

Regular/Scholarship/Back Regular/Scholarship/Back Exam- 2082 Shrawan/Bhadra

Program: DCE, DAG (Animal + Plant Science),

DAG Engineering, DAE, DME, DRAC, DMEX, DEEX, DEX, DEE, DIT, DCOM, DAT, DHP,
DGE, DBE, DSW

Subject: Entrepreneurship Development.

GROUP 'A' — DESCRIPTIVE QUESTIONS [8×5 = 40 Marks]

Attempt any FIVE questions.

Q1. Explain the attributes that an entrepreneur must possess while operating an enterprise. [8 Marks]

An entrepreneur is a person who starts and runs a business by taking risks, managing resources, and working toward profit. To successfully operate an enterprise, an entrepreneur must have certain key attributes (qualities/characteristics).

DIAGRAM: Attributes of an Entrepreneur

ENTREPRENEUR ATTRIBUTES		
1. Risk-Taking	2. Decision Making	3. Leadership
4. Creativity	5. Hard Work	6. Self-Confidence
7. Communication	8. Goal Oriented	9. Flexibility

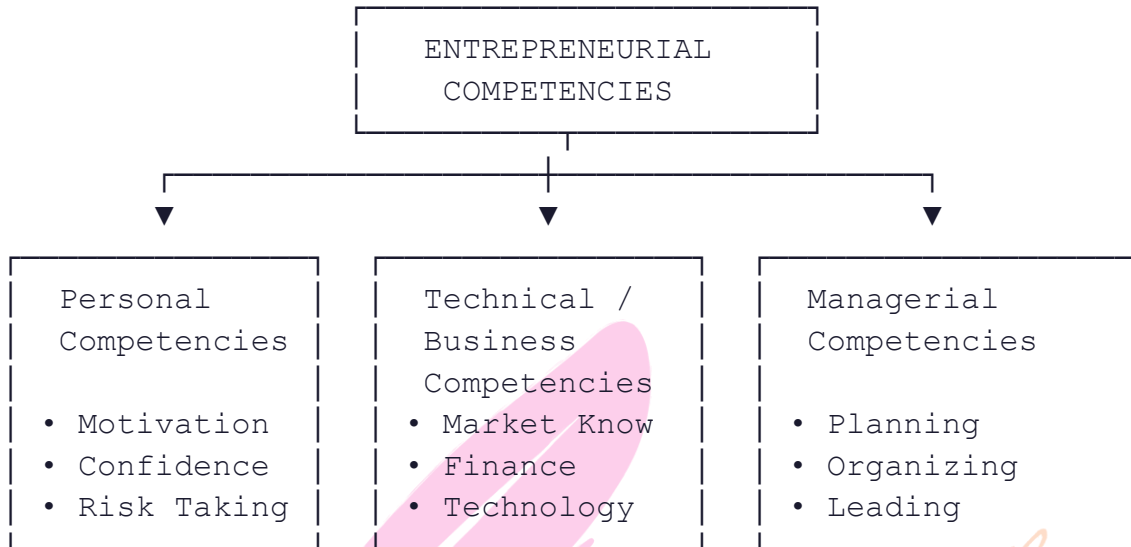
The main attributes are explained below:

- 1. Risk-Taking Ability:** An entrepreneur is always ready to take calculated risks. Without risk, there is no business growth. For example, investing money in a new product.
- 2. Decision-Making Skill:** An entrepreneur must make quick and correct decisions, even under pressure. Wrong decisions can lead to business failure.
- 3. Leadership Quality:** An entrepreneur leads and motivates the team. A good leader inspires workers to give their best performance.
- 4. Creativity and Innovation:** An entrepreneur always thinks of new ideas and better ways to do things. This helps the business stay competitive.
- 5. Hard Work and Dedication:** Running a business requires lots of effort and time. A successful entrepreneur works hard, especially in the beginning.

Q2. What are the importance of entrepreneurial competencies? [8 Marks]

Entrepreneurial competencies are the skills, knowledge, attitudes, and behaviors that help an entrepreneur to start, manage, and grow a business successfully.

DIAGRAM: Entrepreneurial Competencies Framework



Importance of Entrepreneurial Competencies:

- 1. Helps in Starting a Business:** Competencies give an entrepreneur the knowledge and confidence to identify opportunities and start a new business successfully.
- 2. Improves Decision Making:** With proper competencies, an entrepreneur can analyze situations, weigh options, and make the best decisions for the business.
- 3. Increases Business Efficiency:** Competencies like time management, resource planning, and leadership help in running business operations smoothly.
- 4. Helps to Survive Competition:** Market is competitive. Entrepreneurial competencies help a person to innovate and stay ahead of competitors.
- 5. Reduces Business Risks:** A competent entrepreneur can identify risks early and take

Q3. What is product/service? Does location of business influence income? [2+6 Marks]

What is Product/Service

A product is a physical/tangible item that is manufactured and sold to customers. For example: mobile phone, clothes, food items.

A service is an intangible activity or benefit provided to customers. For example: haircut, transportation, internet service.

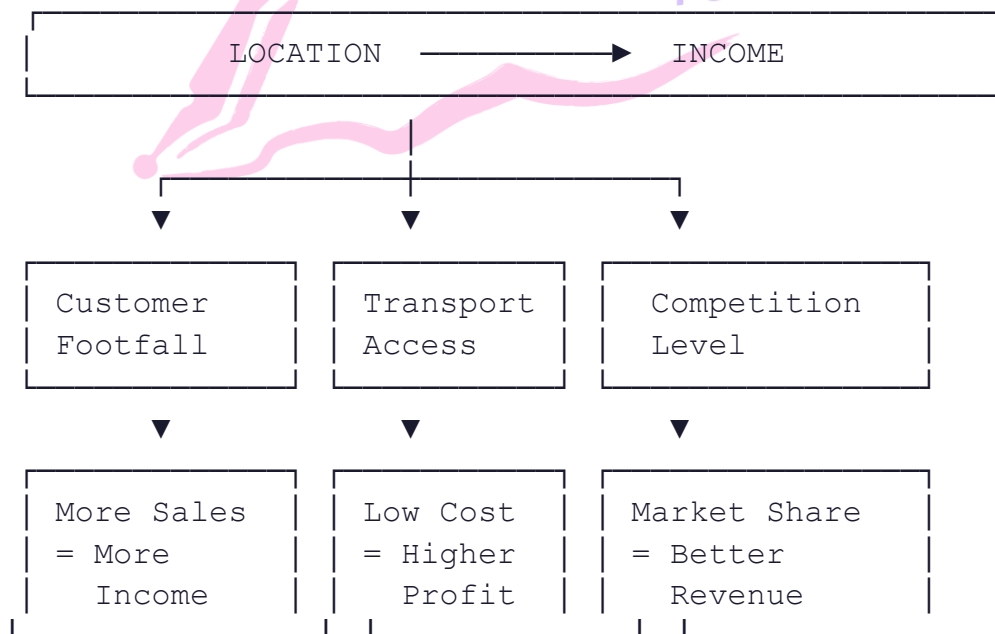
DIAGRAM: Product vs Service

PRODUCT	SERVICE
Tangible (can be touched)	Intangible (cannot touch)
Can be stored	Cannot be stored
Ex: Book, Phone, Clothes	Ex: Haircut, Teaching
Transfer of ownership	No ownership transfer

– Does Location of Business Influence Income? [6 Marks]

YES — Location of business has a HUGE influence on the income and success of a business. The right location means more customers, better sales, and higher profit.

DIAGRAM: How Location Affects Business Income



- 1. Customer Accessibility:** A shop located in a busy market area (like New Road, Kathmandu) gets more customers than one in a remote village. More customers = more income.
- 2. Transportation Facility:** Good road access and transportation reduce delivery cost and help get raw materials easily, which reduces expenses and increases profit.
- 3. Target Market Proximity:** A school supply store near a school area will sell more than one located far away. Being close to the target market increases sales.
- 4. Competition:** If many similar businesses are in the same area, competition increases and income may reduce. Choosing a location with less competition is better.
- 5. Rent and Operating Cost:** Prime locations like city centers have high rent, which increases costs. Balancing location cost and expected income is important.

Q4. What is working capital estimation? Describe sources of investment and financial costs in brief. [2+6 Marks]

Working Capital Estimation.

Working capital is the money needed for the day-to-day operations of a business.

Working Capital = Current Assets – Current Liabilities
Working capital estimation means calculating how much money is needed to run daily business activities like buying raw materials, paying salaries, electricity bills, etc.

– Sources of Investment

Sources of investment are the ways an entrepreneur can get money to start or expand a business:

- 1. Personal Savings:** Using own saved money. No interest to pay, but limited amount.
- 2. Friends and Family:** Borrowing money from known people. Usually low or no interest.
- 3. Bank Loans:** Most common source. Banks provide loans against collateral with interest.

Financial Costs .

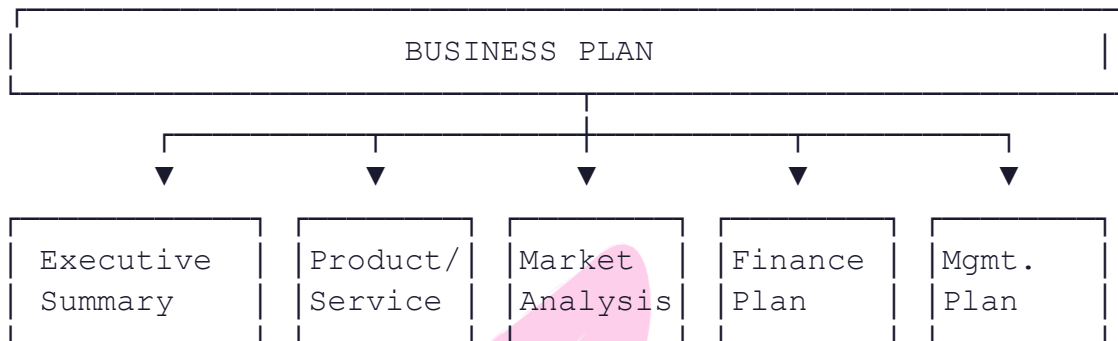
Financial costs are the expenses related to raising and using funds:

- 1. Interest Cost:** Amount paid on borrowed money (bank loans, cooperatives). Higher loan = higher interest.
- 2. Loan Processing Fee:** Banks charge a fee to process loan applications.
- 3. Repayment Cost:** Monthly EMI (installments) that the business must pay back regularly.

Q5. What are the contents of a business plan? Discuss. [8 Marks]

A business plan is a written document that describes what a business is, what it wants to achieve, and how it will achieve it. It is a roadmap for the business.

DIAGRAM: Contents of a Business Plan



- 1. Executive Summary:** A short overview of the entire business plan — business name, location, product/service, and goals. It is written last but placed first.
- 2. Business Description:** Details about the business — type of business, legal form (sole trader, partnership, etc.), vision, and mission.
- 3. Product/Service Description:** What the business will sell or provide, its features, quality, pricing, and how it is different from competitors.
- 4. Market Analysis:** Study of target customers, market size, competition, and demand for the product/service in the selected location.
- 5. Marketing Plan:** Strategy for promoting and selling the product — advertising, pricing,

Q6. What is the status of small business in Nepal? Explain future prospects and constraints faced by small business. [2+6 Marks]

– Status of Small Business in Nepal [2 Marks]

Small businesses (also called MSMEs – Micro, Small and Medium Enterprises) are the backbone of Nepal's economy.

- Nepal has thousands of small businesses operating in sectors like agriculture, handicrafts, tourism, retail, and manufacturing.
- They contribute about 22% of Nepal's GDP and employ more than 1.7 million people.

– Future Prospects of Small Business in Nepal [3 Marks]

- 1. Government Support:** Government schemes like 'Yuwa Udyami Karyakram' and 'Startup Nepal' provide financial and technical support to small businesses.
- 2. Tourism Growth:** Nepal's growing tourism creates opportunities for small hotels, handicraft shops, and food businesses.
- 3. E-commerce/Digital Market:** Internet and smartphones have opened online selling

Constraints (Problems) Faced by Small Business

- 1. Lack of Capital:** Most small businesses cannot get bank loans easily due to lack of collateral, so they struggle to expand.
- 2. Limited Market Access:** Small businesses cannot compete with large companies in marketing and distribution.
- 3. Poor Infrastructure:** Irregular electricity supply, bad roads, and lack of internet in remote areas affect business operations.

GROUP 'B' — SHORT QUESTIONS [4×5 = 20 Marks]

Attempt any FOUR questions.

Q7. What are the traits required to be an entrepreneur? [5 Marks]

Traits are the personal qualities or characteristics that make someone a good entrepreneur.

1. Risk-Taking: Willing to invest money and effort even when the outcome is uncertain.
 2. Creativity: Ability to think of new ideas and innovative solutions.
 3. Leadership: Ability to guide, inspire, and manage a team effectively.
 4. Decision Making: Making correct and timely decisions in difficult situations.
 5. Self-Confidence: Believing in yourself and your business idea.
 6. Persistence: Not giving up when facing failure or challenges.
 7. Communication Skills: Clearly expressing ideas to customers, employees, and investors.
 8. Time Management: Using time wisely to complete tasks efficiently.
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Q8. Mention creativity and innovation in business. [2.5 + 2.5 Marks]

Creativity in Business [2.5 Marks]

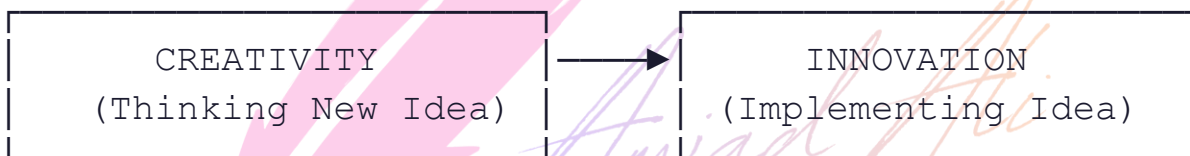
Creativity means generating new ideas, concepts, or ways of doing things. In business, creativity helps entrepreneurs find unique solutions to problems and create new products or services.

- Example: Thinking of a new product design that no competitor has.
- It is the ability to think differently and come up with original ideas.
- Creativity is the starting point of innovation.

Innovation in Business [2.5 Marks]

Innovation means converting creative ideas into real, practical, and marketable products or services. It is about implementing new ideas to improve the business.

DIAGRAM: Creativity vs Innovation



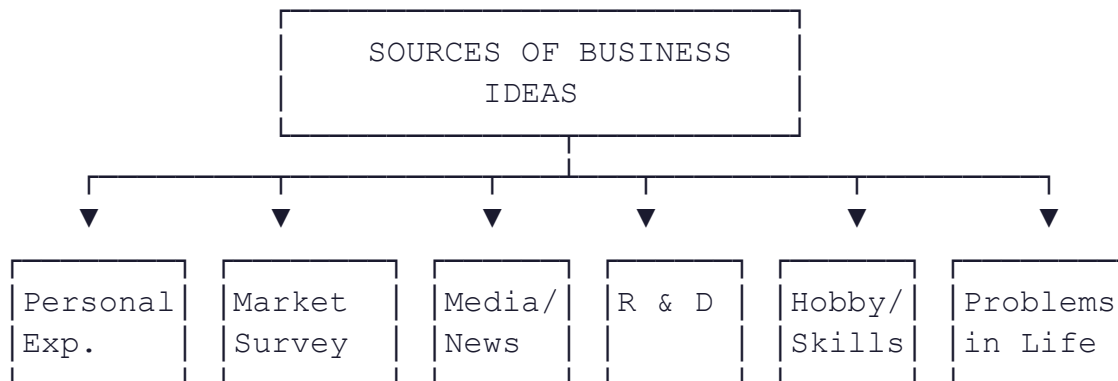
... Innovation leads to competitive advantage in the market.

- Types: Product Innovation, Process Innovation, Marketing Innovation.
- Example: A Nepali restaurant innovating by introducing online ordering app.

Q9. What are sources of business ideas?

A business idea is the starting point of any business. There are many sources from where an entrepreneur can find a good business idea:

DIAGRAM: Sources of Business Ideas



- 1. Personal Experience:** Skills, hobbies, or past work experience can become a business idea. Example: A chef opening a restaurant.
- 2. Market Survey:** Researching what products/services people need but are not available. Unfulfilled demand = business opportunity.
- 3. Media and Internet:** News, YouTube, social media, and business magazines often share trending business ideas.
- 4. Research and Development (R&D):** Scientific research can lead to new products and technologies for business.
- 5. Hobby and Passion:** Turning personal interests into a business. Example: A photography

Q10. How do you manage or minimize risk in your business? Give examples. [5 Marks]

Risk is the possibility of loss or failure in business. Every business has risks, but a smart entrepreneur can minimize them.

 DIAGRAM: Risk Management Process



1. Insurance: Buy insurance for business assets to protect against fire, theft, or natural disasters. Example: Insuring machines in a factory.
2. Diversification: Don't depend on only one product or customer. Selling different products reduces the risk of total loss.
3. Proper Market Research: Before launching a product, do market research to check demand, competition, and pricing.
4. Financial Planning: Maintain an emergency fund to handle unexpected expenses. Avoid taking more loans than needed.
5. Legal Protection: Register the business, get proper licenses, and follow government rules to avoid legal risks.
6. Quality Control: Maintain product quality to avoid customer complaints and returns.
7. Strong Supplier Relationships: Have multiple suppliers so that business does not stop if one supplier fails.

Example: A restaurant owner can minimize risk by: 1) Insuring the kitchen, 2) Offering multiple menu items, 3) Having backup gas supplier, 4) Maintaining food quality standards.

