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**ENTREPRENUERSHIP DEVELOPMENT AND BUSINESS COMMUNICATION**

**. SEMESTER END THEORY EXAMINATION 2019 – 2020 .**

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**Enroll .Number :-** \_\_\_\_\_

**Course No :- Extn – 355 (1+1) SEM V (NEW)**

**Course Title :- Entrepreneurship Development And Business Communication .**

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## **Q1 Define Entrepreneur And Enlist The Characteristics Of Entrepreneur & Identifying potential entrepreneurs .**

The word entrepreneur is derived from the French word 'entreprendre' meaning 'to undertake'

### **Entrepreneur**

Entrepreneur is one who buys factor services at 'certain' price with a view to selling their product at 'uncertain' prices in the future. (Cantillon)

An entrepreneur is one who initiates and establishes an economic activity or enterprise. (Pareek & Nadkarni)

The entrepreneur as a dynamic agent of change, is the catalyst who transforms increasing physical, natural and human resources in a corresponding production possibility. (Schumpeter)

Entrepreneur is one who assumes the responsibility of the risk and management of business. (Noah Webster)

### **Characteristics of an entrepreneur**

1. Desire for responsibility
2. Moderate risk taking:
3. Self-Confidence
4. Driver and energy
5. Future orientation
6. Skill at organizing
7. Dealing with failure
8. Value of achievement over money
9. Mental ability
10. Clear objective:
11. Communication ability
12. Change and uncertainty
13. Need for power:
14. Capacity to guard business secrets
15. Independence:
16. Innovators:

#### **1. Desire for responsibility:**

Entrepreneurs feel a deep sense of personal responsibility for the outcome of ventures he starts. He prefers to be in control of his resources and use those resources to achieve self determined goals.

#### **2. Moderate risk taking:**

The successful entrepreneur prefer to take moderate calculated risk where the chances of winning are neither so small as to be gamble nor so large as to be sure thing. Rather, risks are preferred which provide a reasonable and challenging chance of success and a situation whose outcome is influenced as much by one's ability and effort as by more chance. This entrepreneurial

characteristics is more important, since it has such significant implications for the ways of decisions are made and thus for the success or failure of business.

They seem to be very much aware of the no risk- no return, high risk, high return continuum, and to take moderate, challenging risks where moderate returns are attainable and more influenced by their abilities and decisions

### **3. Self-Confidence:**

There is also agreement that successful entrepreneur have a high level of self-confidence. They to believe strongly in themselves and their abilities to achieve the goals they set. They also believe that events in their lives are mainly self determined and they have a major influence on their personal decisions and have little belief in fate. But they are negative about over confidence or lack of humility which may suggest a lack of realism.

### **4. Driver and energy:**

Entrepreneurs have tremendous amount of personal energy and drive. They possess a capacity to work long hours and in spurts of several days with less than a normal amount of sleep. Our research in venture capital industry confirmed drive and energy as a characteristic desire by investors and was frequently observed in successful entrepreneur.

### **5. Future orientation:**

Entrepreneurs have a well defined sense of searching for opportunities. They look ahead and are less concerned with what was done yesterday than with what might be done tomorrow. Entrepreneurs see potential where most people see only problems or nothing at all. In contrast to traditional managers who are concerned with managing available resources, entrepreneurs are more interested in spotting and capitalizing on opportunities.

### **6. Skill at organizing:**

Building a company "from scratch" is much difficult task. Entrepreneurs know how to put the right people together to accomplish a task.

### **7. Dealing with failure:**

Entrepreneurs are not afraid of failing. Being more intent on succeeding, they are not inclined to the possibility of failing. The persons who fear failure will neutralize whatever achievement motivation they may possess. They will lead to engage in a very easy task, where there is little chance of failures or in a very difficult situation where they cannot be held personally responsible if they don't succeed.

### **8. Value of achievement over money:**

It is a common misconception that entrepreneur starts his business to make money. But it is difficult to say what is the force behind an entrepreneurs motivation. Sometimes money may be only a secondary force.

**9. Mental ability:**

Mental ability consists of intelligence and creative thinking. An entrepreneur must be reasonably intelligent, and should have creative thinking

and must be able to engage in the analysis of various problems and situations in order to deal with them. The entrepreneur should anticipate changes and must be able to study the various situations under which decisions have to be made.

**10. Clear objective:**

An entrepreneur should have a clear objective to the exact nature of the goods to be produced and subsidiary activities to be undertaken. A successful entrepreneur may also have the objective to establish the product, to make a profit or to render social service.

**11. Communication ability:**

Communication ability is the ability to communicate effectively. Good communication also means that both the sender and the receiver understand each other and are being understood. An entrepreneur who can effectively communicate with customers, employees, suppliers and creditors will be more likely to success than the entrepreneur who does not.

**12. Change and uncertainty:**

Entrepreneur has to handle the sources of uncertainty that come with the territory without falling apart. The business opportunity is surrounded by uncertain questions like market size, pricing, variability of the original idea, customer response and product/service in a reasonable length of time. Entrepreneur must be able to lead manage, identify priorities, execute and most important is to make decision in changing circumstances.

**13. Need for power:**

The entrepreneur has the capacity to influence people around him and make them work for the implementation of his plans and the achievement of his goals. Once an entrepreneur starts his enterprise and wants to manage it successfully, he also needs to influence and lead others. The entrepreneur has to deal with people effectively and influence them. Naturally, he should have the capacity and ability to influence and lead the people.

**14. Capacity to guard business secretes:**

Secrecy is one of the fundamental aspects of a successful business. Failure to keep business secrets may give ample opportunities to the competitors, to compete in the market.

**15. Independence:**

Most of the entrepreneurs start on their own because they dislike to work for others. They prefer to be their own boss and want to be responsible for their own decisions.

#### **16. Innovators:**

Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new method of production, opening new markets and recognizing the enterprise.

#### **Identifying potential entrepreneurs**

In order to run the enterprises effectively it is essential to identify entrepreneurs having potential to manage the affairs. These potential entrepreneurs are to be identified and developed by providing them training and other opportunities. Some of the potentials are described here which makes an individual good entrepreneur.

1. **Knowledge of man, customers and products:** He must know his man in the unit, customers and products of his unit.
2. **Contact with unit:** He must stay in contact with unit which will help him in knowing wants and requirements of the unit.
3. **Good listener:** Listening helps to make the customers happy.
4. **Far see problems:** Carefully seeing problems will help to manage stress, and will help in avoiding internal and external breakdown.
5. **Show concern to man and products.** This will help in resolving internal conflict.
6. **Cool and fair:** Man may lose temper but the entrepreneur must keep calm and try to understand the facts. This will help him in problem solving without emotionally involving in it.
7. **Take up responsibility:** Entrepreneur must take up responsibility and stand up to face any problems and conflicts. Accepting responsibility needs more courage and living with that adds to his personality.
8. **Know self:** He must know the strength and weaknesses of himself and his man. This will help in impressing a sense of belongingness in self and others.
9. **Fearless:** He must not fear to negotiate and must not negotiate out of fear. He must have full information about his business ventures, market etc.
10. **Trust and confidence:** He must have trust and confidence in the man with whom he is working. This is essential for good and effective team work.

## **Q2 Define Entrepreneurship And Write Down Process Of Entrepreneurship Development .**

### **Entrepreneurship**

According to A.H. Cole, “Entrepreneurship is the purposeful activity of individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods services.”

According to Schumpeter “Entrepreneurship is based on purposeful and systematic innovation. It included not only the independent businessman but also company director and managers who actually carry out innovative functions”.

Though the term entrepreneur is often used interchangeably with entrepreneurship, yet they are conceptually different. The relationship between the two is just like the two sides of the same coin as given in the following table.

<b>Entrepreneur</b>	<b>Entrepreneurship</b>
Person	Process
Organizer	Organization
Innovator	Innovation
Risk-bearer	Risk-bearing
Motivator	Motivation
Creator	Creation
Leader	Leadership
Imitator	Imitation

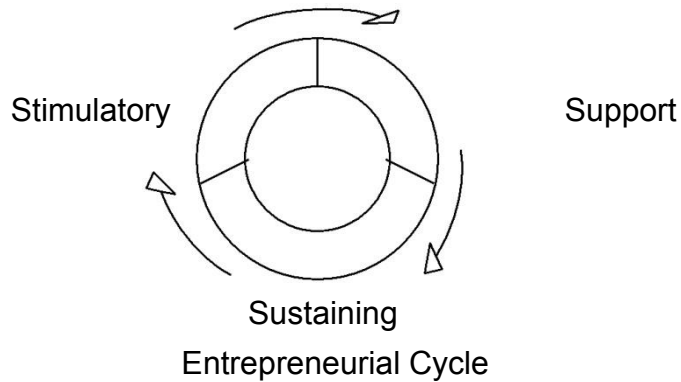
Thus, entrepreneurship is concerned with the performance and coordination of the entrepreneurial functions. This also means that entrepreneur precedes entrepreneurship.

### **The process of entrepreneurship development**

The process of entrepreneurship development consist of three broad phases, namely

- Stimulatory
- Support
- Sustaining





### **Stimulatory phase**

This initial phase would include all such activities that stimulate entrepreneurship in the target group. This includes activities such as

1. Generating entrepreneurial awareness in the community through well planned publicity.
2. Identifying and selecting potential entrepreneurs.
3. Helping them through training to raise their motivational level.
4. Improving their skills in modern management methods.
5. Developing technical competence relevant to the product selected.
6. Helping them to develop project report.
7. Making techno-economic information and project profiles.
8. Helping entrepreneur to select new product.
9. Developing a data bank on new products and process available to target group.
10. Creating entrepreneurial forum.
11. Evolving new products and processes available to the local situation.
12. Recognition of entrepreneurial skill.

These stimulatory activities help in the emergence of entrepreneurs in the society. They prepare the background where from the entrepreneurship can sprout.

### **Support phase**

This includes all such activities that help entrepreneurs in establishing and running their enterprises. The activities in this phase include:

1. Registration of unit.
2. Arranging finance of any type (Fixed capital or working capital)
3. Helping in purchase of plant and machinery.
4. Providing land, shed, power, water, etc.
5. Guidance for selecting and obtaining machinery.

6. Issuing of license for scarce raw materials.
7. Providing common facilities.
8. Granting tax relief or other subsidy.
9. Offering management consultancy.
10. Help marketing product.
11. Providing information.

This group of activity provides nurturance and helps the already stimulated entrepreneur to move ahead in achieving his immediate goal of setting up and running enterprise.

### **Sustaining phase**

Activities in this phase are all those that help the entrepreneur are continuous, efficient and profitable running of an enterprise. The sustaining activities may include:

1. Helping in modernization / diversification / expansion / product substitution.
2. Additional financing for full capacity utilization.
3. Deferring repayment / interest depending on the situation.
4. Help and guidance in diagnosing the cause of failure or low production/ profit.
5. Modification or change in legislation / policy affecting units.
6. Product reservation / creation new avenues for marketing.
7. Quality testing and quality improvement at low cost.
8. Creating common facilities which are not feasible in a single unit but are needed by the unit both in production and marketing.



