GOVERNMENT POLYTECHNIC COLLEGE, BHILWARA

MID TERM EXAMINATION (2017-18)

ENTREPRENEURSHIP & MANAGEMENT (EE210)

Time: 1hr Marks: 15

(1) Question no 1 to 3 carry 1 marks & 4 to 6 carry 4 marks.

1.NABARD stands as:

(a) Nanital Bank for Agriculture & Rural Development
(b) National Bank for Asian & Rural Development
(c) National Bank for Agriculture & Rural Development
(d) Nanital Bank for Asian & Rajasthan Development

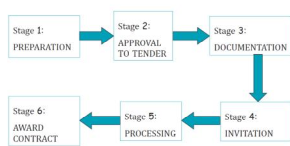
Ans. ©

2. What is breakeven point & how to calculate it?

Break-even point is the point at which total revenue equals total costs or expenses. At this point there is no profit or loss.
Break-even point = fixed costs ÷ gross profit margin

3. Make flow chart of tendering process.

Tendering is the process used by the Council to invite suppliers to supply goods or services to the Council.



4.Explain various types of loans & subsidies.

Loans

In finance, a loan is the lending of money from one individual, organization or entity to another individual, organization or entity.

Types of loans

Secure loan

A secured loan is a loan in which the borrower pledges some asset (e.g. a car or property) as collateral.

Mortgage loan

A mortgage loan is a very common type of loan, used by many individuals to purchase things. In some instances, a loan taken out to purchase a new or used car may be secured by the car, in much the same way as a mortgage is secured by housing.

Unsecured loan

Unsecured loans are monetary loans that are not secured against the borrower's assets. The interest rates applicable to these different forms may vary depending on the lender and the borrower. These may or may not be regulated by law.

Demand loan

Demand loans are short-term loans that typically do not have fixed dates for repayment. Instead, demand loans carry a floating interest rate which varies according to the prime lending rate or other defined contract terms.

Subsidized loan

A subsidized loan is a loan on which the interest is reduced by an explicit or hidden subsidy. It refers to a loan on which no interest is accrued while a student remains enrolled in education.

Agriculture, rural and farm service loans

It allows purchase of livestock, feed, farm machinery, equipment, on-farm storage, cold-storage, processing and handling facilities for selected commodities, cereals, fruits & vegetables, and even renewable biomass.

Business and industrial loans

Business loans are available for small, mid-sized and large businesses and industries for various periods of time. Capital can be used towards purchase of land, facilities, equipment, machinery and repair for any business-specific needs.

Educational loans

Educational loans, those intended to fund undergraduate and graduate college education or specific research related courses, constitute one of the biggest loan types for individuals especially in healthcare areas like AIDS, clinical, contraception, infertility, nursing, and pediatric research.

Housing and urban development loans

This category has the largest number of loan programs including loans available for making homes energy efficient, loans for interest rate reduction, home repair and improvements, and loans for specific communities.

Loans for veterans

The Federal government provides federal benefits to eligible service members including veterans, reservists, National Guard and certain surviving spouses to obtain, retain and adapt a home and to refinance their loans. Financial benefits may include other expenses as offered by various programs.

Disaster relief loans

Disaster relief loans offer coverage for damages arising natural and man-made disasters for farming, housing and commercial businesses.

Subsidy

A subsidy is a form of financial aid or support extended to an economic sector (or institution, business, or individual) generally with the aim of promoting economic and social policy.

Types of subsidies

Production subsidy

A production subsidy encourages suppliers to increase the output of a particular product by partially offsetting the production costs or losses. The objective of production subsidies is to expand production of a particular product more so that the market would promote but without raising the final price to consumers..

Consumer/consumption subsidy

This type of subsidies are most common in developing countries where governments subsidies such things as food, water, electricity and education

Export subsidy

An export subsidy is a support from the government for products that are exported, as a means of assisting the country's balance of payments. Export subsidy as such can become a self-defeating and disruptive policy.

Import subsidy

An import subsidy is support from the government for products that are imported. Though more rare, this subsidy further reduces the price to consumers for imported goods.

Employment subsidy

An employment subsidy serves as an incentive to businesses to provide more job opportunities to reduce the level of unemployment in the country (income subsidies) or to encourage research and development.

Tax subsidy

Government can create the same outcome through selective tax breaks as through cash payment. They distort the economy; but tax breaks are also less transparent, and are difficult to undo.

Transport subsidies

Some governments subsidies transport, especially rail and bus transport which decrease congestion and pollution compared to cars. Publicly owned airports can be an indirect subsidy if they lose money.

5.Explain type of contracts & tenders.

