Registration No.: .....

BHARTIYA SKILL DEVELOPMENT UNIVERSITY

SCHOOL OF ENTREPRENEURSHIP SKILLS (SES)

1st Semester, Second In-Sem, Summer Semester Examination

B. Voc. Program, Session: (2019-20)

Course Name : Creativity, Innovation & Entrepreneurship (CIE)
Course Code : SES1101
Instruction :

Time: 1 Hour
Max. Marks: 20

- Answer all questions from Section-A, each question carries 01 mark.
- Answer all questions from Section-B, each question carries 02 mark.
- Answer all questions from Section-C, each question carries 03 mark.
- Write Answers in English only.

Section – A

05X01 = 05 Marks

1. the term Entrepreneurship is viewed as.....
   a) A Creative Process;
   b) A distinct Discipline (Subject, Course of Study)
   c) A factor of Production in Economics and
   d) All of the above
2. The Psychological factors impacting emergence of Entrepreneurship are.....
   a) Perception of the Society
   b) Social Attitude
   c) Need Achievement
   d) All of the above
3. The challenges faced by entrepreneurs relates to.....
   a) Selection of business
   b) Choice of form of business enterprise
   c) Financing
   d) All of the above
4. Based on the dimensions of Technology & Market, Innovation may be.....
   a) Incremental Innovation
   b) Radical
   c) Disruptive
   d) All of the above
5. Innovating entrepreneurs quickly introduce.....
   a) New products
   b) New technology
   c) Explore new market
   d) All of the above

Section – B

03X02 = 06 Marks

1. Briefly distinguish between Innovators and Imitators.
2. What is the Definition of Entrepreneurship given by Robert D. Hisrich, Peters and Shepherd?
3. List any two difference between Invention & Innovation.

Section – C

03X03 = 09 Marks

1. Discuss in brief the Concept, Nature and Sources of Business Innovations.
2. Write short notes on Breakthrough Innovation and Incremental Innovation.
3. Discuss briefly the Knowledge & Skills requirements for an Entrepreneur.

SET ~~B~~ A

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Registration No.: .....

BHARTIYA SKILL DEVELOPMENT UNIVERSITY

SCHOOL OF ENTREPRENEURSHIP SKILLS (SES)

1st Semester, Second In-Sem, Summer Semester Examination

B. Voc. Program, Session: (2019-20)

Course Name : Creativity, Innovation & Entrepreneurship (CIE) **Time:** 1 Hour
Course Code : SES1101 **Max. Marks:** 20

ANSWER KEYS

Section – A 05X01 = 05 Marks

1. The term Entrepreneurship is viewed as.....
   a) A Creative Process;
   b) A distinct Discipline (Subject, Course of Study)
   c) A factor of Production in Economics and
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5. Innovating entrepreneurs quickly introduce.....
   a) New products
   b) New technology
   c) Explore new market
   d) All of the above

Section – B 03X02 = 06 Marks

1. Briefly distinguish between Innovators and Imitators.
   Answer- Innovators: Introduce new product or service or initiate a new system in the economy or the environment. Example: Hennery Ford wanted to replace the petrol fuel or the diesel engine with the Kerosene fuel system. Innovating entrepreneurs are generally aggressive. This is evident from the fact that they are more inclined towards experimentation and put attractive possibilities into practice. They quickly introduce-
   - new products
   - process of production
   - new technology
   - explore new market

Imitators or Adaptive Entrepreneurs: They iterate a certain feature or innovation in a particular product to make it more appealing and have a competitive edge over the current market. Adaptive or imitative entrepreneurs are ready to adopt successful innovations created by innovative entrepreneurs.

However, they are not aggressive to experiment with the new possibilities. They just imitate the technology and practices after it has been successfully practiced by the innovative entrepreneurs.

2. What is the Definition of Entrepreneurship given by Robert D. Hisrich, Peters and Shepherd?

Answer- According to Robert D. Hisrich, Peters and Shepherd,

"Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence."

This definition stresses four basic aspects of being an entrepreneur as under-

- First, entrepreneurship involves the creation process—creating something new of value.
- Second, entrepreneurship requires the devotion of the necessary time and effort.
- The third part of the definition involves assuming the accompanying financial, psychic, and social risks.
- The fourth part of the definition involves the rewards of being an entrepreneur.