**Q3 define Motivation and write down needs of motivation along with factors affecting on motivation .**

**Motivation** is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be - desire for money .

**Motivating Needs**

**Need for Achievement**

The need to excel, known as achievement, is a critical factor in the personality of an entrepreneur. People with high need for achievement have desire for success in competition with others, or with a self-imposed standard of excellence. They try to accomplish challenging tasks. Entrepreneurs, by and large, have been found to be people with a high drive, high activity level and goal orientation. They take external help whenever needed and feel happy on accomplishment of the task.

**Need for Independence**

Need for independence is the prime characteristic that will drive the entrepreneur to start their own business. These entrepreneurs do not conform to routine jobs and practices. They set their own challenging goals and make efforts to achieve these goals. The entrepreneurs do not wait for directions from others and choose their own course of action. They are masters of their own activities and take full responsibility for the outcome of their actions. The independence provides opportunity for trying out new ideas and helping them to achieve their life goals.

**Need for Power**

High need for achievement leads one in to launching an enterprise but may not be adequate to contribute to its success. Once an entrepreneur starts an enterprise and wants to manage it successfully, he / she also need to influence people, a drive which sells them his / her ideas and leads them in the process of establishing and expanding the organization. Such drive to influence people and to lead them to implement his / her ideas may be called as need for power. It implies controlling the actions and activities of other people. This helps them to become successful enterprise builders. However, they do not develop emotional bonds with people they work with; and their need for affiliation is low.

## Motivating Factors

### 1. Internal Factors:

- a. Desire to do something new:** This makes an individual to think differently. He may start a branch or section which is altogether different from the main firm. But mostly a complimentary branch is helpful to the main branch. Out of experience and study one can take such step.
- b. Educational background:** Education equips an individual for solving problems of life. The educational background helps him in understanding the problems and finding solution to it. Education helps in doing things in better way.
- c. Occupational experience/ background:** Experience helps an individual by going through the situation. It provides him the learning experience.
- d. Desire to work independently:** This helps an individual in taking independent decisions and gain control over the situations. Success gives him confidence in performing the job in future.
- e. Family background:** An entrepreneur born in industrialist family inherits certain social and cultural background which is helpful to his work.

### 2. External Factors:

- a. Government assistance:** There are large numbers of schemes to help the entrepreneurs in developing their enterprise. This help motivates him to expand or start new business.
- b. Availability of raw material:** The raw material is available for the enterprise but there is no one to take advantages of this situation. The entrepreneur should organise the thing in such a way that it will develop his enterprise. He is motivated by the opportunities in front of him.
- c. Assistance from financial institutions:** The banks and other financial agencies provide assistance for the enterprise. These institutions give funds as per the project proposal submitted by the entrepreneur.
- d. Other factors of production:** There may be many other factors of production like demand for particular product, utilization of excess money earned from contractual estate business etc. which may motivate an individual to start new enterprise.

#### **Q 4 Write Brief About Generation, Incubation And Commercialization Of Business Ideas.**

##### **Idea Generation**

Entrepreneurs need ideas to start and to grow their entrepreneurial ventures. Generating ideas is an innovative, creative process. Where Ideas come from various entrepreneurship researchers have looked at the source of an entrepreneur's ideas. These studies have shown that the sources of their ideas are unique and varied.

##### **Common sources:**

Personal interests or hobbies Entrepreneur's work experiences, knowledge, and skills.

##### **Potential Sources of Entrepreneurial Ideas**

- Personal interests or hobbies
- Work experiences, skills, abilities
- Products and services familiar ones unfamiliar ones
- External environmental opportunities in these sectors:

Technological, societal, cultural, demographic, economic, legal, political

##### **Ways to Generate Ideas .**

**(1) Environmental scanning** One technique that entrepreneurs can use to generate ideas is environmental scanning, the screening of large amounts of information to detect emerging trends. Here are some "ideas" to stimulate your own idea creation by scanning the world around you: Read your local and other major metropolitan newspapers. Read popular consumer and news magazines; review the fiction and nonfiction best-seller lists; review government and consumer publications; subscribe to relevant trade publications; pay attention to commercials; watch and review top primetime television shows; browse through the magazine section of a bookstore; walk through a local shopping mall to see what's there; and so forth. The challenge of this method is not having too little information to scan; it's having too much. It may seem like a lot of effort and work, but if you're serious about being a successful entrepreneur in action, it's energy well spent.

**(2) Creativity and creative problem solving:** Creativity is defined it as the ability to combine ideas in a unique way or to make unusual associations between ideas. Whereas traditional logical thinking is like parallel railroad tracks

going on forever, but never crossing –creative thinking means linking new concepts in unusual ways. A number of specific creativity approaches can be used. For instance, here are a few specific techniques: the checklist method, in which an entrepreneur uses a list of questions or statements to develop new ideas; free association, whereby an entrepreneur develops a new idea through a chain of word associations; attribute listing, in which an

entrepreneur develops a new idea by looking at the positive and negative attributes of a product or service; and so on. Using any of these structured creative problem-solving approaches can help you unlock your creativity and generate potential entrepreneurial ideas.

**(3) Brainstorming:** One of the most familiar and widely used approaches to generating ideas is brainstorming, an idea-generating process for developing active solutions that encourages as many alternatives as possible while withholding criticism. Brainstorming is a relatively simple technique that is typically one with a group of people. (You could do this with friends or colleagues.) In a brainstorming session, a group of people gets together in a room, preferably one with a relaxed environment, where everyone would be free to stretch their minds and think beyond the ordinary. A group leader states the issue or problem to be addressed and ensures that all participants understand it. Then members contribute as many ideas as they can in a given time by describing them verbally (often shouting them out). Participants are encouraged to come up with as many ideas possible and to build on each others' ideas. In brainstorming sessions, talking is often nonstop as participants suggest ideas. No criticism of ideas is allowed during the brainstorming session. Instead, all ideas, no matter how illogical or crazy, are recorded for later discussion and analysis. The purpose of brainstorming is to be an idea-generating process that opens up as many alternatives as possible as other people's remarks act to stimulate others in a sort of chain reaction of ideas. It can be a frenzied, yet productive way to generate numerous ideas.

**(4) Focus groups:** These groups of individuals provide information about proposed products or services in a structured setting. In a typical focus group, a moderator focuses the group discussion on whatever issues are being examined. For instance, a focus group might look at a proposed product and answer specific questions asked by the moderator. In other instances, the focus group might be given a moral general issue to discuss and the moderator simply leads the discussion based on comments made by the group. Either way, a focus group can provide an excellent way to generate new ideas and to screen proposed ideas and concepts.

### **Idea Incubation**

Idea incubation is a process for bringing ideas into reality. It starts on a very fundamental level, often with a single individual who comes up with a concept he or she thinks should be further explored. This individual brings others

in on the idea incubation process, making the idea stronger and more viable. Ultimately, the idea may be turned into a product, assuming that funding can be secured and that the idea is commercially viable.

Many companies foster idea incubation by clustering workers together in collaborative environments. Cooperative groups work best for idea incubation because other members of the group can identify strengths and weaknesses of the idea, resulting in a stronger finished product. Some companies offer their services as professional idea incubators. These companies use a staff of individuals who are trained to think innovatively. Idea incubation firms often provide support for product development all the way through the process from the initial vague concept to commercial production.

Successful idea incubation can result in products ranging from clothespins to computers. Ultimately, strong leadership and executive skills are required along with an entrepreneurial spirit. Once an idea has been incubated, it needs to be developed, prototyped, and commercially presented. Appointing a team leader can encourage this, along with creating a work environment in which all employees are encouraged to make contributions.

Business incubators are programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organizational structure, and in the types of clients they serve. Successful completion of a business incubation program increases the likelihood that a start-up company will stay in business for the long term: Historically, 87% of incubator graduates stay in business.

The incubation process (Most common incubator services):

- Help with business basics
- Networking activities
- Marketing assistance
- High-speed Internet access
- Help with accounting/financial management
- Access to bank loans, loan funds and guarantee programs
- Help with presentation skills
- Links to higher education resources

The amount of time a company spends in an incubation program can vary widely depending on a number of factors, including the type of business and the entrepreneur's level of business expertise. Life science and other firms with long research and development cycles require more time in an incubation program than manufacturing or service companies that can immediately produce and bring a product or service to market.

## **Commercialization**

It is the process or cycle of introducing a new product into the market. The actual launch of a new product is the final stage of new product development, and the one where the most money will have to be spent for advertising, sales promotion, and other marketing efforts.

The Commercialization Process: Commercialization of a product will only take place, if the following three questions can be answered:

1. When the company has to decide on the introduction timing. When facing the danger of cannibalizing the sales of the company's other products, if the product can be improved further, or if the economy is down, the launch should be delayed.

2. Where the company has to decide where to launch its products. It can be in a single location, one or several regions, a national or the international market. This decision will be strongly influenced by the company's resources, in terms of capital, managerial confidence and operational capacities. Smaller companies usually launch in attractive cities or regions, while larger companies enter a national market at once. Global roll outs are generally only undertaken by multinational conglomerates, since they have the necessary size and make use of international distribution systems (e.g., Unilever, Procter & Gamble). Other multinationals use the "lead-country" strategy: introducing the new product in one country/region at a time (e.g. Colgate-Palmolive).

3. To whom the primary target consumer group will have been identified earlier by research and test marketing. This primary consumer group should consist of innovators, early adopters, heavy users and/or opinion leaders. This will ensure adoption by other buyers in the market place during the product growth period.

How the company has to decide on an action plan for introducing the product by implementing the above decisions. It has to develop a viable marketing mix and create a respective marketing budget .

## Q5 What Is Meant By SWOT Analysis And Discuss About SWOT analysis.

### SWOT Analysis :-

To innovate, an entrepreneur has to make a diagnosis of the current situation. The diagnosis of the current situation is done by conducting an Internal Analysis and External Analysis. Analysis of External and Internal Environment together is called SWOT Analysis. SWOT Analysis refers to identifying the strengths, weaknesses, opportunities and threats of an organization.

SWOT Analysis is a tool, often used by organizations in planning its future. This tool can be explained in a simplified manner as follows:

S - Strengths	}	of the organization
W - Weaknesses		
O - Opportunities	}	of the environment
T - Threats		

The Internal Analysis of the organization will cover the organizational position with respect to different functional areas like production, finance, marketing, R & Distribution and so on. More specifically, this may look into a company's sales volume, market share, profitability and so on. This will reveal its strength and weakness.

The External Analysis will do the necessary scanning of the business environment to identify any threat and opportunities posed on the company, its products or services. More specifically, this will include the industry performance, competitive activity and a review of the growth and decline of the user industries.

### STRENGTHS AND WEAKNESS

Every business needs to evaluate its strengths and weaknesses periodically. The management or an outside consultant reviews the business's marketing, financial, manufacturing and organizational competencies. In examining its strengths and weaknesses clearly, the business does not have to correct all of its weaknesses nor gloat about all of its strengths. They have to slowly overcome their weakness and convert it into its strength.

Strengths of organization are	Weaknesses of organization are
a) Availability of necessary infrastructure b) Adequate production capacity c) Skilled manpower d) Good manufacturing practices, quality assurance and quality control	a) Rising cost of operations b) Growing union pressures c) Low level of motivation of staff d) Non-availability of raw material e) Scarcity of capital f) Weak credit worthiness
e) Low cost of manufacture f) Facilities for product and process development	g) Problem of under utilization of capacity h) Outdated technology

g) Good location h) Wide distribution network i) Motivated staff j) Liquidity position k) Brand image l) Consistency in earning profits m) Good corporate image n) Efficient management o) Philosophy and human resource development	i) Poor project planning j) Inadequate infrastructure k) Shortage of trained technicians l) Insufficient managerial expertise m) Unorganized nature of operations n) Lack of effective co-ordination o) Inadequate training in skills p) Feeble structure/poor organization q) Problems of delegation of authority
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### OPPORTUNITIES AND THREATS

An entrepreneur has to know the parts of the environment to monitor, if the business is to achieve its goals. A business has to monitor key macro environmental forces like demographic, economic, technological, political, legal, social and cultural factors, and, also significant micro environmental forces like customers, competitors, distribution channels, suppliers, etc. that will affect its ability to earn profits. The business unit should set up a marketing intelligence system to track trends and important developments. For each trends or development, management needs to identify the implied opportunities and threats.

Opportunities of organization are	Threats of organization are
a) Growing population b) Increase in disposable income c) Good monsoon d) Easy availability of money e) Availability of appropriate technology f) Favourable government policies g) Availability of different task environment like market information, distribution outlets and media. h) Presence of favourable cultural environment.	a) Shortage of power, water, fuel b) Rejection by the market c) Recession d) Tough competition e) Political instability f) Fiscal policy resulting into increased taxes, duties, imports reservations, licensing g) Technological obsolescence h) Tight money market i) High cost of raising finance and cost of finance j) Resource crunch k) Difficulty in retaining technical experts l) Climatic changes m) Changing customer tastes and preferences n) Prolonged economic depressions

On completion of a SWOT Analysis, an organization can know 'where it stands'. Therefore, it can proceed to develop specific objectives and goals for the future.

### ADVANTAGES OF SWOT ANALYSIS



The advantages for conducting a SWOT Analysis for innovating are

1. An entrepreneur can know in which field, there is demand, and, can venture into the respective field, keeping their strengths in mind.
2. It helps in the development of new technology.
3. An entrepreneur can make an analysis as to develop a completely new product, or to just change the existing product.
4. There can be improvements brought about in the process of production.
5. On the basis of information collected through SWOT analysis, the goals which the firm wants to achieve in future can be decided.
6. Short term mission and long term mission of the organizations can be farmed.
7. Alternatives can be selected and decided to exploit opportunities and to face threats in the environment.
8. Priorities can be given to different goals and the courses of action to achieve the goals can be timed.
9. Expansion of the range of services and benefits.
10. The social, political, legal, economic, technological factors can be analysed.
11. An analysis of the competitor's strategies can be made and their policies can be known.

**Q 6 What Are The Government Schemes And Incentives For Promotion Of Entrepreneurship And Policy On Smes / Ssis.**

The responsibility of promotion and development of small scale industries (SSI) lies primarily with the State/Union Territory (UT) Governments. However, in recognition of the role of this sector in both creation of wealth and widespread employment and of the need for country-wide framework of policies and measures to facilitate its promotion and development, the Government of India has always supplemented the efforts of the States and UTs in several ways. Over the years, the Central Government has thus formulated policy packages and implemented a number of schemes and programmes, to mainly provide infrastructural, technological, credit, marketing and entrepreneurial development support to the SSI sector.

**VISION AND ACTION PLAN OF THE MINISTRY**

The vision of the Ministry of SSI is to create an enabling policy environment and put in place corresponding support measures to help the sector meet the emerging challenges of competition and also harness the opportunities, in tandem with the accelerating pace of liberalization and globalization of the Indian economy. The agenda of the Ministry, therefore, includes steps to develop an appropriate policy framework within which supply of credit is improved, better

infrastructural facilities are provided and targeted incentives are designed and extended to the enterprises in the sector for their modernization and technology upgradation, improved market access, entrepreneurship development, skill upgradation and capacity building, both at the level of individual firms and their clusters. The agenda takes cognizance of the significant role played by information technology, sunrise, hi-tech and export potent industries, on the one hand, and, the special needs of the tiny/ micro-enterprises, on the other, as they constitute over 95 per cent of the total population of small scale industrial units in the country. The action plan thus includes, inter alia, the following measures:

- New legislation for micro, small and medium enterprises.
- Strengthening credit delivery systems and rehabilitation of potentially viable sick units.
- Fiscal support.
- Technology upgradation for modernizing micro and small enterprises, including IT support.
- Bridging critical infrastructural gaps.
- Extending comprehensive marketing support.
- Promoting cluster development with wide-ranging measures for comprehensive development and capacity building.
- Promoting entrepreneurship development and encouraging skill improvement.

Redefining the role of existing implementation mechanisms to make them more responsive.

Strengthening bilateral and international cooperation.

## **ORGANISATIONAL SET-UP**

Most of the programmes and schemes for the development of the sector are implemented through two principal organizations of the Ministry.

These are:

1. Small Industries Development Organization (SIDO); and
2. National Small Industries Corporation (NSIC).

Besides, there are three national-level Entrepreneurship Development Institutes at Hyderabad, Noida and Guwahati. A National Commission for Enterprises for Unorganized Sector (NCEUS) has also been set up recently by the Government with headquarters in New Delhi.

### **1. Small Industries Development Organisation (SIDO):**

- ❖ The major activities of SIDO, established in 1954, include:
  - ❖ Advising the Government on policy formulation for promotion and development and enhancement of competitiveness of small-scale industries.
  - ❖ Facilitating credit flow to micro and small enterprises through support measures like the Credit Guarantee Fund Scheme.
  - ❖ Providing techno-economic and managerial consultancy, common facility and extension services to small-scale units.
- ❖ Providing support measures for technology upgradation, (Credit Linked Capital Subsidy Scheme), modernization of management, product / process quality improvement (including product testing and instrument / equipment calibration) and creation and upgradation of infrastructure facilities through individual schemes/programmes as well as to clusters under Small Industries Cluster Development Programme.
- ❖ Human resource development through training and skill upgradation. Providing economic information, including market analysis, services. Market (including export) promotion measures and facilitating linkage of small-scale industries as ancillaries to large and medium scale industries.
- ❖ Conducting periodical census/survey of the SSI and generating data / reports on various important parameters / indicators of growth and development of the sector.
- ❖ Maintaining close liaison with other Central Ministries, Planning Commission, State Governments, Financial Institutions and other organizations concerned with the development of small-scale industries.
- ❖ Maintaining a comprehensive web site for wide dissemination of all relevant information relating to the activities of SIDO.

An amount of Rs. 381.71 crore has been allocated for implementation of the Plan Schemes during 2006-07. The Small Industries Development organization (SIDO) comprises the Office of the Development Commissioner (Small Scale Industries) [DC (SSI)] with headquarters in New Delhi, 30 Small Industries Service Institutes (SISIs), 28 Branch SISIs, 4 Regional Testing Centres (RTCs), 7 Field Testing Stations (FTS), one Hand

Tool Design Development Training Centre (HTDD&TC), and two Small Entrepreneurs Promotion and Training Institutes (SEPTI) at various locations in the country. It is an Attached Office of the Ministry of SSI. There is at least one SISI located in every State and in some cases more. The 4 RTCs are located at New Delhi, Mumbai, Chennai and Kolkata. Several grantee institutions / autonomous bodies also function under the administrative control of the SIDO. AS&DC (SSI) is the ex officio Chairman of the Governing Councils of these autonomous societies. The activities of these societies range from research and development to tool design die making, process-cum-product development, training in footwear technology, etc.

## **2. National Small Industries Corporation Limited (NSIC)**

It was established in 1955 with a view to promoting, aiding, and fostering the growth of small scale industries and industry related small scale services / business enterprises in the country, on a commercial footing. During the last 50 years, the Corporation expanded its activities in the areas of Marketing, Technology, Financing and Information Support to small enterprises in the country. The emerging competitive business environment and dismantling of the market barriers provide an added impetus for enlarging the activities of NSIC. In

line with the current economic changes, the Corporation has introduced many new Schemes from time to time for the development of small enterprises. The Corporation is now an ISO: 9001-2000 Company, providing services of marketing assistance, technology upgradation and entrepreneurship development. The scheme of assisting these enterprises in obtaining performance – cum – credit rating is the latest initiative of the Government being implemented by the NSIC with the assistance of noted rating agencies operating in the country.

## **3. National Institute of Small Industry Extension Training (NISIET),**

**Hyderabad** was set up in 1960 to assist in promotion, development, and modernization of small and medium enterprises (SMEs) in the country. At present, the main activities of NISIET are entrepreneurship development related training programmes, training research and consultancy, including the methodology of cluster development.

## **4. National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida:**

The major activities of the Institute, established in 1986, include, development of model syllabi for training of various target groups, designing effective training strategies, methodology, manuals and tools, facilitating and supporting Central/State Governments and other agencies in executing programmes of entrepreneurship and small business development, etc.

**5. Indian Institute of Entrepreneurship (IIE), Guwahati** was established in 1993, with the aim of undertaking training, research and consultancy activities in the small industry sector focusing on entrepreneurship development as an autonomous national institute. IIE is working towards strengthening the capacity in the field of entrepreneurship development, training, entrepreneurship education, research, consultancy, incubator services on gems and jewellery, publication and sensitization of environment for promotion of entrepreneurship, enterprise creation and self-employment in the North Eastern Region. IIE, Guwahati has also taken initiatives for providing hand-holding services to the entrepreneurs in the North Eastern Region for which a Business Facilitation & Development Centre (BFDC) has been set up with financial assistance from the Ministry.

**6 National Commission for Enterprises in the Unorganised Sector** has been set up by the Government as an advisory body and a watchdog for the informal sector with a view to fulfilling the commitment in the National Common Minimum Programme of the Government. The Commission will recommend measures considered necessary for bringing about improvement in the productivity of these enterprises, generation of large scale employment opportunities on a sustainable basis, particularly in the rural areas, enhancing the competitiveness of the sector in the emerging global environment, linkage of the sector with institutional framework in areas such as credit, raw material, infrastructure, technology upgradation, marketing and formulation of suitable arrangements for skill development

## **Q 7 Define Market Survey, And Write Down Objectives And Types Of Market Survey.**

### **Market survey**

Market survey is the survey research and analysis of the market for a particular product/service which includes the investigation into customer inclinations.

A study of various customer capabilities such as investment attributes and buying potential .

A market survey is an objective and systematic collection, recording, analysis and interpretation of data about existing or potential markets for a project/ service.

In the market survey emphasis should be given on the following aspects.

1. Size of the market and the anticipated market share in terms of volume and value.
2. Pattern of demand- seasonal and fluctuating in time (in month, day etc.)
3. Market structure
4. Buying habits and motives of buyers.
5. Unique selling proposition of certain product / services.
6. Past and present trends affecting selected product or similar product.

