FINAL EXAMINATION — SET 2

MODEL ANSWERS — TERM – JUNE 2023

PAPER – 20C

ENTREPRENEURSHIP AND STARTUP

Time Allowed: 3 Hours — **Full Marks: 100**

The figures in the margin on the right side indicate full marks.

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

Answer Question No. 1 and 8 are compulsory; Answer any four from Question No. 2, 3, 4, 5, 6 & 7.

SECTION – A

1. (a)

Sl. No.	Answer	Justification
(i)	(a)	**Justification**: A mission is a summary of an organization's purpose and intention. The Mission statement supports the vision of the organization.
(ii)	(a)	**Justification:** Robots carry out several commands or instructions.
(iii)	(a)	**Justification**: Startup India is the flagship programme of the government of India to encourage the startup culture and build the ecosystem for entrepreneurship in the country. It was launched on 16th January 2016.
(iv)	(a)	**Justification:** A Scheme for Promotion and Innovation Rural Industries and Entrepreneurship (ASPIRE) is an initiative by the government of India to offer knowledge and help the entrepreneurs of rural India. The main objective was the eradication of poverty in rural areas by enhancing employment opportunities through entrepreneurship.
(v)	(a)	**Justification:** Bootstrapping is the term means to start a business out of one's own finances.
(vi)	(b)	**Justification:** Factor Analysis is a statistical technique to reduce the variables by clubbing the homogeneous variables.
(vii)	(a)	**Justification:** It empowers internal marketing teams to shift from being order takers to proactive strategic partners aligned to the corporate vision to achieve growth.
(viii)	(a)	**Justification:** The term disintermediation refers to the process of cutting out the financial intermediary in a transaction. It may allow a consumer to buy directly from a wholesaler rather than through an intermediary such as a retailer or enable a business to order directly from a manufacturer rather than from a distributor.
(ix)	(c)	**Justification:** Carrying out the activities may not be the task of audit of startups.
(x)	(a)	**Justification:** $\beta = [r_{(A\,M)} \times \sigma_A \times \sigma_\beta] / \sigma M^2$.

SECTION – B

2. (a) Capital structure is a combination of debt and equity for financing a business venture. Equity financing is known as the permanent source for capital with financial flexibility. Debt financing, on the other hand, represents a finite-to-maturity capital source and a legal obligation to the company and related to certain cash outflow.

Stage-wise Sources of Finance for Startups

Financing is needed to start a business and ramp it up to profitability. There are several sources to consider when looking for start-up financing. But first you need to consider how much money you need and when (at what stage) you will need it. However, the stage-wise requirement of sources of finance are discussed below -

Stage 1: Idea Generation

This stage where the entrepreneur has an idea and is working on bringing it to life. At this stage, the amount of funds needed is usually small. Additionally, at the initial stage in the startup lifecycle, there are very limited and mostly informal channels available for raising funds.

Stage 2: Pre-Seed Stage

Bootstrapping/Self-financing:

Bootstrapping a startup means growing the business with little or no venture capital or outside investment. It means relying on your savings and revenue to operate and expand. This is the first recourse for most entrepreneurs as there is no pressure to pay back the funds or dilute control of your startup.

- **Friends & Family**

  This is also a commonly utilized channel of funding by entrepreneurs still in the early stages. The major benefit of this source of investment is that there is an inherent level of trust between the entrepreneurs and the investors
- **Business Plan/Pitching Events**

  This is the prize money/grants/financial benefits that are provided by institutes or organizations that conduct business plan competitions and challenges. Even though the quantum of money is not generally large, it is usually enough at the idea stage. What makes the difference at these events is having a good business plan.

Stage 3: Validation

At this stage, a startup has a prototype ready and needs to validate the potential demand of the start-up's product/ service. This is called conducting a 'Proof of Concept (POC)', after which comes the big market launch.

Stage 4: Seed Stage

A startup will need to conduct field trials, test the product on a few potential customers, onboard mentors, and build a formal team for which it can explore the following funding sources:

- **Incubators:**
  Incubators are organizations set up with the specific goal of assisting entrepreneurs with building and launching their startups. Not only do incubators offer a lot of value-added services (office space, utilities, admin & legal assistance, etc.), they often also make grants/debt/equity investments. You can refer to the list of incubators here.
- **Government Loan Schemes**
  The government has initiated a few loan schemes to provide collateral-free debt to aspiring entrepreneurs and help them gain access to low-cost capital such as the Startup India Seed Fund Scheme and SIDBI Fund of Funds. A list of government schemes can be found here.
- **Angel Investors**
  Angel investors are individuals who invest their money into high-potential startups in return for equity.
  Reach out to angel networks such as Indian Angel Network, Mumbai Angels, Lead Angels, Chennai Angels, etc., or relevant industrialists for this. You can connect with investors by the Network Page.
- **Crowdfunding**
- Crowdfunding refers to raising money from a large number of people who each contribute a relatively small amount. This is typically done via online crowdfunding platforms.

Stage 5: Early Traction

At the Early Traction stage startup's products or services have been launched in the market. Key performance indicators such as customer base, revenue, app downloads, etc. become important at this stage.

- **Series a Stage**
  Funds are raised at this stage to further grow the user base, product offerings, expand to new geographies, etc. Common funding sources utilized by startups in this stage are:
- **Venture Capital Funds**
  Venture capital (VC) funds are professionally managed investment funds that invest exclusively in high-growth startups. Each VC fund has its investment thesis –

preferred sectors, stage of the startup, and funding amount – which should align with your startup. VCs take startup equity in return for their investments and actively engage in the mentorship of their investee startups.

- **Banks/Non-Banking Financial Companies (NBFCs)**
  Formal debt can be raised from banks and NBFCs at this stage as the startup can show market traction and revenue to validate its ability to finance interest payment obligations. This is especially applicable for working capital. Some entrepreneurs might prefer debt over equity as debt funding does not dilute equity stake.
- **Venture Debt Funds**
  Venture Debt funds are private investment funds that invest money in startups primarily in the form of debt. Debt funds typically invest along with an angel or VC round.

Stage 6: Scaling

At this stage, the startup is experiencing a fast rate of market growth and increasing revenues. Common funding sources utilized by startups in this stage are:

- **Venture Capital Funds**
  VC funds with larger ticket sizes in their investment thesis provide funding for late-stage startups. It is recommended to approach these funds only after the startup has generated significant market traction. A pool of VCs may come together and fund a startup as well.
- **Private Equity/Investment Firms**
  Private equity/Investment firms generally do not fund startups however, lately some private equity and investment firms have been providing funds for fast-growing late-stage startups who have maintained a consistent growth record.

(b) Successful entrepreneurs have mastery over both hard and soft skills. Hard skills like accounting, marketing and financial planning are critical for running and managing a business and soft skills like communication, problem-solving and decision-making help you scale up your business. Mastery of entrepreneur skills requires practice and a dedicated learning plan.

Here, we will discuss what entrepreneur skills are, examples, how to improve them and how to highlight these skills during the hiring process. Business management skills

Business management skills are traits an entrepreneur must have to run a business and ensure all business goals are met. Entrepreneurs with this skill set can oversee and manage operations of different departments because they possess a good understanding of each function. Business management skills include multitasking, delegating responsibilities and making critical business decisions.

Communication and active listening skills

Every entrepreneur must be able to communicate effectively with clients, team members and all other stakeholders. Whether through verbal communication during meetings or sending reports and messages through emails about the project, entrepreneurs require superior written and verbal communication. Apart from communication skills, entrepreneurs must be excellent listeners to understand the project's requirement and discussion during project meetings.

Risk-taking skills

Being able to take calculated and intelligent risks is one of the essential entrepreneur skills to learn. Employees with an entrepreneur mindset never shy away from taking risks because they understand that calculated risks result in tremendous success. They know that risk is an opportunity to learn and grow a business to the next level. Employers want candidates who can take risks in pursuit of potential gains and profit.

Networking skills

Networking involves building and managing relationship with other professionals to grow and promote a business. Effective networking skills open up future opportunities and help build a solid brand. Networking allows entrepreneurs to meet like-minded professionals, build future teams and stay up-to-date with industry trends.

Critical thinking skills

Critical thinking is an entrepreneur skill that objectively analyses the information and draws a rational conclusion. It helps entrepreneurs assess a situation and come up with a logical solution. Employers look for candidates with critical thinking because it helps solve problems and build strategies for business growth. Usually, a critical thinker is independent, competent and reflective.

Problem-solving skills

Often, entrepreneurs face challenging and unexpected situations. It could be a venture capitalist refusing further funding or a team member refusing to work as per the project guidelines; an entrepreneur must possess excellent problem-solving skills to handle stressful situations and calmly identify alternate solutions. Exceptional problem-solving skills ensure they reach their business goal.

Creative thinking skills

Creativity is a valuable yet underappreciated skill in the digital world. Entrepreneurs with creative thinking skills are never hesitant to try solutions that others may overlook because of fear of failure. Such people think out-of-the-box and always seek input from professionals in a different field for understanding a new perspective. It is one of the most sought-after entrepreneur skills because it allows them to see patterns (even when there are no patterns) and develop innovative ways to solve business issues.

Customer service skills

Quality customer service promotes the brand and increases loyalty. Regardless of the industry, excellent customer service skills are essential for business success. From talking to clients to discussing funding opportunities, customer service skills help entrepreneurs connect with their potential customers.

Financial skills

The ability to handle resources, assess investments, calculate ROI is a must for entrepreneurs. Apart from this, they must know how to use accounting and budgeting software to keep track of all the financial processes. By learning financial skills, entrepreneurs avoid overspending and optimally allocate resources.

Leadership skills

Being able to inspire colleagues, empower the workforce and lead from the front requires excellent leadership skills. Exemplary leaders lead by examples and can take a leadership role and work as a part of a team. Entrepreneurs with leadership skills motivate their employees, manage operations and delegate tasks to reach the business goal.

Time management and organisational skills

Effective time management increases productivity and organises your workspace. Entrepreneurs with time management and organisational skills understand different ways to prioritise tasks and avoid procrastination. For ensuring timely completion of projects, entrepreneurs analyse their and their team's time, set time limit for each task, complete priority tasks first, delegate work to others, create a to-do list and use technology to keep the workspace organised.

Technical skills

Technical skills are hard skills that are gained by using digital tools and software. Entrepreneurs must know how to use planning, marketing and budgeting software. Knowledge of software helps in managing projects, tracking sales and allocating a viable budget for the project.

3. (a) The application of data analytics is not limited to manufacturing companies or any industrial areas, but it gets involved in almost every field of human living. Be it from Online shopping, Hitech industries, or the Government, everyone uses data analytics to help them in decision making, budgeting, planning, etc. Data analytics are employed in various sectors are discussed below:

1. **Transportation:** Data analytics can be applied to help in improving Transportation Systems and the intelligence around them. The predictive method of the analysis helps find transport problems like Traffic or network congestion. It helps synchronize the vast amount of data and uses them to build and design plans and strategies to plan alternative routes and reduce congestion and traffic, which in turn reduces the number of accidents.
2. **Logistics and Delivery:** There are different logistic companies like DHL, FedEx, etc that use data analytics to manage their overall operations. Using the applications of data analytics, they can figure out the best shipping routes, and approximate delivery times, and also can track the real-time status of goods that are dispatched using GPS trackers. Data Analytics has made online shopping easier and more demandable.
3. **Web Search or Internet Web Results:** The web search engines like Yahoo, Bing, Duckduckgo, and Google use a set of data to give you when you search a data. Whenever you hit on the search button, the search engines use algorithms of data analytics to deliver the best-searched results within a limited time frame. The set of data that appears whenever we search for any information is obtained through data analytics. For example, when you search for a product on amazon it keeps showing on your social media profiles or to provide you with the details of the product to convince you by that product.
4. **Manufacturing:** Data analytics helps the manufacturing industries maintain their overall work through certain tools like prediction analysis, regression analysis, budgeting, etc. The unit can figure out the number of products needed to be manufactured according to the data collected and analyzed from the demand samples and likewise in many other operations increasing the operating capacity as well as the profitability.
5. **Education:** Data analytics applications in education are the most needed data analyst in the current scenario. It is mostly used in adaptive learning, new innovations, adaptive content, estimation, assortment, investigation, and detailing of information about students and their specific circumstances, for reasons for comprehension and streamlining learning and conditions in which it happens.