Q11. What is organization? Draw a chart of organization showing departments. [2+3 Marks]

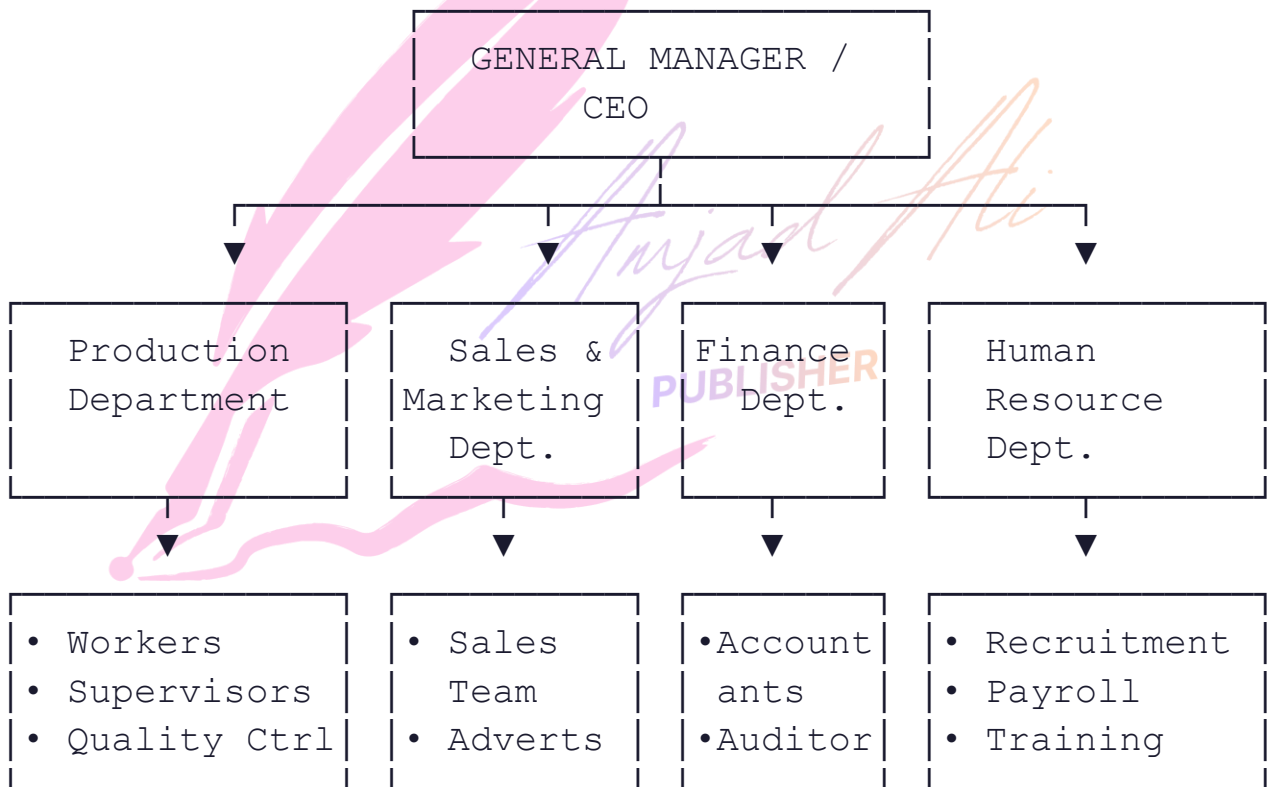
What is Organization? [2 Marks]

An organization is a structured group of people who work together to achieve common goals. It involves dividing work, assigning responsibilities, and establishing a chain of command.

- It defines who does what, who reports to whom, and how resources are used.
- Example: A company with a Manager, Sales Department, Finance Department, and HR Department is an organization.

Organization Chart [3 Marks]

DIAGRAM: Organizational Chart Showing Departments



Explanation of Departments:

1. Production Department: Responsible for manufacturing products, maintaining quality, and managing inventory.
2. Sales & Marketing Department: Responsible for selling products, advertising, finding new customers, and market research.

3. Finance Department: Manages the company's money — budgeting, accounting, paying bills, and financial reporting.
4. Human Resource (HR) Department: Handles recruitment, training, salary, employee welfare, and performance evaluation.



One Subject Chance Exam- 2082 Baishakh

Program:

DAE, DME, DRAC, DMEX, DEEX, DEX, DEE, DIT, DCOM, DCE, DAT, DHP, DGE, DAG (Animal + Plant Science)

Year/Part: III/II (2021, 2022)

Subject: Entrepreneurship Development

GROUP 'A' — DESCRIPTIVE QUESTIONS [5×8 = 40 Marks]

Attempt any FIVE questions.

Q1. Distinguish between wage employment and self-employment. Also, explain the trait required to be an entrepreneur. [5+3 Marks]

– Wage Employment vs Self-Employment [5 Marks]

Wage Employment and Self-Employment are two different ways people earn a living. Here is a detailed distinction:

DIAGRAM: Wage Employment vs Self-Employment

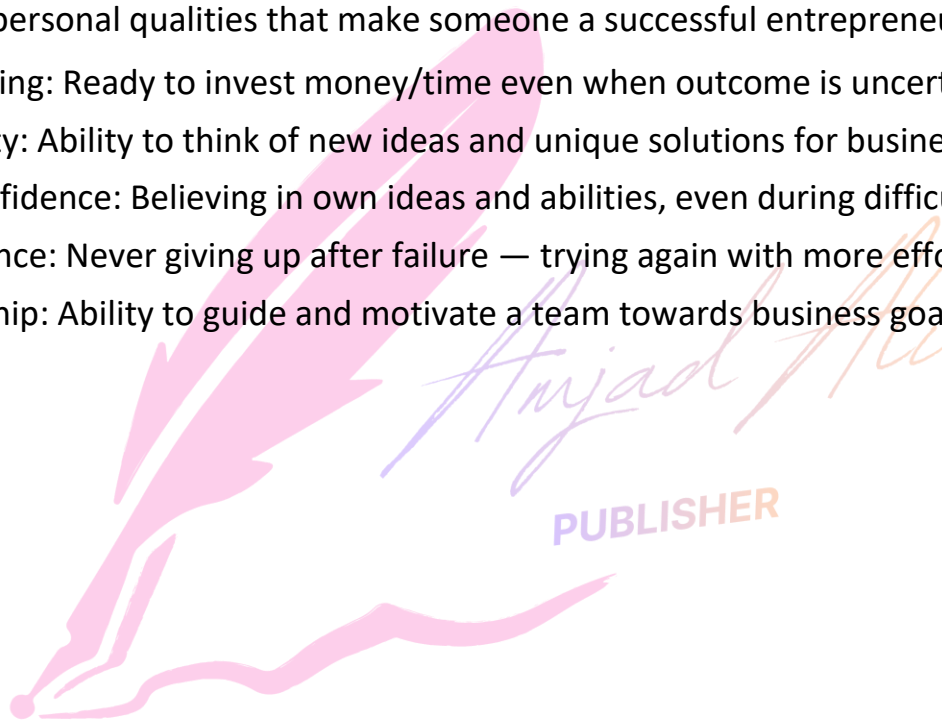
PUBLISHER	
WAGE EMPLOYMENT	SELF-EMPLOYMENT
Works for an employer	Works for themselves
Fixed monthly salary	Income depends on profit
No investment needed	Requires own investment
Job security (contract)	No guarantee of income
Limited decision power	Full decision-making power

Fixed working hours	Flexible working hours
Low financial risk	High financial risk
Example: Government job, office employee	Example: Own shop, own business, freelancer, farmer

– Traits Required to be an Entrepreneur [3 Marks]

Traits are the personal qualities that make someone a successful entrepreneur:

1. Risk-Taking: Ready to invest money/time even when outcome is uncertain.
2. Creativity: Ability to think of new ideas and unique solutions for business problems.
3. Self-Confidence: Believing in own ideas and abilities, even during difficulties.
4. Persistence: Never giving up after failure — trying again with more effort.
5. Leadership: Ability to guide and motivate a team towards business goals.

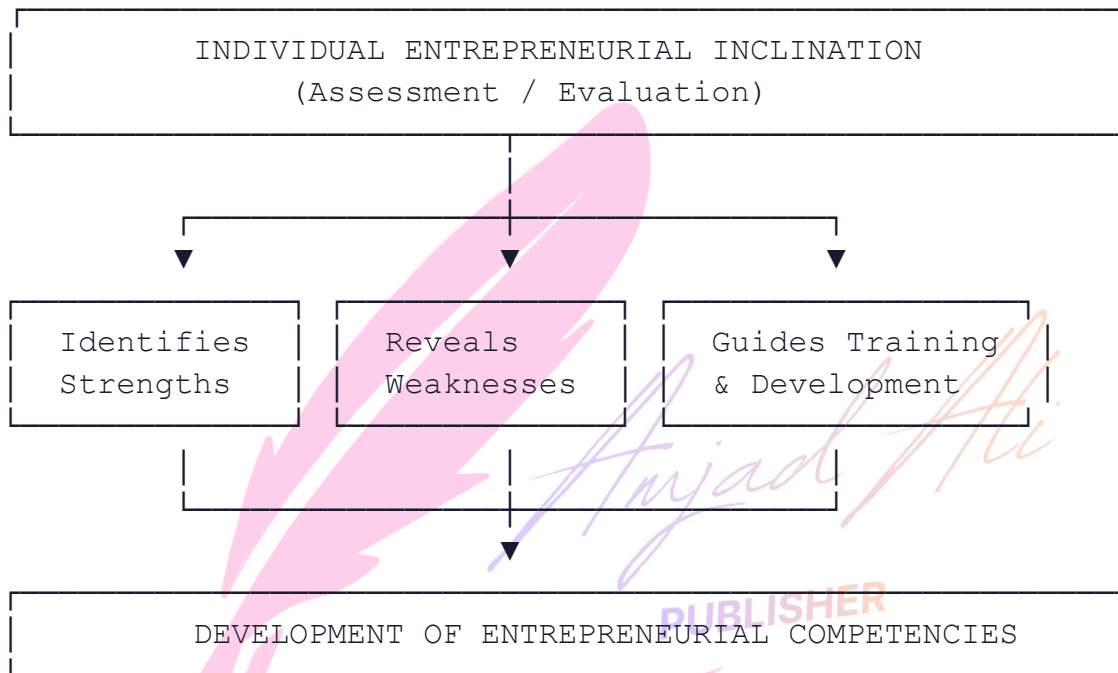


Q2. How does assessing individual entrepreneurial inclination helps in the development of entrepreneurial competencies? Explain. [8 Marks]

Entrepreneurial Inclination means a person's natural interest, attitude, and desire toward starting and running a business. Assessing this inclination helps in understanding a person's entrepreneurial potential.

Entrepreneurial Competencies are the skills, knowledge, and attitudes needed to successfully start and manage a business.

DIAGRAM: How Inclination Assessment Develops Competencies



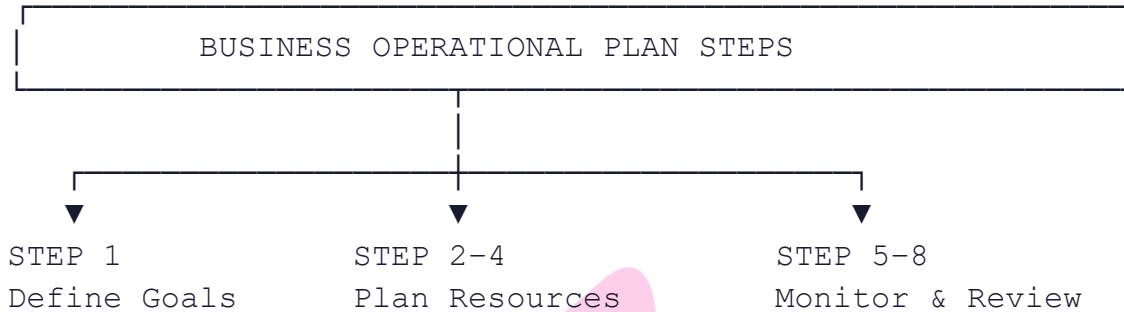
Ways in which assessing entrepreneurial inclination helps develop competencies:

1. **Identifies Personal Strengths:** Assessment reveals what skills a person already has (e.g., communication, leadership, creativity). These can be built upon as entrepreneurial competencies.
2. **Reveals Weakness Areas:** Assessment shows where a person lacks skills (e.g., financial management, planning). This helps design targeted training programs to fill the gaps.
3. **Motivates the Individual:** When a person knows they have entrepreneurial potential through assessment results, they become more motivated to develop the needed competencies.
4. **Guides Career Choice:** Assessment helps a student decide whether to pursue entrepreneurship or employment. This early clarity allows focused skill development.

Q3. Explain the steps involved in preparing business operational plan. [8 Marks]

A Business Operational Plan (also called an Operations Plan) is a detailed document that describes how a business will run its day-to-day activities to achieve its goals.

DIAGRAM: Steps in Preparing Business Operational Plan



The steps involved in preparing a Business Operational Plan are:

1. **Define Goals** – Set short-term & long-term goals. (Ex: *Produce 500 units/month*)
2. **Describe Process** – Explain how product/service is made. (Ex: *Bakery → buy → mix → bake → pack → sell*)
3. **Identify Resources** – List Physical (machines), Human (workers), Financial (working capital) needs.
4. **Plan Location** – Decide shop/factory location, size, electricity, water supply.
5. **Set Up Supply Chain** – Identify suppliers, plan raw material purchase, storage & delivery.
6. **Quality Control** – Set quality standards & check products daily before sale.
7. **Create Schedule** – Make production schedule, delivery dates & worker shift timings.
8. **Risk Management** – Identify problems (power cut, machine break) & plan backup solutions.

Q4. Prepare an action plan for business startup related to air-conditioning engineering. [8 Marks]

An Action Plan is a step-by-step plan that shows what tasks need to be done, who will do them, and by when, to achieve a specific business goal.

Business: Air-Conditioning (AC) Engineering Services & Sales



DIAGRAM: Air-Conditioning Business – Action Plan Overview

BUSINESS NAME: Nepal Cool Air Engineering Pvt. Ltd.
 SERVICE: AC Installation, Repair, Maintenance & Sales
 LOCATION: Kathmandu, Nepal
 TARGET MARKET: Homes, Offices, Hotels, Schools

Action Plan Table:

S.N.	Task	Timeline	Cost (NPR)
1	Market Research – Study demand, competitors, pricing	Week 1–2	—
2	Business Registration – Register at Dept. of Industry	Week 3–4	Rs. 5,000–10,000
3	Arrange Finance – Personal savings + bank loan	Week 3–5	Rs. 5–10 Lakh
4	Rent Workshop/Office – Busy area shop	Week 4–5	Rs. 15,000/month
5	Buy Tools & Equipment – Installation kit, vacuum pump, multimeter	Week 5–6	Rs. 1–2 Lakh
6	Buy Initial AC Stock – Daikin, Gree, Carrier brands	Week 6–7	Rs. 3–5 Lakh
7	Hire Staff – 2 technicians, 1 salesperson	Week 6–7	Rs. 20,000/month

S.N.	Task	Timeline	Cost (NPR)
8	Marketing – Social media, banners, pamphlets	Week 7–8	Rs. 10,000–20,000
9	Launch Business – Open shop, offer discount for 1st customers	Week 8	—
10	Monitor & Review – Track sales, expenses monthly	Monthly	—

Services to Offer:

1. AC Installation (Split, Window, Cassette)
2. AC Repair & Gas Refilling
3. Annual Maintenance Contract (AMC)
4. AC Sales with free installation

Services to Offer:

1. AC Installation: New split AC, window AC, cassette AC installation.
2. AC Repair: Fixing cooling problems, gas refilling, electrical repairs.
3. Annual Maintenance Contract (AMC): Regular cleaning and servicing for offices and hotels.
4. AC Sales: Selling branded AC units with warranty and free installation.

Expected Monthly Income:

DIAGRAM: Financial Projection (Month 1-6)

Service Revenue:	Rs. 50,000 – 80,000/month
Sales Revenue:	Rs. 1,00,000 – 2,00,000/mo
Monthly Expenses:	Rs. 60,000 – 80,000/month
Expected Profit:	Rs. 50,000 – 1,20,000/month

Q5. What is financial plan? Briefly discuss few contents of financial plan. [8 Marks]

What is Financial Plan? [2 Marks]

A Financial Plan is a written document that estimates the money needed to start and run a business, and how that money will be managed, earned, and spent over a period of time.

Contents of Financial Plan [6 Marks]

The main contents of a financial plan are:

1. Capital Investment Plan (Startup Cost): This section shows how much total money is needed to start the business. It includes: (a) Fixed Capital: Cost of land, building, machines, furniture, vehicles. (b) Working Capital: Money needed for daily operations like raw materials, salaries, electricity.

DIAGRAM: Capital Investment Example

Item	Cost (NPR)
Shop Rent (6 months advance)	1,20,000
Tools & Equipment	2,00,000
Initial Stock/Inventory	3,00,000
Marketing & Promotion	20,000
Working Capital	1,00,000
TOTAL STARTUP COST	7,40,000

2. Sources of Finance: Shows where the money will come from: (a) Own savings, (b) Bank loans, (c) Family/friends, (d) Government grants.

3. Sales/Revenue Forecast: Estimated income from selling products or services over the next 1-3 years. This helps predict whether the business will be profitable.

4. Expense/Cost Plan: Shows all the monthly or yearly expenses: (a) Fixed costs: Rent, salaries, loan EMI. (b) Variable costs: Raw materials, electricity, transport.

5. Profit and Loss Statement (P&L): Shows whether the business will make profit or loss. Formula: Profit = Total Revenue – Total Expenses.

Q6. Introduce bookkeeping and account keeping with their importance. [8 Marks]

Bookkeeping [3 Marks]

Bookkeeping is the process of systematically recording all financial transactions of a business in an organized manner on a day-to-day basis.

It involves recording every sale, purchase, payment, and receipt in proper books (like cash book, ledger, journal).

