



School of Entrepreneurship Skills
Session: 2020-21 (Summer Semester)
B. Voc. Program, III Semester,
1st In-Sem. Examination

Course Code: SES1301

Time: 1 Hour

Course Name: Foundational Course in Entrepreneurship

Max. Marks: 20

Section – A

05X01 = 05 Marks

Answer following objective type questions, each question carries 01 mark.

Q1 Effectuation refers to the way entrepreneurs think or the entrepreneurial thought process that helps an entrepreneur in starting a business. It shows a way to control a future that is inherently unpredictable.

- a) True
- b) False

Q2 Which principle of Effectuation means "Start with what you have"?

- a) Pilot-in-the-Plane
- b) Lemonade
- c) Patchwork Quilt
- d) Bird-in-Hand

Q3. Fill-in-the-blank A person is said to be in a state of flow when _____.

- a) They do what is important
- b) They are excited about their own success
- c) They are in a state of unhappiness
- d) They do something they love

Q4. Roan and Amey launched their own online Tax consulting services portal. They took stock of their means and spent it all on the website design. However, six months later, they realized that they had only three confirmed clients and no money to keep the venture alive. Considering the above scenario, which Effectuation principle do you think Roan and Amey shouldn't have ignored before launching their consulting service venture?

- a) Bird-in-Hand principle
- b) Lemonade principle
- c) Patchwork Quilt principle
- d) Affordable Loss principle



- Q.5. Which of the following components should you take into account while doing a quick back-of-the-envelope calculation? Select the correct answer.
- a) Costs that you will incur such as infrastructure, HR, technology, raw materials, etc.
 - b) The current valuation of your company
 - c) The amount that you can afford to lose in case you don't make any money
 - d) The funding that your business idea is likely to get from angel investors and venture capitalists

Section – B

03X02 = 06 Marks

Answer following short answer type questions, each question carries 02 marks.

- Q.1 What is Idea list in brainstorming?
- Q.2 What does in the flow mean?
- Q.3 What does the Back-of-the-envelope calculation mean?

Section – C

03X03 = 09 Marks

Answer following essay type questions, each question carries 03 marks.

- Q.1 What is the effectuation theory of entrepreneurship? What are its core principles?
- Q.2 Discuss different entrepreneurial styles using the Wadhvani 5M Model.
- Q.3 Identify a problem worth solving using Jobs-to-be-Done (JTBD) methodology

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- d) The funding that your business idea is likely to get from angel investors and venture capitalists

Section – B

03X02 = 06 Marks

Answer following short answer type questions, each question carries 02 marks.

Q.1 What is Idea list in brainstorming?

Ans: Brainstorming is a group creativity technique by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members. All the ideas are noted down without criticism and after the brainstorming session the ideas are evaluated.



Q.2 What does in the flow mean?

Ans: Flow is often described as a mental state in which people experience complete immersion and involvement in an activity. Things seem to happen almost effortlessly and time seems to disappear while in this state. Athletes often refer to this state of mind as being "in the zone."

Obviously reaching this state of flow is something many of us would like to accomplish on a regular basis. Fortunately, flow is not something restricted to just elite athletes, artists, and performers. You can achieve this state during developing our own venture.

Q.3 What does the Back-of-the-envelope calculation mean?

Ans: A back-of-the-envelope calculation is an informal mathematical computation, often performed on a scrap of paper, such as an envelope. A back-of-the-envelope calculation uses estimated or rounded numbers to develop a ballpark figure quickly. The result should be more accurate than a guess, as it involves putting thought to paper, but it will be less accurate than a formal calculation performed using precise numbers and a spreadsheet or calculator.

A back-of-the-envelope calculation might be used to determine whether further research and more detailed calculations are warranted.

Section – C

03X03 = 09 Marks

Answer following essay type questions, each question carries 03 marks.

Q.1 What is the effectuation theory of entrepreneurship? What are its core principles?

Ans: Saras Sarasvathy's theory of Effectuation (2001) describes an approach to making decisions and performing actions in entrepreneurship processes, where you identify the next, best step by assessing the resources available in order to achieve your goals, while continuously balancing these goals with your resources and actions. Effectuation differs from the causal logic, where there is a predetermined goal and the process to achieve it is carefully planned in accordance to a set of given resources. Sarasvathy argues that the causal logic is not suited for entrepreneurship processes that are inherently characterized by uncertainties and risks.

