

SHORT TYPE QUESTIONS & ANSWERS: [Each carries 02 Marks]

1. What is seed capital?

Ans: Seed capital is the money raised to begin developing an idea for a business or a new product. It generally covers only the costs of creating a proposal that can be taken to venture capitalists in order to obtain additional financing.

2. What do you mean by venture capital?

Ans: Venture capital (VC) is a type of financing that is provided by firms or funds to small, early-stage, emerging firms that are deemed to have high growth potential, or which have demonstrated high growth (in terms of number of employees, annual revenue, or both). Venture capital firms or funds invest in these early-stage companies in exchange for equity, or an ownership stake, in those companies.

3. State the difference between marketing and selling?

Ans: Marketing is about customer satisfaction. It starts with customer needs and demand and ends with customer satisfaction. It is a customer oriented approach. Sales, on the other hand, is about selling what the company produces. It doesn't care about the need of the customer but about the profits.

Marketing is about providing quality products and consumer satisfaction. Selling is about generating by maximising sales and is a money oriented approach.

In marketing, emphasis is given on the wants of the consumer. Whereas in selling, emphasis is on the company's products.

4. What is marketing planning?

Ans: Market planning is the process of organizing and defining the marketing aim of a company and gathering strategies and tactics to achieve them. A solid marketing plan should consist of the company's value proposition, information regarding its target market or customers, a comparative positioning of its competitors in the market, promotion strategies, distribution channels, and budget allocated for the plan.

5. What are the main purposes for which working capital is needed?

Ans: The main purposes for which working capital is needed are as follows:

- It enhances the liquidity and solvency position of the business concern.
- A firm with sound working capital position can make timely payment of its outstanding bills. This enhances the reputation of the firm.
- It enables the firm to avail itself of the facilities like cash discount by making prompt payments.

6. Write four marketing problems in SSIs?

Ans: The four marketing problems in SSIs are:

- Problem of Standardisation
- Competition from large scale units
- Poor Sales Promotion
- Poor bargaining power

7. What is the importance of promotion mix?

Ans: The importances of promotion mix are as follows:

- Depending on how appropriately the tools are used, huge sales targets and profits can be generated.
- These tactics can help catapult a firm to greater heights.
- They can help you achieve the right results when used properly.
- They can help you stay abreast of the current market situation and keep the competitive spirit going.

8. How does break even analysis matter to entrepreneurs?

Ans: Break-even analysis matter to entrepreneurs in following ways:

- Break-even analysis will help an entrepreneur determine the sales quantity or number of products that must be sold in order for the business to generate enough revenue to pay its expenses.
- Break-even analysis allows an entrepreneur to know how much profit he can earn at different sales volumes.
- Break-even analysis will help an entrepreneur schedule product inventory levels. Entrepreneurs must stock enough inventory to have products available for sale over a given period of time.

II. FOCUSED TYPE QUESTIONS & ANSWERS: [Each carries 06 marks]

1. What are the HR problems in SME's? Write down the strategies to solve this.

Ans: HR specialists cover many different areas of a company's operations. Here are some common challenges faced by human resource managers today.

Recruitment

A constant requirement for HR is finding and onboarding new employees. Employees lost through attrition, layoffs or disciplinary action have to be replaced to sustain or increase production. Selecting and interviewing candidates with the right set of skills, personality and dependability is an involved process. This is true both of positions requiring specific education and skills or general labor where you can receive dozens, if not hundreds of applicants.

HR managers must have software or systematic procedures for rapidly narrowing down the field of candidates, scheduling, conducting a series of interviews and checking references. Promising applications can be retained in an ATS database should other suitable positions open. Developing more efficient recruitment procedures is a constant demand on HR.

Retention

Employees may see HR as responsible for hiring new talent. But one of the primary challenges in people management is retaining current employees.

It's simply more efficient and cost-effective to retain talent. When employees leave, the company suffers a loss of productivity. It takes a long recruitment and training process before that productivity is restored. One of HR's primary roles is to keep quality employees engaged with the company and their jobs.

The average cost of onboarding new employees could be anywhere from 16% to 200% of their annual salary, depending on the position involved. Retaining talent often requires a complex plan involving company culture, incentives, opportunity, benefits and pay rates. It's important employees are satisfied with all these factors so they don't look for other opportunities.

Discipline

Though it's often necessary, discipline is one of the most difficult issues HR is forced to deal with. Failure to adhere to schedules, unsatisfactory performance, drug or alcohol use, a history of personal conflicts and other poor behaviors require HR to step in. Negligent behavior can lead to accidents, lower production or work quality, and cause internal conflicts in the workplace.

HR must retain documentation of unacceptable behavior, poor performance reviews, insubordination or other incidents that affect an employee's value to the company. This can be time consuming but it would be unfair not to apply the same set of rules to every employee. It's also important that employee behavior be recorded and dealt with consistently to avoid potentially damaging lawsuits. In wrongful termination lawsuits, 67 percent are decided for the employee and out-of-court settlements average \$40,000.

Compensation & Benefits

One important challenge in people management is ensuring every employee is content with their compensation. A common misconception is that employees always expect a raise, and that the greater the raise, the happier they'll be. However, it's more often a matter of employees feeling they're fairly paid. This requires HR to investigate and track current salaries within their industry and geographic region for various job roles to establish a basis of what's fair and what is not. Employees who perceive themselves as underpaid will typically reduce their efforts to what they see as fair balance of pay and labor.

Benefits are an extension of compensation. Employees might be willing to accept a lower salary for better medical insurance plans, for instance. Other benefits like vacation time, stock options and so forth can cause an employee to leave or stay.

Health & Safety

Many companies are required to keep detailed records on health and safety practices to remain in compliance with government regulations. These laws are meant to protect employees by penalizing companies that don't adhere to safety standards. Employee accidents can lead to reduced production, lawsuits or the filing of workers' compensation claims.

When a health and safety incident takes place, HR is often responsible for seeing that the business has met its legal requirements, the proper documentation was kept and every expected precaution was taken. While many companies have safety officers to provide training and monitor workplace conditions, they are usually part of or report to HR, which has the responsibility of ensuring the company's interests are best represented.

2. What are the central level organizations promoting SMEs ?

Ans: