

Sample Paper – 2014
Class – XII
Subject – ENTREPRENEURSHIP

BUSINESS PLANNING - PREPARATION OF A FEASIBILITY REPORT

Chapter wise Q and A

(Q.)Mention any one quality of an entrepreneur which will help him in starting a new venture. (1 Mark)

(Ans)

An entrepreneur should have complete understanding of the objectives of the business before starting a new venture.

(Q.)What is the first step for starting a venture? (1 Mark)

(Ans)

The first step for starting a venture is the development of a feasibility plan.

(Q.)What are the contents of financial profile of the feasibility report? (1 Mark)

(Ans)

Financial profile includes profits and losses, inventory, estimation of revenue and cost, sources of finance etc.

(Q.)Name the parties interested in looking at the feasibility report of an enterprise. (1 Mark)

(Ans)

Parties like wholesalers, dealers, financiers, and clientele etc., may be interested in the feasibility report of an enterprise.

(Q.)

What is meant by human resource management? (1 Mark)

(Ans)

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of potential work force and providing direction for the people who work in the organization.

(Q.)Why an entrepreneur need a feasibility plan? (1 Mark)

(Ans)

An entrepreneur needs a feasibility plan to assess the periodic requirement of resources both material and human.

(Q.)What do you mean by a business plan? (1 Mark)

(Ans)

Business plan is a blue print of all the activities that an entrepreneur proposes to engage in.

(Q.)Mention any one reason for the unique characteristic of the venture. (1 Mark)

(Ans)

The unique characteristic of the venture may be due to favourable market needs.

(Q.)What is a feasibility plan? (1 Mark)

(Ans) It is a comprehensive business plan that covers the entire range of activities, which are being planned in the business.

(Q.)What should be the most striking feature of human resource and management? (1 Mark)

(Ans) Human resource means employees. The most striking feature of human resource and management should be their commitment and dedication for work.

(Q.)Why a feasibility plan should carry a brief synopsis of the future vision of an enterprise? (1 Mark)

(Ans) A feasibility plan should carry a brief synopsis of the future vision of an enterprise as it will reflect the commitment of the enterprise which will help in its growth and development.

(Q.)Which feature of a feasibility report is considered its soul? (1 Mark)

(Ans) Operational plan is called the soul of a feasibility report. (It is called the soul of the feasibility report as it shows the strategy adopted by an entrepreneur in maximizing his production.)

(Q.)'Forecasting the future projection of the enterprise is essential for the health of the organization'. Explain.(2 Marks)

(Ans) The feasibility plan should carry a brief synopsis of the future vision of the enterprise because it will depict the commitment and motivation of the enterprise, creators and managers. Every organisation has to plan for the future, keeping in mind the aims and objectives. These plans or forecasting helps an organisation to work systematically.

(Q.)What does the financial profile of an enterprise indicate? (2 Marks)

(Ans) The financial profile of an enterprise indicates the assessment of the revenue, cost, profits and losses, cash flow dynamics, stock of raw material and finished goods, loans etc.

(Q.)What is the importance of feasibility plan for an entrepreneur? Explain any two. (2 Marks)

(Ans) An entrepreneur needs a feasibility plan for the following reasons:

1. **Idea of periodic requirements:** An entrepreneur gets the information about his regular and repetitive requirement of raw material, finance etc.
2. **Portrays position:** The feasibility plan helps in presenting a true and fair position of the project to the parties like financiers, wholesalers, retailers, suppliers etc.

(Q.)What are the features of an efficient market strategy? (2 Marks)

(Ans) An enterprise can grow if it adopts effective marketing strategies. Features of an effective market strategy include acquiring and maintaining market for the product and ensuring that the finished goods reach the market timely.

(Q.)Explain the objectives of a business as one of the features of a feasibility plan. (2 Marks)

(Ans) An entrepreneur has to give details of the aims and objectives of the enterprise. Objectives include individual, social and organizational objectives. A feasibility plan must state the details regarding the short range and long range objectives of the people involved in creating and promoting the enterprise.