DIAGRAM: Bookkeeping Process



Account Keeping

Account Keeping (Accounting) is a broader process that includes not only recording transactions (bookkeeping) but also summarizing, analyzing, and reporting financial information to help make business decisions.

Importance of Bookkeeping and Account Keeping [2 Marks]

1. **Track Business Performance:** By recording all transactions, the entrepreneur can see exactly how much money is coming in and going out, and whether the business is making profit or loss.
2. **Helps in Tax Filing:** Proper records make it easy to calculate and pay taxes to the government, and avoid penalties.
3. **Helps Get Bank Loans:** Banks require proper financial records (balance sheet, profit & loss) before approving business loans.
4. **Prevents Fraud and Errors:** Systematic record-keeping helps detect mistakes, theft, or misuse of money in the business.
5. **Supports Decision Making:** Accounting reports help the entrepreneur decide when to

GROUP 'B' — SHORT QUESTIONS [4×5 = 20 Marks]

Attempt any **FOUR** questions.

Q7. What are qualities of entrepreneurs? [5 Marks]

Qualities of an entrepreneur are the personal characteristics that make a person capable of starting, managing, and growing a successful business.

DIAGRAM: Qualities of an Entrepreneur

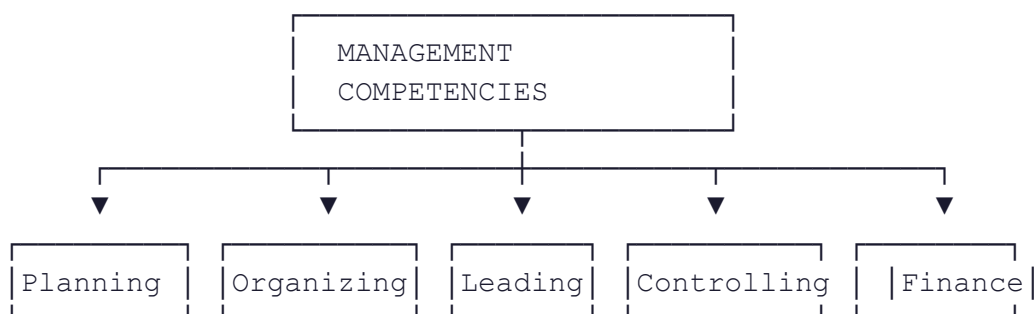
QUALITIES OF AN ENTREPRENEUR	
1. Risk-Taking	6. Visionary Thinking
2. Creativity	7. Passion & Dedication
3. Leadership	8. Problem Solving
4. Self-Confidence	9. Networking Ability
5. Decision Making	10. Persistence

1. **Risk-Taking Ability:** An entrepreneur is willing to invest money and time even when the outcome is uncertain. Without risk, no business grows.
2. **Creativity and Innovation:** Constantly thinks of new ideas, better products, and unique ways to solve customer problems.
3. **Leadership:** Guides, motivates, and manages the team effectively to achieve business goals.
4. **Self-Confidence:** Strongly believes in their own abilities and business ideas, even during difficulties and failures.
5. **Decision-Making Ability:** Makes quick and correct decisions even under pressure and uncertainty.

Q8. What are management competencies to run business? Discuss in brief. [5 Marks]

Management Competencies are the skills, knowledge, and abilities required to effectively manage all aspects of a business.

DIAGRAM: Management Competencies

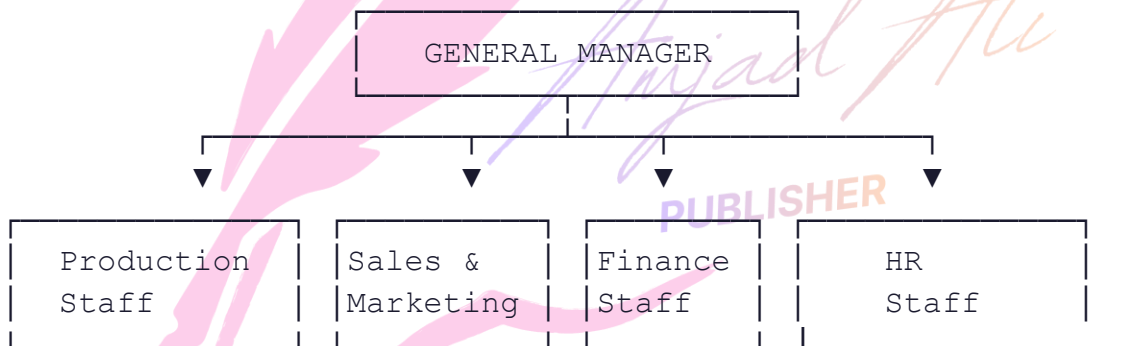


1. Planning Competency: Ability to set clear business goals, create strategies, and prepare action plans to achieve those goals within time and budget.
2. Organizing Competency: Ability to arrange resources (people, money, machines) efficiently and assign the right tasks to the right people.
3. Leadership Competency: Ability to inspire, motivate, and guide employees to work productively and achieve organizational goals.
4. Communication Competency: Ability to clearly express ideas, instructions, and information to employees, customers, and investors.
5. Financial Management Competency: Ability to manage money wisely — budgeting, controlling costs, tracking profit/loss, and handling cash flow..

Q9. State few roles and responsibilities of staff in organization. [5 Marks]

In an organization, different staff members have different roles and responsibilities. Each person contributes to the overall success of the business.

DIAGRAM: Staff Roles in Organization



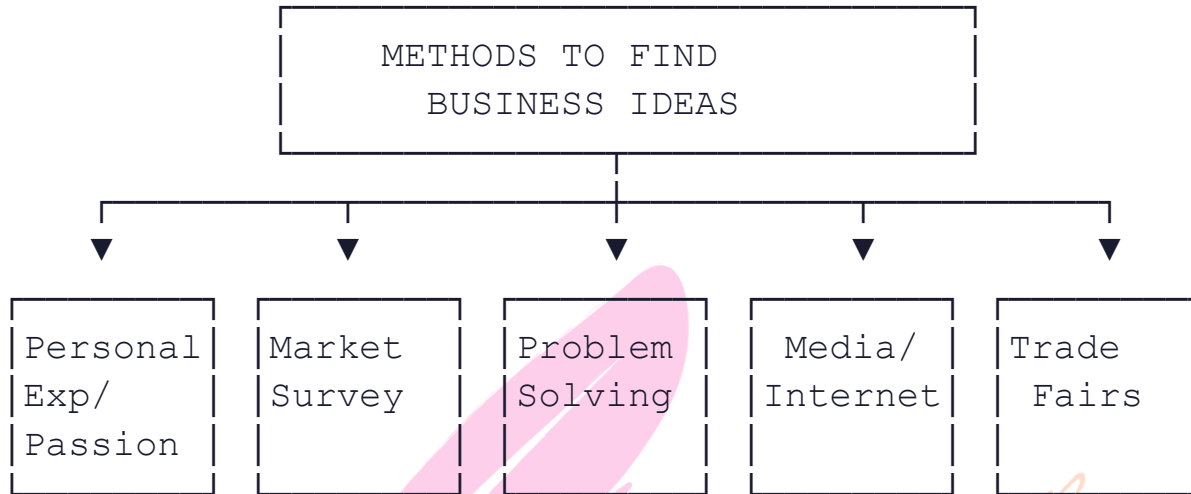
Roles and Responsibilities of Staff:

1. Manager/Supervisor: Plans and coordinates daily work, monitors staff performance, solves workplace problems, and reports to higher management.
2. Production/Technical Staff: Manufactures products or delivers services as per quality standards, operates machines, maintains production records.
3. Sales and Marketing Staff: Promotes products/services, finds new customers, handles customer inquiries, achieves sales targets.
4. Finance/Accounts Staff: Maintains financial records, prepares invoices, manages payroll, tracks expenses, and prepares financial reports.
5. HR Staff: Recruits and trains new employees, manages attendance and leave, handles staff welfare and grievances.

Q10. Explain the methods of finding business ideas. [5 Marks]

A Business Idea is the starting concept for a new business. Finding a good business idea is the first and most important step in entrepreneurship.

DIAGRAM: Methods of Finding Business Ideas

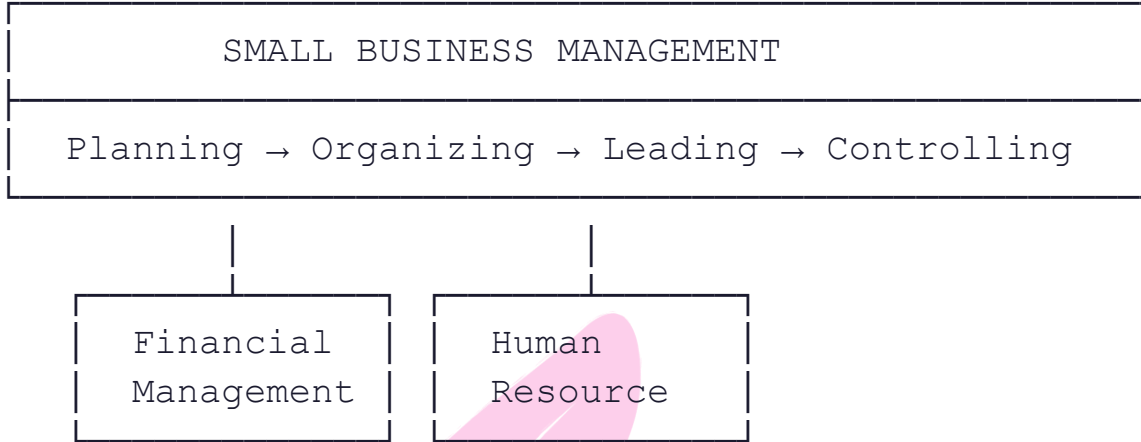


1. **Personal Experience and Skills:** Skills gained from past work or education can become a business. Example: An AC technician opening their own AC repair shop.
2. **Market Survey:** Study what products/services people need but are not available or are too expensive. Unfulfilled demand = business opportunity.
3. **Observing Problems in Daily Life:** When you notice a problem that many people face, solving it becomes a business idea. Example: Poor internet in rural area → start ISP service.
4. **Internet and Social Media:** Browse trending businesses online, watch YouTube business videos, read business articles to discover new ideas.
5. **Visiting Trade Fairs and Exhibitions:** Attending business exhibitions helps discover new

Q11. Write short note on 'small business management'. [5 Marks]

Small Business Management refers to the process of planning, organizing, leading, and controlling the activities of a small-scale business to achieve its goals efficiently.

DIAGRAM: Small Business Management



Importance of Small Business Management:

- It ensures the business runs smoothly without confusion.
- It helps use limited resources (money, time, staff) most efficiently.
- It helps the business grow and compete with larger companies.
- It reduces waste, losses, and operational mistakes.

Challenges in Small Business Management:

- Limited capital and difficulty getting loans.
- Owner manages everything alone (lack of specialists).
- Competition from large businesses.

Regular/Scholarship Exam - 2081 Kartik/Mangsir

Program: Diploma in Engineering All, DAG (Animal + Plant Science)

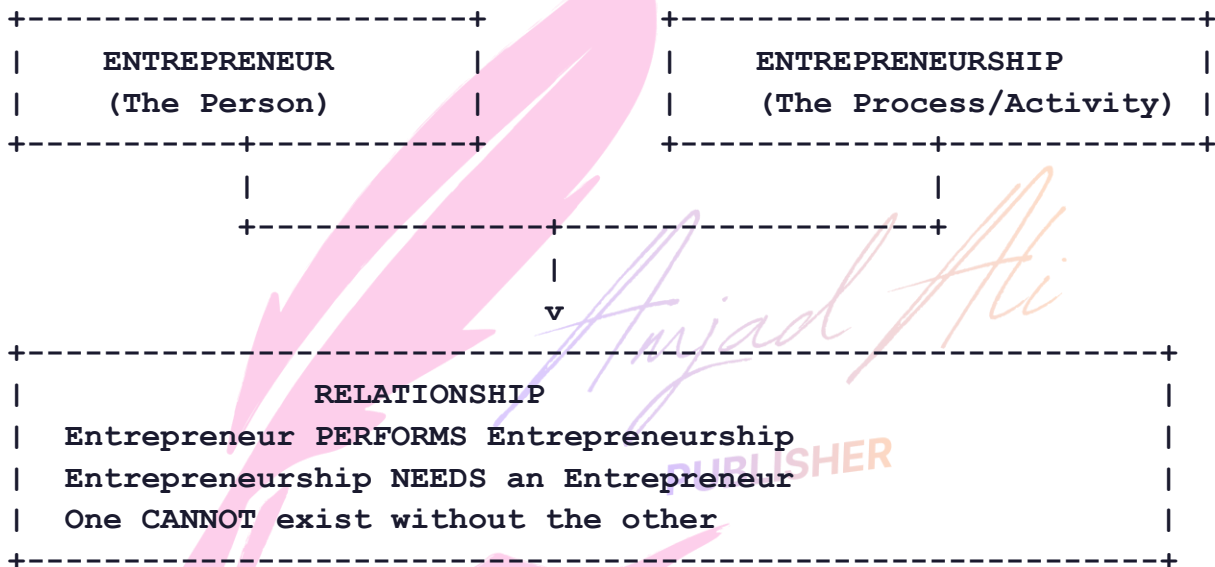
Year/Part: III/II (2021, 2022)

Subject: Entrepreneurship Development

Q1. Show the relationship between entrepreneur and entrepreneurship. [6 Marks]

An Entrepreneur is a person who starts, organizes, manages, and takes risks to run a business for profit. Entrepreneurship is the process or activity of starting and running a new business by taking risks to earn profit.

DIAGRAM: Relationship Between Entrepreneur and Entrepreneurship



Key Points of Relationship:

1. Entrepreneur is the ACTOR; Entrepreneurship is the ACTION. Just like a teacher teaches — entrepreneur does entrepreneurship.
2. An entrepreneur uses their skills, creativity, and risk-taking ability to carry out entrepreneurship activities.
3. Entrepreneurship provides the framework and process that guides the entrepreneur in starting and growing a business.
4. The entrepreneur identifies business opportunities; entrepreneurship is the method used to exploit those opportunities.

Q2. Enlighten the situation of SME in Nepal with few examples. [6 Marks]

SME stands for Small and Medium Enterprises. They are businesses with limited capital, workforce, and production capacity.

SMEs are the backbone of Nepal's economy. They provide employment, promote local products, and contribute to GDP.

DIAGRAM: SME Definition (Nepal Government)

Category	Fixed Assets	Employees
Micro	Up to Rs. 1 Lakh	Up to 4 persons
Small	Rs. 1L - 3 Crore	Up to 25 persons
Medium	Rs. 3Cr - 10 Crore	Up to 100 persons

Current Situation of SMEs in Nepal:

1. Large in Number: Nepal has more than 3.5 lakh registered SMEs operating across all 77 districts.
2. Major Contribution to Economy: SMEs contribute approximately 22% of Nepal's GDP and provide employment to over 1.7 million people.
3. Sector Distribution: SMEs operate in agriculture, manufacturing, handicrafts, tourism, retail, and service sectors.
4. Government Support: The Government of Nepal supports SMEs through programs like 'Yuwa Udyami Karyakram', 'Startup Nepal', and low-interest loans from banks.

Examples of SMEs in Nepal:

- Pashmina and Thangka handicraft shops in Kathmandu (Tourism + Export)
- Small tea shops and restaurants in local markets.

Q3. How can you increase creativity and innovation in your business? [6 Marks]

Creativity means generating new ideas. Innovation means converting those ideas into real products or services. Both are essential for business growth and survival.

DIAGRAM: Creativity + Innovation = Business Growth



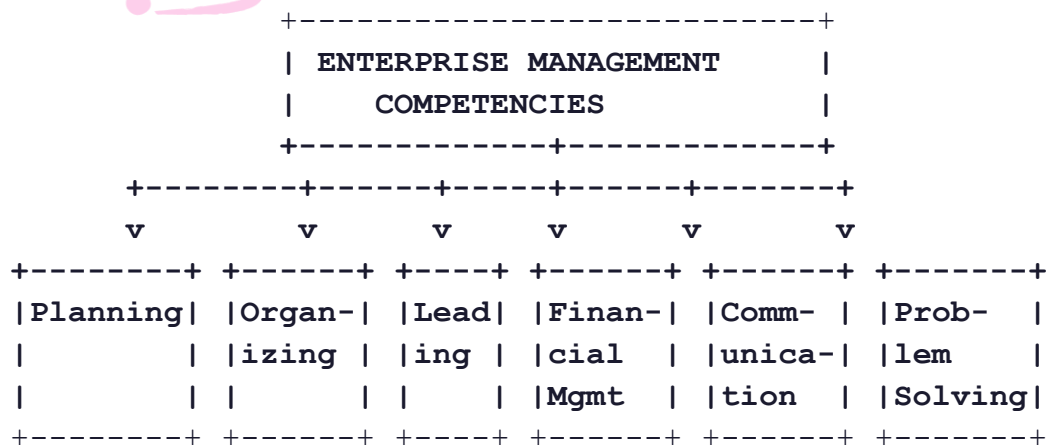
Ways to Increase Creativity and Innovation in Business:

- 1. Encourage Open Thinking:** Allow employees to freely share ideas without fear of criticism. Hold brainstorming sessions regularly where all ideas are welcomed.
- 2. Invest in Research and Development (R&D):** Spend time and money on testing new products, services, or methods. R&D leads to breakthroughs that make the business unique.
- 3. Learn from Customers:** Collect regular feedback from customers about what they like, dislike, or wish was different. Customer problems are the best source of creative solutions.
- 4. Study Competitors and Market Trends:** Watch what competitors are doing and identify

Q4. Describe enterprise management competencies. [6 Marks]

Enterprise Management Competencies are the skills, knowledge, and abilities required to effectively plan, organize, lead, and control a business enterprise.