### **Objectives of market survey**

#### **1. Proper Planning:**

Marketing research enables the planning of sales and other marketing programmes. The sales forecasts will be made on the basis of data collected from the market and other activities will be planned by keeping these figures in mind.

#### **2. Controlling Marketing Costs:**

A systematised approach based on facts collected in marketing research will help in controlling costs on advertising, selling and distribution.

#### **3. Exploiting New Markets:**

Marketing research collects information about new areas where the product can be marketed. The tastes of consumers, the type of products already in the market, purchasing power of buyers will enable the marketing men to try the new markets.

#### **4. Studying Marketing Competition:**

Marketing programmes will be successful only if we know the strength of our competitors. The marketing strategies adopted by the competitors should be

counted to sell the products. Marketing research will be helpful in collecting every information about the competitors.

### **5. Studying Impact of External Factors:**

A number of external factors such as Government Policies, spending habits, purchasing power of consumers, substitutes available will influence marketing plans and programmes. The impact of external factors should be regularly analysed with the help of information collection in marketing research.

### **6. Studying Consumer Needs:**

Marketing research aims to ascertain the actual needs of the consumers for a product which is already put on the market to manufacture a similar but more suitable product. The failure of a product should also be enquired to help future planning.

### **Steps in conducting market survey**

1. **Defining objectives:** Decide the specific information needed. At the same time identify the source from which the information is to be obtained. Assess the time and cost for the survey. Finally decide the working methodology and the action plan for survey.
2. **Sampling plan:** It will not be always possible to collect information from the whole population. Hence select a sample size and decide a plan for contacting them at proper time.
3. **Preparing Questionnaire:** In order to ask uniform questions related to the topic prepare a questionnaire / schedule for the survey.
4. **Collect and analyse data:** Collect the data from the respondents by personally contacting them or by mailed questionnaire. Check the data immediately after collection. Analyse the data for drawing conclusions.
5. **Reporting:** Based on the analysis of the data prepare a report and submit it to the sponsoring authority.

### **Importance of market survey :**

It is very important to conduct market survey before launching a new project or product line. Market survey is mainly just one way to of minimizing the risk, so it is similar to buying insurance, which also takes a lot of money. It lowers

substantial the chances of investing too much in a project only to realize near the end of it that it are doomed to fail. The second function of market research is to help tailor the product to a target consumer or beneficiary by defining the groups' needs and wants and thus improving the level of success for a certain product. Many organizations fail because they ignore

market survey and jump into projects without sufficient research. Thus market survey is the systematic and objective identification, collection, analysis and dissemination of information for the purpose of assisting management in decision making related to the identification and solution of problems and opportunities in marketing. The goal of market survey is to identify and assess how changing elements of the market impacts customer behaviour.

### **Types of market surveys :**

- 1) Quantitative survey**
- 2) Qualitative survey**

**1) Quantitative surveys :-** mean getting people to answer fixed questions in questionnaires. These questionnaires can be completed over the telephone, face-to-face, through the post or via the Internet. Because the objective is measurement, it is important that all people answer the same question. Changes in wording can dramatically change your measurements. Consequently quantitative interviewers are trained not to stray from the script and good questionnaire design is extremely important.

**2) Qualitative surveys :-** are about exploring an issue with people. There are no fixed questionnaires and interviewers, use their interviewing skill to draw views and opinions from people using a discussion guide. There are two main approaches to qualitative survey – depth interviews (one to one interviews) and the focus group where the group dynamics means that individual spark ideas and discussion off each other to explore a topic. It is important that the qualitative interviewer doesn't bias the discussion and lets the interviewee(s) describe things in their own terms qualitative work is typically carried out in person, but it can be conducted over the telephone or over the Internet also. Both quantitative and qualitative researches are based on the notion of sampling to identify who to talk to and the idea of the interviewer as an unbiased observer or collector of information.

### **Questionnaire for market survey for market potential**

#### **a. Consumers**

What is their annual consumption and requirement?  
What is their present source or supply?

What is the customer's brand loyalty and preference about price, quality, payment terms, etc.?

Are they satisfied with the present product and supply?

What is their purchasing criteria and purchasing power?

What is the consumption pattern?

What could be the future consumption pattern, in quantity and quality due to technological changes etc.?



What is the size of the average order, specifications and time and frequency of their placement?

Will any government institutions / departments or any company / industry buy the product? It is possible to establish linkages with them and how?

What is the life of your potential buyer?

Their age group, sex?

What is geographical area they live in? (Urban/Village)

**b. Suppliers (Traders)**

Who are the principal traders in the item, their range of products and business terms / commissions, etc.?

What are the possibilities to trade with them and on what business terms?

What is the normal stock level maintained and problems in stocking?

What are the future predictions on business conditions?

**c. Manufacturers and competitors**

What are their product ranges, installed capacity, selling price?

What are their normal business terms about payment, price etc.?

What are their salient features, like technical skill, finance, other resources, etc.?

What are their strengths and weaknesses?

Where do they get information regarding market and consumer profiles from?

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## **Q 8 Discuss About Formulation Of Project Financial Analysis Of Project .**

### **Project :-**

A project is a scheme, design, proposal of something intended or devised.

Project report is a written account of various activities to be undertaken by an entrepreneur and their technical, financial, commercial and social feasibility.

### **Importance or Significance of Project report**

The preparation of a project report is of great significance for an entrepreneur. The project report serves the two essential functions:

First and most important function is, it describes the direction the enterprise is going in, what its goals are, where it wants to be, and how it is going to get there. It also enables an entrepreneur to know that he is proceeding in the right direction.

The second function of the project report is to attract lenders and investors. The preparation of project report is beneficial for those small enterprises which apply for financial assistance from the financial institutions and the commercial banks. It is on the basis of project report that the financial institutions make appraisal if the enterprise requires financial assistance or not.

**broad guidelines are presented below which may be of help in preparation of the project proposal.**

#### **1. General Information**

- a. Project title:** Provide a descriptive title indicating name and place in which the project will be located.
- b. Organization submitting proposal:** State full legal name and address of the organization. State contact person, his status and address, organization's registration details and registration number need to be quoted.
- c. General information of applicant organization:** Provide information on organizations objectives, past and present activities, future programme, staffing pattern, finance and its management, funding pattern etc.
- d. Product Details:** Product utility, product range, product design; advantages to be offered by the product over its substitutes, if any.

#### **2. Project description:**

A brief description of the project covering the following aspects is given in the project report.

- a) **Site:** Location of enterprise; owned or leasehold land; industrial area; No Objection Certificate from the Municipal Authorities if the enterprise location falls in the residential area.
- b) **Physical Infrastructure:** Availability of the following items of infrastructure should be mentioned in the project report:
  - i) Raw Material: Requirement of raw material, whether inland or imported, sources of raw material supply.
  - ii) Skilled Labour: Availability of skilled labour in the area, arrangements for training labourers in various skills.
- c) **Utilities:** These include:
  - (i) Power: Requirement for power, load sanctioned, availability of power.
  - (ii) Fuel: Requirement for fuel items such as coal, coke, oil or gas, state their availability.
  - (iii) Water: The sources and quality of water should be clearly stated - in the project report.
- d) **Pollution Control:** The aspects like scope of dumps, sewage system and sewage treatment plant should be clearly stated in case of industries producing emissions.
- e) **Communication System:** Availability of communication facilities, e.g., telephone, telex etc. should be stated in the project report.
- f) **Transport Facilities:** Requirements for transport, mode of transport, potential means of transport, distances to be covered, bottlenecks etc., should be stated in the business plan.
- g) **Other Common Facilities:** Availability of common facilities like machine shops, welding shops and electrical repair shops etc., should be stated in the report.
- h) **Production Process:** A mention should be made for process involved in production and period of conversion from raw material into finished goods.
- i) **Machinery and Equipment:** A complete list of items of machinery and equipments required indicating their size, type, cost and sources of their supply should be enclosed with the project report.
- j) **Capacity of the Plant:** The installed licensed capacity of the plant along with the shifts should also be mentioned in the project report,
- k) **Technology Selected:** The selection of technology, arrangements made for acquiring it should be mentioned in the business plan.
- l) **Research and Development:** A mention should be made in the project report regarding proposed research and development activities to be undertaken in future.

### **3. MARKET POTENTIAL**

While preparing a project report, the following aspects relating to market potential of the product should be stated in the report

- i) Demand and Supply Position-State the total expected demand for the product and present supply position. This should also be mentioned how much of the gap will be filled up by the proposed unit.
- ii) Expected Price-An expected price of the product to be realized should be mentioned in the project report.

**Marketing Strategy**-Arrangements made for selling the product should be clearly stated in the project report.

**After-Sales Service**-Depending upon the nature of the product, provisions made for after-sales service should normally be stated in the project report.

**Transportation**- Requirement for transportation means indicating whether put transport or entrepreneur's own transport should be mentioned in. the project report.

### **4. CAPITAL COSTS AND SOURCES OF FINANCE**

An estimate of the various components of capital items like land and buildings, plant and machinery, installation costs, preliminary expenses, margin for working capital should be 'given in the project report. The present probable sources of finance should also, be stated in the project report. The sources should indicate the owner's funds together with funds raised from financial institutions and banks.

### **5. ASSESSMENT OF WORKING CAPITAL REQUIREMENTS**

The requirement for working capital and its sources of supply should be carefully and clearly mentioned in the project report. It is always better to prepare working

capital requirements in the prescribed formats designed by limits of requirement. It will minimize objections from the banker's side.

### **6. OTHER FINANCIAL ASPECTS**

In order to adjudge the profitability of the project to be set up, a projected Profit and Loss Account indicating likely sales revenue, cost of production, allied cost and profit should be prepared. A projected Balance Sheet and Cash Flow Statement should also prepared to indicate the financial position and requirements at various stages of the project

### **7. ECONOMIC AND SOCIAL VARIABLES**

In view of the social responsibility of business, the abatement costs, i.e., the costs for controlling the environmental damage should be stated in the project. Arrangement made for treating the effluents and emissions should also be mentioned in the report. Besides, the socio-economic

benefits expected to accrue from the project should also be stated in the report itself. Following are the examples of socio-economic benefits.

I. Employment Generation II. Import Substitution III. Exports

IV. Local Resource Utilization V. Development of the-Area.

## **8. PROJECT IMPLEMENTATION**

Last but no means the least, every entrepreneur should draw an implementation scheme or a time-table for his project to ensure the timely completion of all activities involved in setting up an enterprise. Timely implementation is important because if there is a delay, it causes, among other things, a project cost overrun. Delay in project implementation jeopardizes the financial viability of the project, on the one hand, and props up the entrepreneur to drop the idea to set up an enterprise, on the other. Hence, there is a need to draw up an implementation schedule for the project and then to adhere to it.

The above is a suggestive format for preparing the project proposal. Each financial agency prescribes its own norms and format. However, most of the points described in the above format are included in them. There are certain government schemes and incentives for promotion of entrepreneurship in Small and Medium Enterprises (SMEs) and Small Scale Industries (SSIs). The detailed schemes need to be studied by the entrepreneurs and project proposal may be prepared accordingly.

### **Financial Analysis**

The Financial Analysis, examines the viability of the project from financial or commercial considerations and indicates the return on the investments. Some of the commonly used techniques for financial analysis are as follows.