3. List any two difference between Invention & Innovation.

2. What is the Definition of Entrepreneurship given by Robert D. Hisrich, Peters and Shepherd?

Answer-

BASIS FOR COMPARISON	INVENTION	INNOVATION
Meaning	Invention refers to the occurrence of an idea for a product or process that has never been made before.	Innovation implies the implementation of idea for product or process for the very first time.
What is it?	Creation of a new product.	Adding value to something already existing.
Concept	An original idea and its working in theory.	Practical implementation of new idea.
Skills required	Scientific skills	Set of marketing, technical and strategic skills.
Occurs when	New idea strikes a scientist.	A need is felt for a product or improvement in existing product.
Concerned with	Single product or process.	Combination of various products and process.
Activities	Limited to R & D department.	Spread across the organization.

2. What is the Definition of Entrepreneurship given by Robert D. Hisrich, Peters and Shepherd?

Section – C

03X03 = 09 Marks

1. Discuss in brief the Concept, Nature and Sources of Business Innovations.

Answer- we can define the Innovation as "Executing an idea which addresses a specific challenge and achieves value for both the company and customer".

Business innovation is an organization's process for introducing new ideas, workflows, methodologies, services or products.

Business innovation is when an organisation introduces new processes, services, or products to affect positive change in their business. This can include improving existing methods or practices, or starting from scratch.

Objective: Ultimately the goal is to reinvigorate a business, creating new value and boosting growth and/or productivity.

Types of Business innovation- There are basically four types of innovation-

- Product Innovation: e.g. Electric and gas lawn mower, GPS in cars, Cell phone pairing in cars, LED light bulbs, Infrared cookers, Waterproof cell phones, Depth-Sensing Cameras for handheld 3D scanning, augmented reality games, and better photo-taking capabilities
- Process Innovation: e.g. Henry Ford's invention of the world's first moving assembly line. This process change not only simplified vehicle assembly but shortened the time necessary to produce a single vehicle from 12 hours to 90 minutes.
- Marketing Innovation: e.g. 'Smart Search' Online-to-offline campaign by Big Bazaar partnered with Google to increase footfalls in its stores
- Organizational Innovation: e.g. Intrapreneurship or innovation within the organization, Idea competitions, innovation labs, internal maker spaces, innovation teams, hiring for innovation skill, speaker series, workshops, hackathons, etc. are examples of how organizations are promoting and inspiring innovation internally.

2. Write short notes on Breakthrough Innovation and Incremental Innovation.

Answer- **Breakthrough Innovation-** Breakthrough innovation is defined as an innovation from inside a company that pushes something to the next level. It is innovation that opens the company to new markets or changes the way customers interact with the market or the industry.

Breakthrough Innovation are changes to an existing product, service, or process that has a significant impact on the business. For example, it could open up a new consumer category for the business, or change the way existing customers interact or perceive the organization.

Incremental Innovation- Incremental Innovation is the most common form of innovation. It utilizes your existing technology and increases value to the customer (features, design changes, etc.) within your existing market. Almost all companies engage in incremental innovation in one form or another.

Examples include adding new features to existing products or services or even removing features (value through simplification).

3. Discuss briefly the Knowledge & Skills requirements for an Entrepreneur.

Answer- An entrepreneur as a person is someone who have the ability to see and evaluate business opportunities and start a new business to offer a new or existing product or service into a new or existing market, whether it is for a profitable or Social outcome.

The term Entrepreneur refers to a person-

- A Person who visualizes a business opportunity
- Takes steps to promote a new enterprise,
- Assembles resources in the form of men, materials and money to make the business venture successful and
- Bears the risk and uncertainties involved.

Knowledge & Skills requirements for an Entrepreneur

1. Knowledge Requirement:

- Basic knowledge and understanding of the Business world, Market, Industry & Economic system
- Conceptual and Technical knowledge about Business processes, operations, and Management aspects.
- Entrepreneurial/• Venture-Specific Knowledge: Do you know what you need to do to make this type of business successful? And do you understand the specifics of the business that you want to start? (This is where it's often useful to work for a short time in a similar business.)

2. Skills Requirement:

- Entrepreneurial Mindset and Competencies
- Technical/Conceptual Skills
- Human/Interpersonal Skills
- Creative, Design & Critical thinking skills
- Practical Business & Management Skills

- Conceptual and Technical knowledge about Business processes, operations, and

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Registration No.: .....