DIAGRAM: Enterprise Management Competencies



- 1. Planning Competency:** Ability to set clear business goals, prepare strategies, and make action plans to achieve those goals within time and budget limits.

2. Organizing Competency: Ability to arrange resources (people, money, machines, materials) properly and assign the right tasks to the right people at the right time.

3. Leadership Competency: Ability to guide, inspire, and motivate employees to work productively and achieve business objectives together as a team.

4. Financial Management Competency: Ability to manage the company's money —

Q5. Explain the legal provisions for SMEs in Nepal. [6 Marks]

Legal Provisions are the laws and regulations set by the government to register, operate, protect, and support Small and Medium Enterprises (SMEs) in Nepal.

DIAGRAM: Legal Framework for SMEs in Nepal

LEGAL PROVISIONS FOR SMEs IN NEPAL	
1. Industrial Enterprises Act, 2076	
2. Company Act, 2063	
3. Labour Act, 2074	
4. VAT Act / Tax Laws	
5. Cottage & Small Industry Development Board (CSIDB)	
6. Nepal Rastra Bank Guidelines (Loan Facilities)	

1. Industrial Enterprises Act, 2076: This is the main law for SMEs in Nepal. It classifies industries into micro, cottage, small, medium, and large based on fixed assets and employees. It provides registration procedures and facilities for SMEs.

2. Company Act, 2063: Provides legal framework for registering a business as a private limited company or public limited company. It defines the rights and duties of owners and directors.

3. Labour Act, 2074: Governs the relationship between employer and employee. It sets minimum wage, working hours, leave, and safety rules that all SMEs must follow.

4. Tax Laws (VAT and Income Tax): SMEs with annual income above Rs. 2 million must register for VAT. Income Tax Act sets tax rates for business income. Small businesses may get tax concessions.

Q6. Define working capital. Explain methods of estimating working capital requirement.

Definition of Working Capital

Working Capital is the money needed by a business to meet its day-to-day (short-term) operational expenses such as buying raw materials, paying salaries, electricity bills, and other running costs.

Methods of Estimating Working Capital Requirement [5 Marks]

There are several methods to estimate how much working capital a business needs:

Methods:

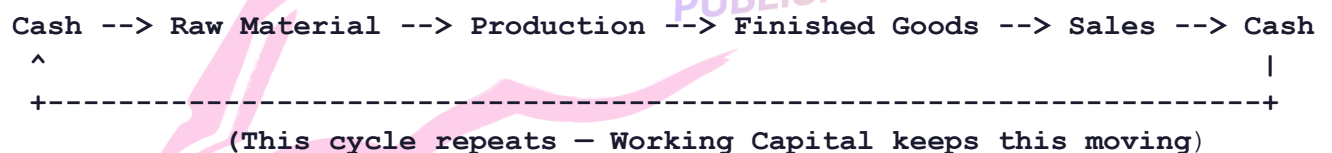
1. Percentage of Sales Method

- $WC = \text{Fixed \% of Annual Sales}$
- Example: Sales = Rs. 10 Lakh, 20% required → **WC = Rs. 2 Lakh**
- ☒ Simple & quick — best for small businesses

2. Operating Cycle Method

- $WC = \text{Daily Operating Cost} \times \text{Operating Cycle Days}$
- Longer cycle = More WC needed

DIAGRAM: Operating Cycle



3. Balance Sheet Method

- $WC = \text{Current Assets} - \text{Current Liabilities}$ (from balance sheet)
- ☒ Gives exact WC of an existing business

4. Cash Flow Forecast Method

- Estimate all **inflows** (sales, loans) and **outflows** (expenses, purchases)
- Gap between inflow & outflow = WC needed
- ☒ Best for future planning

5. Regression Analysis Method

- Statistical method using **past data** to predict future WC

- Based on sales trends & seasonal patterns
- ☒ Used by large businesses

Q7. Define business plan. Explain the components of business plan appraisal. [1+5 Marks]

Definition of Business Plan .

A Business Plan is a written document that clearly describes a business idea, its goals, strategies, market analysis, financial projections, and operational details. It acts as a roadmap for starting and running a business successfully.

Components of Business Plan Appraisal [5 Marks]

Business Plan Appraisal means evaluating (checking) whether a business plan is realistic, viable, and worth investing in. It examines all parts of the plan critically.

DIAGRAM: Business Plan Appraisal Components



Components:

1. Technical Appraisal

- Checks: Technology, machinery, raw materials & production process

2. Market Appraisal

- Checks: Demand for product, competition, pricing & marketing strategy

3. Economic/Social Appraisal

- Checks: Jobs created, contribution to local economy & social impact

4. Financial Appraisal ★ (Most Important)

- Checks: Startup cost, revenue, profit/loss, cash flow & break-even point

5. Management Appraisal

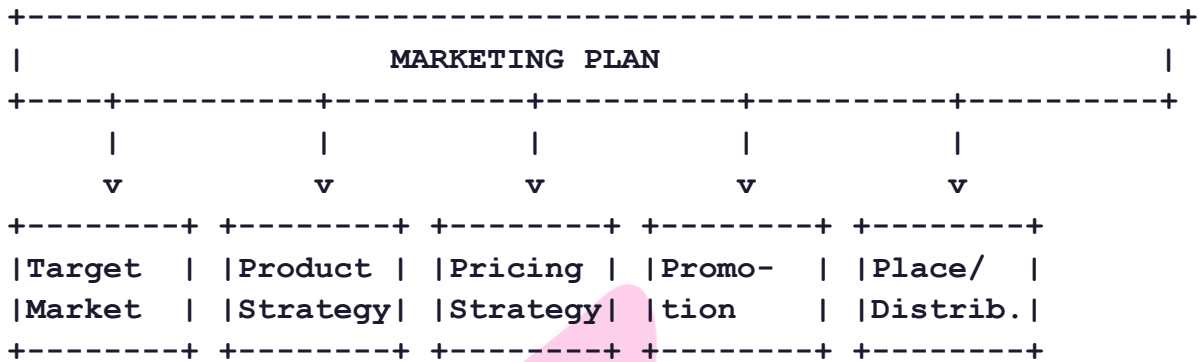
- Checks: Entrepreneur's qualifications, experience & ability to manage

6. Environmental Appraisal

- Checks: Will business harm environment?
- Must comply with Nepal's environmental laws

A Marketing Plan is a written document that outlines the strategies and actions a business will use to promote its products/services, attract customers, and achieve its sales goals.

DIAGRAM: Marketing Plan Components



How to Measure the Effectiveness of a Marketing Plan:

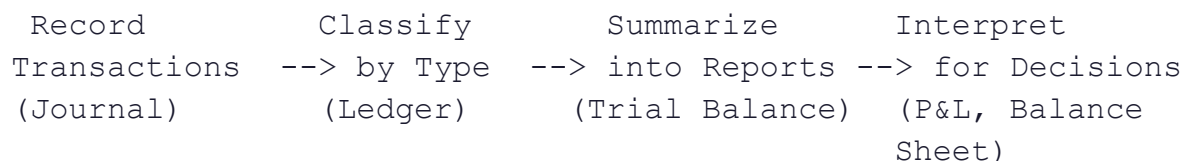
1. **Sales Revenue Growth:** Compare sales figures before and after the marketing plan was implemented. An increase in sales shows the marketing plan is working. Example: If monthly sales increased from Rs. 50,000 to Rs. 80,000, the plan is effective.
2. **Customer Acquisition Rate:** Count how many new customers joined the business during the marketing period. More new customers = more effective marketing.
3. **Customer Retention Rate:** Check how many existing customers kept coming back. High retention means customers are satisfied with the product and marketing message.
4. **Market Share:** Calculate what percentage of the total market your business has captured. Growing market share indicates successful marketing.

Q9. Write about account keeping and its type. [6 Marks]

Account Keeping [2 Marks]

Account Keeping (Accounting) is the systematic process of recording, classifying, summarizing, and interpreting all financial transactions of a business to understand its financial position and help in decision making.

DIAGRAM: Account Keeping Process



Types of Account Keeping [4 Marks]

The main types of accounts maintained in business are:.

Type	Relates to	Examples	Golden Rule
Personal Account	Persons/Firms	Debtors, Creditors, Bank	Dr. Receiver / Cr. Giver
Real Account	Assets (Tangible/Intangible)	Cash, Machinery, Goodwill	Dr. What comes in / Cr. What goes out
Nominal Account	Income/Expense	Salary, Rent, Sales	Dr. Expenses & Losses / Cr. Income & Gains

Q10. Write short notes on: (Attempt any TWO) [2x3 = 6 Marks]

(a) Process of Product or Service Creation [3 Marks]

Product/Service Creation is the step-by-step process of converting an idea into a finished product or service that is ready to be sold to customers.

DIAGRAM: Product Creation Process

Idea --> Research --> Design --> Prototype --> Test --> Launch
 Generation Market Product (Sample) Quality to Market
 Study Planning Check

1. Idea Generation: Identify a market need or problem. Brainstorm possible solutions. Example: Idea to make affordable solar-powered chargers for rural Nepal.
2. Market Research: Study target customers, competition, and pricing. Check if people actually need and will buy this product.
3. Product Design & Planning: Decide the product's features, materials, size, and quality. Plan the production process and required resources.
4. Prototype Development: Make a sample/model of the product. This helps identify design flaws before mass production.
5. Testing & Quality Check: Test the prototype with real users. Collect feedback and make necessary improvements.
6. Production & Launch: Start full production. Launch the product in the market with proper marketing and distribution strategy.

(b) Assessing Individual Entrepreneurial Inclination [3 Marks]

Entrepreneurial Inclination refers to a person's natural interest, attitude, motivation, and desire toward entrepreneurship — i.e., how strongly a person wants to start and run their own business.

Methods of Assessing Entrepreneurial Inclination:

1. Self-Assessment Tests: Questionnaires that ask about risk-taking ability, creativity, leadership, and motivation levels. The score shows entrepreneurial potential.
2. Personality Tests: Tests like MBTI (Myers-Briggs) identify personality traits (e.g., extrovert/introvert, risk-taker/cautious) linked to entrepreneurship.
3. Behavioral Observation: Teachers or counselors observe a student's behavior — do they take initiative, solve problems creatively, and lead groups?

Importance of Assessment:

- Helps identify who has natural entrepreneurial traits.
- Guides training programs to develop weak areas.
- Helps students decide between employment and entrepreneurship.
- Encourages self-awareness and personal development.

(c) Trade Mark and Copyright [3 Marks]

Trade Mark:

A Trademark is a unique symbol, name, word, logo, or design used by a business to identify its products/services and distinguish them from competitors.

- Example: Nike's tick symbol, Apple's bitten apple logo, Wai Wai noodles brand name.
- In Nepal, trademarks are registered under the Department of Industry.
- Once registered, no other business can use the same mark.
- Protects the business's brand identity and prevents fraud.

Copyright:

Copyright is a legal right that protects the original creative work of an author, artist, or creator from being copied or used without permission.

- Applies to: Books, music, software, paintings, photographs, films.
- Copyright exists automatically from the moment of creation.
- In Nepal, copyright is governed by the Copyright Act, 2059.
- Copyright holder can sell, license, or transfer their rights to others.

Basis	Trademark	Copyright
Protects	Brand name, logo, symbol	Creative works (books, music, art)
Duration	10 years (renewable)	Life of creator + 50 years
Registration	Must be registered	Automatic (registration optional)
Example	Wai Wai, Ncell logo	A novel, a song, software code

(d) Market and Marketing Mix [3 Marks]

Market:

A Market is any place or platform where buyers and sellers come together to exchange goods or services. It can be physical (a local bazaar) or virtual (online shopping sites like Daraz.com.np).

- Types of Market: Local, National, International, Online/E-market

Marketing Mix (4Ps):

Marketing Mix is a combination of four key elements that a business controls to satisfy customer needs and achieve marketing goals. These are known as the 4Ps:

DIAGRAM: Marketing Mix - 4Ps



1. Product: What you sell — its quality, features, design, packaging, and brand name. Example: An AC company selling 1.5-ton split ACs with 5-star energy rating.
2. Price: How much you charge — pricing strategy (affordable, premium, competitive)

ENTREPRENEURSHIP DEVELOPMENT

Complete Solution -- Regular/Back/Scholarship Exam 2080 (Magh/Falgun)

Program: Diploma in Mechanical/Architecture/Electrical/Electronics /Civil
Year/Part: III/II (2014-2013)

Q1(a). Differentiate between entrepreneur and entrepreneurship. [6 Marks]

Basis	Entrepreneur	Entrepreneurship
Meaning	The person who starts a business	The process/activity of starting a business
Nature	A human being (individual)	A concept/process
Role	Actor/Doer	Action/Activity
Focus	Personal qualities & traits	Functions like planning, organizing, risk-taking
Skills	Has risk-taking, leadership, creativity	Involves innovation, resource management
Example	Elon Musk, Bill Gates, Binod Chaudhary	Starting Tesla, Starting CG Group
Dependency	Entrepreneur performs entrepreneurship	Entrepreneurship needs an entrepreneur

DIAGRAM: Relationship

ENTREPRENEUR (Person) ----performs----> ENTREPRENEURSHIP (Process)
 ENTREPRENEURSHIP (Process) ---needs---> ENTREPRENEUR (Person)
 Together: New Business + Jobs + Economic Growth

Q1(b). Define goal, project and activity. [6 Marks]**Goal:**

A Goal is a specific, measurable target or desired outcome that a person or organization wants to achieve within a given time period.

- Goals provide direction and motivation to work.
- Example: 'Increase sales by 20% within 6 months' or 'Open a new branch by 2082'.
- Types: Short-term goals (weekly/monthly) and Long-term goals (yearly/5 years).

Project:

A Project is a planned set of activities undertaken to achieve a specific goal within a fixed time frame and budget. It has a clear start and end date.

- A project involves planning, execution, and completion.
- Example: Construction of a building, launching a new product, opening a new shop.
- Key features: Specific objective, fixed timeline, defined budget, clear outcome.

Activity:

An Activity is a specific task or work that is performed as part of a project to achieve the project's goal. Activities are the smallest units of work in a project.

- Activities are the day-to-day actions taken to complete a project.
- Example: For a construction project — activities include surveying land, laying foundation, building walls, painting.

PUBLISHER

Q2(a). Explain assessment of decision making attitudes in brief. [6 Marks]

Decision Making is the process of selecting the best option from available alternatives to solve a problem or achieve a goal.

Assessing Decision Making Attitudes means evaluating how a person approaches and makes decisions in different situations.

DIAGRAM: Types of Decision Making Attitudes

+-----+-----+-----+			
<i>DECISION MAKING ATTITUDES</i>			
+-----+-----+-----+			
<i>Rational</i> <i>Intuitive</i> <i>Dependent</i>			
<i>(Logical)</i> <i>(Gut feeling)</i> <i>(Relies on</i>			
<i>others)</i>			
+-----+-----+-----+			
<i>Avoidant</i> <i>Spontaneous</i>			
<i>(Delays/avoids)</i> <i>(Quick/impuls.)</i>			
+-----+-----+-----+			

How to Assess Decision Making Attitudes:

1. **Situational Tests:** Give real business scenarios and observe how the person responds.
2. **Psychometric Tests:** Standardized questionnaires that measure decision-making style.
3. **Case Study Analysis:** Ask the person to analyze a business case and explain their decision.
4. **Past Behavior Review:** Study past decisions made by the entrepreneur to identify patterns.

Q2(b). What are the advantages and disadvantages of joint stock company? [6 Marks]

Advantages of Joint Stock Company:

1. **Limited Liability:** Shareholders are only responsible for the company's debts up to the amount they invested. Personal property is safe.
2. **Large Capital:** Can raise large amounts of money by selling shares to many investors. This allows big projects and expansion.
3. **Separate Legal Entity:** The company exists independently of its owners. It can own property, sign contracts, and sue or be sued in its own name.
4. **Continuity:** The company continues to exist even if a shareholder dies, sells shares, or leaves. It has perpetual existence.

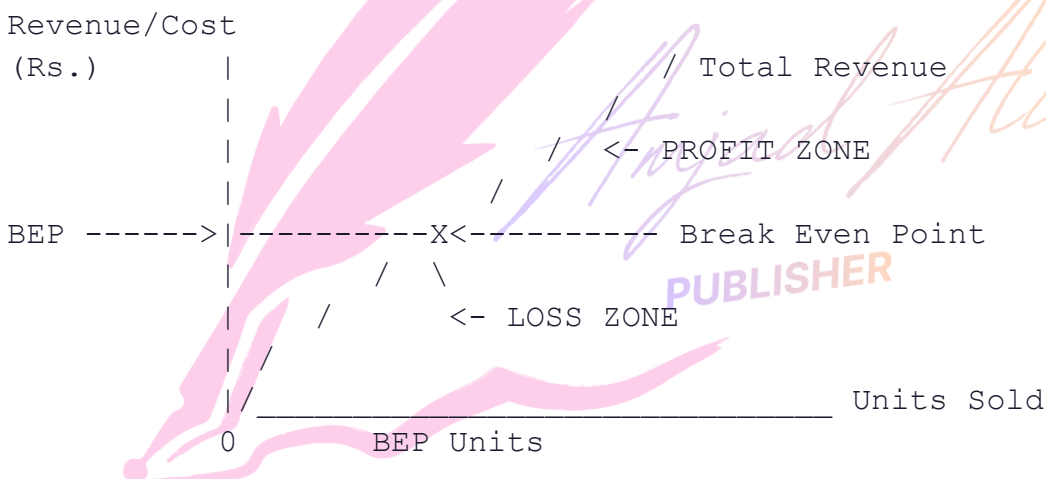
Disadvantages of Joint Stock Company:

- 1. Complex Formation:** Registering a joint stock company involves many legal formalities, documents, and fees. It is time-consuming.
- 2. Lack of Secrecy:** Companies must publish annual reports and financial statements publicly. Business secrets are hard to maintain.
- 3. Slow Decision Making:** Decisions require approval from the Board of Directors and shareholders, making the process slow.
- 4. High Taxation:** Companies pay corporate tax, and shareholders also pay tax on dividends — a form of double taxation.