The fundamental world view for effectuation is called the Pilot-in-the-plane, which describes the future as something you can influence by your actions, i.e. you can create your own opportunities.

The Principles of effectuation are:

Bird-in-Hand: You have to create solutions with the resources available here and now.

Lemonade principle: Mistakes and surprises are inevitable and can be used to look for new opportunities.

Crazy Quilt: Entering into new partnerships can bring the project new funds and new directions.

Affordable loss: You should only invest as much as you are willing to lose.

Pilot in the plane: Control vs. Predict, Focus on today, not next year.

The world view and these principles are used in entrepreneurship processes to plan and execute the next best step and to adjust the project's direction according to the outcome of your actions.

Q.2 Discuss different entrepreneurial styles using the Wadhvani 5M Model.

Ans:

MAKER: Makers bring ideas to life through tangible plans. A maker sees the big picture and the smallest details, simplifies complex problems- their strength lies in execution. Simply put, they're great at getting things done. Makers Prefer processes and systems



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over people, and apply their organizational skills across fields.

Core Desire

Solve problems efficiently

Core Fear

Losing Control

Core Priority

Process

MERCHANT: Merchants are often on the lookout for the next big thing– they quickly spot a market opportunity, an unmet need, and identify how to match demand with supply. They often tweak or improvise on existing ideas, and innovatively apply concepts from other industries.

Core Desire

Capitalize on Opportunities

Core Fear

Losing Money

Core Priority

Profit

MAGICIAN: Often Challenging the status quo, the Magician dreams of what can be. He or She takes risks that aren't always calculated, navigates uncharted territory, and stays ahead of the market. Magicians are the ones creating the future, surprising their customers and competitors. These are the visionaries and rule-breakers who ask- "why not?"

Core Desire

To innovate

Core Fear

Running out of Creative Ideas

Core Priority

Ideas

MOBILIZER: Mobilizers are the connecting thread – they connect ideas, people, and are resources and are great at building relationships and high-energy teams. They are often involved at the grassroots level, and tend to focus on large-scale social problems and act as catalysts to bring about systemic change.

Core Desire

To help others

Core Fear

Conflict

Core Priority

People

MASTER: Experts in their own right, Masters are highly skilled and knowledgeable individuals with great passion for their chosen field. They adhere to high quality standards and expect the same of others. An expert is often looked up to as a role model, thought leader, or influencer in their industry.

Core Desire

To be an Expert

Core Fear

Being Average

Core Priority

Knowledge

Q.3 Identify a problem worth solving using Jobs-to-be-Done (JTBD) methodology

Jobs to be Done is a theory of consumer action. It describes the mechanisms that cause a consumer to adopt an innovation.

The theory states that markets grow, evolve, and renew whenever customers have a Job to be Done, and then buy a product to complete it (get the Job Done). This makes a Job to be Done a process: it starts, it runs, and it ends. The key difference, however, is that a JTBD describes how a customer changes or wishes to change. With this in mind, JTBD is defined as follows:

"A Job to be Done is the process a consumer goes through whenever she aims to change her existing life-situation into a preferred one, but cannot because there are constraints that stop her."

The theory simply asks, "What job your product is hired to do?". For instance, most people would say they buy a lawnmower to "cut the grass," and this is true. But if a lawnmower company examines the higher purpose of cutting the grass, say, "keep the grass low and beautiful at all times," then it might forgo some efforts to make better lawnmowers in lieu of developing a genetically engineered grass seed that never needs to be cut.



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Registration No.:

School of Entrepreneurship Skills
Session: 2020-21 (Summer Semester)
B. Voc.3rd Semester,
1st In-Sem. Examination

SET-A

Course Code: SES1302
Course Name: Govt. Schemes & Institutional Support

Time: 1 Hour
Max. Marks: 20

Section – A

05X01 = 05 Marks

05 objective type questions, each question carries 01 mark.