BHARTIYA SKILL DEVELOPMENT UNIVERSITY

School of Entrepreneurship Skills
First Semester, Second In-Sem Exam
B. Voc. Program, Session (2019-20)

Course Code: SES 1102 **Time: 1 Hour**
Course Name: Entrepreneurial Motivation Training (EMT) **Max. Marks: 20**

Instructions:

(i) Answer all questions from Section-A, each question carries One Mark.
(ii) Answer all questions from Section-B, each question carries two Marks.
(iii) Answer all questions from Section-C, each question carries three Marks.
(iv) Please write all the answers in **ENGLISH** only

Section – A **05X01 = 05 Marks**

1. The activity conducted by an Entrepreneur is called
   (a) Office
   (b) Factory
   (c) Business
   (d) Enterprise
2. Johari Window explains
   (a) Compartments
   (b) Habits
   (c) Window Structure
   (d) Human Personality
3. Entrepreneurs need not be born, they can be
   (a) Transferred
   (b) Imported
   (c) Exported
   (d) Made
4. Who are winners?
   (a) Runners
   (b) Traders
   (c) Risk Takers
   (d) Students
5. Arena is
   (a)Closed Personality
   (b)Ideal Personality
   (c)Dark Personality
   (d) Student Personality

Section – B **03X02 = 06 Marks**

1. What do you mean by the concept of Johari Window?
2. Write six important characters of successful entrepreneur.
3. What is Entrepreneurship?

Section – C **03X03 = 09 Marks**

1. Explain briefly about the Kakinada Experiment.
2. Explain the four types of personality with the help of Johari Window concept?
3. Draw the flow chart of Systematic Planning for success of your Business.

Registration No.: .....

BHARTIYA SKILL DEVELOPMENT UNIVERSITY

School of Entrepreneurship Skills
First Semester, Second In-Sem Exam
B. Voc. Program, Session (2019-20)

Course Code: SES 1102 **Time: 1 Hour**
Course Name: Entrepreneurial Motivation Training (EMT) **Max. Marks: 20**

ANSWER KEYS

Section – A
05X01 = 05 Marks

1. The activity conducted by an Entrepreneur is called
   (a) Office (b) Factory **(c) Business** (d) Enterprise
2. Johari Window explains
   (a) Compartments (b) Habits (c) Window Structure **(d) Human Personality**
3. Entrepreneurs need not be born, they can be
   (a) Transferred (b) Imported (c) Exported **(d) Made**
4. Who are winners?
   (a) Runners (b) Traders **(c) Risk Takers** (d) Students
5. Arena is
   (a)Closed Personality **(b)Ideal Personality** (c)Dark Personality (d) Student Personality

Section – B 03X02 = 06 Marks

1. **What do you mean by the concept of Johari Window?**
   Answer- A. The Johari window is an important approach with the help of which a person can better understand his relationship with himself and others. Johari window concept was proposed by Joseph Luft and Harrington Ingham and named as JoHari initially. The concept classified human personality into four types represented by a window with four compartments. The four compartments are named as Quadrant 1: The Arena, Quadrant 2: Blind Spots, Quadrant 3: The Façade and Quadrant 4: The Dark. Success of a person at any phase of life depends on his/her personality. While taking up self-employment, a person should find out what type of personality the venture demands and whether the personality suits to that venture or not and if not what suitable changes one has to make in one's own personality and nature.
2. **Write six important characters of successful entrepreneur.**
   Answer- Important Characteristics of a successful Entrepreneur are as under-
   - Innovator
   - Leader
   - Adventurer
   - Change agent
   - Risk-taking ability
   - Need for Achievement
   - Locus of Control
   - Desire for Autonomy
   - Creativity and Opportunism
3. **What is Entrepreneurship?**
   Answer- "Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction of independence." ... Robert Hisrich
   or
   "Entrepreneurship is an act of initiative, drive, commitment, diligence, perseverance, organized effort, and achievement outlook, to undertake some specific functions of performing productive activities and the capacity to bear the risk associated with the investment".

Section – C 03X03 = 09 Marks

1. **Explain briefly about the Kakinada Experiment.**
   Answer- A well-known behavioural scientist David C. McClelland (1961) at Harvard University made an interesting investigation-cum-experiment into why certain societies displayed great creative powers at particular periods of their history? What was the cause of these creative bursts of energy? He found that 'the need for achievement (n' ach factor)' was the answer to this question. It was the need for achievement that motivates people to work hard. According to him, money-making was incidental. It was only a measure of achievement, not its motivation.
   In order to answer the next question whether this need for achievement could be induced, he conducted a five-year experimental study in Kakinada, i.e. one of the prosperous districts of Andhra

Pradesh in India in collaboration with Small Industries Extension and Training Institute (SIET), Hyderabad.