6. **Healthcare:** Applications of data analytics in healthcare can be utilized to channel enormous measures of information in seconds to discover treatment choices or answers for various illnesses. This is not just given precise arrangements dependent on recorded data yet may likewise give accurate answers for exceptional worries for specific patients.
7. **Digital Advertisement:** Digital advertising has also been transformed as a result of the application of data science. Data analytics and data algorithms are used in a wide range of advertising mediums, including digital billboards in cities and banners on websites.
8. **Fraud and Risk Detection:** Detecting fraud may have been the first application of data analytics. They applied data analytics because they already had a large amount of customer data at their disposal. Data analysis was used to examine recent spending patterns and customer profiles to determine the likelihood of default. It eventually resulted in a reduction in fraud and risk.
9. **Tourism and Travel:** Data analysis applications can be used to improve the traveller's purchasing experience by analyzing social media and mobile/weblog data. Companies can use data on recent browse-to-buy conversion rates to create customized offers and packages that take into account the preferences and desires of their customers.
10. **Communication, Media, and Entertainment:** When it comes to creating content for different target audiences, recommending content, and measuring content performance, organizations in this industry analyze customer data and behavioural data simultaneously. Data analytics is applied to collect and utilize customer insights and understand their pattern of social-media usage.
11. **Energy and Utility:** Many firms involved in energy management use data analysis applications in areas such as smart-grid management, energy distribution, energy optimization, and automation building for other utility-based firms.
12. **Banking and Insurance Sector:** Data analytics in the finance and banking sector is mainly used in demand, supply, and risk management. Banks want to know whether their customers are paying on time. They want to know how their customers use their credit cards, whether customers are using certain products with the bank. Also, to keep track of security aspects with a predictive approach than a reactive approach. While the traditional approach to analytics in finance and banking was to generate reports and dashboards, today's banks and financial institutions are using data analytics in a more purposeful way. In insurance sector, several data, such as actuarial data and claims data, help insurance companies realize the risk involved in insuring the person. Analytical software can be used to identify risky claims and bring them before the authorities for further investigation.

(b) Procurement to Pay or Purchase to Pay (P2P) is a term used in the software industry. It denotes a specific division of the procurement process. It integrates the purchasing department with the Accounts department. The benefit of this process is that it provides the organization visibility as well as control over the entire life cycle of a transaction. It gives a full view of cash flow and financial commitments.

Steps in P2P Process:

The following steps in involved in P2P process.

(a) Need Identification
(b) Requisition
(c) Approval of requisition
(d) Purchase Order
(e) Purchase order approval
(f) Receiving goods
(g) Supplier performance
(h) Invoice approval
(i) Accounts payable

4. (a) Five critical steps are required to follow of scaling start-ups.

1. Evaluate and Plan: Take a hard look inside of the business to see whether an entrepreneur is ready for growth. One cannot know what to do differently unless one take stock of where your business stands today. Strategize the need to do to increase sales. The best planning is to start with a detailed sales growth forecast, broken down by number of new customers, orders, and revenue you want to generate. Include a spreadsheet that breaks the numbers down by month.

2. Find the Money: Scaling a business does not come free. Growth plan may call for hiring staff, deploying new technology, adding equipment and facilities, and creating reporting systems to measure and manage results. How will one can find the money to invest for growth? If you have a huge proponent of bootstrapping, but it typically takes years to grow through bootstrapping alone.

3. Secure the Sales: Scaling the business obviously assumes sell will be more. The following questions may ask:

- A sufficient lead flow to generate the desired number of leads?
- Marketing systems to track and manage leads?
- Enough sales representatives to follow up and close leads?
- A robust system to manage sales orders?
- A billing system and a receivables function to follow up to ensure invoices are collected timely?

4. **Invest in Technology:** Technology makes it easier and less expensive to scale a business. One can gain huge economies of scale and more throughput, with less labor, if you invest wisely in technology. Automation can help you run your business at a lower cost and more efficiently by minimizing manual work.

   Systems integration is a prime area for improvement in most businesses. Companies today do not run off of a single system, they may have a dozen or more systems. If those systems don't work together, they create silos, which in turn multiply communication and management problems as your company grows.

5. **Find Staff or Strategically Outsource:** Last but certainly not least, are the hands needed to carry out the work. Technology gives huge leverage, but at the end of the day, you still need people. We have to find out the answers of the following questions:
   - Do you have enough customer service staff? Look at industry benchmarks to determine a rule of thumb for how many customers one service rep can be expected to handle.
   - What about the people who are responsible for your manufacturing, inventory, and delivery of products or services?
   - How many are typical for your industry per customer, and how many will you need?
   - How do you find qualified help quickly? Recruiting and hiring systems are important, as are benefits and payroll.

(b) **(i)** An elevator pitch it is a short, convincing and previously prepared speech that an entrepreneur uses to arouse the interest of others. This approach is characterized by not normally exceeding 30 seconds while transmitting important information. For example, what makes the product, service, company or even the entrepreneur unique.

This type of presentation can be used in different situations and by different individuals. It can either be used by an individual in a job interview when they are asked to talk a little about themselves, or it can be used in specific situations where there is no time or way to do the job. pitch normal, as in an airport where the entrepreneur meets a potential customer and therefore needs to captivate his interest.

(ii) The concept of entrepreneurship covers many types of organisational and individual activities but it takes its most obvious form in the decision by an entrepreneur to start a new business. Before starting entrepreneurship, one person should know about business sustainability management.

In business, sustainability refers to doing business without negatively impacting the environment, community, or society as a whole. Sustainability in business generally addresses two main categories: the effect business has on the environment and the effect business has on society. The goal of a sustainable business strategy is to make a positive impact on at least one of those areas. When companies fail to assume responsibility, the opposite can happen, leading to issues like environmental degradation, inequality, and social injustice.

Sustainable businesses consider a wide array of environmental, economic, and social factors when making business decisions. These organizations monitor the impact of their operations to ensure that short-term profits don't turn into long-term liabilities.

The overlap between social and environmental progress and financial gain is called the shared value opportunity. In other words, "doing good" can have a direct impact on your company's ability to "do well." Due to this opportunity, it's clear why many businesses have adopted these practices. Find out how to make your business more sustainable by following these four steps to align your strategy and mission to create shared value.

Examples of Sustainability in Business

Many successful organizations participate in sustainable business practices; however, no two strategies are exactly the same. Sustainable business strategies are unique to each organization as they tie into larger business goals and organizational values. For instance, sustainability in business can mean:

- Using sustainable materials in the manufacturing process
- Optimizing supply chains to reduce greenhouse gas emissions
- Relying on renewable energy sources to power facilities
- Sponsoring education funds for youth in the local community

Sustainability management is economic production and consumption that minimizes environmental impact and maximizes resource conservation and reuse. It takes the concepts from sustainability and synthesizes them with the concepts of management. Sustainability has three branches: the environment, the needs of present and future generations, and the economy. Using these branches, it creates the ability of a system to thrive by maintaining economic viability and also nourishing the needs of the present and future generations by limiting resource depletion.