Q3(a). What is Break Even Point? Explain with the help of figure. [6 Marks]

Break Even Point (BEP) is the point at which a business's total revenue equals its total costs — meaning the business makes neither profit nor loss. Beyond this point, the business starts making profit.

DIAGRAM: Break Even Point Figure



- Total Revenue Line (goes up with sales)
- Total Cost Line (Fixed + Variable costs)
- X = Break Even Point (Revenue = Total Cost)

1. Before BEP: Total costs are higher than revenue = Business is in LOSS.
2. At BEP: Total revenue = Total cost = No profit, No loss.
3. After BEP: Every additional unit sold generates PROFIT.

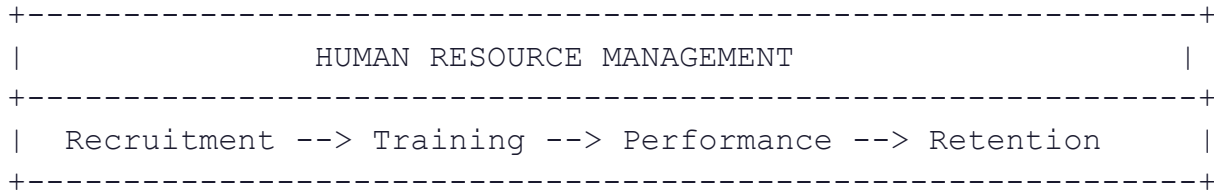
Importance of BEP:

- Helps set minimum sales target.
- Helps in pricing decisions.
- Helps evaluate if the business is viable.

Q3(b). Describe the role of human resource management in business. [6 Marks]

Human Resource Management (HRM) is the process of recruiting, training, managing, motivating, and retaining employees to achieve business goals effectively.

DIAGRAM: Role of HRM in Business



1. Recruitment and Selection: HRM finds and hires the right people for the right job. A good recruitment process ensures the business has skilled and qualified employees.

2. Training and Development: HRM provides training programs to improve employees' skills and knowledge. Well-trained employees work more efficiently and make fewer mistakes.

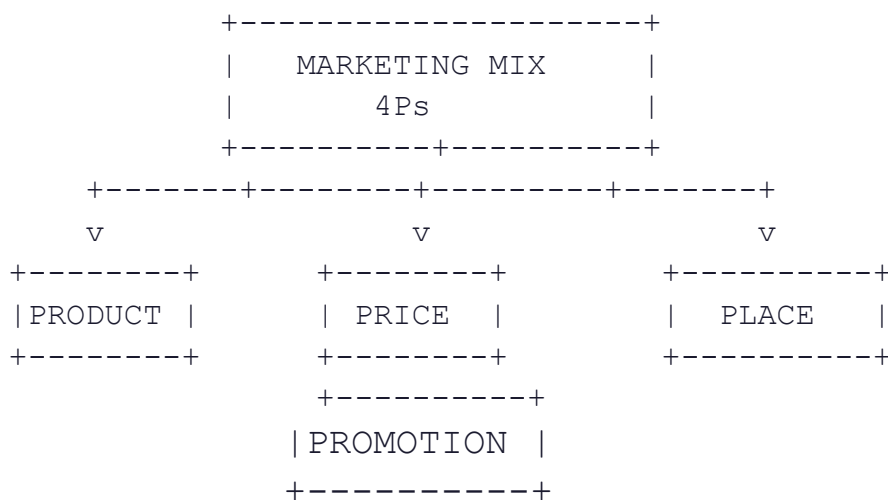
3. Performance Management: HRM sets performance targets, evaluates employee work regularly, and gives feedback. This motivates employees to perform better.

4. Salary and Benefits Management: HRM designs fair pay structures, bonuses, and benefits (health insurance, paid leave). Competitive salaries attract and retain good staff.

Q4(a). Explain marketing mix in detail. [6 Marks]

Marketing Mix is a combination of key elements that a business uses to promote its product/service, satisfy customers, and achieve marketing goals. It is commonly known as the 4Ps.

DIAGRAM: Marketing Mix - 4Ps



1. Product .

Product is what the business sells — a physical good or intangible service that satisfies customer needs..

Example: A mobile phone with high camera quality, sleek design, and trusted brand.

2. Price

Price is the amount customers pay for the product. Pricing must balance profitability and affordability.

Example: Launching a new AC brand at Rs. 40,000 (lower than competitors' Rs. 50,000).

3. Place (Distribution)

Place refers to how and where the product is made available to customers.

Example: Selling products through showroom + online store + local dealers.

4. Promotion

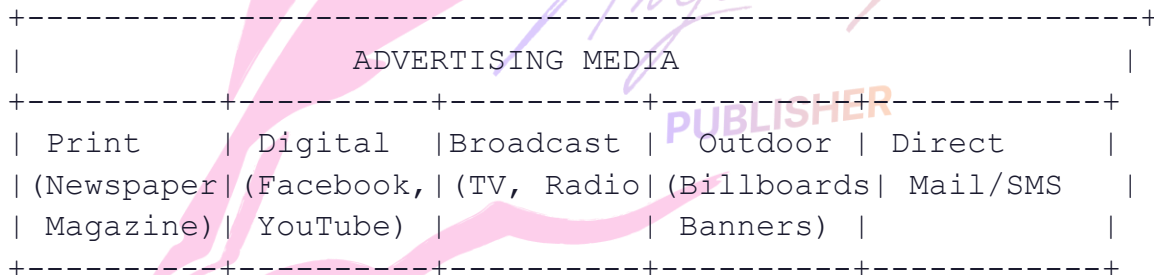
Promotion includes all activities used to communicate with customers and persuade them to buy..

Example: Offering 15% Dashain discount + Facebook advertising campaign..

Q4(b). Describe the role of advertising in marketing strategies. [6 Marks]

Advertising is the paid, non-personal communication of a product, service, or idea to a large audience through various media channels to inform, persuade, and remind customers.

DIAGRAM: Types of Advertising Media



Role of Advertising in Marketing Strategies:

- 1. Creates Brand Awareness:** Advertising introduces the business and its products to potential customers. Without advertising, people won't know the product exists. Example: A new restaurant advertising on Facebook to inform locals.
- 2. Increases Sales:** Effective advertising convinces customers to buy the product, directly increasing sales revenue and market share.
- 3. Builds Brand Image:** Regular, professional advertising builds a positive reputation and brand identity in the customer's mind. Example: Nike's ads make people associate the brand with performance.
- 4. Attracts New Customers:** Advertising reaches new audiences who have never tried the product before, expanding the customer base.

Q5(a). Explain the basics of account keeping in business. [6 Marks]

Account Keeping (Accounting) is the systematic process of recording, classifying, summarizing, and interpreting the financial transactions of a business to understand its financial position and support decision making.

DIAGRAM: Account Keeping Process



Importance of Account Keeping:

- Tracks income, expenses, and profit of the business.
- Required by law for tax filing.
- Needed to get bank loans.
- Helps in making informed business decisions.
- Prevents fraud and financial mismanagement.

Q5(b). Explain various advantages of SWOT analysis method. [6 Marks]

Advantages of SWOT Analysis:

- 1. Simple and Easy to Use:** SWOT analysis is a simple framework that any entrepreneur can use without special training. It requires no special tools or software.
- 2. Helps Identify Strengths:** It forces the business to recognize what it does well — unique products, skilled staff, strong brand. These strengths can be leveraged to grow the business.
- 3. Reveals Weaknesses:** SWOT analysis honestly identifies areas where the business is lacking — poor location, low capital, limited skills. This helps the entrepreneur fix problems before they become serious.
- 4. Discovers Opportunities:** By analyzing the external environment, SWOT reveals market opportunities — growing demand, competitor weaknesses, new technologies. Entrepreneurs can capitalize on these.
- 5. Identifies Threats:** SWOT warns the business about external dangers — new competitors, changing laws, economic downturns. Early identification allows preparation and risk management.

6. Supports Strategic Planning: SWOT provides a clear foundation for making business strategies — using strengths to grab opportunities, and using strengths to defend against threats.

Q6. Write short notes on: (Any FOUR) [4x3 = 12 Marks]

(a) Pre-operating Expenses [3 Marks]

Pre-operating expenses are the costs incurred before a business starts its actual operations. These are one-time expenses paid during the setup phase.

1. Business Registration Cost: Fees paid to register the company at government offices.
2. Legal Fees: Fees paid to lawyers for preparing documents, contracts, and licenses.
3. Feasibility Study Cost: Money spent on market research and business plan preparation.
4. Training Cost: Cost of training staff before the business opens.
5. Advertisement Cost: Initial promotion and marketing done before launch.
6. Office Setup Cost: Cost of furniture, computers, and initial setup of the workplace.

Treatment in Accounts: Pre-operating expenses are recorded as intangible assets in the balance sheet and are written off (amortized) over several years.

Example: A new restaurant spending Rs. 50,000 on registration, Rs. 30,000 on legal fees, and Rs. 20,000 on pre-launch advertising = Total Pre-operating Expenses: Rs. 1,00,000.

(b) Return on Investment (ROI) [3 Marks]

Return on Investment (ROI) is a financial ratio that measures how much profit or benefit is earned from an investment compared to its cost. It shows the efficiency and profitability of an investment.

Formula:

$$\text{ROI} = (\text{Net Profit} / \text{Cost of Investment}) \times 100\%$$

Example:

Investment = Rs. 2,00,000 | Net Profit = Rs. 50,000

$$\text{ROI} = (50,000 / 2,00,000) \times 100 = 25\%$$

Meaning: For every Rs. 100 invested, the business earns Rs. 25 profit.

Importance of ROI:

1. Helps compare different investment options — invest in the one with higher ROI.
2. Helps evaluate business performance over time.
3. Used by investors and banks to decide whether to fund a business.

(c) Depreciation and Amortization [3 Marks]

Depreciation:

Depreciation is the gradual decrease in the value of a tangible (physical) fixed asset due to wear and tear, age, or obsolescence over time.

- Applies to: Machinery, vehicles, buildings, equipment, furniture.
- Example: A machine bought for Rs. 5,00,000 depreciates by 10% per year = Rs. 50,000/year.
- Formula (Straight Line Method): $\text{Depreciation} = (\text{Cost} - \text{Salvage Value}) / \text{Useful Life}$

Amortization:

Amortization is the gradual reduction in the value of an intangible (non-physical) asset or the repayment of a loan over time.

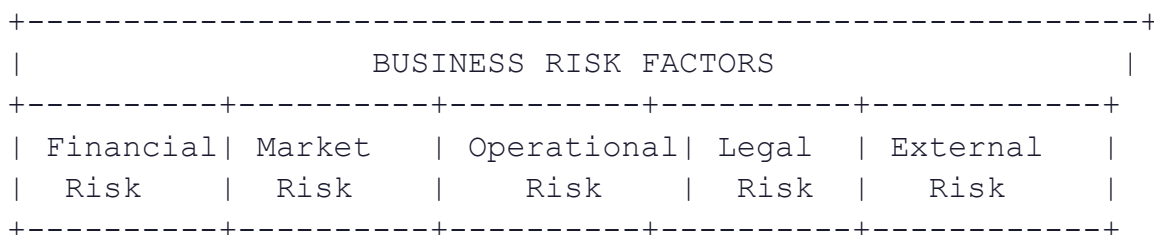
- Applies to: Goodwill, patents, trademarks, pre-operating expenses, loans.
- Example: A patent bought for Rs. 2,00,000 amortized over 10 years = Rs. 20,000/year.

Basis	Depreciation	Amortization
Applies to	Tangible assets (machines, vehicles)	Intangible assets (patents, loans)
Cause	Physical wear & tear, age	Passage of time, usage
Example	Car, building, machinery	Goodwill, trademark, loan repayment
Method	Straight-line, Reducing balance	Straight-line method

(d) Risk Factors [3 Marks]

Risk Factors are the potential problems or uncertainties that can negatively affect a business's operations, profitability, or survival.

DIAGRAM: Types of Business Risk Factors



Risk Management Strategies:

- Insurance for assets and operations.
- Maintaining emergency cash reserves.
- Diversifying products and markets.
- Regular market research and competitor monitoring.

(e) Inventory Control [3 Marks]

Inventory Control is the process of managing and monitoring a business's stock of raw materials, work-in-progress, and finished goods to ensure the right quantity is available at the right time.

DIAGRAM: Inventory Control Process

```

Order Stock --> Receive --> Store --> Monitor --> Reorder
                Stock      Stock   Stock Level   When Low
                                (Min/Max)
  
```

Objectives of Inventory Control:

1. Ensure the business never runs out of stock (no stock-out situation).
2. Avoid overstocking which wastes money and storage space.
3. Reduce storage and carrying costs.
4. Minimize losses from spoilage, theft, or obsolescence.

Methods of Inventory Control:

1. ABC Analysis: Classify inventory into A (high value), B (medium value), C (low value). Focus most attention on A items.
2. Minimum Stock Level: Set a minimum quantity below which stock should never fall. When it reaches minimum, reorder immediately.

ENTREPRENEURSHIP DEVELOPMENT

Complete Solution -- Regular/Back Exam 2079/2080 (Chaitra/Baishakh)

Diploma in Civil/Automobile/Electrical Electronics/Architecture Engineering

Program: & Electronics/Mechanical/Electrical/

Year /Part: III/II (2013, 2014).

Q1(a). 'Working in self owned company is better than working as an employee of your dream company'. Do you agree or not? Give reasons. [6 Marks]

YES, I AGREE that working in a self-owned company is better than working as an employee of a dream company. Here are the reasons:

DIAGRAM: Self-Employment vs Dream Company Employment

SELF-OWNED COMPANY	EMPLOYEE OF DREAM CO.
Full freedom & control	Follow boss's orders
Unlimited income potential	Fixed salary only
Own boss	Work for someone else
Build own legacy	Build company's legacy
High risk, high reward	Low risk, limited reward

Reasons to agree (Self-owned is better):

1. **Full Freedom & Control** – You decide everything. No one gives orders.
2. **Unlimited Income** – Profits grow with business. Employee gets only fixed salary.
3. **Personal Satisfaction** – Pride of building your own business.
4. **Wealth Creation** – You build assets (property, brand, goodwill) over time.
5. **Employment Creator** – You give jobs to others. Employee only takes a job.
6. **Flexible Work Culture** – Set your own timing, team & work style.

Q1(b). Describe MSMEs in Nepal. [6 Marks]

MSME stands for Micro, Small, and Medium Enterprises. They are small-scale businesses that play a vital role in Nepal's economy by providing employment and contributing to GDP.

DIAGRAM: MSME Classification in Nepal (Industrial Enterprise Act 2076)

Category	Fixed Assets (NPR)	Employees
Micro	Up to Rs. 1 Lakh	Up to 4 persons
Small	Rs. 1 Lakh - 3 Crore	Up to 25 persons
Medium	Rs. 3 Crore - 10 Crore	Up to 100 persons

Current Status of MSMEs in Nepal:

Current Status:

1. **Large in Number** – 3.5 lakh+ MSMEs across all 77 districts
2. **Economy Contribution** – 22% of GDP + 1.7 million+ employed
3. **Common Sectors** – Handicrafts (Pashmina, Thangka), Food processing, Tourism, Retail, IT
4. **Government Support:**
 - CSIDB (Cottage & Small Industry Board)
 - Youth Entrepreneur Loan
 - Startup Nepal Program
 - Priority sector bank loans at low interest
5. **Challenges** – Lack of capital, poor infrastructure, limited market, imported goods competition.

Examples of MSMEs in Nepal:

- Micro: A roadside tea shop, a home-based tailoring business, a small vegetable farm.
- Small: A small garment factory in Bhaktapur, a computer repair center in Kathmandu.
- Medium: A medium-sized hotel in Pokhara, a food processing company in Chitwan.

Importance of MSMEs:

- Create employment in urban and rural areas.
- Promote local products and culture (handicrafts, agriculture).

Q2(a). Explain assessment of decision making attitudes in brief. [6 Marks]

Decision Making is selecting the best option from alternatives to solve a problem or achieve a goal. Assessing decision making attitudes means understanding how a person approaches decisions.

Attitude	Description	Best Used When
Rational/Logical	Analyzes all data carefully, weighs pros & cons	Complex business decisions
Intuitive	Uses gut feeling and experience	Fast-paced, time-pressure situations
Dependent	Relies on others' opinions and advice	When lacking expertise
Avoidant	Delays or avoids making decisions	Never ideal — causes missed opportunities
Spontaneous	Makes very quick, impulsive decisions	Simple, low-risk situations only

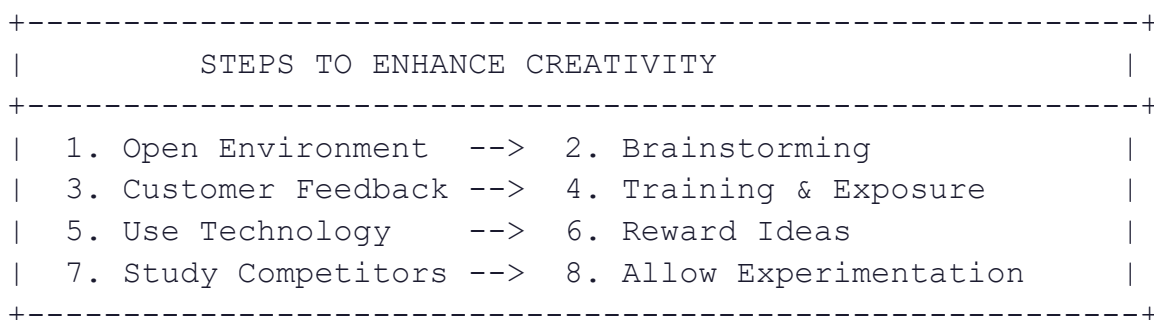
How to Assess:

1. Situational Tests: Give real business scenarios and observe response.
2. Psychometric Questionnaires: Standardized tests measuring decision style.
3. Case Study Analysis: Ask person to analyze and decide on a business case.
4. Past Behavior Review: Study previous decisions made.