This experiment is popularly known as 'Kakinada Experiment'. Under this experiment, young persons were selected and put through a three-month training programme and motivated to see fresh goals. One of the significant conclusions of the experiment was that the traditional beliefs did not seem to inhibit an entrepreneur and that the suitable training can provide the necessary motivation to the entrepreneurs (McClelland & Winter 1969). The achievement motivation had a positive impact on the performance of entrepreneurs.

In fact, the 'Kakinada Experiment' could be treated as a precursor to the present day EDP inputs on behavioural aspects. In a sense, 'Kakinada Experiment' is considered as the seed for the Entrepreneurship Development Programmes (EDPs) in India.

The fact remains that it was the 'Kakinada Experiment' that made people appreciate the need for and importance of the entrepreneurial training, now popularly known as 'EDPs', to induce motivation and competence among the young prospective entrepreneurs.

2. **Explain the four types of personality with the help of Johari Window concept?**

Answer- The Johari window is a technique that helps people better understand their personality type and their relationship with themselves and others. The concept classified human personality into four types represented by a window with four compartments. The four compartments are named as Quadrant 1: The Arena, Quadrant 2: Blind Spots, Quadrant 3: The Façade and Quadrant 4: The Dark. The four quadrants are

Arena (The things I know about myself and others know about me)	**Blind** (Things I don't know about myself)
Façade (Things Others don't know about me)	**Dark** (Things Not known to both)

(1) **Open or Arena:** The arena is the information that you know about yourself and that others also know. It is the obvious things, e.g. race, name, height, weight, etc. It is those things that you told others when you introduce yourself. It is also those feelings that you have shared about you. It is all of that information that you wanted other people to know. This is an area that is very open for all to see.

(2) **Blind Spot:** The blind spot is the information that others know about you, but you don't know about yourself. What are some things that people have said about you that you didn't know? There are also positive things such as being a good listener or talker. We may feel that we are not a good listener or talker, but our friends may feel differently.

(3) **Hidden or Façade:** The hidden area contains all that information that we don't want others to know about us. It's that closet of feelings, insecurities, and not-so-great experiences. It's the private information.

(4) **Dark:** The unknown area contains information that you don't know and others don't know. It could be abilities and potentials that you have not discovered about yourself yet. An example could be that you might be a great salesperson or customer service representative, but for now you don't know whether you have that ability or not.

3. **Draw the flow chart of Systematic Planning for success of your Business.**

Answer- Flow chart of Systematic Planning is depicted below-

Systematic Planning
Understanding the task completely
Breaking a large task into small sub-tasks
Information seeking to formulate methodology and strategies
Revising the utility of methods and strategies in the task
Anticipation of risk and barriers
Decision making
Learning from the past experience (ours & others)
Understanding other related subject matters
Co-ordination of strategies

BHARTIYA SKILL DEVELOPMENT UNIVERSITY

Registration No.: .....

School of Entrepreneurship Skills
Session: 2019-20 (Summer Semester)
B. Voc. Program, I Semester,
IInd In-Sem. Examination

Course Code:SES1103
Course Name: MSME & Family business
Max Marks:20

Time: 1 Hour

Section A

Objective type Questions: 05X01 = 05 Marks

1) Which of the following shows the process of creating something new?

a. Business model

b. Creative flexibility

c. Innovation

2) What is the process by which individuals pursue opportunities without regard to resources they currently control?

a. Startup management

b. Entrepreneurship

c. Financial analysis

3) Individuals influencing an entrepreneur's career choice and style are known as which of the following?

a. Moral-support network

b. Role model

c. Professional support network

am

4) The activity which occurs when the new venture is started is called:

a. Motivation

b. Business skills

c. Departure point

5) The level at which an individual is viewed by society is called:

a. Financial status

b. Qualification

c. Social status

Section – B

Q2) Short answer type questions, each question carries 02 marks. 03X02 = 06 Marks

1. Discuss the three circle model of family business.

2. What are the challenges faced by family businesses?

3. Discuss the five step process of succession in family business.

Section – C

Q3) Essay type questions, each question carries 03 marks. 03X03 = 09 Marks

1. How the performance of family business can be improved?

2. Throw light on the importance of MSMED Act,2006.

3. Discuss briefly the contribution of MSMEs in Indian economy.

SES 1/03

MSME & Family Business

(A)