(Q.) 'Development of an enterprise essentially lies in the hands of the working team'. Explain. (2 Marks)

(Ans)

Human resource and management plays a vital role in the growth and development of an enterprise. Dynamic and dedicated people in an enterprise are always successful in meeting the challenges and problems faced by the enterprise. Skills and talents of the people involved in the team and coordination among them contributes to the feasibility of an enterprise.

(Q.)List any six features of a feasibility plan.

(3 Marks)

(Ans)

Features of a feasibility plan:

1. Executive summary
2. Objectives of the enterprise
3. Attributes of product or service
4. Market survey and analysis
5. Operational plan
6. Marketing strategies

(The other features of a feasibility plan are human resource and management, financial profile and futuristic projection.)

(Q.)How does the human resource of an enterprise indicate its feasibility?

(3 Marks)

(Ans) Human resource is a vital element of any organization or an enterprise. The growth and development of any enterprise depends on the efficiency and efforts of the people working there. They need to work skillfully and with full dedication so that they are able to meet

the challenges and problems of the market. Combined efforts of all the members of an organisation contribute to the feasibility of the enterprise.

(Q.)An entrepreneur wants to launch his own range of designer clothes in the market. List any three points he should keep in mind while deciding the marketing strategy?

(3 Marks)

(Ans) Marketing is a set of activities of an enterprise that are related with acquiring and maintaining market for the firm's product. Before launching any product, a systematic marketing strategy should be adopted.

While deciding the marketing strategy for launching his own range of designer clothes in the market, the entrepreneur should keep in mind the following points:

1. He should do effective advertising of his product.
2. He should be capable of creating market need.
3. He should ensure that he is providing best quality products to the customer.

(His product should also be cost effective, user friendly and easily available in the market.)

(Q.)What is a feasibility plan? State any four features of a feasibility plan.

(4 Marks)

(Ans) Feasibility plan is a comprehensive business plan that encompasses the entire range of activities being planned in the business. It helps to understand the feasibility or viability of the project, the bottlenecks in the progress and implementation, the risk factors involved, and the potential for the success of the project. It

acts as a basic guideline and an overview for the analysis and implementation of the project in all its stages.

The main features of a feasibility plan are:-

1. Executive summary
2. Attributes of the product or service
3. Market survey and analysis
4. Operational plan

(Q.)Categorize the following items under different heads of a 'Feasibility Plan':

1. **Expenses on advertisement and publicity**
2. **Skilled, unskilled and semi skilled manpower**
3. **Methods of production**
4. **Cash flow dynamics** (4 Marks)

(Ans)

1. Expenses on advertisement and publicity - **Marketing strategy**
2. Skilled, unskilled and semi skilled manpower - **Human Resource and management**
3. Methods of production - **Operational plan**
4. Cash flow dynamics - **Financial profile**

(Q.)How does the feasibility plan help an entrepreneur to monitor his project?

(4 Marks)

(Ans)

Feasibility plan helps an entrepreneur in the following manner:

1. **Shows detailed picture of the project:** The feasibility plan provides a comprehensive picture of the sales target, marketing strategies, expected turnover and profit etc., of an enterprise.
2. **Objectives:** The feasibility plan details the objectives of the business. So an entrepreneur, after preparing the feasibility plan gets an idea about these objectives and can check whether they are being accomplished or not. It will also help him in knowing how far the aims and objectives moving away from the actual ones.
3. **Financial constraints:** It also provides an individual with the information regarding the allocation of finance and when the actual working of the enterprise starts entrepreneur can decide his actual and project financial requirements.
4. **Comparing actual performance with the planned performance:** As an entrepreneur set standards before the beginning of any project, the feasibility plan helps in comparing the desired level of turnover and the actual turnover which in future will help him in taking remedial action.

(Q.)Explain in detail market survey and analysis as a part of feasibility plan. (6 Marks)

(Ans) An entrepreneur before starting any venture should have complete knowledge of trends prevailing in the market. He should be

aware whether the production of a product is viable or to say whether that product has a market or not. He has to understand the customer needs, quality of the product and the level of consumption.