Contract

A contract is a voluntary arrangement between two or more parties that is enforceable by law as a binding legal agreement.

Types of contracts

Lump Sum Contract

With this kind of contract the engineer and/or contractor agrees to do the described and specified project for a fixed price. A Fixed Fee or Lump Sum Contract is suitable if the scope and schedule of the project are sufficiently defined to allow the consulting engineer to estimate project costs.

Unit Price Contract

This kind of contract is based on estimated quantities of items included in the project and their unit prices. The final price of the project is dependent on the quantities needed to carry out the work. In general this contract is only suitable for construction and supplier projects where the different types of items, but not their numbers, can be accurately identified in the contract documents.

Cost plus Contract

A contract agreement where the purchaser agrees to pay the cost of all labor and materials plus an amount for contractor overhead and profit which is usually as a percentage of the labor and material cost. This types of contracts are favored where the scope of the work is indeterminate or highly uncertain and the kinds of labor, material and equipment needed are also uncertain.

Incentive Contracts

Compensation is based on the engineering and/or contracting performance according to an agreed target **-** budget, schedule and/or quality.

The two basic categories of incentive contracts are

- Fixed Price Incentive Contracts
- Cost Reimbursement Incentive Contracts

Percentage of Construction Fee Contracts

Common for engineering contracts, Compensation is based on a percentage of construction costs.

Tender

Tendering is the process of choosing the best and cheapest company to supply goods and services by asking several companies to make offers for supplying the goods and services

TYPES OF TENDER

1.Open Tendering

This usually takes the form of an advertisement in a national or local newspapers inviting contractors to apply for tendering competition for carrying out the work. The main characteristic of which are given usually the deposit is required in order to discourage frivolous applications. The deposit is returnable on submission of a tender. In this method allows any contractor to submit a tender to an advertised project.

2. Selective Tendering

Contractor apply to be included on an approved list maintain by an employing body often an architectural practice, local authority or statutory body. These organizations have extensive knowledge and experience of individual contractors and regularly reviews contractor performs and approval list from such list. There are able to select contractors most suited to the contract the number invited will according to the value of the contract.

3. Negotiated Tender

In this process only well reputed contractors are been negotiated by inviting them to submit their tenders. Client contractors determine the perimeters for negotiation before commencement of the project. The maintenance of positive relationship during the negotiation process is essential.

6.What is project report? Explain procedure of preparing a project report.

Definition of Project Report

A Project Report is a document which provides details on the overall picture of the proposed business. The project report gives an account of the project proposal to ascertain the prospects of the proposed plan/activity.

Contents of a Project Report

Following are the contents of a project report.

1. General Information

A project report must provide information about the details of the industry to which the project belongs to. It must give information about the product to be manufactured and the reasons for selecting the product if the proposed business is a manufacturing unit.

2. Executive Summary

A project report must state the objectives of the business and the methods through which the business can attain success. The overall picture of the business with regard to capital, operations, and methods of functioning and execution of the business must be stated in the project report. It must mention the assumptions and the risks generally involved in the business.

3. Organization Summary

The project report should indicate the organization structure and pattern proposed for the unit. It must state whether the ownership is based on sole proprietorship, partnership or joint stock company.

4. Project Description

It includes location of the site, raw material requirements, target of production, area required for the workshed, power, fuel, water & employment requirements, technology selected for the project, production process, projected production volumes, unit prices & pollution treatment plants.

5. Marketing Plan

It includes type of customers, target markets, nature of market, future prospects of the market, sales objectives, marketing cost of the project, market share of proposed venture & demand for the product in the local, national and the global market,

6. Capital Structure and operating cost

The project report must describe the total capital requirements of the project. It must also indicate the extent of owners funds and borrowed funds. Estimate of total project cost, must be broken down into land, construction of buildings and civil works, plant and machinery, miscellaneous fixed assets, preliminary and preoperative expenses and working capital.

7. Management Plan

It includes business experience of the promoters of the business, details about the management team, duties and responsibilities of team members, current personnel needs of the organization, methods of managing the business, plans for hiring and training personnel & program and policies of the management.

8. Financial Aspects

In order to judge the profitability of the business a projected profit and loss account and balance sheet must be presented in the project report. It must show the estimated sales revenue, cost of production, gross profit and net profit likely to be earned by the proposed unit.

9. Technical Aspects

Project report provides information about the technology and technical aspects of a project. It covers information on Technology selected for the project, Production process, capacity of machinery, pollution control plants etc.

10. Project Implementation

Implementation schemes show the timetable envisaged for project preparation and completion. It must indicate the time within the activities involved in establishing the enterprise can be completed.