CBCS SCHEME

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BME/BSA/BMT/BAG501

# Fifth Semester B.E./B.Tech. Degree Examination, Dec.2024/Jan.2025
## Industrial Management and Entrepreneurship

Time: 3 hrs. Max. Marks: 100

*Note: 1. Answer any FIVE full questions, choosing ONE full question from each module.*
*2. M : Marks , L: Bloom's level , C: Course outcomes.*

| | | Module – 1 | M | L | C |
|---|---|---|---|---|---|
| Q.1 | a. | Define Management. Describe its key functions. | 10 | L1 | CO1 |
| | b. | Explain the modern management approaches. | 10 | L2 | CO1 |
| | | OR | | | |
| Q.2 | a. | Explain the steps involved in the decision – making process. | 10 | L2 | CO1 |
| | b. | Differentiate between Strategic and Tactical planning. | 10 | L2 | CO1 |
| | | Module – 2 | | | |
| Q.3 | a. | What is the purpose of Organization? Compare the functional type with line type organizational structure. | 10 | L3 | CO2 |
| | b. | Explain how each stage of staffing process contributes to the overall effectiveness of staffing. | 10 | L2 | CO2 |
| | | OR | | | |
| Q.4 | a. | Explain the role of communication in achieving effective coordination. | 10 | L2 | CO2 |
| | b. | Explain the various monitoring techniques used in a sound controlling. | 10 | L2 | CO2 |
| | | Module – 3 | | | |
| Q.5 | a. | Describe the qualities of an Entrepreneur. | 10 | L1 | CO2 |
| | b. | What are the barriers of Entrepreneurship? | 10 | L1 | CO2 |
| | | OR | | | |
| Q.6 | a. | Differentiate between Entrepreneur and Intrapreneur. | 10 | L2 | CO2 |
| | b. | Explain the various stages of Entrepreneurship processes. | 10 | L2 | CO2 |
| | | Module – 4 | | | |
| Q.7 | a. | What are the characteristics of Small Scale Industries? | 10 | L1 | CO3 |
| | b. | Explain the impact of Liberalization , Privatization and Globalization on Small Scale Industries (SSI's). | 10 | L2 | CO3 |
| | | OR | | | |
| Q.8 | a. | Compare General Agreement on Traffs and Trade (GATT) with World Trade Organization (WTO) in International trade. | 10 | L2 | CO3 |

| | | | | | |
|---|---|---|---|---|---|
| | b. | What are the steps involved in starting a Small Scale Industries? | 10 | L1 | CO3 |
| | | **Module – 5** | | | |
| Q.9 | a. | Explain the role of District Industries Centres (DIC's). | 10 | L2 | CO3 |
| | b. | Write about NSIC (National Small Industries Corporation). | 10 | L2 | CO3 |
| | | **OR** | | | |
| Q.10 | a. | Write about Project Formulation Process. | 10 | L2 | CO3 |
| | b. | Write about selection of project. | 10 | L2 | CO3 |



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# VTU QUESTION PAPER SOLUTIONS

## (MECHANICAL ENGINEERING)

Fifth Semester B.E/B.Tech. Degree Examination, Dec 2024/Jan 25

Max. Marks: 100

Time: 3 hrs.

## MODULE 1

Q. 1. a. Management Definition: Management can be defined as the process of planning, organizing, leading and controlling resources, (human, financial, material and informational) to achieve organizational goals effectively and efficiently.

Management is the process of getting things done through others (people) in an organized and purposeful manner to ensure the success and sustainibility of ~~an~~ entreprise.

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## FUNCTIONS OF MANAGEMENT:

Functions of management are listed as below.

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

Planning: Setting objectives, defining strategies, and developing action plans to achieve those objectives.

Organizing: Arranging resources, assigning tasks, establishing workflow and creating a structure to carry out the plans.

Staffing: It is the function of recruiting people and maintaining all positions filled.

Directing: Motivating, guiding, and inspiring employees to perform their tasks effectively.

Controlling: Monitoring progress against plans, evaluating performance and taking corrective actions when necessary.