At this point of time, organizations are increasingly concerned and aware of sustainable aspects and the advantages that this can bring (Porter & Kramer, 2006).

Although this perception and focus of sustainability management are traditionally addressed in large companies, industries, or organizations, this reality of incorporating sustainable aspects is becoming increasingly important and practiced by companies of all sizes, such as medium and small companies (Halberstadt & Johnson, 2014).

(iii) Crowdfunding is one of the newer ways of funding a startup that has been gaining lot of popularity lately. It's like taking a loan, pre-order, contribution or investments from more than one person at the same time.

This is how Crowdfunding works – An entrepreneur will put up a detailed description of his business on a Crowdfunding platform. He will mention the goals of his business, plans for making a profit, how much funding he needs and for what reasons, etc. and then consumers can read about the business and give money if they like the idea. Those giving money will make online pledges with the promise of pre-buying the product or giving a donation. Anyone can contribute money toward helping a business that they really believe in.

Crowdfunding is a great alternative way to fund a venture, and it can be done without giving up equity or accumulating debt. However, here are some advantages that Crowdfunding offers an entrepreneur. These are –

1. **Marketing Technique:**
   In spite of being an investment tool, Crowdfunding also works as a marketing tool. As mass people are involved in Crowdfunding, you can reach them with your startup's whereabouts. Raising of funds and reaching the probable customers as well as advertisement both are possible in case Crowdfunding.
2. **Indication of proof of business concept:**
   Showing investors and convincing yourself that your venture has received sufficient market validation at an early stage is hard. However, Crowdfunding makes this possible. A successful Crowdfunding campaign may be the indication of proof of business concept. This shows trust and integrity towards a venture and will allow verification throughout the journey that one is on the right track.
3. **Less Risky:**
   In addition to finding enough funding, there will always be unpredictable fees, market validation challenges, and others looking to get your business off the ground. Launching a Crowdfunding campaign prevents these risks. Crowdfunding today enables entrepreneurs to gain market acceptance and avoid giving up equity before committing to bringing a product concept to market.

4. **Brainstorming:**
One of the biggest challenges for small businesses and entrepreneurs is to collect feedback about business's performance at an early stage. Through crowdfunding campaigns, entrepreneurs have the opportunity to interact with the crowd and get comments, feedback, and ideas.

5. **Information about prospective loyal customers:**
Crowdfunding campaigns not only allow entrepreneurs to showcase their companies and products, but also give them the opportunity to share the information and purpose behind them. People who see an entrepreneur's campaign and decide to contribute believe in the long-term success of the company. Essentially, these people are early adopters. Early adopters are very important to any business because they help spread the word in the first place without asking for anything in return. These people care about the company's brand and message and are likely to be loyal customers throughout its lifespan.

6. **Easier than traditional applications:**
Applying for a loan or pursuing other capital investments are two of the most painful processes that every entrepreneur has to go through, especially during the early stages of the startup. But the application process for Crowdfunding is easier compared to these traditional methods.

7. **Opportunity of pre-selling:**
Launching a Crowdfunding campaign gives an entrepreneur the ability to pre-sell a product or concept that they haven't yet taken to market. This is a good way to gauge user reaction and analyze the market in order to decide whether to pursue or pivot on a given concept.

8. **No Penalty:**
On all or nothing Crowdfunding platforms (meaning that you only get the funds raised if you reach 100% or more of your funding goal) there are so many benefits, and no fee to participate. If an entrepreneur sets a goal and doesn't reach it, there is no penalty.
In essence, Crowdfunding is an excellent way for entrepreneurs to receive the financing and exposure they need in order to verify, execute, and help their ventures grow.

(iii) Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new business venture. Crowdfunding makes use of the easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together, with the potential to increase entrepreneurship by expanding the pool of investors beyond the traditional circle of owners, relatives, and venture capitalists.

While there are four types of crowdfunding, each receives money from interested donors. Here's a breakdown of each one:

1. **Donation Crowdfunding:** Donation-based crowdfunding is when people give a campaign, company or person money for nothing in return. An entrepreneur can create a crowdfunding campaign to purchase new equipment for the company. The individuals who give you money do it out of support for the growth of your business and nothing else.
2. **Debt Crowdfunding:** Debt-based donations are peer-to-peer (P2P) lending, which is a form of crowdfunding. In debt-based donations, the money pledged by backers is a loan and must be repaid with interest by a certain deadline.
3. **Rewards Crowdfunding:** This is when donors receive something in return for their donations. The rewards vary by the size of the donation, which incentivizes higher contributions. Based on how much money participants give to a campaign, they may receive a T-shirt, the product or service – often at a discounted rate.
4. **Equity Crowdfunding:** While some crowdfunding campaigns do not allow backers to own a portion of the company they are supporting, equity-based crowdfunding allows small businesses and startups to give away a portion of their business in exchange for funding. These donations are a type of investment, where participants receive shares in the business based on how much money they contribute.

5. (a) Defining an innovation process increases companies' future value.

Stage 1: Idea Generation and Mobilization

The generation stage is the starting line for new ideas. Successful idea generation should be fuelled both by the pressure to compete and by the freedom to explore. IDEO, the product development and branding company based in Palo Alto, California, is a good example of an organization that encourages successful idea generation by finding a balance between playfulness and need.

Once a new idea is generated, it passes on to the mobilization stage, wherein the idea travels to a different physical or logical location. Since most inventors aren't also marketers, a new idea often needs someone other than its originator to move it along. This stage is vitally important to the progression of a new idea and skipping it can delay or even sabotage the innovation process.

Step 2: Advocacy and Screening

Advocacy and screening help to evaluate the feasibility of a business idea with its potential problems and benefits. Hence, a decision can be made about an idea's future. Companies looking to develop a culture can establish a few best practices.

For instance, employees should have plenty of avenues to receive advocacy and feedback. Also, organizations must understand the difficulties involved in evaluating truly innovative ideas. Also, organizations need to build transparent evaluation and screening protocols.

Step 3: Experimentation

The experimentation stage tests the sustainability of ideas for an organization at a specific time. Experimentation generates new ideas with the information that is gathered on the results and feasibility of the original idea. For instance, when Amazon tested its grocery delivery service in certain Seattle suburbs. After this, Amazon Fresh expanded to Los Angeles, San Diego, and New York City.