Answer Key

Section A

Objective type questions:

1) Innovation

2) Entrepreneurship

3) Role Model

4) Departure point

5) Social Status

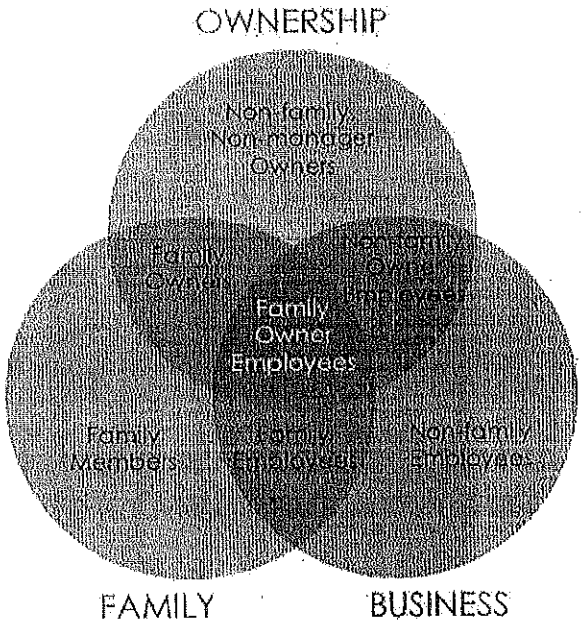
Section B

Short type questions:

1)The Three-Circle Model of the Family Business System shows three interdependent and overlapping groups: family, ownership, and business.

An individual in a family business system occupies one of the seven sectors that are formed by these three overlapping circles. An owner (partner or shareholder) and *only* an owner will sit within the top circle. Family members will occupy the left-hand circle, and employees of the family company the right-hand circle. If you have only one of these roles, you will be in just one circle. However, if you have two roles, you will be in an overlapping sector, sitting within two circles at one time. If you are a family member who works in the business but has no ownership stake, you're in the bottom-center sector. If you are a family member who works in the business and is an owner, then you will sit right in the center of the three overlapping circles.

THREE-CIRCLE MODEL
OF THE FAMILY BUSINESS SYSTEM



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"The Model identifies where key people are located in the system," Davis explains, "and think about different roles that family members have: being a family owner, or a family employee. These overlap areas in the Model indicate role overlaps and potential role confusion."

Each of the seven interest groups identified by the Model has its own viewpoints, goals, concerns, and dynamics. The Model reminds us that the views of each sector are legitimate and deserve to be respected. No one viewpoint is more legitimate than another but the different viewpoints must be integrated in order to set future direction for the family business system. The long-term success of family business systems depends on the functioning and mutual support of each of these groups.

2) The most common challenges facing family businesses today:

1. **Family problems.** Physical, emotional and financial problems among family members can greatly impact the day-to-day operation of the business.
2. **Informal culture and structure.** For many businesses, having a laid-back culture is a positive. However, the informal structure and culture found in many family businesses can equate to a lack of documentation, policies, and defined strategy and goals.
3. **Pressure to hire family members.** It can be difficult to resist the pressure that comes along with requests from family members who want to join the business. This

becomes especially complicated if they lack the basic skills and experience needed for the position.

4. **Lack of training.** The informal culture found in many family businesses can result in a lax approach to training new employees, whether they are family members or not.
5. **High turnover of non-family employees.** Non-family employees may feel that greater opportunities exist within the business for those who are a part of the family and may grow tired of the culture.
6. **Sources for growth.** A huge challenge for family businesses can be determining where and how to get the capital and resources needed to grow the business.
7. **Lack of an external view.** While family members may not always have the same opinions, they often have similar upbringing and life experiences which may lead to a uniform view of the business. Businesses need to have external views of their company and their competition in order to thrive.
8. **Misunderstanding the value of the business and how it is to be divided.** Owners of family businesses may have varying opinions on the value of their business, or even worse, they may have no knowledge about the value of the business and what things contribute to or detract from that value. Further complicating this matter is determining how to split the profits of the business or owners' stakes.
9. **Who will take over the business?** It is important for family businesses to plan ahead for business succession. Many family-owned businesses do not have a plan in place and this can be a source of heated debate and intense family politics when the time arises to select new leadership.
10. **No exit plan.** Family businesses often lack a defined strategy for what will happen if an owner wants to retire, sell the business, or transfer responsibility. This goes hand in hand with succession plan issues. All businesses need a plan for the future.