Pay-back period.

Return on Investment (ROI)

Net Present Value (NPV)

Profitability Index(PI)/Benefit Cost Ratio

Internal Rate of Return (IRR)

#### **1. Pay-back Period**

This is the simplest of all methods and calculates the time required to recover the initial project investment out of the subsequent cash flow. It is computed by dividing the investment amount by the sum of the annual returns (income – expenditure) until it is equal to the capital cost.

##### **Example1. (Uniform annual return)**

A farmer has invested about Rs. 20000/- in constructing a fish pond and gets annual net return of Rs.5000/- (difference between annual income and expenditure). The pay back period for the project is 4 years (20000/ 5000).

##### **Example 2. (Varying annual return)**

In a project Rs.1,00,000/- an initial investment of establishing a horticultural orchard. The annual cash flow is as under.

Time	Annual Income	Annual Expenditure	Annual return	Cumulative return
1 <sup>st</sup> Year	60,000	30,000	30,000	30,000
2 <sup>nd</sup> Year	70,000	30,000	40,000	70,000
3 <sup>rd</sup> Year	85,000	25,000	60,000	1,30,000

(Pay-back period = Two and half years)

The drawback in this method is that it ignores any return received after the payback period and assumes equal value for the income and expenditure irrespective of the time.

It is also possible that projects with high return on investments beyond the pay-back period may not get the deserved importance i.e., two projects having same pay-back period – one giving no return and the other providing large return after pay-back period will be treated equally, which is logically not correct.

#### **Return on Investment (ROI);**

The ROI is the annual return as percentage of the initial investment and is computed by dividing the annual return with investment. Its calculation is simple when the return is uniform. For example the ROI of the fish ponds is  $(5000/10000) \times 100 = 50\%$ . When the return is not uniform the average of annual returns over a period is used. For horticultural orchard average return is  $(1,30,000/3) = 43333$ .  $ROI = (43333/100000) \times 100 = 43.3\%$ .

Computation of ROI also suffers from similar limitation as of pay-back period. It does not differentiate between two projects one yielding immediate return (lift irrigation project) and another project where return is received after some gestation period say about 2-3 years (developing new variety of crop).

Both the pay-back period and ROI are simple ones and more suited for quick analysis of the projects and sometimes provide inadequate measures of

project viability. It is desirable to use these methods in conjunction with other discounted cash flow methods such as Net Present Value (NPV), Internal Rate of Return (IRR) and Benefit-Cost ratio.

#### **Discounted Cash Flow Analysis**

The principle of discounting is the reverse of compounding and takes the value of money over time. To understand this let us take an example of compounding first. Assuming return of 10 %, Rs 100 would grow to Rs110/- in the first year and Rs 121 in the second year. In a reverse statement, at a discount rate of 10% the return of Rs.110 in the next year is equivalent to

Rs100 at present. In other words the present worth of next years return at a discount rate 10 % is only Rs.90.91 i.e.,  $(100/110)$  Similarly Rs121 in the second year worth Rs 100/- at present or the present value of a return after two years is Rs. 82.64  $(100/121)$ . These values Rs.90.91 and Rs.82.64 are known as present value of of future annual return of Rs.100 in first and second year respectively.

Mathematically, the formula for computing present value (PV) of a cash flow "C<sub>n</sub>" in "nth" year at a discount rate of "d" is as follows;

$$PV = C_n / (1+d)^n$$

The computed discount factor tables are also available for ready reference. In the financial analysis the present value is computed for both investment and returns. The results are presented in three different measures ie. NPV, B-C Ratio, and IRR.

### **Net Present Value (NPV)**

Net Present Value is considered as one of the important measure for deciding the financial viability of a project. The sum of discounted values of the stream of investments in different years of project implementation gives present value of the cost (say C). Similarly sum of discounted returns yields the present value of benefits (say B). The net present value (NPV) of the project is the difference between these two values (B- C). Higher the value of NPV is always desirable for a project.

### **Benefit-Cost Ratio (B-C Ratio) or Profitability Index (PI)**

The B-C Ratio also referred as Profitability Index (PI), reflects the profitability of a project and computed as the ratio of total present value of the returns to the total present value of the investments (B/C). Higher the ratio better is the return.

### **Internal Rate of Return (IRR)**

Internal Rate of Return (IRR) indicates the limit or the rate of discount at which the project total present value of return (B) equals to total present value of investments ( C ) i.e. B-C = Zero. In other words it is the discount rate at which the NPV of the project is zero. The IRR is computed by iteration i.e. Computing NPV at different discount rate till the value is nearly zero. It is desirable to have projects with higher IRR.

## **Q 9 Define Communication And Write Down Process Of Communication**

### **Meaning**

The word 'communication' comes from the Latin word communis, meaning common.

**Communication** :- is anything that conveys meaning, that carries a message from one person to another (Brooker, 1949).

Communication is the mutual interchange of ideas by any effective means (Thayer, 1968).

Communication is a process by which two or more people exchange ideas, facts, feelings, or impression in ways that each gains a common understanding of meaning, intent and use of message (Leagans, 1961).

### **Process of communication**

#### **Elements of Communication Process**

##### **1. The Communicator**

This is the person who starts the process of communication in operation.

##### **2. Message**

A message is the information a communicator wishes his audience to receive, understand, accept and act upon. Messages, for example, may consist of statements of scientific facts about agriculture, sanitation or nutrition; description of action being taken by individuals, groups or committees etc. The key objective of communication is to transmit useful message so that all receivers understand clearly and successfully.

##### **3. Channels of Communication**

Channels are the physical bridges between the sender and the receiver of messages - the avenues between a communicator and an audience

##### **4. Treatment of Messages**

It is the way of handling the message in such a way that the treated message be sent over the channels with the maximum probability of reaching the destination effectively.

##### **5. The Audience**

An audience is the intended receiver of messages. It is the consumer of messages. An audience may consist of one person or many. It may comprise men, women, or both; youth groups, villagers or their leaders.

##### **6. Audience Response**

Response by an audience to messages received is in the form of



some kind of action to some degree, mentally or physically. Action, therefore, should be viewed as a product, not as a process; it should be dealt with as an end, not as a means.

### **S-M-C-R-E MODEL OF COMMUNICATION**

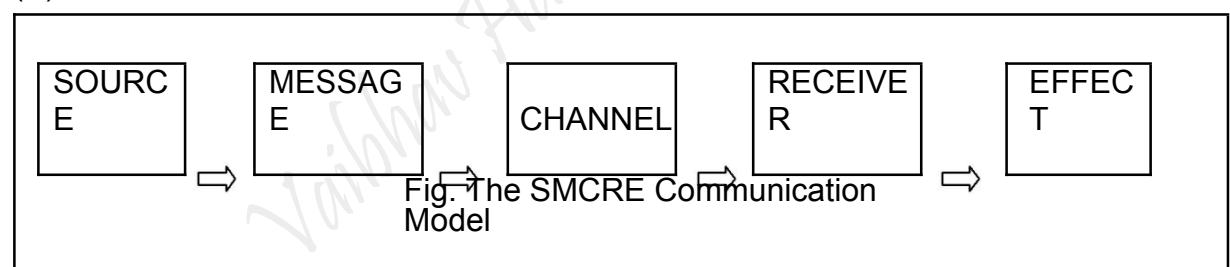
Rogers and Shoemaker (1971) thought of the communication process in terms of the S-M-C-R-E model, the components of which are

-

1. Source
2. Message
3. Channel
4. Receiver
5. Effects

According to them a source (S) sends a message (M) via certain channels

(C) to the receiving individual (R), which causes some effects (E) i.e. changing the existing behaviour pattern of the receiver. One can easily see how communication factors are vitally involved in many aspects of the decision processes which together make up social change. Take a farmer's decision to send his son for higher education, construct a cattle shed or the decision to adopt improved farming practices. In each of these instances, a message (M) is conveyed to individuals (R) via communication channels (C) from a source individuals (S), which causes the receivers to change an existing behaviour pattern or effect (E) on the receiver.



The elements in this model are explained below :

(1) **Source** : It is the point of origin of the message. The person who starts the communication process is also called the communicator. The communicator decides what message is to be sent, how to treat it, what channel to use and which receivers to reach.

(2) **Message** : A message is the information a communicator wishes his audience to receive, understand, accept and act upon. The message may be information, instructions or orders.

(3) **Channel** : It is anything used by a communicator of messages to connect him with the intended receivers. In extension these are the methods used by the extension workers.

(4) **Receivers** : Receivers are the intended audience of messages. They are the consumer of messages.

(5) **Effect** : Effect is the response by the audience to the messages received by them. This may be some kind of mental or physical action. This action should be viewed as product of the communication process.

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## **Q 10 Write Communication Skills for Entrepreneurship, request letters ,etc.**

### **Writing Skill**

#### **Business Letters**

The success of a good business letter depends upon effective communication of message to achieve its main purpose. In order to make the letter effective the writer should be equipped with certain basic principles like command over the language, knowledge certain standard technical terms, character and position of a person etc.

The following are essential of a good business letter.

1. **Completeness:** A business letter should be complete in all respect. It should contain all the information required by the receiver.
2. **Clarity:** Every letter should clearly convey the message. To achieve clarity, the words and sentence should be arranged to convey the exact meaning. Long complex sentence should be avoided.
3. **Accuracy:** The statement in a business letter should be accurate. It is a basic quality of a business letter. It is also expected that there should be correct appearance of the letter, correct facts and figures, and correct language of letter. The documents like bill of exchange, invoices, statement of accounts should be carefully prepared and checked.
4. **Brevity or conciseness:** Brevity means short expression. It is soul of business correspondence. A business letter should be concise in the least possible number of words. All, business letters should be written in a way that the reader will understand you properly and precisely.
5. **Curtsey:** Curtsey means politeness on the part of the reader. It is a sincere attempt to be polite and effective. Curtsey is absolutely essential to maintain good business relations.
6. **Sincerity:** A business letter should be written sincerely. Business letter should not contain any false or deceptive information.
7. **Simplicity:** A business letter should be simple, clear and easily understood. The use of high sounding words and phrases should be avoided.
8. **Style:** The words used in a business letter express the writer's personality and gives the letter what is called its style. Style is determined by the background, training, experience of a person, clear and concise writing, to the point writing and arranging the facts in the best possible order.

#### **Layout of business letter**

Before the recipient reads the letter, he should be pleased with the appearance. The layout of a letter is necessary for maintaining good

relations in trade. Generally, companies adopt a particular type of layout and standardise its use throughout the organization.

While typing out business letters a sheet of paper measuring 8½" X 11" is used. The place of salutation, date and address depend on the length of the letter. A left hand margin of 1" is normal. There should be corresponding margin on the right hand side. Usually double line spacing is preferred for short letters. Single line spacing gives a letter an appearance of compactness. Paragraphs are similarly spaced. Following the standard British practice, the first line of each paragraph should begin after five spaces from the margin line.

Usually, letter consists of the following 10 parts.

1. The Heading 2. Date 3. The inside address 4. The Subject . 5. Reference.  
6. Attention Line 7. The Salutation 8. Body of the Letter 9. Complimentary close 10. Signature and Designation .