## Q. 1. (b) MODERN MANAGEMENT APPROACHES:

Modern management approaches represent a significant evolution from traditional management styles. The modern management approaches may be explained as follows:

1. SYSTEMS APPROACH
2. CONTINGENCY APPROACH
3. QUANTITATIVE APPROACH
4. TOTAL QUALITY MANAGEMENT
5. BEHAVIORISTIC / HUMAN RELATIONS APPROACH
6. AGILE MANAGEMENT
7. LEAN MANAGEMENT
8. STRATEGIC MANAGEMENT
9. KNOWLEDGE MANAGEMENT

Modern management approaches can be briefed as:

1. SYSTEM APPROACH: In this approach the organization is considered as a unified, purposeful system composed of interconnected subsystems. It emphasizes that changes in one part of the systems will affect the other parts.

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This systems recognizes the interdependance of various departments, functions and external environments. This systems encourages a holistic perspective, recognizing that optimizing one parts might not optimize the whole system.

2. CONTINGENCY APPROACH: (Situational approach)

This approach assumes, there is no single "best" way to manage. The most effective management approach depends on the specific situation, context and variables at considerations.

Managers must analyze the situation and choose the management techniques, leadership styles that are more appropriate for prevailing situations

3. QUANTITATIVE APPROACH: It incorporates mathematical model, statistical analysis and quantitative techniques to management problems and decision making. Various techniques used in this approach include Linear programming, queuing theory, simulation, forecasting, inventory models, statistical quality control. This approach provides more objective & data-driven base for decision-making

4. TOTAL QUALITY MANAGEMENT: this approach emphasizes on continuous improvement in all processes and products driven by customer satisfaction. It shifted its focus from inspection to prevention leading to higher quality.

5. BEHAVIORISTIC / HUMAN RELATIONS APPROACH: This approach emphasizes on the importance of human behaviour, motivation, group dynamics and interpersonal relationships in the workplace.

6. AGILE MANAGEMENT: This approach emphasizes on flexibility, collaboration, customer feedback and rapid response to change.

7. LEAN MANAGEMENT: this approach emphasizes on identifying and eliminating waste, continuous improvement (Kaizen), value streams mapping.

8. STRATEGIC MANAGEMENT: This approach emphasizes on strategy formulation, strategy implementation and strategy evaluation.

9. KNOWLEDGE MANAGEMENT: This is the systematic process of creating, sharing, using and managing the knowledge and information of an organization to enhance its performance and achieve its objectives.

Q. 2. (a) STEPS INVOLVED IN DECISION MAKING:

Decision making is systematic process and involves choosing a course of action from various alternatives to achieve desired outcomes. Following are the steps involved in Decision Making:

1. Identify and Define the Problem / Opportunity
2. Gather relevent information.
3. Identify alternative solutions/Course of actions.
4. Evaluate the alternatives.
5. Choose the best alternatives.
6. Implement the decision
7. Review and Evaluate the results.

(1) IDENTIFY & DEFINE THE PROBLEM / OPPORTUNITY:

- Recognizing a descrepancy between the current state and desired state.
- Asking clarifying questions (What, when, where, How)
- Defining the scope & boundaries of the decision
- Setting specific measurable objectives for decision
- Involving relevent stake holders to ensure shared understanding of problems.

2. GATHER RELEVENT INFORMATION:

- Internal assessment: Reviewing past performance, reports
- Be mindful of potential ~~bypasses~~ biases and ~~aim~~ aim for diverse sources of information.
- Collect all necessary date and facts related to the decision.

3. IDENTIFY ALTERNATIVE SOLUTIONS:

- Brainstorm and list all possible courses of action or solutions to the problem.
- Don't limit yourself to the obvious options, encourage creative thinking and consider different approaches.
- The more alternatives you have, the better your chances of having and optimal solution.

4. EVALUATE THE ALTERNATIVES:

- Analyze each alternative based on the information gathered.
- Consider the pros & cons, potential risks and benefits and how each option allows with your goals.
- You might use tools like a SWOT analysis

5. CHOOSE THE BEST ALTERNATIVES:

- Based on evaluation, select the best alternative or combination of alternatives
- This step involves balancing quantitative data with qualitative insights and considering long term impact.
- Sometimes the best solution might not be a single option, but a blend of several.

6. IMPLEMENT THE DECISION:

- Develop a clear plan for implementing changes decision.
- Assign responsibilities, set timelines and allocate necessary resources.
- Communicate the decision to all stakeholders.

7. REVIEW AND EVALUATE THE RESULTS:

- After implementing the decisions, monitor its progress and assess its outcomes.
- Did it solve the problems or achieved the desired goal?
- Identify what worked well and what didn't. This step provides valuable learning for future decision making process.

# Q. 2 (b) DIFFERENCE BETWEEN STRATEGIC PLANNING AND TACTICAL PLANNING:

Strategic Planning: Strategic planning is like drawing up the architectural blueprints for the entire project. It focuses on a big picture, a long term vision and overall destination.

Tactical Planning: It is like creating the detailed drawings of each part of plan assigning tasks to specific departments and setting daily deadlines. It focuses on short term actions and steps needed to execute the strategic vision

Differences can be listed as,

| FEATURE | STRATEGIC PLANNING | TACTICAL PLANNING |
|---|---|---|
| Time Horizon | Long-term | Short-term |
| Scope | Broad, Organization-wide, focussed on entire organization. | Narrow, department specific or project-specific |

| FEATURE | STRATEGIC PLANNING | TACTICAL PLANNING |
| --- | --- | --- |
| Focus | Vision, mission & Goals | Plans and actions. |
| Level | High-lever Organization and conceptual | Ditailed & actionable. |
| Decision makers | Top-management, Board of Directors | Middle level Management Department heads. |
| Flexibility | Less flexible | More flexible adopting to situations. |
| Risk | Long-term risks and opportunities | Deals with more immedidate, operational risk & opportunities. |
| Output | Defines vision, mission, key priorities | Detailed action plans, budgets, resource allocation |

## MODULE 2

Q. 3. (a) PURPOSE OF ORGANIZATION:

The purpose of organization is to achieve common goals and objectives that individuals can not accomplish as effectively on their own. So, the purposes of organization can be elaborated as,

(i) Achieving Goals & objectives:
(ii) Optimizing resource allocation.
(iii) Facilitating specialization & division of labour
(iv) Making administration easier.
(v) Promoting growth and Development.
(vi) Fostering a sense of Culture & Identity.
(vii) ~~Enhancing~~ Enhancing Stability & Adaptability
(viii) Providing a framework for Managerial functions
(ix) Division of work

## COMPARING FUNCTIONAL TYPE & LINE TYPE ORGANIZATION:

1. Line Organization: The line organization, also known as 'military' or 'scalar' organization, is the simplest & oldest form of organizational structure. Authority flows in directn, vertical line from the top management down to the lowest lowest level of employees. Each subordinate reports to a single superior, ensuring a clear chain of command and unity of command.

2. Functional Organisation: This organization type groups employees based on their specialised functions or areas of expertise, such as marketing, finance, Production, Human Resources and IT. Each department is headed by a functional manager who is expert in that specific area. So, in this type of organization employees develop deep expertise in their respective fields, leading to higher quality work and efficiency within functions.

Q. 3 (b) STAGES OF STAFFING PROCESS THAT CONTRIBUTES TO OVERALL EFFECTIVENESS OF STAFFING:

1. Manpower Planning (HR planning)
2. Job analysis and Design
3. Recruitment
4. Selection
5. Placement and orientation.
6. Training & Development
7. Performance appraisal
8. Remuneration
9. Promotion, transfer and superannuation

(1) MANPOWER PLANNING: This is foundational step. It involves forecasting the organization's future human resource needs. and assessing the current workforce.

Effectiveness: The ~~thorough~~ thorough manpower planning provides and prevents shortages or surpluses, reduce recruitment costs. and ensures organization's preparedness for future challanges and opportunities.

(2) JOB ANALYSIS & DESIGN: This stage systematically collects information about a job to define its duties, responsibilities, reporting relationships, knowledge, skills & abilities.

Effectiveness: Clear & effective job descriptions and specifications leads to more targeted recruitment, better selection decisions and realistic job expectations for candidates.

(3) RECRUITMENT: This is the process of identifying, attracting and encouraging suitable candidates to apply for job vacancies.