Step 4: Commercialization

Commercialization develops market value for an idea by focusing on its impact. An important part is establishing the specifications of any given idea. Commercialization is the stage that involves the change of focus developments to persuasion. After the idea is clarified and a business plan is developed, it will be ready for diffusion and implementation.

Step 5: Diffusion and Implementation

Diffusion is the company-wide acceptance of an innovative idea, and implementation sets up everything needed to develop the innovation. Diffusion and implementation allow the organization to determine the next set of needs for customers. Receiving feedback, indicators for success metrics, and other benchmarks enable the organization to stimulate the innovation process.

(b) **(i)** For any startup to implement design thinking, it must create a culture. Below are some areas that would help implement design thinking for startups.

Educating the team: Educating the team about the importance of design thinking is the first step towards establishing a design thinking culture.

Encourage everyone: Ensure that everyone follows design thinking. If not, explore ways to encourage them to adapt to the change.

Seek help from design advisors: You can even consider seeking design advisors to reach your design goals. These advisors help the companies to balance the efforts to reach the customer expectations.

Once you have attained all the above, you will create an ecosystem of design thinkers. Going forward, these design thinkers will help to maintain the culture and inspire the team with new ideas at each stage.

Here are some examples of how startups have used design thinking to arrive at the first versions of their solution.

Airbnb, a startup that was launched in 2009 was about to bust as no one noticed its existence. That was the time when Airbnb was a part of the Y Combinator. The team brainstormed the reason for its failure and came up with a pattern of 40 listings. They sought the problem to be the pictures that did not convey the reason to pay for the services or rooms. The entire process was a big turning point for the company, the case study explains in detail about their adaptation of design thinking and making the startup a million-dollar business.

Similarly, ForestCar is a startup engaged in car-sharing services on airports. The basic idea of the company is to offer free parking to the car owners at the airport in exchange for renting their car while they are away. Throughout their journey, they have refined their idea using a design thinking approach and were able to pivot their MVP multiple times.

(ii) The process of redefining problems, understanding the challenges faced by users, and coming up with an innovative solution is known as design thinking. Leading global brands have implemented design thinking into their processes, and that has helped them in achieving greater success. It is a solution-based approach and can be looked at as ‘thinking out of the box’. As an entrepreneur, it is crucial to understand the market and learn whether your product or service will be helpful to the customers or not. As someone who is starting a new business venture, you must consider the customer’s needs and design your brand accordingly. Innovation is the driving force of entrepreneurship.

Companies such as Apple, Adidas, Airbnb, and PepsiCo have outperformed all thanks to design thinking. Let us try to understand how design thinking can help you as an entrepreneur. Through the design thinking process, we first work on breaking down the business problem into smaller aspects and then start thinking from the base level to come up with various solutions. Solutions are compared with each other, and depending on the situation, the most suitable solution is selected. Design thinking thus involves understanding the target users in an empathetic manner.

The five primary steps that an entrepreneur must remember are:

- Empathizing with the customers

- Defining the challenges, needs, and wants
- Forming Ideas different approaches are taken to come up with solutions for the problem.
- Prototyping products are made based on the different approaches.
- Testing here the prototypes are tested and the faults plus benefits of the products are carefully studied

6. (a) Benefits of Effective Enterprise Risk Management as per the COSO are as follows:

(i) Increasing the range of opportunities: By considering all possibilities—both positive and negative aspects of risk— management can identify new opportunities and unique challenges associated with current opportunities.

(ii) Identifying and managing risk entity-wide: Every entity faces myriad risks that can affect many parts of the organization. Sometimes a risk can originate in one part of the entity but impact a different part. Consequently, management identifies and manages these entity-wide risks to sustain and improve performance.

(iii) Increasing positive outcomes and advantage while reducing negative surprises: Enterprise risk management allows entities to improve their ability to identify risks and establish appropriate responses, reducing surprises and related costs or losses, while profiting from advantageous developments.

(iv) Reducing performance variability: For some, the challenge is less with surprises and losses and more with variability in performance. Performing ahead of schedule or beyond expectations may cause as much concern as performing short of scheduling and expectations. Enterprise risk management allows organizations to anticipate the risks that would affect performance and enable them to put in place the actions needed to minimize disruption and maximize opportunity.

(v) Improving resource deployment: Every risk could be considered a request for resources. Obtaining robust information on risk allows management, in the face of finite resources, to assess overall resource needs, prioritize resource deployment and enhance resource allocation.

(vi) Enhancing enterprise resilience: An entity's medium- and long-term viability depends on its ability to anticipate and respond to change, not only to survive but also to evolve and thrive. This is, in part, enabled by effective enterprise risk management. It becomes increasingly important as the pace of change accelerates and business complexity increases. These benefits highlight the fact that risk should not be viewed solely as a potential constraint or challenge to setting and carrying out a strategy. Rather, the change that underlies risk and the organizational responses to risk give rise to strategic opportunities and key differentiating capabilities.

COSO defines internal control in Internal Control – Integrated Framework (2013) and Enterprise Risk Management – Integrating with Strategy and Performance (2017) as follows: A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

(b) (i) Expected Rate of Return

Expected Return can be calculated by using the following formula:

$E(R) = R_1 \times P_1 + R_2 \text{ x } P_2 + R_3 \times P_3 + R_4 \text{ x } P_4 + \text{---------} + R_n \text{ x } P_n$

$= (-20\times0.05) + (-10\times0.05) + (-5\times0.10) + (5\times0.10) + (10\times0.15) + (18\times0.25) + (-20\times0.05) + (20\times0.25) + (30\times0.05)$

$= 11$

(ii) Variance of Return

Variance can be calculated by using the following formula

$\sigma^2 = [R_1-E(R)]^2 \times p_1 + [R_2-E(R)]^2 \times p_2 + [R_3-E(R)]^2 \times p_3 + [R_4-E(R)]^2 \times p_4 \text{ ----------} [R_n-E(R)]^2 \times p_n$

$= (-20-11)2 \times 0.05 + (-10-11)2 \times 0.05 + (-5-11)2 \times 0.10 + (5-11)2 \times 0.10 + (10-11)2 \times 0.15 + (18-11)2 \times 0.25 + (20-11)2 \times 0.25 + (300-11)2 \times 0.05$

$= 150$

(iii) Standard Deviation of Return

$\sigma = \sqrt{150} = 12.25$

7. (a) (i) Ethical issues may come up in different functional domains. Various ethical issues that an organization can face in the functional domains are discussed below:

Ethical issues in Marketing:

Ethical Marketing refers to selling products and services for the benefit of consumers keeping in mind the social and environmental concerns. It is an application of ethics to marketing.