1. In respect of Commercial Banks which entity monitors the Kisan Credit Card (KCC) Scheme?
 - A. NABARD
 - B. SIDBI
 - C. RBI
 - D. SBI
2. What is the full form of AMRUT?
 - A. Atal Mission for Rejuvenation and Urban Transformation
 - B. Additional Mission for Rejuvenation and Urban Transformation
 - C. Atal Mission for Recycle and Urban Transformation
 - D. Additional Mission for Recycle and Urban Transformation
3. A performance and credit rating scheme has been launched by the MSME Ministry to assess creditworthiness and capabilities of industries in the sector. What is it called?:
 - A. Performance and Credit Rating Scheme
 - B. Zero Defect Zero Effect Certification
 - C. Performance and Economy Rating Scheme
 - D. Gross Domestic Products
4. A women entrepreneur is supposed to have a minimum financial interest in share capital of entrepreneur's enterprise:
 - A. 35 per cent
 - B. 51 per cent
 - C. 25 per cent
 - D. 28 per cent
5. What is the MSME Public Procurement Portal called?
 - A. MSME Samjhauta
 - B. MSME Sambandh
 - C. MSME Sandesh
 - D. MSME Sampark

Section – B

03X02 = 06 Marks

03 short answer type questions, each question carries 02 marks.

1. How is the value of plant & machinery computed in MSME?
2. What support provided by government of India for cluster development in MSME?
3. What kind of institutional support available for Skill Development?

Section – C

03X03 = 09 Marks

03 essay type questions, each question carries 03 marks.

1. Describe Micro, Small and Medium Enterprises (MSME) with government's support and how MSME (Manufacturing) are different from MSME (Services)?
2. What is digital India scheme; define 9 pillars of this program.
3. Explain meaning and dynamics of rural development

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ANSWER KEYS

Course Code: SES1302

Course Name: Govt. Schemes & Institutional Support

SET-A

Section-A

1. C
2. A
3. A
4. C
5. B

Section – B

1. In accordance with the MSME (earlier SSI) Notification no. S.O. 1642(E) dtd.29-09-2006 while computing the value of Plant and Machinery, the original Value of the machinery is to be taken in to account. The components, to be excluded while computing the value of Plant and Machinery.
2. The Ministry is implementing the Micro and Small Enterprises – Cluster Development Programme (MSE-CDP) wherein support is provided for Diagnostic Study; Soft Interventions like general awareness, counseling, motivation and trust building, exposure visits, market development including exports, participation in seminars, workshops and training programmes on technology upgradation etc.; Hard Interventions like setting up of Common Facility Centers (Common Production/Processing Centre, Design Centre, Testing Centre etc.) and creation/upgradation of infrastructural facilities in the new/existing industrial areas/ clusters of MSEs.
3. The Ministry of Skill Development & Entrepreneurship conducts various types of training programme through its various organisations for self-employment as well as wage employment. The training programmes are primarily focused to promote self-employment in the country. Thus all type of programmes have input which provide necessary information and skills to a trainee to enable him to establish his own micro or a small enterprises. The programmes include two week Entrepreneurship Development Programme (EDP), Six Week Entrepreneurship Skill Development Programme (ESDP). One weak Management Development Programme (MDP), One Day Industrial Motivation Campaign (IMC) etc. For Monitoring of the programme a web based system has been developed where coordinator of the programme is bound to feed all details of trainees including his photo and phone no. on the website. The same will be linked to the call center of Ministry where real time feedback is obtained from trainees.

Section – C

Solution: 1

Micro, Small and Medium Enterprises (MSMEs) are widely called the back-bone of the Indian economy. According to the online official portal of MSME, this sector is the largest employment providing sector in India with employing more than 600 lakhs persons in India. In recent years, it has emerged as the most dynamic sector displaying phenomenal growth by contributing around 8% of share in GDP of India, contributing 40% to total economy exports, producing about 7500 items and involving in Technology Up gradation and implementation (55% of MSMEs involved) in particular (ASSOCHAM report, 2010). This sector comprises of business units with varying sizes that range from tiny to medium based on level of investment. Most of these also act as ancillary units for large scale industry.

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



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wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The Sector consisting of 36 million units, as of today, provides employment to over 80 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country. The MSME sector has the potential to spread industrial growth across the country and can be a major partner in the process of inclusive growth.