The structural parts of letter may be divided into

a. Essential and

b. Optional and may be used as and when necessary.

**a. Essential**

Heading

Date

Inside address

Subject

Salutation

Body of letter

Complimentary close

Signature

**b. Optional**

Reference line

Attention line

Enclosures

Identification initials

Post script

Extra copies

Business letter consist of the following parts.

**a. The Heading:** The letterhead consist of name and address of a company, telephone number, telegraphic address if any, fax number, e-mail address and other basic information. The name and address are usually written at the top of the page. The heading at the top of page is called the letterhead.

**b. Date:** The business letter must contain the date as letter without date does not have legal significance. The date should be written on the right hand side of the letter. There are various methods of writing dates.

eg. 11<sup>th</sup> March, 2010 (British style), March 11, 2010 (American style),  
11-03-2010 or 11.03.2010 etc.

**c. The Inside address:** The inside address consist of the name and address of the party to whom the letter is addressed. This is typed close to the left hand margin. It is written below the date and above the

salutation. It is generally completed in three lines. Usually, a comma is placed at the end of each line except the last, which end with fullstop.

**d. The subject line:** The subject in the letter should be written in brief. The object of the subject line is to bring out the purpose of the letter.

e. g. Delay in supply of furniture

**e. Reference:** In large organization, where innumerable letters are sent out every day, it is essential to give reference number to each letter. Generally, reference number contains the initials of a department, serial number and year. e.g. Our Ref. No. ABC/47/2010

**f. The Salutation:** The salutation is greeting of the writer. The salutation should be typed two or three space below the subject line. This should be close to the left hand margin. **a.** The salutation 'Sir' is used for all Govt. correspondence and for very formal business letters. **b.** The salutation 'Dear Sir' is the most commonly used one for business correspondence. **c.** In order to bring personal touch to the letter the salutation like 'Dear Shri...' is generally used.

**g. The body of the letter:** It is the most important part of the letter. It contains the main subject and the purpose of writing a letter is fulfilled through this part of a letter. Usually, the body of letter is divided into three parts: 1. Opening paragraph 2. Main paragraph 3. Closing paragraph.

The main object of opening paragraph is to draw attention of the reader. In main paragraph, the main subject is discussed in detail. The one aspect may be discussed in one paragraph. Avoid writing too many things in a single letter. In closing paragraph, the letter is concluded. It should be written in such a way, so as to induce the reader to take favourable action.

**h. The complimentary close:** The complimentary close is kind of courteous leave-taking or farewell in a business letter. It is written after the letter is completed. There must be an agreement between the salutation and the complimentary close. A comma should be following the complimentary close.

e.g.	Respected sir	Yours respectfully
	Sir	Yours faithfully
	Dear Sir/Madam	Yours sincerely
	Dear Gentleman	Yours truly
	My Dear	Yours truly

**i. The signature:** The signature comes below the complimentary close. It should be written by hand, sufficient space should be left below the complimentary close for signature. Under signature, name should be typed within brackets.

### **Types of business letter**

The types of business letter can be classified into different categories such as 1. letters of enquiry 2. quotation orders and tenders 3. complaints letters etc.

### **1. Letters of enquiry**

The enquiry letter is written when the information about a product is required. In order to get a positive and quick response, enquiry letters should

begin courteously, should be short without much formalities and straight to the point.

**Example of enquiry letter is given as follows.**

XYZ,  
Road,  
washim 7-  
Date-  
07.11.2019

To,

The Principal,  
College of Agriculture,  
Amkheda, Washim ..

**Subject :** Enquiry of planting material

Dear Sir,

During my visit to your stall in the 'Agro-2009' exhibition recently held at the *our campus* ground, I had seen some samples of planting material. I plan to purchase planting material for my newly prepared garden near to my office in washim. Will you please let me know about:

1. Whether you can provide the consultancy services?
2. Whether the planting material is available for sale?

I shall feel really obliged if you will respond to enquiry as early as possible.

Thanking you,

Yours  
faithfully,

(XYZ)

## 2. Letter of quotation/ tenders

Whenever an organization needs to purchase material from the market on a large scale, it is a general practice to call for quotations from the prospective and established suppliers either by sending a letter or by publishing a notice in the news paper. This enables the firm to select the most suitable deal. For getting all the details of supplier, it is essential that the letter for quotation should contain

- a. Details of material required
- b. Quantity and quality of the material required
- c. Time limit for the supplies
- d. Place of delivery
- e. Packing, forwarding and insurance
- f. Discount / concession
- g. Penalty for default etc.

Following is an example of a letter written for calling quotation

### College of Agriculture

AMKHEDA , MALEGAON , WASHIM

Date:  
07.11.019

To,

XYZ,

Washim 07.

**Subject:** Quotation for supply of furniture.

Our institute needs the following furniture for which we are calling quotations. The quotation should reach this office by 17.00 hrs on 31<sup>st</sup> March, 2010. The quotation will be opened on 1<sup>st</sup> April, 2010 at 15.00 hrs in our office. The firm quoting lowest rates will be given orders for supply of the material. After receiving orders the firm should supply the material within 15 days from the date of issue of the order

Sr. No.	Details of material	Quantity in number
1	Office chairs	5
2	Plastic chairs	20
3	Office table	5
4	Steel cupboard	2
5	Steel racks	2

Early action is required.

Yours  
faithfully,

### **3. Complaint Letter**

Once the order is placed for supply of goods or services with the supplier, it is expected that the requirements are properly and carefully fulfilled. However, due to some reason expectations of the purchaser may not be fulfilled, this may result in monetary loss. There are many reasons for complaint such as delay in fulfilling order, quality of goods not as per samples, goods received are damaged, improper packing, delivery of goods at wrong place, machine fails to function etc.

These are only a few examples of reasons for complaints. They may be varying according to different situations. Example of complaint letter is given as below.

**College of Agriculture Amkheda**  
**Amkheda, Washim 07 ,**

---

Date:  
11.03.2010

To,

M/s XYZ,

Washim 07 .

**Subject:** Complaints about supply of furniture

**Ref.** Our order No. 15 dated 05.03.2010

As per the order referred to above we had ordered 5 office chairs, 20 plastic stools, 5 office tables, 2 steel cupboards and 2 steel racks for our office.

We, however, regret to state the item of 20 plastic stools is not received although included in the invoice. This has been brought to the notice of the transport contractor who has promised to convey this to your office. The invoice concerned is not, therefore, signed and returned with him. We, therefore, request you to do the needful at the earliest in order to settle the matter and effect payment of the bill.

Yours truly,  
Principal



## **Q11 Define Advertisement And Types Of Advertisement Functions of Advertisement .**

### **Meaning**

Advertisement means the act of advertising. The word advertising is derived from a Latin word '*advertere*', which means to turn attention towards a specific thing.

### **Advertising**

"Any paid form of non-personal presentation and promotion of goods, services or ideas by an identified sponsor"

"Advertising can be described as the art of creating demands for an article or service"

"Advertising is non-personal form of communication conducted through paid media under clear sponsorship"

### **Types of advertising**

The advertisements can be broadly classified into following categories-

1. Product –Related advertising
2. Institutional advertising

#### **1. Product-Related advertising**

As the name implies, it is concerned with the conveying information about, and selling a product or service. Product advertising is of three types.

**i) Pioneering advertising:** Pioneering advertising is concerned with developing a 'primary' demand i.e. conveying information about and selling a product category rather than a specific brand. The initial advertising for vacuum cleaners, microwave ovens etc. are of this nature. The kind of advertising is used when a new product is just introduced in the market. This type of advertising is used in the introductory stage in the life cycle of the product for conveying information, selling the product idea etc. An example of pioneering advertising is the advertisement of tea Board of India promoting the idea of Tea as a health drink.

**ii) Competitive advertising:** This type of advertising seeks to stimulate "selective" demand. It is useful when the product has reached the growth, or more especially the maturity stage. This advertising seeks to sell a specific brand rather than a general product category. Competitive advertising is of three types.

**a) Direct type/ Direct action advertising:** This type of advertising seeks to stimulate direct buying action. Its main objective is to seek an immediate response to the advertisement in the form of the reader's sending an order for the goods advertised or a request for further information.

**b) Indirect type/ Indirect action advertising:** Indirect action advertisement do not seek an immediate response from the reader. Their objective is to build the reputation of the brands advertised and to enhance the desirability of the branded products offered by pioneering the virtue of the product.

**c) Retentive advertising:** This may be useful when the product has achieved a favourable status in the market that is, when it has attained maturity. Here the advertiser wants to keep the name of his product before the public. A much softer selling approach is used, or only the name may be mentioned in 'Reminder' type of advertising.

## **2 Institutional advertising**

Institutional advertising as contrasted with product advertising is devoted to building a good will for the company. This type of advertising sells only the name and prestige of the company. Large companies with many divisions, whose various products are well known, frequently use this kind of institutional advertising.

Institutional advertising is used extensively during period of products shortages in order to keep the name of the company before the public. Some large companies also use institutional advertising to sell consumers of the desirability of large companies.

Institutional advertising is designed to create a positive attitude towards the seller of the product or services. Such an advertisement does not sell the product but creates goodwill for the seller or manufacturer in the market. Institutional advertising can be further sub-divided into three areas. They are

**i) Public relations institutional advertising:** Public relations institutional advertising attempts to create a favourable image of the firm among employee, stockholders or the general public. To illustrate the television advertisement of Telco showing commitment towards excellence and its caring attitudes towards its workers.

**ii) Public service institutional advertising:** This is directed at the social welfare of a community or a nation. The effectiveness of a public service advertisement may be measured in terms of the goodwill generates in favour of the sponsoring organization. Public service institutional advertising can be illustrated by advertisements urging people to donate blood, donate eyes, adopting a child, AIDS awareness, family planning and population control, road safety, child labour etc. This type of advertising is not only to inform the public but also to earn goodwill for the sponsoring company.

**iii) Patronage institutional advertising:** This type of advertising is designed to attract customers by emphasizing a patronage-buying motive rather than a product buying motive. For example a retailer might inform the public about his extended hours of work. Open 7 days a week, or a manufacturer may advertise his new warranty policy. Some other patronage motives that can be used in such advertisements are good location, good

service, free delivery etc. This type of advertisement is used to draw customers towards the particular outlet.

### **Functions of Advertisement**

(1) Primary function

(2) Secondary functions and

(3) Social functions

#### **1. Primary functions:**

These functions have direct benefit for advertiser. The primary functions are discussed as below:

**a) Creates demand:** Advertising persuade the audience about usefulness of the product and makes them feel the need to have the product. Advertising also persuade the customers that only advertised product would satisfy and fulfil their wants. Advertisement makes rational and emotional appeal to the audience and makes them realise the need for the product. e.g. Advertisement given by LIC to take insurance policy makes emotional and rational appeal and makes the customer feel that by taking LIC policy, he can secure his future and future of his family members.

**b) Announces for new product or service:** In case of innovative product (totally new product in market), a great deal of advertising has to be done, to make people aware of the product, how it works, what are its uses and benefits to the customer, where it is available, its demonstration etc.