Q2(b). Write the steps in enhancing creativity in business. [6 Marks]

Creativity in business means generating new ideas to improve products, services, processes, or marketing. Enhancing creativity leads to innovation and competitive advantage.

DIAGRAM: Steps to Enhance Creativity in Business

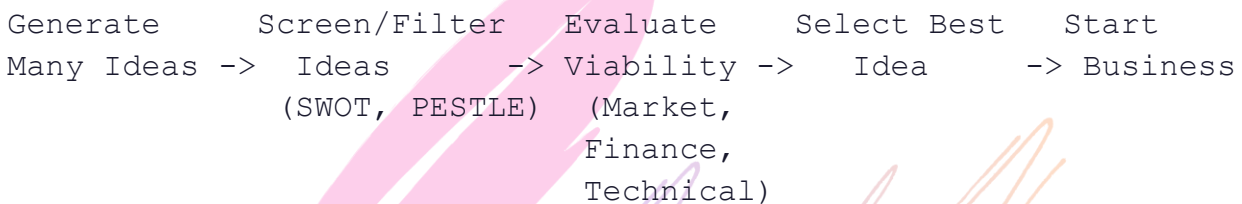


Step:

1. Open Work Environment – Allow free idea sharing without fear of criticism
2. Brainstorming Sessions – Regular group meetings where all ideas are welcomed
3. Customer Feedback – Listen to customer problems → new creative solutions
4. Training & Exposure – Send staff to workshops, seminars & trade fairs
5. Use Technology – Explore new apps, software & digital platforms
6. Reward Creative Ideas – Appreciate & reward useful ideas publicly
7. Study Competitors – Find gaps in market → creative business opportunities
8. Allow Experimentation – Try new ideas, tolerate failure → innovation grows

Q3(a). Explain how to select the viable business ideas and opportunity. [6 Marks]

A Viable Business Idea is one that is practically possible, financially profitable, and meets a real market need. Selecting the right business idea is the most important step in entrepreneurship.

DIAGRAM: Process of Selecting Viable Business Idea.**Steps to Select a Viable Business Idea:**

- 1. Generate Multiple Ideas:** First, brainstorm many ideas using sources like personal experience, market gaps, customer problems, social media trends, and trade fairs.
- 2. Market Research and Demand Analysis:** Check if there is real demand for the product/service in the target market.
- 3. SWOT Analysis:** Evaluate each idea for Strengths (unique advantage), Weaknesses (limitations), Opportunities (market potential),
- 4. Technical Feasibility:** Check if you have the technology, machinery, skills, and raw materials needed to execute the idea.
- 5. Financial Feasibility:** Estimate the startup cost, operating expenses, expected revenue, and profit.
- 6. Competition Analysis:** Study existing competitors. If the market is already saturated with strong competitors,
- 7. Legal and Environmental Check:** Ensure the business is legal and does not violate any government regulations or environmental laws.
- 8. Personal Fit:** Does the idea match your skills, passion, and experience? A business you are passionate about is more likely to succeed.

Q3(b). Define business plan. Why is it necessary and important? [6 Marks]

Definition of Business Plan:

A Business Plan is a formal written document that describes a business idea, its goals, strategies, target market, operational details, and financial projections. It acts as a complete roadmap for starting and managing a business successfully.

Plan Necessary Why is a Business and Important?

1. Clear Direction – Defines vision, mission & goals. Gives roadmap of where business is going.
2. Gets Bank Loans & Investment – Banks & investors require business plan before funding. Shows the business is serious & profitable.
3. Identifies Strengths & Weaknesses – Entrepreneur discovers what to build on & what to fix before starting.
4. Reduces Risk – Analyzing market & finances in advance helps prepare for problems early.
5. Guides Daily Operations – Helps managers & staff understand their roles & responsibilities.
6. Measures Performance – Sets sales/profit targets. Actual results compared to plan to track progress.
7. Attracts Partners – Convinces co-founders, partners & key employees to join the business.
8. Required for Licenses – Government offices & financial institutions need business plan for registration, licenses & grants.

Q4(a). Explain methods used for project appraisal. [6 Marks]

Project Appraisal is the process of evaluating a proposed project to determine if it is technically feasible, financially viable, economically beneficial, and worth investing in.

DIAGRAM: Methods of Project Appraisal

PROJECT APPRAISAL METHODS					
Technical	Market	Financial	Economic	Management	
Appraisal	Appraisal	Appraisal	Appraisal	Appraisal	

1. Technical Appraisal

- Checks: Technology, machinery, raw materials & production process
- Key Q: Is tech available? Is location suitable?

2. Market Appraisal

- Checks: Demand, competition, pricing & customers
- Key Q: Who will buy? At what price? How much?

3. **Financial Appraisal** ★ *(Most Important)*

- Checks financial numbers:
- **NPV** → Positive = Profitable
- **IRR** → Higher than capital cost = Viable
- **Payback Period** → How long to recover investment
- **Break-Even** → Minimum sales to cover costs

4. **Economic/Social Appraisal**

- Checks: Jobs created, tax revenue, poverty reduction & social benefits

5. **Management Appraisal**

- Checks: Team's qualifications, experience & capability
- Strong team = Higher success chances

6. **Environmental Appraisal**

- Checks: Pollution, deforestation, water damage
- Must comply with environmental laws

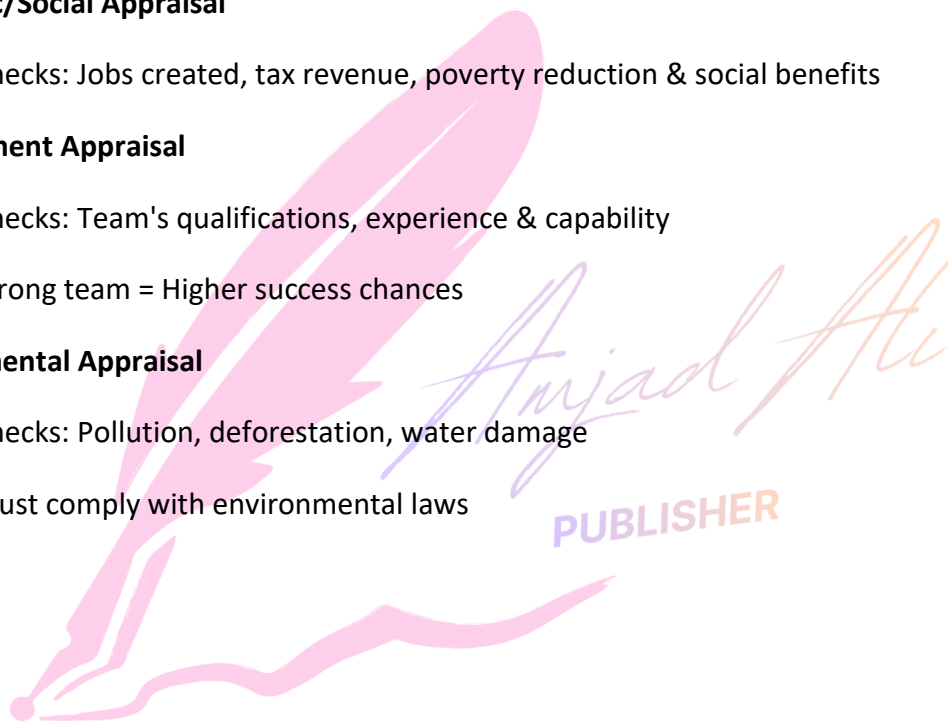


DIAGRAM: Structure of a Project Report

Q5. [6+6 = 12 Marks]

Small Business Management refers to the process of planning, organizing, leading, and controlling the daily activities of a small-scale business to achieve its goals efficiently with limited resources.

DIAGRAM: Key Areas of Small Business Management.

Challenges of Small Business Management:

- Owner must manage everything alone — finance, marketing, HR, and operations.
- Limited capital makes it hard to hire specialists.
- Competition from larger businesses with more resources.

- Difficulty in getting bank loans due to lack of collateral.

Tips for Effective Small Business Management:

- Maintain simple but proper financial records daily.
- Focus on customer satisfaction to build word-of-mouth reputation.
- Use free/low-cost digital tools for marketing (Facebook, Instagram).
- Join local business associations for networking and support.

Q5(b). Explain about market and marketing mix. [6 Marks]

A Market is any place or platform (physical or virtual) where buyers and sellers meet to exchange goods, services, or information at an agreed price.

- Physical Market: Local bazaar, shopping mall, shop.
- Virtual/Online Market: Daraz.com.np, Facebook Marketplace, eSewa shops.
- Types: Local Market, National Market, International/Export Market.

Marketing Mix (4Ps):

Marketing Mix is the combination of four controllable elements (4Ps) that a business uses to satisfy customer needs and achieve its marketing goals.

4P Element	What it Means	Example (AC Business)
Product	What you sell — quality, features, design, brand, packaging	1.5-ton split AC with 5-star rating, 5-year warranty
Price	How much you charge — pricing strategy	Rs. 45,000 (competitive pricing vs market Rs. 50,000)
Place	Where & how customers can buy it	Showroom + Daraz online + local dealers
Promotion	How you advertise and attract customers	Facebook ads + 10% Dashain discount + banners

Q6. Write short notes on: (Any FOUR) [4x3 = 12 Marks]

(i) Depreciation [3 Marks]

Depreciation is the systematic, gradual decrease in the value of a tangible fixed asset over time due to wear and tear, aging, or obsolescence.

- Assets that depreciate: Machinery, vehicles, buildings, computers, furniture.
- Depreciation is recorded as an expense in the profit & loss statement.

Common Methods:

1. Straight Line Method (SLM): Equal amount deducted every year. Formula: Depreciation = (Cost - Salvage Value) / Useful Life. Example: Machine cost Rs. 5,00,000, Salvage Rs. 50,000, Life 10 years: Depreciation = Rs. 45,000/year.
2. Reducing Balance Method: Depreciation calculated on the remaining book value each year. Higher depreciation in early years.

Importance:

- Shows true value of assets in balance sheet.
- Helps plan for asset replacement.
- Reduces taxable income (tax benefit).
- Helps calculate accurate profit or loss.

(ii) Myths about Entrepreneurs [3 Marks]

Myths about entrepreneurs are false beliefs or misconceptions that people commonly have about entrepreneurship. These myths discourage many people from becoming entrepreneurs.

Myth (Wrong Belief)	Reality (Truth)
Entrepreneurs are born, not made	Entrepreneurial skills can be learned and developed through education and experience
You need a lot of money to start	Many successful businesses started with very little capital (e.g., Facebook started in a dorm)
Entrepreneurs work alone	Successful entrepreneurs build strong teams and networks

Entrepreneurship is only for young people	People of any age can start a business successfully
Entrepreneurs must take huge risks	Smart entrepreneurs take calculated, manageable risks — not reckless ones
Only new ideas work	Improving existing products or services is equally valid entrepreneurship

(iii) Risk Factors [3 Marks]

Risk Factors are potential problems or uncertainties that can negatively affect a business's operations, profitability, or survival.

1. Financial Risk: Running out of money, inability to repay loans, or irregular cash flow. Example: Sales drop suddenly but rent and salaries must still be paid.
2. Market Risk: Changes in customer demand, competitor actions, or economic recession reducing sales. Example: Cheap Chinese imports reducing local product sales.
3. Operational Risk: Machine breakdown, power cuts, employee errors, or supply chain

Risk Management Strategies:

- Insurance for property and business operations.
- Maintain emergency cash reserve (3-6 months expenses).
- Diversify products/markets to reduce dependence on one source.
- Regular monitoring of market and regulatory changes.

(iv) SWOT Analysis [3 Marks]

SWOT Analysis is a strategic planning tool used to evaluate a business by identifying its internal Strengths, Weaknesses, and external Opportunities and Threats.

Uses of SWOT Analysis:

1. Helps identify business strengths to build competitive advantage.
2. Reveals weaknesses to fix before they cause problems.
3. Discovers external opportunities to capitalize on.
4. Warns about threats so the business can prepare defenses.
5. Supports strategic decision making and business planning.

(v) Financial Plan [3 Marks]

A Financial Plan is a written document that estimates the money needed to start and run a business, and how that money will be earned, spent, and managed to achieve business goals.

DIAGRAM: Contents of Financial Plan

FINANCIAL PLAN	
1. Capital Investment (Startup Cost)	
2. Sources of Finance (Own + Loan + Investors)	
3. Sales/Revenue Forecast	
4. Expense/Cost Plan (Fixed + Variable)	
5. Profit & Loss Statement	
6. Cash Flow Statement	
7. Break-Even Analysis	

1. Capital Investment Plan: Total money needed to start — equipment, location, initial stock.
2. Sources of Finance: Where money comes from — personal savings, bank loan, investors.
3. Revenue Forecast: Expected income from sales over the next 1-3 years.

Importance of Financial Plan:

- Required by banks for loan approval.
- Helps the entrepreneur manage money wisely.
- Avoids unexpected cash shortages.
- Shows if the business is financially viable before starting.

ENTREPRENEURSHIP DEVELOPMENT

Complete Solution -- Regular/Back Exam 2078/2079 (Chaitra/Baishakh)

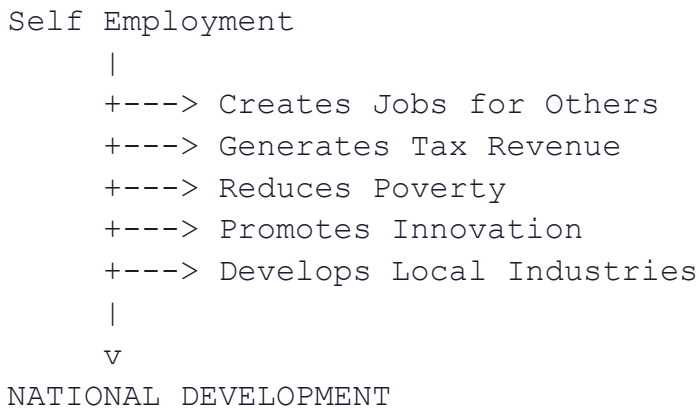
Program:Diploma in Electrical & Electronics/Civil/Architecture/Electrical/Electronics/Automobile/Mechanical Engineering
Year/ Part:III/II (2013, 2014).

Q1(a). Self employment is very important for national development. How can you justify it? Give an example of successful enterprise and its products with target customers. [4+2 Marks]

: Self Employment and National Development [4 Marks]

Self-employment means a person works for themselves by starting and running their own business instead of working for an employer. It is one of the most important drivers of national development.

DIAGRAM: Self Employment and National Development



Reasons (Justification):

1. **Creates Employment** – Entrepreneurs hire workers, reducing unemployment. (Ex: A factory owner employs 50 workers)
2. **Reduces Poverty** – Provides income to people in rural areas who can't find jobs.
3. **Increases Tax Revenue** – Businesses pay income tax & VAT → Government builds roads, schools, hospitals.
4. **Promotes Local Industry** – Local goods produced → Less import dependence → Stronger economy.
5. **Fosters Innovation** – New products & services created → Technological & social progress.
6. **Contributes to GDP** – MSMEs contribute ~22% of Nepal's GDP.

Part B: Example of Successful Enterprise [2 Marks]

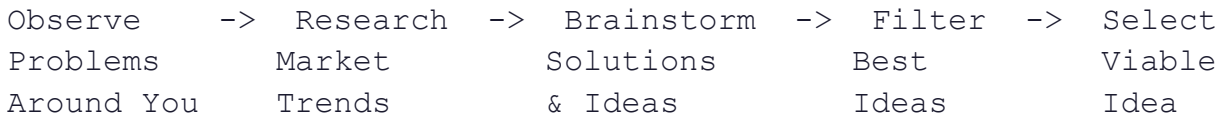
Enterprise Name: Wai Wai (CG Foods Nepal Pvt. Ltd.)

Detail	Information
Founded by	Binod Chaudhary (Chaudhary Group)
Product	Wai Wai instant noodles
Started as	Small local noodle factory in Nepal
Now	Exported to 40+ countries worldwide
Target Customers	Students, office workers, travelers, low-income families
Price Range	Rs. 20-30 per pack (affordable)
Contribution	Employs thousands of Nepalis, earns foreign exchange

Q1(b). How you can generate business ideas? Write the steps and explain three in brief with example. [3+3 Marks]

Steps to Generate Business Ideas [3 Marks]

DIAGRAM: Business Idea Generation Process



Steps to Generate Business Ideas [3 Marks]:

1. **Observe Daily Problems** – Every problem around you = potential business
2. **Study Market Trends** – Read news, browse internet, follow social media
3. **Brainstorm & Mind Map** – Write all ideas freely, then filter best ones
4. **Use Personal Skills & Passion** – What you are good at = business idea
5. **Visit Trade Fairs & Exhibitions** – See new products & trends
6. **Talk to People** – Ask what products/services they wish existed

Three Business Ideas Explained with Examples [3 Marks]:

1. Problem-Solving Idea:

- **Problem:** Hostel students struggle to get affordable home-cooked food
- **Idea:** Tiffin/meal delivery service for hostel students
- **Example:** Cook & deliver to 50 students @ Rs. 80/meal = Rs. 4,000/day revenue

2. Skill-Based Idea:

- **Skill:** Good at repairing electronics
- **Idea:** Mobile/laptop repair shop near college
- **Example:** Charge Rs. 300–1000/repair, 10 customers/day = Rs. 5,000/day revenue

3. Market Trend Idea:

- **Trend:** People increasingly buying things online
- **Idea:** Local home delivery service (pick from any shop, deliver home)
- **Example:** Charge Rs. 50–100/delivery, partner with local shops

Q2(a). Describe risks in business? How do you minimize risk in business as an entrepreneur? [6 Marks]

Risks in Business:

Business Risk is the possibility of loss, damage, or failure that can affect a business's operations, finances, or reputation. Every business faces some level of risk.