The schemes/programmes undertaken by the Ministry of MSME and its organizations seek to facilitate/provide:

- (i) Adequate flow of credit from financial institutions/banks;
- (ii) Support for technology up gradation and modernization;
- (iii) Integrated infrastructural facilities;
- (iv) Modern testing facilities and quality certification;
- (v) Access to modern management practices;
- (vi) Entrepreneurship development and skill up gradation through appropriate training facilities;
- (vii) Support for product development, design intervention and packaging;
- (viii) Welfare of artisans and workers;
- (ix) Assistance for better access to domestic and export markets; and
- (x) Cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

a) Manufacturing Enterprises- The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.

b) Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified and this notification shall come into effect from 01.07.2020

Manufacturing Sector Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed 1 crore rupees
Small Enterprises	More than 1 crore rupees but does not exceed 10 crore rupees
Medium Enterprises	More than 10 crore rupees but does not exceed 50 crore rupees

Service Sector Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed 5 crore rupees
Small Enterprises	More than 5 crore rupees but does not exceed 50 crore rupees
Medium Enterprises	More than 50 crore rupees but does not exceed 250 core rupees



Solution 2:

The prime focus is to make India ready for a knowledge-based future, concentrating on the Rs 1.13 lakh crore (appx. US\$ 17 billion) initiative is on using technology to create a participative, transparent and responsive government.

1. Providing high-speed internet, mobile phone and bank account enabling participation in digital & financial space; shareable private space on a public cloud, and creating a safe and secure cyber space.
2. It promotes seamless integration across departments/jurisdictions. Ensuring availability of services in real time from online and mobile platforms for ease of doing business, leveraging geographical information systems (GIS) etc.
3. It take digital literacy to the next level. Providing digital resources in Indian languages, citizens not required to submit physical documents, etc.

9 Pillars are:

1. Broadband Highways

- Broadband for All – Rural: 2,50,000 village Panchayats to be covered under the National Optical Fibre Network (NOFN).
- Broadband for All – Urban: Virtual Network Operators would be leveraged for service delivery and communication infrastructure in new urban developments and buildings would be mandated.
- National Information Infrastructure (NII): NII would integrate the network and cloud infrastructure in the country to provide high speed connectivity and cloud platform to various government departments up to the panchayat level.

2. Universal Access to Phones

- Plan seeks to provide mobile coverage in a phased manner to the remaining 55,619 villages in the country. The total project cost will be around Rs.16,000 Cr (appx. US\$ 2.3 billion) during 2014-18.

3. Public Internet Access Programme

- Common Service Centres (CSCs): CSCs would be strengthened and increased from the current 135,000 to 250,000. CSCs – one in each Gram Panchayat, would be made viable & multi-functional end-points for delivery of government services.
- Post Offices as Multi-service centres: 150,000 Post Offices to be converted into multi service centres.

4. E-governance:

- Online applications and tracking, Form simplification and field reduction.
- Online repositories - Use of online repositories (e.g. for certificates, educational degrees, identity documents, etc.) so that citizens are not required to submit these documents in physical form.

5. E-Kranti:

- The biggest programme within Digital India and focusses on a mobile-first approach.
- Integration of services and platforms e.g. Aadhaar platform of Unique Identity Authority of India (UIDAI), payment gateway, Mobile Seva platform etc.
- There are 44 Mission Mode Projects under e-Kranti, which are at various stages of implementation.
- E-education: Free wi-fi in all schools and providing massive online open courses (MOOCs).
- E-healthcare: online medical consultation, online medical records, online medicine supply, pan-India exchange for patient information, etc