**c) Promotes new uses of the product:** Another way of expanding the customer base is to promote new uses of the product e.g. Milkmaid was originally promoted as a substitute for milk. But latter, it was advertised as an ingredient for making sweet-dishes and a sandwich spread for children.

**d) Informs about changes in product, price, placement:** If the company has made certain changes with regard to product, price, place like it has introduced new product design, model, changed its price, shifted its retail outlets to some other place or opened new outlets for sale to public, then it has to inform the public of these changes.

**e) Helps in understanding the usefulness of the product and method of using it:** Certain ads give demonstration of the product (display ads). Some ads give instructions for using the product. This helps the customers to clear the doubts and understand the product in a better manner, so advertising helps the prospective buyers to understand the uses of the product and method of using the product. e.g. the ads of food products like Maggi noodles, explain the method of cooking.

**f) Announces special offer/ schemes:** Whenever company is launching any special offer/ scheme like festival discounts, festival gifts, off-season discounts, stock clearance sales etc., then such schemes are intimated to the general public, dealers and salesmen through advertising.

**g) Reminds users:** For those products which are purchased repeatedly or frequently like soft drinks, toothpaste, shampoo, shaving blades etc.

reminder ads are very effective in maintaining the existing customers and to remind them of name of company and brand.

**h) Creates brand preference:** Advertising is very effective in creating brand preference. In comparative-advertising the product of our company is compared with the product of other competitive firms. It is shown as to how our product is

better than other brand. e.g. ad given by LG refrigerator shows that it has door cooling technology, which others do not have. Rin soap ad highlights that clothes washed with rin are better cleaned than other detergents.

**i) Helps to neutralise competitor's advertising:** Advertising helps the firm and channel members to face competition more effectively. Advertising neutralise competitors advertising so as to prevent any loss in market share. Now-a-days, for a given product, many brands are available. If other brands are advertised and we don't advertise our brand, soon we shall lose our market share. So we have to advertise to neutralise the effect of ad given by competing companies.

## **2. Secondary functions:**

In addition to primary functions mentioned above, advertising also performs some secondary functions. These functions benefit the salesmen/dealers. These functions are as follows.

**a) Helps to boost the morale of salesmen and other workers:** When employees of the organisation watch advertisement of their own company and its product, they feel very delighted and their morals go up. They feel that they are working in an enterprise of high reputation. Their job is not only secured but they also have bright prospectus of promotion.

**b) Support salesman:** Advertising provides great support to salesman. If the brand is popular, it becomes easy for the salesman to take entry in the door of prospective consumer and convince him to purchase the product. Thus, salesman can sell the products without much effort if the product is well advertised.

**c) Reaches customers left by salesman:** Some prospective customers might be left by salesman either because they were not available at their place or they were living at very far away places which were difficult to reach or it was very costly to reach there. Advertisement in newspaper, T.V., Magazines etc. help the firm to contact such left out customer.

**d) Helps to procure better employees:** Advertising helps the organization to improve its institutional image which helps to obtain talented and experienced executive, salesmen and workers, as talented employees prefer to join the reputed company.

**e) Announces location of dealers and stockists and support them:** To intimate the public of the location of dealers and stockist and to support dealers, the firm goes in for advertising. It benefits both customers and dealers for the convenience of customers and popularity of dealers. It motivates the dealers.

### 3. Social Functions

These functions benefit the society. Main social functions of advertising are as follows:

**a) Improvement in standard of living:** Advertising helps to increase the standard of living of masses by providing new and improved products at reasonable rates. Advertising creates demand for these new and improved

products and makes the public buy them. This results in improvement in standard of living.

**b) Creates awareness among rural masses:** Through advertisements, persons living in remote areas, rural areas become aware of latest products and their uses.

**c) Creates employment:** Ad creates demand. To meet this increased demand more industrial units are set up. This promotes industrialisation which creates employment. In addition to this many people are involved in advertising industry. Thus advertisement industry creates employment opportunity.

**d) Educated consumers:** certain ads are informative and educative. Such ads increase the knowledge of public in general. e.g. the ad of water purifier educates the public regarding benefits of safe drinking water. Ads also educate the consumers regarding methods of using the product.

**e) Helps to solve social problems:** Social-advertising helps to solve social problems like gender injustice, drug-addiction, alcoholism, dowry, illiteracy, problem of family planning.

**f) Awareness about dangerous diseases:** Advertising creates awareness about dangerous diseases like polio, AIDS, dengue fever, dehydration etc. e.g. Ad given by cancer society of India makes the masses aware of early symptoms of cancer.

**g) Government notification:** Advertising by Govt. departments helps the government to circulate various notifications among public. e.g. last date of filling Income-Tax-Return, last date for getting Permanent Account Number (PAN), date of getting identity card of election etc. are the various information which govt. passes to the general public through advertisement.

**h) Other social functions:** Some social ads motivate the public for eye-donation, blood-donation, communal harmony and national integration etc. Similarly classified ads like, matrimonial ads, sale-purchase of movable and immovable property, tender notice ads etc. serve some specific purpose.

### Forms of Advertisement

Before deciding the form of advertisement, the theme or appeal of the advertisement is decided. The theme is central idea around which the advertisement is created. The various appeals used in the advertisement may be to sell the product or provide the services. The selection of theme is usually made by means of consumer study research. The common appeal with which advertising message can be effectively communicated are,

beauty, pride, health, comfort, economy, fear, love, affection, ease in operation, speed in performance, etc. The theme points out most important reason or driving force leading to the purchase of a certain product or service. It is in the heart of advertisement. The examples of advertisements can be seen on the television and on other mass media.

After deciding the theme of the advertisement one has to decide the advertising layout or the form of advertisement. The form deals with proper and

attractive physical arrangement for the best presentation of the message sales communication. **A visual layout of an advertisement has the following elements-**

**a. Headline:** Headline must put forth main theme or appeal in a few words. It should be clear, simple, short and attractive to hold the attention of the audience properly. It may be a promise or a reward and induce prompt action. It should be printed in prominent manner.

**b. Illustration:** Illustration provides cartoon drawings, picture, symbol, photographs for attracting attention, creating interest and arousing desire. It is the best and most effective way of communication of ideas at a glance. The illustrations demonstrate the use of products through proper visual presentation.

**c. Colour:** it is an important ingredient of an advertisement. Colour has great attention-attracting power. Judicious blending of colour can arise emotional reaction. Each colour has individual meaning and significance in communication of ideas.

**d. Body or Text:** It describes the message of the advertisement. It will point out the selling point of the product, where it can be secured, what benefits the product will offer, what is its price and how it is to be used. It gives all essential information as well as guidance to audience. It provides proofs of benefits to convince the audience.

**e. Slogans:** Slogans are arguments for product or service. They are expressed in few words with brand name and name of the company. If the slogans are attractive and original they are remembered by the audience for the longer time. They act in their subconscious mind and act as hidden persuaders in purchasing that product. Now days there are brand ambassadors for various products. The product is remembered due to that ambassador.

The form of the advertisement is decided by the arrangement of the advertising elements. Thus the layout provides a logical, clear, unified presentation of the advertisement message so that the message in the advertisement is remembered and acted upon by the audience.

**Q 12 Enlist The Skills Of Entrepreneurship And Describe In Detail.**

- 1. Sales and marketing skills.**
- 2. Financial know-how You are in business to make money.**
- 3. Self-motivation skills**
- 4. Time management skills**
- 5. Administration skills**

**1. Sales and marketing skills.** Sales and marketing are the two most important skills you must have when you plan to start your own business. A business is nothing if it has no customers. You may have the fanciest computer with the latest graphics software, but if no one is knocking at your door to hire you as a graphic designer, then you better rethink why you are in business in the first place

As you plan your business, you must begin to think how to reach your target audience and the people who may need your products or service.

**2. Financial know-how You are in business to make money.** Therefore, the most important skill you must have is the ability to handle money well. This includes knowing how to stretch the limited start-up capital that you have, spending only when needed and making do with the equipment and supplies that you currently have. You also need to identify the best pricing structure for your business in order to get the best kind of return for your products or services.

**3. Self-motivation skills** As an entrepreneur, you do not have the luxury of bosses and bureaucracy to tell you what needs to be done. Everything rests on your shoulder from thinking where to get the money to fund the business, to developing the product, to determining how to reach the customer, and so on. Only you will create the plans, and change them should the situation shifts. You need to be smart enough to know when you need to go ahead, and when to stop.

**4. Time management skills** The ability to plan your day and manage time is particularly important for a home business. When you wake up in the morning, you must have a clear idea of the things you must do for the day. Especially if you are running a one-person operation, you must have the ability to multi-task be the secretary at the start of the day typing all correspondences and emails, become the marketing man writing press releases before noon, make sales call in the afternoon, and become a bookkeeper before your closing hours.

**5. Administration skills** If you can afford to hire an assistant who will organize your office space and file your papers and mails, lucky you! However, most start-up entrepreneurs cannot afford such luxuries. Over and above the tasks of managing, marketing and planning your business, you also need to possess a great deal of administration skills. You need to file your receipts so tax time will not be a trip to Hades.

**Q13 Define Supply Chain Management, Advantages And Stages Of Supply Chain Manegment .**

**Supply chain management (SCM)** represents the management of the entire set of production, manufacturing/transformations, distribution and marketing activities by which a consumer is supplied with a desired product.

**INPUT INDUSTRY → FARMER      TRADE DISTRIBUTION →**  
**CENTER RETAILING                      →**

#### **Advantages of supply chain management:**

1. Reduction of product losses in transportation and storage.
2. Dissemination of technology, advanced techniques,
3. Capital and knowledge among the chain partners.
4. Better information about the flow of products, markets and technologies.
5. Transparency, Tracking & tracing to the source.
6. Better control of product safety and quality.
7. Large investments and risks are shared among partners in the chain.

#### **Stages of Supply chain**

In general, supply chain may involve a variety of stages. The supply chain stages include;

1. Customers
2. Retailers
3. Wholesalers/Distributors
4. Manufacturers
5. Component / Raw material suppliers

#### **Process of a supply chain**

A supply chain is a sequence of processes and flows that take place within and between different stages and combine to fill a customer need for a product. There are two different ways to view the processes performed in a supply chain.

1. **Cycle view:** The processes in a supply chain are divided into a series of cycles, each performed at the interface between two successive stages of a supply chain.
2. **Push/pull view:** The processes in a supply chain are divided into two categories depending on whether they are executed in response to a



customer order or in anticipation of customer orders. Pull processes are initiated by a customer order whereas push processes are initiated and performed in anticipation of customer orders.

### **Cycle view of supply chain processes**

All supply chain processes can be broken down into the following four process cycles.

1. **Customer order cycle:** The customer order cycle occurs at the customer / retailer interface and includes all processes directly involved in receiving and filling the customer's order. Typically, the customer initiates this cycle at a retailer site and the cycle primarily involves filling customer demand.
2. **Replenishment cycle:** The Replenishment cycle occurs at the retailer/distributor interface and includes all processes involved in replenishing retailer inventory. It is initiated when a retailer places an order to replenish inventories to meet future demand.
3. **Manufacturing cycle:** The manufacturing cycle typically occurs at the distributor/manufacturer (or retailer/manufacturer) interface and includes all processes involved in replenishing distributor (or retailer) inventory.
4. **Procurement cycle:** The procurement cycle occurs at the manufacturer/supplier interface and includes all processes necessary to ensure that materials are available for manufacturing to occur according to schedule. During the procurement cycle, the manufacturer order components from suppliers that replenish the component inventories.