DIAGRAM: Types of Business Risks

+-----+-----+-----+-----+-----+					
BUSINESS RISKS					
+-----+-----+-----+-----+-----+					
Financial	Market	Operational	Legal	External	
Risk	Risk	Risk	Risk	Risk	
+-----+-----+-----+-----+-----+					

1. Financial Risk: Running out of money, inability to pay loans, cash flow shortage.

2. Market Risk: Changes in customer demand, increased competition, or price war.

3. Operational Risk: Machine breakdown, power failure, employee errors, supply chain disruption. Example: Factory stops due to electricity outage.

How to Minimize Risk as an Entrepreneur:

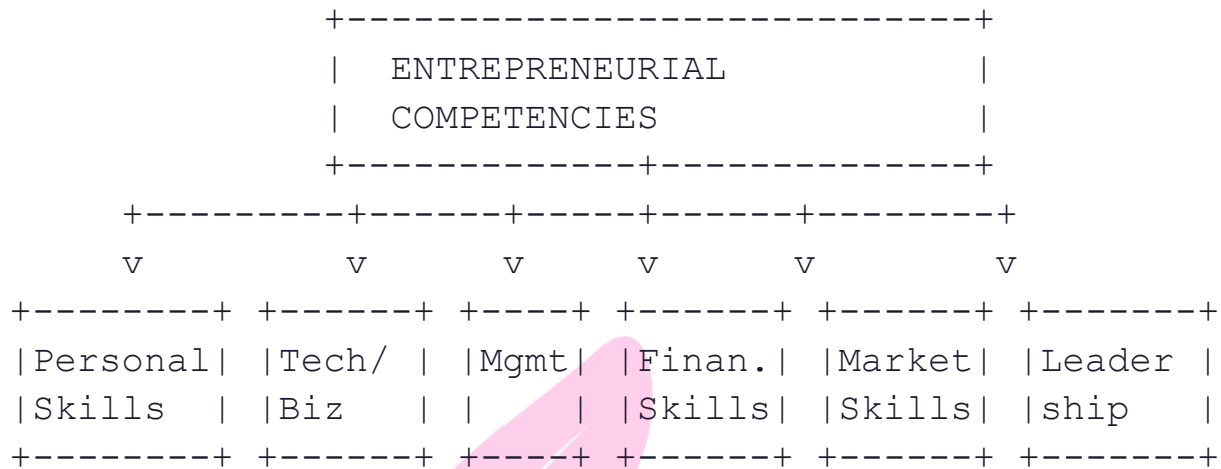
1. Insurance: Buy insurance for business assets, stock, and operations. This covers losses from fire, theft, or natural disaster.
2. Diversification: Sell multiple products/services and serve different customer groups. If one fails, others continue earning.
3. Proper Market Research: Study market demand, competitors, and pricing before launching. Reduces risk of product failure.
4. Emergency Fund: Keep 3-6 months of operating expenses as cash reserve for unexpected situations.

PUBLISHER

Q2(b). What competencies required to be an entrepreneur? Explain. [6 Marks]

Entrepreneurial Competencies are the skills, knowledge, attitudes, and behaviors that enable a person to successfully start, manage, and grow a business.

DIAGRAM: Competencies Required to be an Entrepreneur



1. **Risk-Taking** – Take calculated risks, comfortable with uncertainty & investment
2. **Creativity & Innovation** – Generate new ideas & unique solutions better than competitors
3. **Decision Making** – Analyze quickly & decide correctly even under pressure
4. **Leadership** – Inspire & motivate team to work toward business goals
5. **Financial Management** – Budget, control costs, manage cash flow & investments
6. **Marketing & Sales** – Identify customers, promote & sell products effectively
7. **Communication** – Clearly express ideas to staff, customers & investors
8. **Problem-Solving** – Find practical solutions without disrupting operations
9. **Networking** – Build relationships with suppliers, mentors & investors

Q3(a). How you get legal status in business? Explain the management of capital in business to be successful entrepreneur. [3+3 Marks]

How to Get Legal Status in Business .

Legal status means having the government's official recognition and permission to operate a business. It gives the business a legal identity, credibility, and protection.

DIAGRAM: Steps to Get Legal Status in Nepal

- | | | |
|---|---|----------------------------|
| 1. Choose Business Type --> | 2. Register Business --> | 3. Get PAN/VAT |
| (Sole, Partnership,
Pvt. Ltd., etc.) | (Office of Company
Registrar / Industry
Office) | (Inland Revenue
Office) |
| 4. Get Trade License --> | 5. Open Bank Account --> | 6. Start Operating |
| (Municipality/
Local Govt.) | (Business Account) | Legally |

1. **Choose Business Form** – Sole Proprietorship / Partnership / Pvt. Ltd. / Cooperative
2. **Register Business** – At Department of Industry or Company Registrar Office → pay fees → get certificate
3. **Get PAN/VAT Number** – PAN from Inland Revenue Office. VAT needed if revenue > Rs. 2 million/year
4. **Get Trade License** – From local Municipality → permission to operate specific business type
5. **Open Business Bank Account** – Separate account for all business transactions
6. **Get Other Licenses** – Food safety cert. for food business, Ministry of Health for health business

Management of Capital in Business [3 Marks]

Capital Management means planning, organizing, and controlling the money (capital) of the business to ensure it is used efficiently to achieve business goals.

1. **Estimate Capital Needs** – Calculate fixed capital (startup) & working capital (daily operations)
2. **Arrange from Right Sources** – Mix of own savings + bank loan + investors. Avoid over-borrowing
3. **Maintain Proper Accounts** – Record all income & expenses daily using ledger or software
4. **Control Costs** – Cut unnecessary expenses, spend only on revenue-generating activities
5. **Maintain Cash Flow** – Always have enough cash for bills, salaries & suppliers
6. **Reinvest Profits** – Use part of profit to expand business, buy equipment or reduce debt

Q3(b). What are the myths about entrepreneur? Describe any 3 in brief. [6 Marks]

Myths about entrepreneurs are false beliefs or misconceptions that people commonly have about entrepreneurship. These myths discourage talented people from becoming entrepreneurs.

Myth (Wrong Belief)	Reality (Truth)
Entrepreneurs are born, not made	Entrepreneurial skills can be learned through education and experience
You need a lot of money to start	Many successful businesses started with very little capital
Entrepreneurs work alone	Successful entrepreneurs build strong teams and networks
Entrepreneurship is only for young people	People of any age can start a successful business
Entrepreneurs must take huge risks	Smart entrepreneurs take calculated, manageable risks
Only new ideas work	Improving existing products/services is equally valid
Entrepreneurs are always lucky	Success comes from hard work, planning, and persistence

3 Myths Described in Brief:

Myth 1: Entrepreneurs are Born, Not Made

- Binod Chaudhary developed skills through years of experience, not born talent
- **Truth** – Anyone willing to learn & work hard can become a successful entrepreneur

Myth 2: You Need a Lot of Money to Start

- **Reality** – Many famous companies started with very little capital

Example – Facebook started in a dorm room. In Nepal, many shops started with < Rs. 10,000

- **Truth** – Start small, validate idea with minimum investment, grow gradually

Myth 3: Entrepreneurs Must Take Huge Risks

- **Reality** – Successful entrepreneurs take **calculated** risks — research first, then invest
- **Example** – Smart entrepreneur tests product with small group before mass production
- **Truth** – Entrepreneurship = managing risk intelligently, not gambling recklessly

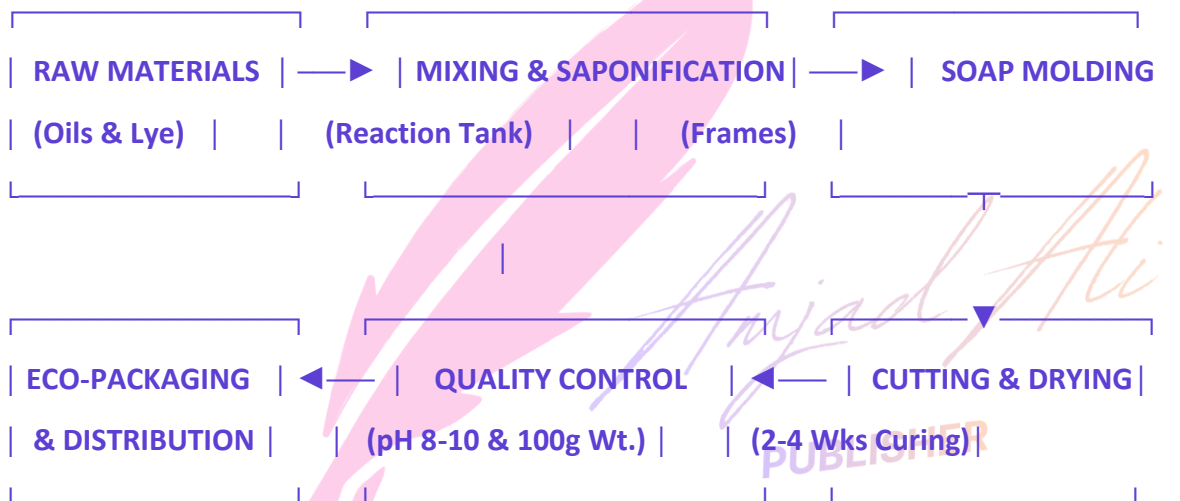
Q4(a). You have been given a soap industry. Make an operation plan for your products. [6 Marks]

Business: Nepal Fresh Soap Industry

An Operational Plan describes how the soap manufacturing business will run its daily operations to produce quality soap and deliver it to customers.

1. Production Process:

DIAGRAM: Soap Manufacturing Process



Required Resources & Costs:

Resource Type	Details	Estimated Cost/Quantity
Raw Materials	Palm oil, coconut oil, NaOH (lye), fragrance	Rs. 50,000 / month
Machinery	Mixing tank, molds, cutter, packaging machine	Rs. 3,00,000 (one-time)
Human Resources	2 production workers, 1 quality checker, 1 packer	Rs. 40,000 / month
Factory Location	500 sq. ft. workspace & storage	Rs. 15,000 / month rent

3. Production Targets & Sales:

- **Daily Target:** 500 soap bars / day
- **Monthly Target:** 15,000 soap bars / month
- **Selling Price:** Rs. 50 / bar
- **Monthly Target Revenue:** Rs. 7,50,000

4. Quality Control & Risk Management:

- **Quality Check:** Test pH levels (safe for skin: 8–10) & check bar weight (100g).
- **Power Backup:** Generator backup for continuous production during power cuts.
- **Stock Buffer:** Maintain 1-month raw material buffer to prevent supply shortage.

Q4(b). Describe the significance of business marketing plan. [6 Marks]

A Marketing Plan is a formal document that outlines the strategies and actions a business will use to promote its products, attract customers, and achieve its sales goals.

DIAGRAM: Significance of Business Marketing Plan

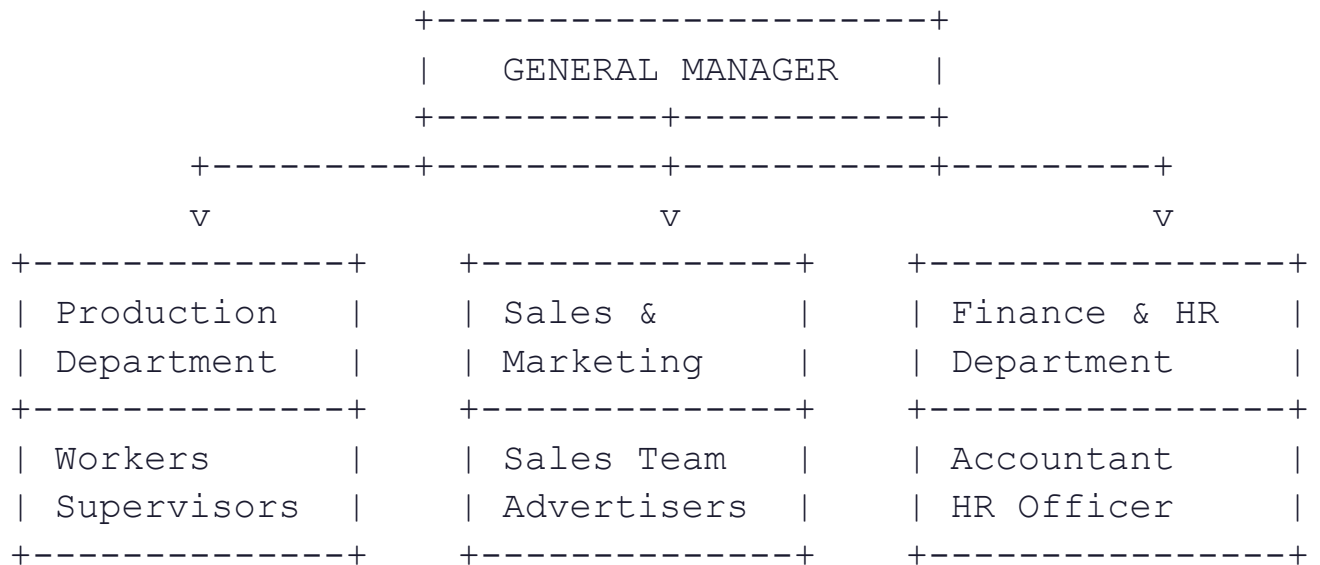
+-----+-----+-----+-----+-----+-----+					
	SIGNIFICANCE OF MARKETING PLAN				
+-----+-----+-----+-----+-----+-----+					
	Increases Sales		Builds Brand		Attracts Customers
	Beats Competition		Guides Team		Measures Results
+-----+-----+-----+-----+-----+-----+					

1. **Clear Marketing Direction** – Defines target market & goals; gives a clear roadmap to the team.
2. **Increases Sales & Revenue** – Delivers the right message to the right audience to drive sales.
3. **Builds Brand Awareness** – Consistent promotion builds recognition & customer trust over time.
4. **Helps Beat Competition** – Identifies unique selling points (USP) to differentiate from competitors.
5. **Efficient Budget Allocation** – Allocates funds to high-ROI channels, preventing wasteful spending.
6. **Guides Marketing Team** – Clarifies roles, timing, & targets to reduce confusion & boost efficiency.
7. **Attracts Investors & Partners** – Demonstrates a clear customer acquisition strategy to secure funding.
8. **Measures Performance** – Sets targets (sales growth %, reach) to evaluate and improve strategies.

Q5(a). Describe the role and responsibilities of staff. [6 Marks]

In every organization, different staff members play specific roles and have specific responsibilities. When everyone fulfills their roles, the organization runs smoothly and achieves its goals.

DIAGRAM: Organizational Structure and Staff Roles



Staff Roles & Responsibilities:

- General Manager / Owner** – Overall leadership, strategic decision-making, setting goals, & monitoring overall business performance.
- Production / Technical Staff** – Manufacturing products as per quality standards, operating machinery safely, & maintaining production logs.
- Sales & Marketing Staff** – Promoting & selling products, achieving monthly targets, market research, & managing customer relationships.
- Finance / Accounts Staff** – Recording daily transactions, managing invoices & payroll, preparing P&L reports, & ensuring tax compliance.
- Human Resource (HR) Staff** – Recruitment, conducting staff training, managing attendance & leave, & resolving workplace conflicts.
- Store / Inventory Staff** – Receiving & storing raw materials/finished goods, maintaining stock levels, & reporting stock shortages.
- Customer Service Staff** – Handling customer inquiries & complaints, providing after-sales support, & collecting feedback.
- Security Staff** – Monitoring premises, controlling entry/exit points, & safeguarding business assets.

Q5(b). What is marketing mix? Describe the components of marketing mix. [2+4 Marks]

What is Marketing Mix? [2 Marks]

Marketing Mix is a set of controllable marketing tools that a business uses to achieve its marketing goals and satisfy customer needs in the target market. It is commonly known as the 4Ps framework.

Components of Marketing Mix (4Ps) [4 Marks]

4P Component	What it Means	Key Decisions	Example (Soap Business)
Product	What the business sells	Quality, features, brand, packaging, variety	Herbal bath soap, 100g, eco-friendly packaging, 'Nepal Fresh' brand
Price	How much charged	Cost-based, competitive, penetration, premium pricing	Rs. 50/bar (competitive with other local soap brands)
Place	Where customers can buy	Retail shops, online, direct, distributors	Supermarkets + local kirana shops + online (Daraz) + direct to hotels
Promotion	How to advertise	Advertising, sales promotion, personal selling, PR	Facebook ads + free sample distribution + 10% festival discount

Q6. Write short notes on: (Any FOUR) [4x3 = 12 Marks]

(a) Book Keeping System [3 Marks]

Bookkeeping is the systematic process of recording all financial transactions of a business in an organized manner on a daily basis.

Books maintained in bookkeeping:

- Cash Book: Records all cash receipts and payments.

- Purchase Book: Records all credit purchases of goods.
- Sales Book: Records all credit sales of goods.
- Journal: Records all other transactions not in special books.
- Ledger: Summarizes all transactions by account.

Conclusion: A good bookkeeping system is the foundation of financial management. It ensures accurate records, supports tax filing, and helps the business owner make informed financial decisions.

(b) Market Demand [3 Marks]

Market Demand is the total quantity of a product or service that all customers in a market are willing and able to buy at a given price during a specific time period.