Effectiveness: A well executed recruitment strategy attracts a large, diverse & qualified pool of applicants.

(4) SELECTION: This is the process of choosing the most suitable candidate from the pool of applicants generated during recruitment.

Effectiveness: A systematic & valid selection process accurately identifies candidates who possess the necessary knowledge, skill and abilities.

(5) PLACEMENT & ORIENTATION : Placement involves assigning the selected candidate to the right job.

Effectiveness: Proper placement ensures "the right person for the right job" that fosters employee engagement and reinforces positive organizational culture.

(6) Training & Development : Training focuses on improving current job-related skills and knowledge, while development aims at preparing employees for future roles.

Effectiveness: Effective training and development programs enhance employees skills, boost productivity, improve job satisfaction.

(7) PERFORMANCE APPRAISAL : This involves systematically evaluating an employee's job performance against established standards.

Effectiveness: A fair, objective & constructive performance appraisal system motivates employees, clarifies expectations, identifies high-potential individuals.

(8) · REMUNERATON: This involves determining the fair & equitable benefits for employees.

Effectiveness: A competitive & fair remuneration system attracts and retains talent, motivates employees and promotes job satisfaction.

(9) PROMOTION, TRANSFER & SUPERANNUATION: This is the process for managing employees movement within and out of organisation.

Effectiveness: Clear policies for promotions, and transfers foster career growth and internal mobility, boosting employees motivation and retention.

Q 4. (a) ROLE OF COMMUNICATION IN ACHIEVING EFFECTIVE COORDINATION:

Communication is the cornerstone of coordination. Following are the roles of communication in achieving effective coordination:

(i) Sharing Information & clarifying expectations.
(ii) Aligning efforts and preventing duplication
(iii) Problem solving and conflict resolution.
(iv) Building trust and fostering collaboration.
(v) Adapting to the change.

(i) SHARING INFORMATION & CLARIFYING EXPECTATIONS:

— Communication ensures that everyone involved has the same understanding of goals, objectives, tasks, roles and responsibilities. This eliminates ambiguity and prevents individuals from working at cross purposes.

— It facilitates the flow of vital information, such as progress updates, challenges encountered, changes in plans and resource availability, allowing everyone to stay informed and adjust their actions accordingly.

(ii) ALIGNING EFFORTS & PREVENTING DUPLICATION:

– Synchronization: Effective communication allows for the synchronization of individual and team efforts.

– Resource optimization: By sharing information about resources and progress, communication helps optimize their use and prevent wastage due to uncoordinated efforts.

(iii) PROBLEM SOLVING & CONFLICT RESOLUTION:

– Early Identification: Open communication channels enable the early identification of potential problems or conflicts.

– Collaborative Solutions: It provides a platform for team members to collectively analyze challenges, share perspectives and brainstorm solutions.

– Conflict Mediation: When disagreements arise, clear communication facilitates mediation & resolution, preventing them from hindering overall progress.

(iv) BUILDING TRUST & FOSTERING COLLABORATION:

- Transparency: Transparent communication builds trust among teams members, as they feel informed and valued.
- Psychological Safety: An environment of open communication encourages individuals to share ideas, admit mistakes without fear of judgement fostering psychological safety.

(v) ~~A~~DAPTING TO THE CHANGE:

- Timely updates: In dynamic environments, communication is vital for disseminating timely updates about changes in conditions.
- Feedback Loops: Establishing feedback mechanisms ensures that information flows both ways, allowing for continuous adjustments and improvements in coordination strategies.

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Q. 4.(b) VARIOUS MONITORING TECHNIQUES USED IN SOUND CONTROLLING:

Monitoring provides a necessary data and insights to assess performance, identify deviations from plans and take corrective action. Following are the various monitoring techniques for sound controlling:

(i) Quantitative Monitoring Techniques:
- Key performance Indicators
- Budgetary control / Financial Monitoring
- Statistical Process Control (SPC)
- Earned Value management (EVM)
- Bench marking

(ii) Qualitative / Process-Oriented Monitoring:
- Direct Observation
- Performance reviews & appraisals
- Reports & Audits
- Feedback Systems
- Process monitoring / walk throughs.
- Milestone tracking & Gantt charts.