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- Technology for farmers: real time price information, online ordering of inputs and online cash, loan, and relief payment with mobile banking.
 - Technology for security: Mobile based emergency services and disaster related services on real time basis.
 - Technology for cyber-security: National Cyber Security Co-ordination Centre would be set up to ensure safe and secure cyber-space within the country.
 - Technology for financial inclusion: Through use of mobile banking, Micro-ATM program and CSCs/ Post Offices.
 - Technology for Justice: e-Courts, e-Police, e-Prosecution etc.
6. Information for all:
- Open Data platform: <http://data.gov.in> facilitates proactive release of datasets in open format by the ministries/departments for use, reuse and redistribution. Provides open and easy access to information for citizens.
 - Engagement through social media: Pro-actively engage through social media and web based platforms to inform and interact with citizens.
 - MyGov.in: This website crowdsources ideas from the public for design of programmes such as better traffic management, using big data for making cities smarter etc.
 - Online messaging: Online messaging to citizens on special occasions/programs would be facilitated through emails and SMS.
7. Electronics Manufacture:
- This pillar focuses on promoting electronics manufacturing in the country with the target of NET ZERO Imports by 2020 as a striking demonstration of intent.
8. IT for Jobs:
- This pillar focuses on providing training to the youth in the skills required for availing employment opportunities in the IT / ITES sector. Components of this pillar include:
- Train 10 million students from smaller towns & villages for IT sector jobs over 5 years.
 - Setting up BPOs in every north-eastern state to facilitate ICT enabled growth in these states.
 - Training 300,000 service delivery agents as part of skill development to run viable businesses delivering IT services.
 - Training 500,000 Rural Workforce on Telecom and Telecom related services
9. Early Harvest Programmes:
- IT platform for sending messages.
 - E-greetings portal on Mygov.in
 - Biometric attendance.
 - Wi-fi in all universities.
 - Secure email for government officials.
 - Standardized government email design.
 - Public Wi-fi spots in all cities with 1 million population and at tourist hubs.
 - School books to be e-books.
 - SMS-based weather information and disaster alerts.
 - National portal for lost and found children - <http://khoyapaya.gov.in/mpp/home>

Solution: 3

The term 'rural development' is of focal interest and is widely acclaimed in both the developed and the developing countries of the world. There is however no universally acceptable definition of rural development and the term is used in different ways and in vastly divergent contexts. As a concept, it connotes over all development of rural areas (Rural areas are those which are not classified as urban areas. They are outside the jurisdiction of municipal corporations and committees and notified town area committees) with a view to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities -village and cottage industries and crafts, socio-economic infrastructure, community services and facilities, and above all, the human resources in rural areas. As a phenomenon, it is designed to improve the economic and social well-being of a specific group of people-



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the rural poor. As a discipline, it is multidisciplinary in nature representing an intersection of agricultural, social, behavioral, engineering, and management sciences. In the words of Robert Chambers, Rural Development is a strategy to enable a specific group of people, poor rural women and men, to gain for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group includes small scale farmers, tenants, and the landless. Thus rural development may mean any one of these, depending upon our focus. To avoid ineffective floundering among the myriad definitions, we shall define rural development as a process of developing and utilizing natural and human resources, technologies, infrastructural facilities, institutions and organizations, and government policies and programme to encourage and speed up economic growth in rural areas, to provide jobs, and to improve the quality of rural life towards self-sustenance. In addition to economic growth, this process typically involves changes in popular attitudes, and in many cases even in customs and beliefs. In a nutshell, the process of rural development must represent the entire gamut of change by which a social system moves away from a state of life perceived as 'unsatisfactory' towards a materially and spiritually better condition of life. The process of rural development may be compared with a train in which each coach pushes the one ahead of it and is in turn pushed by the one behind, but it takes a powerful engine to make the whole train move. The secret of success in development lies in identifying and, if needed, developing a suitable engine to attach to the train. There are no universally valid guidelines to identify appropriate engines of growth if at all they exist. It is a choice which is influenced by time, space, and culture.

Dynamics of Rural Development - The crucial element of the argument is that most poverty in the world is in rural areas, where reaching is not that easy and there is little knowledge about such rural areas. There is no shortage of narratives about - or prescriptions on - rural development. Past narratives have included 'Community Development', 'the Green Revolution' and 'Integrated Rural Development'. Current narratives include 'a new, doubly-green revolution', 'sustainable agriculture', 'rural livelihoods', promotion of programmes that draws rural investments, growth of rural financial institutions and development of rural enterprises. Embedded in these narratives are the critical choices about rural development policy: state or market; growth or stability; agriculture or non-agriculture; high or low potential areas; expenditure on investment or consumption etc. Different narratives will apply in different places, but all need to be consistent with current thinking on development. Furthermore, the prescriptions currently on offer do not always capture the degree and pace of change in rural areas. Thus, new narratives are needed to deal with challenges such as globalisation, urbanisation, the 'de-agrarianisation' of rural space, the increasing diversity of rural environments, and the special problems of low potential areas - in particular, small-scale farming may be facing unprecedented and unmanageable pressures. There will also be area specific problems in poorly performing states and countries. There are no universally accepted approaches to rural development. It is a choice influenced by time, space and culture. The term rural development connotes overall development of rural areas to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept, and encompasses the development of agriculture and allied activities, village and cottage industries and crafts, socio-economic infrastructure, community services and facilities and, above all, human resources in rural areas. As a phenomenon, rural development is the end-result of interactions between various physical, technological, economic, social, cultural and institutional factors. As a strategy, it is designed to improve the economic and social well-being of a specific group of people - the rural poor. As a discipline, it is multi-disciplinary in nature, representing an intersection of agriculture, social, behavioural, engineering and management sciences.