Importance of market survey and analysis:

1. **Market characteristics:** An entrepreneur needs to understand the characteristics of the market because the demand and supply analysis will help him in fixing the price of his product.
2. **Customer's needs:** During market survey, the needs and requirements of the customers are analyzed which further helps in judging the viability of the product.
3. **Quality of the product:** After assessing the market an entrepreneur comes to know about quality of the product preferred by the customers and hence can decide the quality of his product.
4. **Turnover:** Market survey helps in deciding the level of consumption. Higher the level of consumption, greater is the chance of having high turnover. So through market survey product capacity can be easily evaluated.

(Q.)What is an operational plan? Why does an entrepreneur need the operational plan? (6 Marks)

(Ans) A plan which shows the steps, procedures and strategies adopted by the entrepreneur in maximizing the turnover and production of the enterprise is called operational plan. It is also called the soul of the feasibility plan.

Importance of the operational plan:

1. **Production technique:** Operational plan shows the method of production adopted by the entrepreneur. For example, whether production is labour intensive, capital intensive, small scale or large scale.
2. **Efficiency:** The operational plan gives an idea about the efficiency of the resources. Whether the resources are being utilized efficiently and effectively and also the extent of diversification from optimum utilization.
3. **Cost effectiveness:** With the help of operational plan an entrepreneur comes to know about the areas where unnecessary cost is being incurred and how he can cut the cost and utilize those resources effectively somewhere else.
4. **Managerial ability:** The efficiency and prudence of the people working in the enterprise is reflected by the operational plan.

(Q.)What are the features of an efficient marketing strategy? (6 Marks)

(Ans)

Any product or service has to be marketed competently. An efficient marketing strategy includes the following:

1. Advertising, i.e., spreading the message about the product and promoting its sale.
2. Creating a market need
3. Making product available at the reach of customers
4. Branding, i.e., marking the product to differentiate it from other products of competitors
5. Giving quality assurance of the product
6. Creating cost effectiveness and user friendliness

5. The feasibility report must depict all dimensions of the marketing strategies.

Most Important Questions

(Q.)What do you mean by a business plan?

(Ans)

Business plan is a blue print of all the activities that an entrepreneur proposes to engage in.

(Q.)What is the first step for starting a venture?

(Ans) The first step of starting a venture is the preparation of a feasibility plan.

(Q.)Mention any one quality of an entrepreneur which will help him in starting a new venture.

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(Q.)Mention any one reason for the unique characteristic of the venture?

(Ans) The unique characteristic of the venture may be due to favorable market needs.

(Q.)Why entrepreneurs need a feasibility plan?

(Ans) An entrepreneur needs a feasibility plan to assess the periodic requirement of resources both material and human.

(Q.)Which part of the feasibility report reflects the general synopsis of the proposed enterprise?

(Ans) Executive summary reflects the general synopsis of the proposed enterprise.

(Q.)What are the contents of financial profile of the feasibility report?

(Ans) Financial profile includes profits and losses, inventory, estimation of revenue and cost, sources of finance etc.

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(Q.)List various features of a feasibility plan.

(Ans) Features of a feasibility plan:

- a. Executive summary
- b. Objectives of the enterprise
- c. Attributes of product or service
- d. Market survey and analysis
- e. Operational plan
- f. Marketing strategies
- g. Human resource and management
- h. Financial profile
- i. Futuristic projections

(Q.)Explain any two importance of a feasibility plan.

(Ans)

Importance of a feasibility plan:

1. **Gives an estimation of periodic requirements:** A feasibility plan provides an entrepreneur with the information regarding the regular requirement of various resources both material and human. Resources like raw material, finance, manpower etc.
2. **Helps in planning:** A feasibility plan helps in planning as it acts as a basis for the smooth functioning of an enterprise. It includes planning of various things like purchase of raw material, source of finance, allocation of other resources, selling of product etc.

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