(iii) Technology enabled monitoring techniques:

- Management Information Systems (MIS)
- Entreprise resource planning (ERP)
- Automated dashboard & Reporting tools
- Sensor based monitoring / IoT (Internet of things)]

Characteristics of Sound Control System:

(a) Strategic alignment
- Direct link to goals
- Forward looking (Insights for future challenges)

(b) Accuracy & Reliability:
- Precise Data
- Reliable sources.

(c) Timeliness:
- Prompt feedback.

(d) Flexibility:
- Adaptability
- Non-rigid (promotes motivation)

(e) Economic Viability:
- Cost Benefit analysis

# MODULE 3

## Q. 5 (a) QUALITIES OF AN ENTREPRENEUR:

Successful entrepreneurs possess a unique blend of personal qualities, skills and distinct mindset that enables them to identify opportunities and build thriving ventures.

QUALITIES:

(i) Visionary thinking: Ability to see opportunities.

(ii) Passion: Intrinsic drive & enthusiasm.

(iii) Self-motivation & Drive: Self-starters.

(iv) Resilience & Perseverance: Face difficulties.

(v) Risk-taking: Calculated risk taking.

(vi) Adaptability & flexibility: Consider market shifts

(vii) Curiosity & lifelong Learning: Learning & Growing.

(viii) Optimism & Positive attitude: Optimistic outlook.

(ix) Integrity & Ethics: Transparency & Honesty.

(x) Self awareness: SWOT analysis of self.

(xi) Leadership: Inspiring ~~subo~~ subordinates.

(xii) Decision making: Effective decision making

(xiii) Problem Solving: Idenlifying, analysing of problems

(xiv) Communication: Good verbal & written communication Skills.

(xv) Networking & Relationship building: Ability to connect with people.

(xvi) Financial acumen: Managing cashflow.

(xv) Marketing & Sales: Customer survey

(xvi) Time management & Descipline.

(xvii) Creativity & Innovation

Q. 5(b) BARRIERS OF ENTREPRENEURSHIP.

There are some barriers those can hinder aspiring entrepreneurs from starting, sustaining their startups. They are,

(i) Financial barrier
(ii) Regulatory & Legal barriers
(iii) Market & Competition barrier
(iv) Skills & Knowledge barrier
(v) Personal & Psychological barrier
(vi) Operational & resource barriers

(i) FINANCIAL BARRIER:

- Lack of Capital/funding: Entrepreneurs often struggle to secure initial capital for product development, marketing & operational cost.
- Cash flow Management: Maintaining consistent Cashflow is a real challenge.
- High Interest Rates: When loans are available, High interest rates can make repayment difficult.
- Risk of financial Loss: The fear of loosing personal investments or accumulating debt can deter many aspiring entrepreneurs.

(ii) REGULATORY AND LEGAL BARRIERS:

- Regulatory complexities and legal hurdles: Complex licensing procedures can be daunting and time consuming.
- Unpredictable policy changes: frequent changes in government policies can create instability for business.

(iii) MARKET & COMPETITION BARRIER:

- Entering a market dominated by established businesses with loyal customers, strong brand recognition can be extremely challenging.
- Lack of market research & understanding the market needs.
- Ineffective marketing and sales: Even a great product can fail with marketing to reach the customers.

(iv) SKILLS & KNOWLEDGE BARRIER:

- Entrepreneurs may lack essential skills in areas like business management, financial planning, marketing can lead to ineffective decisions.
- Many new entrepreneurs lack hands-on experience in managing a business.

(v) PERSONAL & PSYCHOLOGICAL BARRIERS:

- Fear of failure: The uncertainity & high risk nature of entrepreneurship can lead to a significant fear of failure, preventing individuals from taking necessary Leaps.

- Running a business demands significant time and effort, often leading to a long hours, stress and difficulty maintaining a healthy work-life balance.