Conflicts and a lack of consensus on certain issues give rise to ethical problems in marketing. The parties participating in marketing transactions have expectations regarding the development of the business relationships and the manner in which various transactions must be carried out. The various ethical issues that may come up in marketing are as follows:

i. **Emerging Ethical Problems in Market Research:** Market research has experienced resurgence with the widespread use of the Internet and the popularity of social networking. It is easier than ever before for companies to connect directly with customers and collect individual information that goes into a computer database to be matched with other pieces of data collected during unrelated transactions. The way a company conducts its market research these days can have serious ethical repercussions, affecting the lives of consumers in ways that have yet to be fully understood. Further, companies can be faced with a public backlash if their market research practices are perceived as unethical.

ii. **Grouping the Market Audience:** Unethical practices in marketing can result in grouping the audience into various segments. Selective marketing may be used to discourage the demand arising from these so-called undesirable market segments or to disenfranchise them totally. Examples of unethical market exclusion may include the industry attitudes towards the gay, ethnic minority, and plus-size groups.

iii. **Ethics in Advertising and Promotion:** An advertiser who does not meet the ethical standards is considered an offender against morality by the law. Some select types of advertising may strongly offend some groups of people even when they are of strong interest to others. Female hygiene products as well as haemorrhoid and constipation medication are good examples. A negative advertising policy lets the advertiser highlight various disadvantages of the competitors' products rather than showing the inherent advantages of their own products or services. Such policies are rampant in political advertising.

iv. **Deceptive Marketing Policies:** Deceptive marketing policies are not contained in a specific limit or to one target market, and it can sometimes go unseen by the public. There are numerous methods of deceptive marketing. It can be presented to consumers in various forms; one of the methods is one that is accomplished. Some marketers offer an escape or relief from various types of human constraints, and some advertisers may take the advantage of this by applying deceptive advertising methods for a product that can potentially harm or alleviate the constraints.

v. **Anti-Competitive Practices:** There are various methods that are anti-competitive. The advertisements for some products or services that have a low price; however, the customers find in reality that the advertised good is unavailable and they are "switched" towards a product that is costlier and was not intended in the advertisements. Another type of anti-competitive policy is planned obsolescence. It is a method of designing a particular product having a limited useful life. It will become non-functional or out of fashion after a certain period and thereby lets the consumer to purchase another product again.

vi. **Pricing Ethics:** There are various forms of unethical business practices related to pricing the products and services. Bid rigging is a type of fraud in which a commercial contract is promised to one party; however, for the sake of appearance several other parties also present a bid. Predatory pricing is the practice of sale of a product or service at a negligible price, intending to throw competitors out of the market, or to create barriers to entry.

Ethical Issues in Finance

Some of the ethical issues that can come up in Finance are as follows:

i. **Under-reporting of Income:** The act of purposely reporting less income or revenue than was actually received is referred to as under reporting. Both businesses and people typically understate their revenues in an effort to avoid or lower their respective tax obligations. Underreporting is a crime with victims. If detected under reporting, people or businesses may be liable to financial fines and, in severe circumstances, may even be charged with a crime.

ii. **Fraudulent financial dealings:** Financial reporting fraud has been the focal point of the majority of accounting scandals over the past 20 years. The falsification of the financial statements by the business management is referred to as fraudulent financial reporting. Typically, this is done to deceive investors and keep the stock price of the firm high. While false financial reporting may temporarily increase a company's stock price, there are virtually always negative long-term consequences. It's commonly referred to as "myopic management" when a company's financial health is its only concern.

iii. **Insider trading:** Insider trading is the act of trading in the stock of a publicly traded firm by a person who, for whatever reason, possesses non-public, material knowledge about that stock. Depending on the time the insider makes the deal, insider trading may be either lawful or criminal. When the relevant knowledge is still private, insider trading is prohibited and is subject to severe penalties. Insider trading is prohibited and generally regarded as immoral. It has garnered a lot of media attention and has for some people come to represent the very worst of commercial ethics. Insider trading is a subject of much criticism since it unfairly disadvantages those individuals who do not possess proprietary knowledge about a particular corporation.

Ethical Issues in Human Resource Management

Managers of human resources work hard to choose individuals who mesh well with the culture of the company. Additionally, they need to pay attention to recruiting methods that are both ethical and compliant with the law, diversity, and equal opportunity.

i. **Harming Some While Benefitting Others:** HR managers do much of the screening while the hiring process is still on. By its very nature, screening leaves some people out and permits others to move forward. HR managers can neglect the emotionalism of such situations by adhering strictly to the skill sets and other needs of the position, but there will always be a gray area where HR managers may scale how much each applicant wants and needs the job.

ii. **Equal Opportunity:** The HR managers must regularly monitor the company's hiring practices to make sure there is no discrimination in the hiring process based on ethnicity, sexual orientation, race, religion and disability.

iii. **Privacy:** Privacy is always a sensitive matter for an HR manager. Though a company culture may be friendly and open and motivates employees to freely discuss personal details and lifestyles, the HR manager has an ethical obligation to keep such matters private. This specifically comes into play when the competing company calls for a reference on an employee. To remain ethical, HR managers must abide with the job-related details and leave out knowledge of an employee's personal life.

iv. **Compensation and Skills:** HR managers can suggest compensation. While these recommendations may be based on a salary range for each position, ethical dilemmas arise when it comes to compensating employees differently for the same skills. For example, a highly sought-after executive may be able to negotiate a higher salary than someone who has been with the company for several years. This can become an ethical problem when the lower-paid employee learns of the discrepancy and questions whether it is based on characteristics such as gender and race.

v. **Labour Costs:** HR must cope with conflicting needs to keep labour costs as low as possible and to invite fair wages. Ethics come into action when HR must select between outsourcing labour to countries with lower wages and harsh living conditions and paying competitive wages. While there is nothing illegal about outsourcing labour, this issue has the potential to build a public relations problem if consumers object to using underpaid workers to save money.

vi. **Opportunity for New Skills:** If the HR department selects who gets training, it can run into ethical issues. As training is a chance for development and broadened opportunities, employees who are left out of training may debate that they are not being given equal opportunities in the workplace.

vii. **Fair Hiring and Justified Termination:** Hiring and termination decisions must be made without regard to ethnicity, race, gender, sexual preference or religious beliefs. HR must take precautions to eliminate any bias from the hiring and firing process by making sure such actions adhere to strict business criteria.

viii. **Fair Working Conditions:** Companies are basically expected to provide fair working conditions for their employees in the business environment, but being answerable for employee treatment typically means higher labour costs and resource utilization. Fair pay and benefits for work are more obvious factors of a fair workplace. Another important factor is provision of a non-discriminatory work environment, which again may have costs engaged for diversity management and training.