3) A Five-Step Process

By following five key steps relevant to almost all family businesses, the business can create a viable succession plan, provide for the financial independence of the retiring owners, and position the business for continued success and growth.

Step 1: Establish Goals & Objectives

- Review current succession plan and reasonableness of achieving desired goals.
- Develop a collective vision, goals, and objectives for the business.
- Determine the importance of continued family involvement in leadership and ownership of the company, but consider the option to bring in professional management.
- Establish personal retirement goals and cash flow needs of retiring family owners.

- Identify goals of next generation management, both personal and business.
- Identify and retain a team of professional advisors.

Step 2: Establish a Decision-Making Process

- Identify and establish governance processes for involving family members in decision-making.
- Establish a method for dispute resolution if needed.
- Document the succession plan in writing.
- Communicate succession plan to family/stakeholders.

Step 3: Establish the Succession Plan

- Identify successors – both managers of the company and owners of the business.
- Identify active and non-active roles for all family members.
- Identify required additional support for the successor from family members.

Step 4: Create a Business and Owner Estate Plan

- Address taxation implications to the owner/business upon sale or transfer of ownership, death, or divorce.
- Review owner estate planning to minimize taxes and avoid delays in transfer of stock to remaining owners or spouse.
- Create a buy/sell agreement that is fair, reflective of the value of the business, and minimizes taxes.

Step 5: Create a Transition Plan

- Consider options: outright purchase, gift/bequest, or a combination of these.
- If the business is to be purchased, consider financing options including financing from an external party or self-financed from the retiring owners on a deferred payout basis.
- Establish a timeline for implementation of the succession plan.

Not every family business will survive and many do fail, primarily due to differing family interests and the ability of the next generation to grow the business. Taking these five steps now will save money and time

Section C

Essay type questions:

1) 12 essentials for striking the right balance in a family business

1. **Set some boundaries.** It's easy for family members involved in a business to talk shop 24/7. But mixing business, personal and home life will eventually produce a volatile brew. Limit business discussions outside of the office. That's not always possible, but at least save them for an appropriate time — not at a family wedding or funeral, for example.
2. **Establish clear and regular methods of communication.** Problems and differences of opinion are inevitable. Maybe you see them already. Consider weekly meetings to assess progress, air any differences and resolve disputes.
3. **Divide roles and responsibilities.** While various family members may be qualified for similar tasks, duties should be divvied up to avoid conflicts. Big decisions can be made together, but a debate over each little move will bog the family business down.
4. **Treat it like a business.** A common pitfall in a family business is placing too much emphasis on "family" and not enough on "business." The characteristics of a healthy business may not always be compatible with family harmony, so be ready to face those situations when they arise.
5. **Recognize the advantages of family ownership.** Family-owned businesses offer unique benefits. One is access to human capital in the form of other family members. This can be a key to survival, as family members can provide low-cost or no-cost labor, or emergency loans. Firms run by trusted family members can also avoid special accounting systems, policy manuals and legal documents.
6. **Treat family members fairly.** While some experts advise against hiring family members at all, that sacrifices one of the great benefits of a family business. Countless small companies would never have survived without the hard work and energy of dedicated family members. Qualified family members can be a great asset to your business. But avoid favoritism. Pay scales, promotions, work schedules, criticism and praise should be evenhanded between family and non-family employees. Don't set standards higher or lower for family members than for others.

7. **Put business relationships in writing.** It's easy for family members to be drawn into a business startup without a plan for what they will get out of the business relationship. To avoid hard feelings or miscommunication, put something in writing that defines compensation, ownership shares, duties and other matters.

8. **Don't provide "sympathy" jobs for family members.** Avoid becoming the employer of last resort for your kids, cousins or other family members. Employment should be based on what skills or knowledge they can bring to the business.

9. **Draw clear management lines.** Family members who often have a present or presumed future ownership stake in the business have a tendency to reprimand employees who don't report to them. This leads to resentment by employees.

10. **Seek outside advice.** The decision-making process for growing a family business can sometimes be too closed. Fresh ideas and creative thinking can get lost in the tangled web of family relationships. Seeking guidance from outside advisors who are not affiliated with any family members can be a good way to give the business a reality check.