(vi) OPERATIONAL & RESOURCE BARRIERS:

- Lack of planning and Strategy
- Time management
- Hiring & managing employees.
- Scaling the business [Increasing business size]
- Marketing & Sales.
- Inadequate infrastructure

Q 6 (a) DIFFERENCE BETWEEN ENTREPRENEUR & INTRAPRENEUR:

Entrepreneur: An entrepreneur is an individual who starts a new business venture from a scratch. They identify the market need or opportunity, develop a unique idea and then take on the full risk and responsibility of bringing that idea into practice. The characteristics of an entrepreneur are:

- Works independently
- Driven by a vision to create something new.
- Makes significant impact on society
- Bears all financial risks.
- He has complete control over decisions, strategy and direction of the business.
- Reaps all the profits if the venture is successful.
- Creates new markets, products & services.
- Examples: Steve Jobs (Apple), Elon Musk (Tesla) Jeff Bezos (Amazon)

INTRAPRENEUR: An intrapreneur is an employee with established organization who thinks & acts like an entrepreneur. They develop new ideas, products, services or processes that benefit the existing company. Following are the characteristics of an Intrapreneur:

- Innovative & Creative for the organizational development
- Works within the established framework of larger company.
- Leverages existing resources, infrastructure and financial backing of the company.

# Q. 6. (b) VARIOUS STAGES OF ENTREPRENEURSHIP PROCESSES:

Following are the stages in Entrepreneurship process:

(i) Opportunity Identification
(ii) Feasibility analysis/Opportunity Evaluation
(iii) Business planning
(iv) Resource Mobilization
(v) Execution & Management
(vi) Growth & Scaling
(vii) Harvest

(i) OPPORTUNITY IDENTIFICATION: It is the initial step and stems from recognizing a problem, an unmet need in the market. This is done by brainstorming, observing trends, identifying gaps in existing markets.

(ii) FEASIBILITY ANALYSIS/OPPORTUNITY EVALUATION: The idea generated in the first step is needed to be rigorously assessed for its viability. This stage determines if the idea is truly an "opportunity" worth pursuing.

(iii) BUSINESS PLANNING: This stage involves developing a detailed roadmap for the venture, outlining how it will operate, compete and grow. This comprehensive document covers the executive summary, company description, market analysis and financial projections.

(iv) RESOURCE MOBILIZATION: This is where the entrepreneur gathers the necessary resources and officially brings the business to life. This stage includes securing financial capital, hiring key personnel, defining roles and responsibilities.

(v) EXECUTION & MANAGEMENT: This ongoing stage involves putting the business plan into action, managing daily operations and adapting market feedback.

(vi) GROWTH & SCALING: Once the business achieves stability & profitability, the focus shifts to expanding its reach and increasing its impact.

(vii) Harvest: This stage involves realizing the value created by the business, allowing the entrepreneur to move to new ventures.

Q. 7 (a) CHARACTERISTICS OF SMALL SCALE INDUSTRIES:

Small scale industries are businesses that operate on a relatively moderate scale in terms of capital investment. Following are the characteristics of Small Scale Industries (SSI):

(i) Ownership & Management: SSI's typically have single ownership (sole proprietorship) or a partnership. The owners are directly involved in day-to-day activities of organization.

(ii) Limited capital Investment: SSIs require relatively low investment in plant, machinery, technology and infrastructure.

(iii) Labour Intensive: SSIs are usually labour intensive, that they rely on human labour than on highly automated technology for production.

(iv) Flexibility and Adaptability: Due to their smaller size and simpler organizational structure, SSIs exhibit greater flexibility. They can adapt quickly to changes in market demand.

(v) Limited Reach / Local focus: SSIs usually utilize locally available raw materials, skills & resources. This promotes local economy.

(vi) Shorter Gestation Period: The gestation period is generally short that allows entrepreneurs to see profits in relatively shorter timeframe.

(vii) Employment Generation: The objective of SSIs is their role in creating employment opportunities for a large number of people.

(viii) Contribution to regional Development: By establishing units in rural areas, SSIs contribute towards balanced regional development.

(ix) Ancillary Role: Many SSIs function as ancillary units, supplying components to the larger industries.

(x) Government Support: Government provide various incentives, subsidies to promote SSIs.

Q. 7(b) IMPACT OF LIBERELIZATION, PRIVATIZATION & GLOBALIZATION ON SMALL SCALE INDUSTRIES:

Liberelization, Privatization and Globalization reforms introduced in India in 1991 had a profound and multifaceted impact on SSIs.