(ii) **a.** **Workforce:** Ones workforce will be one of your biggest (or worse) competitive advantages. Never undervalue the value of having competent, helpful, and proactive staff. Making sure your workforce is engaged, well-trained, and productive is vital.

(i) Establishing unambiguous performance guidelines.
(ii) The standards of mystery shopping.
(iii) Launching incentive programmes.
(iv) putting them through training programmes
(v) Encouraging them to expand their understanding of the goods/services.
(vi) Holding yearly courses for sale.

b. **Location:** Location decisions also affect the ability to recruit and retain the right talent, improve delivery times to customers and from key suppliers, manage risk due to natural disasters and even create synergies with industry partners.

c. **Unique Product:** Crafting unique competitive advantage gives customers a reason to buy from the company, informs about the positioning, and drives the business strategy.

d. **A Great Website:** A website's particular advantage may be that it is more visually appealing or simpler to use than rivals. A top-notch Website can also be a competitive advantage. It makes prospects and customers happy with a great website full of information they can't wait to read because it helps them do their job better or improves the quality of their lives.

e. **Brush up on Technical Knowledge:** In any company, information technology has a powerful effect on competitive advantage in either cost or differentiation. The technology affects value activities themselves or allows companies to gain competitive advantage by exploiting changes in competitive scope. Lowering cost.

f. **Suppliers:** Suppliers have evolved to become an opportunity for creating market winning competitive advantages or allowing competition to leverage those advantages to the detriment of your company. Realization of this emerging reality has resulted in the increasing adoption of the principles and processes of strategic sourcing. A healthy connection will offer:

(i) Superior assistance and support. You might also receive training for your personnel in addition to advertising materials, displays, and signs.
(ii) Better availability and quicker delivery.
(iii) Better customer service and return policies.
(iv) Early warning about promotions or reductions.

Being associated with a sizable, reputable supplier is unquestionably advantageous. It's possible that they handle the majority of the market research, product development, consumer analysis, and national branding and advertising that strengthens your credibility. It will be more challenging for an independent to compete with you.

g. **Strategic alliances and joint ventures:** Creating alliances and joint ventures with other firms is one of the finest methods to compete against larger corporations. For instance, by teaming up with other companies in your sector, one can frequently get greater group prices from suppliers than you would if you placed your order alone.

Another strategy for splitting the cost of advertising is joint venture marketing. An illustration is when a number of businesses collaborate to create an advertising supplement in a mall or other public space. However, you can discuss with your staff about a number of variations on this theme. The success of many businesses is increasingly dependent on their capacity to create clever alliances and joint ventures.

(b) A. Forecast of Working Capital Requirement

Current Assets	Credit Period	₹
Raw material	2 months	30,000
Work-in-progress	1 months	17,500
Finished goods	3 months	67,500
Debtors	3 months	67,500
		1,82,500
Current Assets	Credit Period	₹
Less: Current Liabilities:	2 months	
Creditors		30,000
		1,52,500

Other Working Notes:

		₹
(i)	Raw material in stock at any date	
	Raw material required per month (1,80,000/12)	15,000
	In stores for 2 months, therefore 15,000*2	30,000
(ii)	Work-in-progress: Cost of Production	
	(Direct) 2,10,000/12=₹17,500 per month	17,500
(iii)	Finished goods at any time	
	Cost of Production: 2,70,000/12=22,500 p.m.	67,500
	In stores for 3 months: 22,500*3	67,500
(iv)	Debtors working as above: for 3 months	
(v)	Creditors-raw material per	
	(1,80,00/12) = ₹15,000. Credit period for 2 months	30,000

Profitability forecast for the year 2021

	₹	₹
Sales 60,000 units @ ₹5 each		3,00,000
Cost of production:		
Raw material @ 60%	1,80,000	
Direct Wages @10%	30,000	
Overheads @20%	60,000	2,70,000
		30,000
Less: Debenture Interest @ 5% on ₹50,000		2,500
Net Profit		27,500

Balance Sheet as at 31st December, 2021

	₹	₹
Share Capital	2,00,000	
Reserves and Surplus	27,500	2,27,500
Debentures		50,000
		2,77,500
Fixed Assets		1,25,000
Current Assets:		
Raw material	30,000	
Work – in- progress	17,500	
Finished goods	67,500	
Debtors	67,500	
	1,82,500	
Less: Current Liabilities Creditors	30,000	1,52,500
		2,77,500

SECTION – C

8. (a) As an entrepreneur, one person must be practicing the following disciplines:

(i) Expect frustration:

When disciplined people are challenged or frustrated, their problem-solving skills are called to the forefront and they stay open and committed. They are willing to be flexible in their approach until they develop the wisdom necessary to succeed. These times of uncertainty challenge disciplined people on all levels and end up determining the strength of their character.

(ii) Hard working:

If we want to succeed, we have to be willing to work harder than anyone else. Disciplined people are not satisfied living an average life. They crave testing the edges of who they are and what they can become. They do not mind working extra hours or going to the extra mile if it means they learn something valuable that gets them more quickly and efficiently to the result of their desired outcome.

(iii) Healthy:

Disciplined people understand that to thrive in life or business they first and foremost need to be healthy. For this reason, they do not just focus on being disciplined in their career environment. They commit to eating healthy, they dedicate themselves to an active exercise routine, and make sure to get enough sleep.

(iv) Mindset:

Disciplined people are careful about the thoughts they allow to occupy their mind. They make the conscious choice to think only in terms of success. The attitude they keep is positive. Success isn't going to always come easily; therefore, their failures are viewed as promotional opportunities which guide them toward their next more successful direction. Disciplined people understand that the way they think will either destroy them or continue to evolve them.

