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Register Number:

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**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.A. ECONOMICS- VI SEMESTER**

**Special Supplementary Examination, JUNE 2019**

**ECA DE 6418: Entrepreneurship and Business Development**

**Time: 2.5 Hours Maximum Marks-70**

**This question paper has 2 printed pages and 3 parts**

Supplementary candidates only.

**PART A**

**Answer any TEN of the following 3x10=30marks**

1. Describe some drawbacks of being an entrepreneur.
2. In light of the movie *October Sky,* explain the role of educators in promoting entrepreneurial activity.
3. Can creativity be taught or is it an inherent trait? Explain.
4. State the locus of control theory of entrepreneurship.
5. Distinguish between invention and innovation with an example.
6. Write a brief note on SWOT analysis.
7. How can market research benefit a small business owner? List some possible sources of market information.
8. Distinguish between skimming pricing and penetrative pricing.
9. Write a brief note on venture capital.
10. Why are sole proprietorships so popular as a form of ownership?
11. What is social entrepreneurship?
12. Name any three government agencies in India that helps in promoting entrepreneurship.

**PART B**

**Answer any TWO of the following 5x2=10marks**

1. Explain the role of entrepreneurship in economic development of a country.
2. Karsanbhai Patel started his business in detergents which he himself use to prepare on Sundays and sell it in the neighbourhood. This low priced detergent later turned out to be Nirma, with a present turnover of over Rs. 600 crores p.a. Nirma has the largest number of consumers in India as compared to any other company, rather it is the largest single detergent seller in the world markets. It is a universal house-hold brand name in India. The production process was traditional, involving large manpower working with manual implements in mixing and packing. The investment on plant and machinery per unit was less than Rs. 35 lacs, before the present restructuring and modernisation began Mr. Patel took up production and expansion without organised market studies. He believed that production for common man with low price/profit automatically sells. It requires standardisation of quality, cutting down the costs and low profit margin.

Read the above case and answer the following questions:

* 1. What growth strategy is followed by Nirma?
  2. Discuss how Nirma achieved success.

1. Watoma Kinsey and her daughter Katrina are about to launch a business that specializes in children's parties. Their target audience is upscale families who want to throw unique, memorable parties to celebrate special occasions for their children between the ages of 5 and 15. The Kinseys have leased a large building and have renovated it to include many features designed to appeal to kids, including special gym equipment, a skating rink, an obstacle course, a mockup of a pirate ship, a ball crawl, and even a moveable haunted house. They can offer simple birthday parties (cake and ice cream included) or special theme parties as elaborate as the customer wants. Their company will provide magicians, clowns, comedians, jugglers, tumblers, and a variety of other entertainers. Watoma and Katrina each have invested $45,000 to get the business ready to launch. Based on the quality of their business plan and their preparation, the Kinseys have negotiated a $40,000 bank loan. Because they both have families and own their own homes, the Kinseys want to minimize their exposure to potential legal and financial problems. A significant portion of their start-up costs went to purchase a liability insurance policy to cover the Kinseys in case a child is injured at a party. If their business plan is accurate, the Kinseys will earn a small profit in their first year (about $1, 500), and a more attractive profit of $16,000 in their second year of operation. Within five years, they expect their company to generate as much as 50,000 in profits. The Kinseys have agreed to split the profits-and the workload-equally. If the business is as successful as they think it will be, the Kinseys eventually want to franchise their company. That, however, is part of their long-range plan. For now, they want to perfect their business system and prove that it can be profitable before they try to duplicate it in the form of franchises. As they move closer to the launch date for their business, the Kinseys are reviewing the different forms of ownership. They know that their decision has long-term implications for themselves and for their business, but they aren't sure which form of ownership is best for them.
   1. Which form(s) of ownership would you recommend to the Kinseys? Explain.
   2. What factors should the Kinseys consider as they evaluate the various forms of ownership?

**PART C**

**Answer any TWO of the following 15x2=30marks**

1. Discuss the various theories of entrepreneurship.
2. Explain the benefits of preparing a business plan. Describe the elements of a solid business plan using an idea of your choice.
3. a) Assume that you are the owner of a startup “DELFAST” that is primarily involved in food delivery business in South India, how can you build a competitive edge in the marketplace?

b) How can you raise funds to expand your company?

c) Create innovative uses for an existing product of your choice.