- b. Temperament i.e enthusiasm, courage
- c. Technique to convert idea into opportunity

Q.2 What are the steps involved in investigation of ideas and opportunity?

A.2 The basic steps that are involved are:

1. Identification of product and service (what product to offer)
2. Application and use (analyze how well it can be used and benefit people)
3. Level of operation (on what scale it should be produced)
4. Competition (who all are the competitors and hoe to compete them)
5. Cost (calculating the cost of production)
6. Technical Complexity (how complicated task it is to make and market the product)

Q.3. What do you mean by market assessment?

A.3. It involves assessing the following:

- a. Demand
- b. Supply and nature of competition
- c. Cost and price of the product
- d. Project innovation and changes

Q.4 what do you mean by feasibility study?

A.4 It means whether a project will work or not . In feasibility study detailed investigation is done for all the factors related to the product or service . Based on feasibility study a project report is prepared and then only the product or service is launched in the market.

Q.5 Explain the creative and practical framework of setting up an enterprise?

A.5. The process involves using **creativity plus skills** in an environment of **uncertainty** and **turbulances**. These three are the important constituents of creative and practical framework.

Chapter 5

Setting up a small scale enterprise –Stage I

Q.1 Discuss the entire stages of setting up a small scale enterprise?

A.1 The stages are described as follows:



Q.2 What are the detailed steps involved in setting up of a small scale industry?

A.2 The detailed steps of doing so are:

1. Selecting the most feasible business opportunity.
2. Arranging for the following resources:
 - i. Human Resources (Men)
 - ii. Physical resources (Material, machinery, etc.)
 - iii. Financial resources (Money to hire men and material)
3. Preparation of project report
4. Provisional registration of the enterprise
5. Apply for loan, allotment of land ,power supply etc.

Q.3 Which institutions the Government has set up for supporting small sale industries?

A.3 The institutions are:

- a. SIDBI (Small Scale Industries Development Bank of India)
- b. NCEUS(National Commission for Enterprises in Unorganised Sector)
- c. DIC (District Industrial Centres)
- d. National Institution for Entrepreneurship and Small Business Development.
- e. State Finance Corporation

Send your requisition at
info@biyanicolleges.org