INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Subject: BST	MSME & BUSINESS ENTREPRENEURSHIP
Worksheet: 01	Competency Based Questions

1. Three friends, after completing their graduation, decided to open their own business and to create employment opportunities for others too. After their meeting with the manager of DIC, they attended entrepreneurship development programme. As a result of their entrepreneurship, Zayka Food Industries is created and operated successfully by them.

To create a feeling of belongingness in the customers and for branding purposes, they started to use 'hat' as a symbol on all their products. Soon, this become an intellectual property for the company. After getting a good response in the market, now one of them is planning to set up a new unit "Laajwaab Foods and Beverages Industry" in rural area ofOdisha and opted for labour intensive technique, due to easy availability of cheap labour.

The finance manager has estimated the investment of ₹ 2 crore to acquire plant and machinery and ₹ 80 lakhs for meeting operating expenses of this new unit. The company did not want to dilute the ownership and did not want any interference from investors/lenders. Also, it expects good cash flow return from the new unit.

For arrangement of finance and availing professional services that facilitates the development of new business, they approached a body which is located in their universities.

i. Question. The finance manager has estimated the investment of ₹ 2 crore to acquire plant and machinery and ₹ 80 lakh for meeting operating expenses of this new unit. The company did not want to dilute the ownership and did not want any interference from investors/lenders. Also, it expects good cash flow return from the new unit. Which form of capital would be better for the company?

(a) Equity capital

(b) Long-term loans

(c) Preference capital

(d) Loans from commercial bank

ii) Question. For arrangement of finance and availing professional services that facilitates the development of new business, they approached a body which is located in their universities. "which way to fund startup is highlighted here?

(a) Accelerators

(b) Incubators

(c) Private equity

(d) Venture capital

Question. To create a feeling of belongingness in the customers and for branding purposes, they started to use ‘hat’ as a symbol on all their products. Which IPR is highlighted in the line?

(a) Patents

(b) Copyrights

(c) Trademarks

(d) Trade secrets

Question. Which of the following is not a feature of entrepreneurship?

(a) Systematic activity

(b) Risk element

(c) Profession

(d) Dynamic process

Question. Which category of SSI, ‘Lajawaab Foods and Beverage Industries’ belongs to?

(a) Micro enterprises

(b) Small enterprises

(c) Medium enterprises

(d) cottage industry

2. Neeru was a daily wage labourer when she decided to be her own boss and transformed herself as a successful businesswoman. She started her small scale business of making Pickles using organic fruits and vegetables with total investment of ₹ 10 lakhs along with few of her neighbors using their free time at home. She invested ₹ 2 lakhs by selling her jewellery and using personal savings and ₹ 6 lakhs were contributed by her friends who are members of her business. They named their venture as ‘Sakhi Aadhaar’. They launched their new range of pickles using aloe vera, turmeric, and other herbs, for boosting immunity of the users. They were able to supply the entire district. One of the members suggested that they should make herbal candies too. The products made by them were well-liked and appreciated by the people.

(i) Identify the quality of Neeru as an entrepreneur in the above case.
a) Innovator
b) Job provider
c) Risk bearer
d) All of the above

(ii) Identify the essence of entrepreneurship in the light of the given statement. "...using organic fruits and vegetables with total investment of ₹ 10 lakhs along with few of her neighbours using their free time at home. She invested ₹ 2 lakhs by selling her jewellery and using personal savings and ₹ 6 lakhs are contributed by her friends who are the members of her business."

a) Arranging resources
b) Risk-taking
c) Vocational training
d) Creating job opportunities

(iii) Entrepreneurship is a process of whose actions?
a) Entrepreneurs
b) Government
c) Workers
d) Capital providers

(iv) Identify the category of small business started by Neeru according to MSMED Act.
a) Micro enterprise
b) Small enterprise
c) Medium enterprise
d) Cottage industry

3. Sensing the business opportunities in Food industry, Sagar Bagada after completing his graduation in Agriculture engineering, decided to open his own enterprise. His dream turned into reality when his enterprise, "Swaad Food Industries" set up its food and beverages processing plant in 'Mitrapura'', one of the rural area of Rajasthan, under Start-up India Scheme launched on 16th January, 2016. The enterprise opted for labour intensive technique, due to easy availability of labour at lower cost. With in no time, he came in the list of successful entrepreneurs.

(i) What is the process of creation of an enterprise known as?
a) Venture
b) Project
c) Entrepreneurship
d) Business idea

(ii) "The enterprise opted for labour intensive technique, due to easy availability of labour at lower cost." Identify the need for entrepreneurship satisfied in the given statement.

a) Organization of production
b) Generation of employment
c) Economic efficiency
d) Generation of business opportunities for others

(iii) Start-up India Scheme was launched on ____ in the year ______.
a) 16th Jan., 2016
b) 2nd Oct., 2016
c) 17th Sep., 2006
d) 2nd Oct., 2006

(iv) As a successful entrepreneur, identify Sagar 's contribution to the economy is:
a) Contribution to GDP
b) Generation of employment
c) Capital formation
d) All of the above

4. Preet food Industries set up a food and beverages processing plant in the rural area of Haryana and opted for labour intensive techniques due to easy availability of labour and to provide employment to local people. Board of directors decided to invest 50 lakhs to acquire plant and machinery, Rs. 1 crore to buy land, Rs. 20 Lakhs to buy raw material and Rs. 20 lakhs to maintain day to day expenses.

(a) Name the Act of Industries which is applicable to the above industry.
(b) Which category of part (a) will the above industry come from?
(c) State the investment limit in this category.
(d) Explain the role of MSME's contribution to Socio-economic development of the country.