They are:

(i) Challenges faced by SSIs.
(ii) Opportunities & Positive impacts on SSIs.

(i) CHALLENGES FACED BY SSIs:

- Increased competition
  - Domestic competition
  - Foreign Competition
- Technological Obscelescence
- Access to finance
- Marketing & Distribution
- Limited managerial & technical skills
- Reduced protection and incentives.
- Sickness and Closure.

(ii) OPPORTUNITIES & POSITIVE IMPACTS ON SSI:

- Access to technology
- Access to Global Markets
- Improved efficiency and quality.
- Ancillary opportunities to supply components to foreign companies.
- Focus on specialization and Niche markets.
- Entrepreneurial Development
- Government Support.

The period of Liberalization, privatization & Globalization marked a shift from a protected, inward looking SSI sector to one that had to contend with the realities of an open and globalized economy.

Q. 8 (a) COMPARISON OF GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) WITH WORLD TRADE ORGANIZATION (WTO) IN INTERNATIONAL TRADE:

(i) GENERAL AGREEMENT ON TARIFFS AND TRADE: (GATT)

- Nature: GATT is a multilateral agreement. It was set of rules for international trade.
- Establishment: Signed in 1947 by 23 Countries and came into effect in 1948.
- Scope: Primarily focussed on trade in goods, particularly the reduction of tariffs. It aimed to eliminate quantitative restrictions.
- Institutional Structure: It opened through 'contracting parties' and ad-hoc arrangements
- Legal basis: Its provisions were often applied on a provisional basis, meaning they were binding only ifs not inconsistent with a nations existing legislation.
- Evolution: Operated through various rounds of negotiations.

(ii) WORLD TRADE ORGANIZATION (WTO):

- Nature: Permanent international organization with sound legal basis, established to oversee and liberalized global trade.
- Establishment: Established on January 1, 1995.
- Scope: Significantly expanded beyond goods to include:
  - Trade in services (GATS)
  - Trade related aspects of Intellectual property Rights (TRIPS).
  - Agriculture, brought under the scope.
- Institutional Structure: Possesses a strong & well defined institutional framework with a permanent secretariat, various councils and a decision making - process.
- Dispute Settlement: Features Dispute settlement Body (DSB)

## Q 8(b) STEPS INVOLVED IN STARTING SMALL SCALE INDUSTRIES:

Following are the steps involved in starting Small Scale Industries.

Phase I: Planning and Preparation
Phase II: Registration and Legal formalities.
Phase III: Setup and Operations.

### PHASE - I : PLANNING AND PREPARATION:

(i) Identify a business idea and Product/service selection

(ii) Develop comprehensive business plan:
- Road map for the venture
- Company description
- Market Analysis
- Organization and management
- Products / Services.
- Marketing and Sales strategy
- Financial Projections
- funding request.

(iii) Choosing business Structure
- Sole proprietorship / Partnership
- Private Limited Company

(iv) Secure Location:

— Consider factors like proximity to raw materials / market.

(v) Arrange finance

PHASE II : REGISTRATION AND LEGAL FORMALITIES

(i) Business registration with competant authorities.

(ii) Procurement of all documents required for registration process

(iii) Documents like Aadhar, PAN and Bank pass book.

PHASE III : SETUP AND OPERATIONS:

(i) Procure Machinery and equipment

(ii) Procure raw materials.

(iii) Hire Manpower

(iv) Setup Productions / operations.

(v) Marketing and Sales activities.

(vi) Set up accounting & Compliance systems.

Q. 9. (a) ROLE OF DISTRICT INDUSTRIES CENTRES (DIC)

These are the government organizations established at district levels to promote and support the development of Micro, small and Mediums Enterprises (MSME) including SSI (Small Scale Industries). Their roles are as follows:

(i) Entrepreneurship Promotion & Guidance:
- Idea Generation & Project Identification
- Project Profile preparation
- Entrepreneurship Development Programs (EDP)
- Opportunity Guidance.

(ii) Facilitating Financial assistance:
- Loan facility provision
- Subsidies and Incentives.
- Scheme implementation.