(v) Patient:

To be disciplined one must be patient. Success is not event, but a process. Disciplined people understand that patience is their greatest virtue. It means working hard while they wait and trusting that what is meant to be theirs will come their way. In the meantime, disciplined people continue to work hard to secure new opportunities. They know that with time come the opportunities they are seeking to secure.

(vi) Willing

Disciplined people are willing. They are willing to listen. They are willing to learn. They are willing to work. They are willing to wait. They are willing to seek guidance. They are willing to change their minds. They are willing to change their ways. They are willing to give their time, their energy and their commitment to the process. Because of this, disciplined people can pivot on a dime whenever necessary to meet their challenge. Because of this, success is nearly guaranteed.

(vii) Punctual:

Disciplined people value their time and the time of others. They arrive early to meetings and are fully prepared when their customers come visit with them. Disciplined people make it a habit to keep their meetings, goals and deadlines on a calendar and do all they can to meet their goals and objectives in a timely manner. They make very little time for procrastination when it comes to their urgent matters. For discipline people, the time is Now. They take advantage of a busy schedule by getting their urgent tasks done first which allows them to carve out time for themselves, their family and other personal life necessities that refuel them such as travel.

(viii) Organized:

To be successful disciplined people have an organized system they operate from. They tend to keep copious notes, make lists, have calendars, reminders set on their phones and a daily schedule of events they organize their efforts around. The more organized disciplined people are, the less chaotic their daily events are experienced. Each person has their own way of organizing themselves that works for them.

Whatever that way is, disciplined people put their organized system into action each day which allows them to maximize their time and opportunities to the fullest.

(ix) Accountable:

Disciplined people refrain from blaming others when things don't work in their favor. They take accountability for their end of a failure or misunderstanding. If something doesn't work out, they analyze what and where things went wrong and take measures to improve going forward. They apologize whenever necessary and do the work it takes to clear up all miscommunications or misperceptions. They value healthy relationship dynamics and aim to be as dependable as possible. Disciplined people understand great businesses are built upon solid and trusted relationships.

(x) Resourceful:

An important key to being disciplined is not to be rigid, but resourceful. Disciplined people are not afraid to ask for guidance when necessary or to get outside of their comfort zone to establish new patterns of behavior that will help them going forward. If they don't have what they need, disciplined people have a fierce determination to figure out how to secure the things they are missing. These types of people refuse to take No for an answer because they have the resourcefulness to solve their problem in one way or another.

(b) MSMEs account for 90% of businesses, 60 to 70% of employment and 50% of GDP worldwide. As the backbone of societies everywhere they contribute to local and national economies and to sustaining livelihoods, in particular among the working poor, women, youth, and groups in vulnerable situations. (United Nations, 2022) The Micro, Small & Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation, exports and overall growth and development of the country's economy. The MSME sector is responsible for about 40 per cent of the exports and 45 per cent of the total manufacturing output in India. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Impact of MSMEs on people's lives

1. MSMEs aim to make workers' lives better. they help them by providing jobs, loans, and other services.
2. MSMEs contribute to the advancement of innovative technologies, the expansion of infrastructure, and the modernization of the sector as a whole, all of which improve labourers' working conditions.
3. They also offer high-quality certification services and state-of-the-art testing labs.
4. MSMEs are now supporting product development, design innovation, intervention, and packaging in keeping with current trends, ensuring that clients receive the highest quality products.
5. The prime minister's employment generation programme (PMEG) scheme, which was created by the Indian government and is handled by the ministry of MSMEs, is a financing facility for ambitious entrepreneurs who want to start a micro-business. it also aids in the improvement of the lives of rural people.

In addition, MSMEs are a vital part of the Indian economy and have made significant contributions to the country's socio-economic growth. They create job possibilities and contribute to the development of the country's backward and rural areas. MSMEs contribute almost 8% of the country's GDP, around 45% of manufacturing production, and about 40% of exports. With this significant contribution, it isn't an exaggeration to call them the 'backbone of the country.'

MSMEs currently employ over 46.6 million people, as per the national sample survey (2019).

let's look at their role and importance in the Indian economy.

(a) Economic stability

Because of MSME's contribution to manufacturing, exports, and jobs, it benefits other industries. MNCs frequently purchase semi-finished and additional items from small businesses, such as clutches and brakes, by vehicle manufacturers. Even after the GST is implemented, it helps bridge the gap between small and large companies. 40% of the total MSMEs sector has also implemented GST registration, which has increased the government's revenue by 11%.

(b) Cheap labour

One of the critical challenges in large-scale firms is to retain human resources through effective human resource management professionals. However, when it comes to MSMEs, the labor requirement is lower, and it does not necessitate the use of a highly skilled laborer. as a result, the owner's indirect expenses are also minimal.

(c) Large-scale employment generation

MSMEs s seek to improve the lives of workers by offering employment, loans, and other services. Furthermore, it provides many opportunities for unemployed people to take advantage of. India produces over 1.2 million graduates annually, with approximately 0.8 million engineers. So far, no economy has been able to offer such a vast number of freshmen in a single year. MSMEs play a significant role in supporting India's young talent as they join the workforce.

(d) A significant contribution to "make in India"

Thanks to MSMEs, the prime minister of India's trademark campaign, "make in India," has been simplified. it serves as a foundation for making this ambition a reality. Furthermore, the government has urged the banking institutions to offer more credit to small and medium-sized businesses.

The MSME sector plays a vital role in the lives of ordinary people and the country's economic growth. In recent years, many youths have been inclined toward entrepreneurship, and MSME sectors are fully supporting it. so, it is necessary to help the MSME sector financially, and is continuously progressing towards it.

- Since its formation, the MSME segment has proven to be a highly dynamic Indian economy sector. MSMEs produce and manufacture a variety of products for both domestic as well as international markets. They have helped promote the growth and development of khadi, village, and coir industries. They have collaborated and worked with the concerned ministries, state governments, and stakeholders towards the upbringing of rural areas.
- MSMEs have played an essential role in providing employment opportunities in rural areas. They have helped in the industrialization of these areas with a low capital cost compared to the large industries. Acting as a complementary unit to large sectors, the MSME sector has enormously contributed to its socio-economic development.
- MSMEs also contribute and play an essential role in the country's development in different areas like the requirement of low investment, flexibility in operations, mobility through the locations, low rate of imports, and a high contribution to domestic production.

With the capability and capacity to develop appropriate local technology, provide fierce competition in domestic and international markets, technology-savvy industries, a contribution towards creating defense materials, and generating new entrepreneurs by providing knowledge, training, and skill up-gradation through specialized training centers.