### **DRIVERS OF SUPPLY CHAIN PERFORMANCE**

Four key drivers of supply chain performance are facilities,

#### **Inventory**

Inventory is nothing but raw materials, work in process and finished goods within a supply chain. Inventory is an important supply chain driver and it is one of the factors that decide the supply chain's efficiency and responsiveness.

#### **Transportation**

Transportation entails moving inventory from one point to another point in the supply chain. Transportation choices have a large impact on supply chain responsiveness and efficiency.

## **Facility**

These are locations where raw materials, finished goods are stored or fabricated and distributed. The two major types of facilities are production sites and storage sites. Whatever the function of the facility, decisions regarding location, capacity and flexibility of facilities have a significant impact on the supply chain's performance.

## **Information**

Information consists of data and analysis concerning facilities, inventory, transportation, and customers throughout the supply chain. Information is potentially the biggest driver of performance in the supply chain as it directly affects each of the other drivers.

## **SCOPE OF AGRI-SUPPLY CHAIN MANAGEMENT**

At the farmer level a key preliminary step is often the development of relationships between individual farmers to create a trading entity with capacity to supply sufficient quantity and continuity to be a credible supply chain member. This may be championed by a farmer, by another member of the chain, or by an external facilitator or manager. Hence the technical and professional issues in supporting the operation of supply chains may include facilitating:

- The development of relationships between farmers to allow their participation

- The development of relationships between members of the supply chain

- Information flows between members of the supply chain

- Establishing common standards between members of the supply chain

- Optimizing performance within each level of the supply chain and in the linkage processes.

## **Promotion activities needed in Agri-Chain Development**

- Public private partnership is needed.

- Investing in transportation, communication and electricity.

- Subsidies or co-financing supply for high -risk investments.

- Ensure the availability of (production, price, industry) information and statistics to facilitate market activity and to monitor market progress.

## **Q 14 Define Time Management & Benefits Of Time Management .**

**Time management** :- is the process of planning and controlling how much time to spend on specific activities. Good time management enables an individual to complete more in a shorter period of time, lowers stress, and leads to career success.

### **Benefits of Time Management**

#### **1. Stress relief**

Making and following a task schedule reduces anxiety. As you check off items on your “to do” list, you can see that you are making tangible progress. This helps you avoid feeling stressed out with worry about whether you’re getting things done.

#### **2. More time**

Good time management gives you extra time to spend in your daily life. People who can time manage effectively enjoy having more time to spend on hobbies or other personal pursuits.

#### **3. More opportunities**

Managing time well leads to more opportunities and less time wasted on trivial activities. Good time management skills are key qualities that employers look for. The ability to prioritize and schedule work is extremely desirable for any organization.

#### **4. Ability to realize goals**

Individuals who practice good time management are able to better achieve goals and objectives, and to do so in a shorter length of time.

### **List of Tips for Effective Time Management**

#### **1. Set goals correctly**

Set goals that are achievable and measurable. Use the SMART method when setting goals. In essence, make sure the goals you set are **Specific, Measurable, Attainable, Relevant, and Timely**.

#### **2. Prioritize wisely**

Prioritize tasks based on importance and urgency. For example, look at your daily tasks and determine which are:

Important and urgent: Do these tasks right away.

Important but not urgent: Decide when to do these tasks.

Urgent but not important: Delegate these tasks if possible.

Not urgent and not important: Set these aside to do later.

### **3. Set a time limit to complete a task**

Setting time constraints for completing tasks helps you be more focused and efficient. Making the small extra effort to decide on how much time you need to allot for each task can also help you recognize potential problems before they arise. That way you can make plans for dealing with them.

For example, assume you need to write up five reviews in time for a meeting.

### **4. Take a break between tasks**

When doing a lot of tasks without a break, it is harder to stay focused and motivated. Allow some downtime between tasks to clear your head and refresh yourself. Consider grabbing a brief nap, going for a short walk, or meditating.

### **5. Organize yourself**

Utilize your calendar for more long-term time management. Write down the deadlines for projects, or for tasks that are part of completing the overall project. Think about which days might be best to dedicate to specific tasks. For example, you might need to plan a meeting to discuss cash flow on a day when you know the company CFO is available.

### **6. Remove non-essential tasks/activities**

It is important to remove excess activities or tasks. Determine what is significant and what deserves your time. Removing non-essential tasks/activities frees up more of your time to be spent on genuinely important things.

### **7. Plan ahead**

Make sure you start every day with a clear idea of what you need to do – what needs to get done THAT DAY. Consider making it a habit to, at the end of each workday, going ahead and writing out your “to do” list for the next workday.

That way you can hit the ground running the next morning.

## **Implications of Poor Time Management**

Let's also consider the consequences of poor time management.

### **1. Poor work flow**

The inability to plan ahead and stick to goals means poor efficiency. For

example, if there are several important tasks to complete, an effective plan would

be to complete related tasks together or sequentially. However, if you don't plan ahead, you could end up having to jump back and forth, or backtrack, in doing your work. That translates to reduced efficiency and lower productivity.

### **2. Wasted time**

Poor time management results in wasted time. For example, by talking to friends on social media while doing an assignment, you are distracting yourself and wasting time.

### **3. Loss of control**

By not knowing what the next task is, you suffer from loss of control of your life. That can contribute to higher stress levels and anxiety.

### **4. Poor quality of work**

Poor time management typically makes the quality of your work suffer. For

example, having to rush to complete tasks at the last minute usually compromises quality.

### **5. Poor reputation**

If clients or your employer cannot rely on you to complete tasks in a timely

manner, their expectations and perceptions of you are adversely affected. If a client cannot rely on you to get something done on time, they will likely take their business elsewhere.

**Quality:-**

The concept of quality is an evolutionary, not a revolutionary one. It has traversed a long path over the period from operator's inspection to the Total Quality Management (TQM).

Quality is customer's determination, not the manufacturer's determination.

Quality is viewed as a continuous improvement in performance to satisfy the customer's needs and expectations.

**Definitions of Quality:-**

According to Joseph M. Juran: Quality is fitness for use or purpose.

Philip B. Crosby opines: Quality is conformance to requirement.

Quality is a predictable degree of uniformity and dependability at low cost and suited to market. (W. Edwards Deming)

The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs of the customer. (ISO)

**Total Quality Management:-**

Total Quality Management is known by various names, such as total quality improvement (TQI) or total quality control (TQC), or simply as total quality or as Strategic Quality Management (SQM) and so on. All these nomenclatures mean same, i.e., continuous improvement in all parts of an organization with a view to satisfy customers needs.

TQM as management philosophy and company practices that aim to harness the human and material resources of an organization in the most effective way to achieve the objectives of the organization. (British quality association)

**TQM Process in Small Scale Enterprises**

The purpose of TQM is to meet the requirement of customers consistently by continuous improvement in the quality of work of all employees. For this, TQM involves the following process:

1. Customer Satisfaction
2. Processes
3. Continuous Improvement
4. Team Work
5. Personal Initiative

**1. Customer satisfaction:** - Customer is one who buys others goods and services. Today, customer dictates production or market. The long-term success of any business, therefore, depends on customer satisfaction. This is especially true for small business where the impact of losing even a single customer can be serious. The first step in planning for customer satisfaction is to understand what customer expects from the product or service is to be provided to them.

For any business, there can be two types of customers: internal and external.

Internal customers are those individuals or departments within an organization to whom another department provides their products and services.

External customers are those who are the ultimate purchaser or end user of product or service.

The following steps can be followed to understand customer requirements:

1. Document the results of the work performed.
2. Identify everyone (customer) who receives the outputs.
3. Pinpoint the output characteristics the customer wants, require or expect.
4. Verify output requirements, determine requirement importance, and understand current level of satisfaction.

**2. Processes:** - Process can be defined as series of inter-dependent tasks that produce results. This requires transformation of inputs into outputs. Processes exist in every part of an organization. People mistakenly think of only production or manufacturing operations. In fact the word process is all embracing one. As every part of organization performs work, all these should be systematically defined to include them in the process. Administration, billing, sales, maintenance, recruitment, and training are the example of different parts of organization in which process exists. It may be true that there may be some processes in the organization that are obvious, while others may not be so obvious. Such process need to be clearly defined.

**3. Continuous improvement in processes:** - The third step involved in TQM is making efforts for continuous improvement in performance/ process.

The first step in improving a process is to eliminate the waste associated with the process. But, the question is how to eliminate the waste? The various techniques like value added assessment, minimize checks and inspections, and minimize administrative task help reduce/ eliminate waste in process. Process simplification is the second step involved in improving process. Simplification means reducing the complexity of a process. Further, simplification can lead to fewer activities and fewer things to go wrong. Experience suggests that the simpler a process is, the easier it is to learn and perform consistently. Reducing cycle time is yet another technique to improve process. Cycle time is the time required to deliver a product or service to customer. Cycle time includes delays, processing time, time required to check and handover, and so on. Long cycle times not only prevent prompt deliveries to customers, but also increase costs. Hence, there is need for reduction in cycle time.

**4. Team Work:** - The fourth element involved in TQM process is team work. A team is a group of individuals who work together on one or more common processes. These individuals may all be from the same department, represent several departments, or involve an external supplier or customer. The five faculty members in the Department of Business Administration is the Assam Central

University responsible for teaching management programme is an example of team.

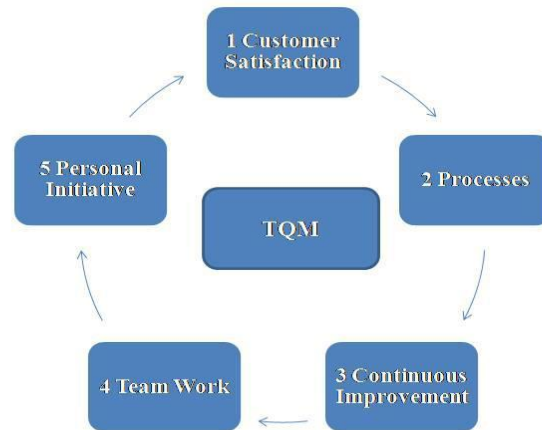
Effective team work has its foundations on consensus. Consensus is a general agreement by everyone involved. Consensus is arrived when all members of a team understand a decision, and, even if they do not completely agree with the decision, accept and support it.

**5. Encouraging Personal Initiative:** - TQM process completes with encouraging personal initiative in organizational functioning. Empowerment breeds personal initiative. According to R. Covey, "An empowered organization is one in which individuals have the knowledge, skill, desire, and opportunity to personally succeed in a way that leads to collective organizational success".

Now, the question is how to create an empowered organization to make the employees personal initiative in the organizational processes? The key to preparing employees to take appropriate personal initiative is to train them



in the concepts and techniques of TQM process. Such training helps employees manage the process they are responsible for performing.



**Fig:- TQM Process.**

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