(iii) Registration and Clearances:
- Udyam Registration
- Single Window Clearance.
- Registration of Industrial Cooperatives.

(iv) Technical and Managerial Support:
- Technical Advice.
- Machinery & equipment awareness
- Raw material assistance.

(v) Marketing and Infrastructure Support:
- Marketing Assistance
- Infrastructure Development
- Cluster Development.

(vi) Addressing Grievances and Rehabilitation:
- Dispute resolution
- Support for sick units

(vii) Data Collection and Monitoring:
- Industrial Profile
- ~~Monitoring the flow of industrial credit~~.
- Monitoring the growth of industrial development in the district.

Q 9 (b) NSIC [National Small Scale Industries Corporation]

It is a government agency established by the ministry of micro, Small and Medium Entreprises (MSME), Government of India, in 1955.

NSIC plays a crucial role in promoting, aiding, fostering the growth of Micro, Small and Mediums Entreprises (MSME) It provides a comprehensive range of support services in the following areas:

(i) Finance: Facilitating access to credits from banks, raw material assistance and various discounting schemes.

(ii) Marketing: Provides marketing intelligence, facilitating participation in exhibitions and trade fairs (both domestic & international), and assisting with consortia and tender marketing.

(iii) Technology: Offers technology support through its technical service centres, including access to advanced equipment, testing facilities and skill development programs.

(iv) Other support services: This includes schemes like the single point registration scheme and entrepreneurship development programs.

Overall, NSIC aims to enhance the competitiveness, productivity and growth of MSMES, which are considered as backbone of Indian Economy, by providing them with the necessary tools and resources.

Q. 10 (a) PROJECT FORMULATION PROCESS:

Project formulation process involves systematically developing and investigating a project concept to determine its viability and prepare a detailed blueprint for its implementation. The process is as follows:

(i) Feasibility analysis: It involves screening ofor internal and external constraints. The outcome can be,

- Feasible : The project idea seems promising.
- Not feasible: The idea should be abondoned.
- Inconclusive: More investigation needed.

feasibility analysis has components namely.

(a) Market feasibility
(b) Technical feasibility
(c) Economic fasibility

(ii) Techno-economical Analysis: It involves,

- Choosing optimal technology for project.
- Assessing economy behind using the available technology.

(iii) Project design and Network analysis:

- This defines the sequence of activities, their interrelationships and time allocated for each.
- Often presented as network drawing (eg. GANTT CHART, PERT & CPM)
- Helps identifying required inputs, financing and cost benefit analysis profile.

(iv) Input analysis: This stage assesses the resource requirements for both the construction and operation phases of project. The inputs include materials, equipment, software, human resources etc.

(v) Pre-investment Analysis:

- Consolidates results from all previous stages to arrive at clear conclusions
- Provides a final formal shape to the project proposal

Q. 10. (b) SELECTION OF PROJECT

Selection of project involves following factors to be considered:

(i) Diverse needs: Project in India can range from large scale infrastructure development to grass root social initiatives.

(ii) Government policies and Regulations: Policy changes, subsidies and regulatory frameworks can significantly influence project viability and selection, particularly in sectors like infrastructure, renewable energy and manufacturing.

(iii) Social and Environmental Impact: Projects in India are evaluated not just on economic returns but also on their social and environmental footprint, with a growing emphasis on sustainability and inclusive growth.

(iv) Resource Constraints: Access to capital, skilled labour, and specific raw materials can be limiting factors, making efficient resource allocation a key consideration.

(v) Market Dynamics: Understanding the evolving Indian market, consumer behaviour and competitive landscape is crucial for projects targeting specific industries or regions.

Even the following parameters are to be considered while selecting a project.

- Strategic alignment
- Optimized resource allocation
- Risk management
- Value maximization

The Project Selection Process:

(i) Identify Potential projects
(ii) Initial screening / Preliminary feasibility
(iii) Detailed analysis & evaluation
(iv) Selection Decision.

(v) Resource allocation

(vi) Ongoing review & adjustment

(vii) Pay back period calculation

(viii) Internal Rate of Return (IRR)

(ix) Return on Investment (ROI)

(x) Economic Value added (EVA)

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