11. **Develop a succession plan.** A family business without a formal succession plan is asking for trouble. The plan should spell out the details of how and when the torch will be passed to a younger generation. It needs to be a financially sound plan for the business, as well as retiring family members. Outside professional advice to draw up a plan is essential.

12. **Require outside experience first.** If your children will be joining the business, make sure they get at least three to five years business experience elsewhere first. Preferably in an unrelated industry. This will give them valuable perspective on how the business world works outside of a family setting.

2) The Government of India through its various subsidies, schemes, and incentives promote MSMEs through the MSMED Act. To avail these benefits, Registration under the MSMED Act is required. The act provides the following benefits/incentives to the MSME's:

Preference in procuring Government tenders: The Government of India, through its Public Procurement Policy for Micro and Small Enterprises Order, 2012 ("**Public Procurement Policy**") provides that all Central Government Ministries, Departments, and Public Sector Undertakings shall procure minimum of 20 percent of their total annual value of goods or services from Micro and Small Enterprises, which has become mandatory from April 1, 2015. As per the Public Procurement Policy, Micro and Small Enterprises having registration with District Industries Centre or Khadi and Village Industries Commission or Khadi Village and Industries Board or Coir Board or National Small Industries Commission or Directorate of Handicrafts and Handlooms or any other body specified by Ministry of MSME ("**Ministry**") are provided certain benefits under the Public Procurement Policy. However, vide Press Release dated 18th February 2016, for ease of registration of MSMEs, the Ministry has started Udyog Aadhar Memorandum which is an online registration system and all Micro and Small Enterprises having Udyog Aadhaar Memorandum shall be provided all the benefits available for Micro and Small Enterprises under the Public Procurement Policy.

- **Protection against the delay in payment from Buyers:** The MSMED Act provides protection to Micro and Small Enterprises from delayed payments. It specifically provides that where a Micro and Small Enterprise supplies any goods or renders any services to a buyer, the buyer is required to make the payment on or before the date agreed upon by them and in no case, the period can exceed 45 days from the date of acceptance.

- **Right of interest on delayed payment:** In the case where the buyer fails to make the payments, he shall be liable to pay compound interest with monthly rests to

the supplier on that amount from the date falling after the due date, at three times of the bank rate notified by the Reserve Bank of India.

- **Time-bound resolution of disputes with Buyers through conciliation & arbitration:** MSMED Act provides that in case of any dispute arising out of non-payment of dues, Micro and Small Enterprises may refer the dispute to the Micro and Small Enterprises Facilitation Council, which shall conduct conciliation in the matter and where such conciliation does not give fruitful results and is terminated without any settlement thereof, the Council may itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services.

Further, the MSMED Act also provides for the constitution of National Board for Micro, Small, and Medium Enterprises, which is an apex advisory body constituted to render advice to the Government on all issues about the MSME sector. The Minister of MSME is the Chairman, and the Board comprises among others, State Industry Ministers, some Members of Parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field. The board meets periodically to take stock of the issues about policy matters

3)The Importance and role of MSMEs in the Indian Economy

a)To generate large scale employment

In India, capital is scarce and labour abundant. MSMEs are thought to have lower capital-output and capital-labour ratios than large-scale industries, and therefore, better serve growth and employment objectives. The MSME sector in India has grown significantly since 1960 – with an average annual growth rate of 4.4% in the number of units and 4.62% in employment (currently employing 30 million). Not only do MSMEs generate the highest employment per capita investment, but they also go a long way in checking rural-urban

migration by providing people living in isolated areas with a sustainable source of employment.

b)To sustain economic growth and increase exports

Non-traditional products account for more than 95% of the MSME exports (dominating in the export of sports goods, readymade garments, plastic products etc.). Since these products are mostly handcrafted and hence eco-friendly, there exists a tremendous potential to expand the quantum of MSME led exports. Also, MSMEs act as ancillary industries for Large Scale Industries providing them with raw materials, vital components and backward linkages e.g. large scale cycle manufacturers of Ludhiana rely heavily on the MSMEs of Malerkotla which produce cycle parts.

c) Making Growth Inclusive

MSMEs are instruments of inclusive growth which touch upon the lives of the most vulnerable and marginalized. For many families, it is the only source of livelihood. Thus, instead of taking a welfare approach, this sector seeks to empower people to break the cycle of poverty and deprivation. It focuses on people's skills and agency. However, different segments of the MSME sector are dominated by different social groups.