School of Entrepreneurship Skills
Session: 2020-21 (Summer Semester)
B. Voc. Program, III Semester,
1st In-Sem. Examination

SET - A

Course Code: SES1303

Course Name: Business Accounting and Finance

Time: 1 Hour

Max. Marks: 20

Section – A

05X01 = 05 Marks

Answer following objective type questions, each question carries 01 mark.

Q1 Which account is not a liability account?

- a) Creditors
- b) Cash
- c) Term Loan
- d) Bills Payable

Q2. Which of these is not included as a separate item in the basic accounting equation?

- a) Assets
- b) Outside Liabilities
- c) Revenues
- d) Owners Capital

Q.3 The money which is withdrawn by the owner for personal uses is called.....

- a) Drawings
- b) Asset
- c) Term Loan
- d) Bank

Q.4. Accounting Equation is =

- a) Assets = Liabilities
- b) Liabilities = Assets
- c) Assets= Liabilities+ Capital
- d) None

Q 5. The Owner and the Business Entity are two separate existence entities.

- a) True
- b) False
- c) None
- d) Can't say

Section – B

03X02 = 06 Marks

Answer following short answer type questions, each question carries 02 marks.

Q.1 Name any two Liabilities?

Q.2 Name any two Assets?

Q.3. What are Tangible Real Account?

Section – C

03X03 = 09 Marks

Answer following essay type questions, each question carries 03 marks.

Q.1 Explain in brief Conservatism Principal?

Q.2. What is Double Entry System?

Q.3. What do you mean by Accounting?

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Answer Keys (SET A)

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Max. Marks: 20

Section – A

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- a) **True**
- b) False
- c) None
- d) Can't say

Section – B

03X02 = 06 Marks

Answer following short answer type questions, each question carries 02 marks.

Q.1 Name any two Liabilities?

Ans. Creditors and Term Loan

Q.2 Name any two Assets?

Ans. Land and building

Q.3. What are Tangible Real Account?

Ans. Tangible real accounts are related to things that can be touched and felt physically.

Few examples of tangible real accounts are building, machinery, stock, land, etc.



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Section – C

03X03 = 09 Marks

Answer following essay type questions, each question carries 03 marks.

Q.1 Explain in brief Conservatism Principal?

Ans. The conservatism principle is the general concept of recognizing expenses and liabilities as soon as possible when there is uncertainty about the outcome, but to only recognize revenues and assets when they are assured of being received. Thus, when given a choice between several outcomes where the probabilities of occurrence are equally likely, you should recognize that transaction resulting in the lower amount of profit, or at least the deferral of a profit. Similarly, if a choice of outcomes with similar probabilities of occurrence will impact the value of an asset, recognize the transaction resulting in a lower recorded asset valuation.

Q.2. What is Double Entry System?

Ans. The double-entry system of accounting or bookkeeping means that for every business transaction, amounts must be recorded in a minimum of two accounts. The double-entry system also requires that for all transactions, the amounts entered as debits must be equal to the amounts entered as credits. Example of a Double-Entry System: let's assume that a company borrows Rs. 10,000 from its bank. The company's Cash account must be increased by Rs.10,000 and a liability account must be increased by Rs.10,000. To increase an asset, a debit entry is required. To increase a liability, a credit entry is required. Hence, the account Cash will be debited for Rs.10,000 and the liability Loans Payable will be credited for Rs.10,000.

Q.3. What do you mean by Accounting?

Ans. It is a systematic process of identifying, recording, classifying, summarizing, interpreting and communicating financial information. Regardless of the size of a business, accounting is a necessary function for decision making, cost planning, and measurement of economic performance measurement.

Two important types of accounting for businesses are managerial accounting and cost accounting. Managerial accounting helps management teams make business decisions, while cost accounting helps business owners decide how much a product should cost.

Professional accountants follow a set of standards known as the Generally Accepted Accounting Principles (GAAP) when preparing financial statements.