DIAGRAM: Law of Demand

Price HIGH ---> Demand LOW
 Price LOW ---> Demand HIGH
 (Inverse relationship between price and demand)

Types of Market Demand:

1. Individual Demand: Demand of a single customer for a product. Example: One household wanting 2 AC units.
2. Market Demand: Total demand of all customers for a product in the market.
3. Derived Demand: Demand for a product because of demand for another product. Example: Demand for AC installation service increases because of demand for ACs.

Factors Affecting Market Demand:

- Price of the product (higher price = lower demand).
- Income of customers (more income = more demand for luxury goods).
- Price of substitute goods (if competitor lowers price, demand shifts).

DIAGRAM: Key Functions of Small Business Management



DIAGRAM: Types of Business Legal Status in Nepal

1. Sole Proprietorship	- Owned by one person
2. Partnership	- Owned by 2-20 partners
3. Private Ltd. Company	- Owned by 1-101 shareholders
4. Public Ltd. Company	- Shares sold to public
5. Cooperative	- Member-owned organization

How to Get Legal Status in Nepal:

1. Register at Department of Industry or Company Registrar Office.
2. Get PAN/VAT number from Inland Revenue Office.
3. Get trade license from local municipality.
4. Open a business bank account.

Benefits of Legal Status:

- Can enter into legal contracts with suppliers, customers, and banks.
- Can apply for bank loans and government grants.
- Business assets are protected under the law.

(e) Break Even Analysis [3 Marks]

Break Even Analysis is a financial tool used to find the Break Even Point (BEP) — the point where total revenue equals total cost, meaning no profit and no loss.

Formula:

$$\text{BEP (Units)} = \text{Fixed Cost} / (\text{Selling Price} - \text{Variable Cost per Unit})$$

$$\text{BEP (Rs.)} = \text{Fixed Cost} / \text{Contribution Margin Ratio}$$

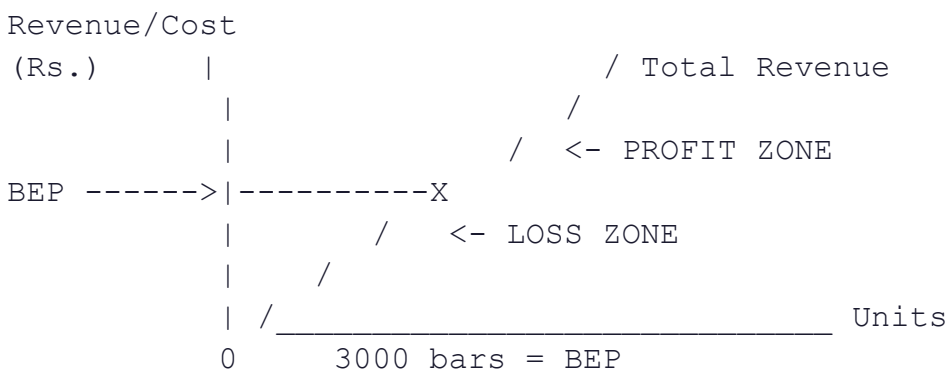
Example:

Soap Business: Fixed Cost = Rs. 60,000/month | Selling Price = Rs. 50/bar | Variable Cost = Rs. 30/bar

$$\text{BEP} = 60,000 / (50 - 30) = 60,000 / 20 = 3,000 \text{ bars/month}$$

Meaning: Must sell 3,000 bars per month to cover all costs. Every bar after 3,000 = Profit.

DIAGRAM: Break Even Chart



ENTREPRENEURSHIP DEVELOPMENT

Complete Detailed Solution -- Regular/Back Exam 2077 (Chaitra)

Q1(a). Define entrepreneur and entrepreneurship. What are the characteristics of a good entrepreneur? [3+3 Marks]

: Definition of Entrepreneur & Entrepreneurship [3 Marks]

An Entrepreneur is an individual who creates a new business, taking on most of the financial risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

Entrepreneurship is the process of setting up a business, taking it from an idea to a fully operational entity, managing its resources, and bearing financial risks with the objective of generating profit.

Part B: Characteristics of a Good Entrepreneur [3 Marks]

1. **Risk-Taking Ability** – Takes calculated risks by weighing losses against rewards before investing.
2. **Creativity & Innovation** – Constantly seeks new ideas and unique solutions to market problems.
3. **Leadership & Motivation** – Inspires and guides employees effectively toward business goals.
4. **Self-Confidence & Optimism** – Believes in own vision and stays positive during setbacks.
5. **Persistence & Resilience** – Never gives up easily; learns from failures and bounces back.
6. **Decisive Nature** – Analyzes situations quickly and makes sound decisions under pressure.

Q1(b). Explain about wage employment and self-employment. Also write of myths about entrepreneurs. [6 Marks]

Part A: Wage Employment vs Self-Employment [3 Marks]

Wage Employment refers to a work arrangement where an individual works for an employer in exchange for a fixed monthly salary or wage. The employee works under the employer's instructions and bears minimal financial risk.

Self-Employment refers to an arrangement where an individual creates their own job by establishing and operating their own business venture. Income is based on profit, and the self-employed person has full control and decision-making power.

Basis of Comparison	Wage Employment	Self-Employment
Ownership	Works for an employer	Works for oneself (Own Boss)
Income	Fixed monthly salary/wage	Variable profit income (Unlimited potential)
Financial Risk	No direct financial risk	Bears full financial risk and potential loss
Decision Making	Must follow employer's orders	Complete freedom in decision making
Working Hours	Fixed office hours (e.g., 9 AM - 5 PM)	Flexible but often longer working hours
Job Security	Contractual job security	Depends on business market performance
Example	Civil Engineer in government, Bank Cashier	Own Engineering Consultancy, Shop Owner

Part B: Myths About Entrepreneurs [3 Marks]

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Myths are false beliefs or misconceptions about entrepreneurship that deter many potential individuals from starting businesses:

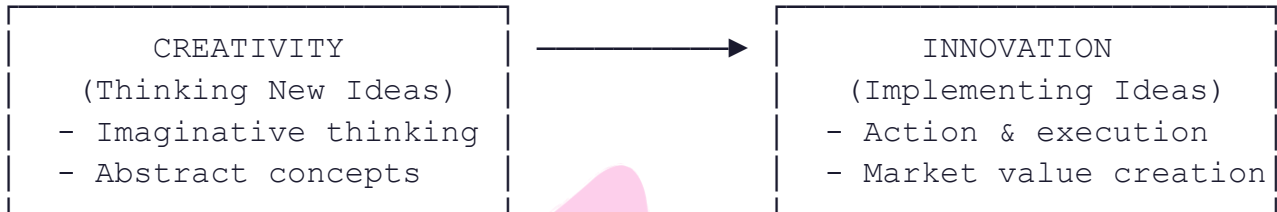
1. Myth 1: Entrepreneurs are Born, Not Made -- Truth: Entrepreneurship is a set of skills (planning, finance, leadership) that can be taught, learned, and practiced through education and experience.
2. Myth 2: You Need Huge Capital to Start -- Truth: Many successful companies start with very small initial capital (e.g., in a dorm room or garage) and scale up gradually as sales grow.
3. Myth 3: Entrepreneurs Take Reckless/Huge Risks -- Truth: Successful entrepreneurs take calculated risks after careful market research, prototyping, and risk management planning.
4. Myth 4: Entrepreneurs Work Alone -- Truth: Building a business requires a strong team, good advisors, reliable suppliers, and customer networks

Q2(a). Explain creativity and innovation. [6 Marks]

Creativity is the mental process of conceiving new, original, and imaginative ideas, concepts, or perspectives.

Innovation is the practical implementation and commercialization of creative ideas to produce new or improved products, services, or processes.

DIAGRAM: Creativity to Innovation Transformation



Detailed Breakdown of Creativity vs Innovation:

1. Nature of Concept: Creativity is the generation of ideas, whereas innovation is the application of ideas to create tangible business value.
2. Measurability: Creativity cannot be directly measured in monetary terms, while innovation is measured by market success, revenue, and efficiency gains.
3. Cost Requirement: Generating creative ideas requires little financial investment, whereas innovating requires capital for research, development, and testing.

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Q2(b). Explain of Risk taking behavior and risk minimization. [6 Marks]

P Risk-Taking Behavior [3 Marks]

Risk-Taking Behavior is the willingness of an entrepreneur to commit resources (time, money, effort) to a business venture where the outcome is uncertain. Entrepreneurs face financial, market, operational, and reputational risks.

- Calculated Risk-Taking: Evaluating potential downside vs upside before making decisions, taking steps to reduce loss probabilities.
- Reckless Risk-Taking: Making major investments based on intuition or impulse without market research (avoided by successful entrepreneurs).

Risk Minimization Strategies [3 Marks]

Entrepreneurs use systematic strategies to minimize business risks:

DIAGRAM: Risk Management Cycle

Identify Risks → Analyze Impact → Implement Controls → Monitor Regularly

1. **Thorough Market Research** – Conduct feasibility studies & customer surveys before launch to verify real demand.
2. **Insurance Coverage** – Insure physical assets (factory, stock, vehicles) against fire, theft, and natural disasters.
3. **Product & Market Diversification** – Offer multiple products or serve different customer segments to offset potential losses.
4. **Emergency Cash Reserves** – Maintain 3–6 months of operating expenses in cash for crisis situations.
5. **Quality Control & Compliance** – Follow safety standards & laws to avoid product returns, fines, or legal issues.
6. **Multiple Supplier Networks** – Partner with multiple raw material suppliers to prevent production downtime.

Q3(a). Explain how to select the viable business ideas and opportunity. [6 Marks]

A Viable Business Idea is one that is practical to execute, financially profitable, and satisfies a clear, existing market demand.

DIAGRAM: Step-by-Step Business Idea Selection Process

1. Idea Generation → 2. Initial Screening → 3. Demand Analysis
4. Feasibility Study → 5. Financial Evaluation → 6. Final Selection

Steps to Select Viable Business Ideas:

1. **Idea Generation:** Collect potential business ideas from daily problem-solving, skills, market trends, social media, and customer complaints.
2. **Initial Screening (SWOT Analysis):** Evaluate each idea's Strengths, Weaknesses, Opportunities, and Threats to eliminate impractical options early.
3. **Market Demand Assessment:** Conduct surveys to verify if target customers exist, their willingness to buy, and expected price levels.

Q3(b). Define business plan. Why is it necessary and important? [2+4 Marks]

Definition of Business Plan [2 Marks]

A Business Plan is a formal written document outlining a company's goals, the strategies to achieve them, target market analysis, operational procedures, and detailed financial projections.

Importance & Necessity of Business Plan [4 Marks]

1. IMPORTANCE OF BUSINESS PLAN (Benefits & Growth)

1. Provides Strategic Direction – Gives a clear long-term vision, mission, and roadmap for where the business is heading.
2. Efficient Resource Management – Ensures optimal utilization of capital, manpower, and machinery without wasteful spending.
3. Sets Performance Benchmarks – Establishes concrete sales, revenue, and profit targets to measure progress over time.
4. Attracts Investors & Partners – Demonstrates business profitability to convince co-founders, partners, and investors.

✍ 2. NECESSITY OF BUSINESS PLAN (Mandatory Requirements)

1. Mandatory for Bank Loans & Funding – Financial institutions require a detailed plan before approving business loans or grants.
2. Prevents Failure & Minimizes Risk – Helps discover market threats, cash shortages, and operational bottlenecks before investing money.
3. Required for Business Registration – Government bodies and licensing authorities require a business plan for official registration.
4. Guides Day-to-Day Operations – Defines daily staff roles, production targets, and operational workflows to avoid workplace confusion

Q4(a). Explain about financial plan in brief. [6 Marks]

A Financial Plan is a critical section of a business plan that forecasts capital requirements, expected revenue, operating costs, and cash flow management to determine financial viability.

DIAGRAM: Key Elements of a Financial Plan

Startup Capital → Sources of Finance → Revenue & Expense → P&L / Cash Flow → BEP Analysis

Major Components of a Financial Plan:

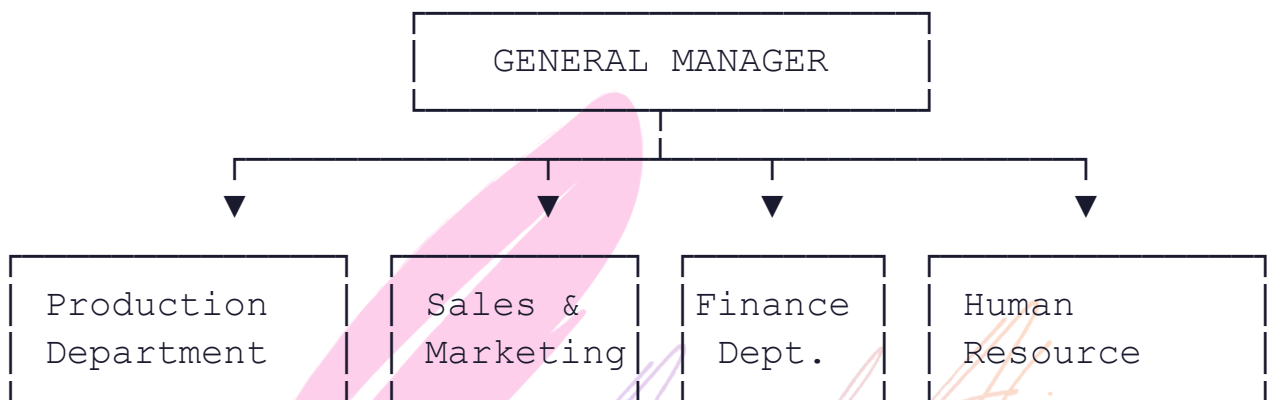
1. **Startup Capital Estimation** – Calculates fixed assets (machinery, tools) & working capital required before launch.
2. **Sources of Financing** – Outlines how capital will be raised (personal savings, bank loans, investors).
3. **Sales Revenue Forecast** – Estimates monthly & annual sales income based on market demand & pricing.
4. **Operating Expense Budget** – Lists fixed costs (rent, salaries) and variable costs (raw materials, electricity).
5. **Profit & Loss Statement (P&L)** – Projects net income over 1–3 years (*Net Profit = Total Revenue – Total Costs*).
6. **Cash Flow Projection** – Tracks cash inflows & outflows monthly to ensure sufficient liquidity.
7. **Break-Even Analysis (BEP)** – Calculates exact sales volume needed where *Total Revenue = Total Costs* (No profit, no loss).

Q4(b). Define management structure. Write the roles and responsibilities of staff. [2+4 Marks]

Definition of Management Structure [2 Marks]

Management Structure is the organizational framework that defines lines of authority, job roles, reporting relationships, and communication channels across different levels of a business.

DIAGRAM: Organizational Chart Example



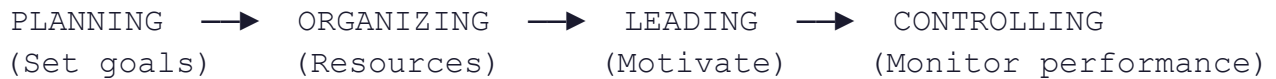
Roles and Responsibilities of Key Staff [4 Marks]

1. **General Manager / Owner** – Overall strategic leadership, goal setting, monitoring performance, and final decision-making.
2. **Production Staff** – Manufacturing goods to quality standards, operating machinery safely, and maintaining production logs.
3. **Sales & Marketing Staff** – Promoting products, meeting sales targets, market research, and managing customer relationships.
4. **Finance / Accounts Staff** – Daily ledger entries, managing invoices & payroll, financial reporting, and tax compliance.
5. **Human Resource (HR) Staff** – Recruitment, staff orientation/training, managing attendance, and labor law compliance.
6. **Inventory / Storekeeper** – Receiving raw materials, storing finished goods, tracking stock levels, and reporting shortages.

Q5(a). Explain about small business management. [6 Marks]

Small Business Management is the process of planning, organizing, leading, and controlling the daily operations of a small-scale enterprise with limited resources to achieve organizational goals.

DIAGRAM: Core Functions of Small Business Management



Key Functional Areas of Small Business Management:

1. **Financial Control** – Monitoring cash flows, daily bookkeeping, working capital management, & cost control.
2. **Marketing & Customer Focus** – Building local brand awareness (social media, word-of-mouth) & maintaining high customer satisfaction for repeat sales.
3. **Operations & Quality Management** – Ensuring smooth service/product delivery, minimizing waste, & quality checks.
4. **Human Resource Handling** – Hiring multi-skilled workers, providing on-the-job training, & maintaining positive workplace culture.
5. **Inventory Control** – Maintaining optimal stock levels (preventing stock-outs while avoiding storage waste)).

Challenges Facing Small Business Managers:

- Owner must manage multiple functions simultaneously (finance, HR, sales).
- Limited capital restricts hiring specialized professional managers.
- High competition from large corporations with larger marketing budgets.

Q5(b). Prepare an action plan for a business start up. [6 Marks]

An Action Plan is a detailed timeline mapping out specific tasks, milestone deadlines, assigned responsibilities, and estimated budgets required to launch a new business.

Example Business Startup: Air-Conditioning (AC) Service & Sales Enterprise

S.N.	Task / Activity	Timeline	Responsible Person	Estimated Budget (NPR)
1	Conduct Market Research & Competitor Study	Week 1 - 2	Entrepreneur	Rs. 5,000
2	Register Business & Obtain PAN/VAT License	Week 3 - 4	Legal Advisor / Owner	Rs. 10,000
3	Lease Workshop / Showroom Premises	Week 4 - 5	Owner	Rs. 20,000 (Advance)
4	Procure Tools, Equipment & AC Inventory	Week 5 - 6	Technician Head	Rs. 3,50,000
5	Recruit Technicians & Sales Staff	Week 6 - 7	Owner	Rs. 15,000
6	Marketing Campaign (Banners, Social Media)	Week 7 - 8	Sales Person	Rs. 15,000

7	Official Business Launch & Grand Opening	Week 8	All Team	Rs. 10,000
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Key Implementation Rules:

- Track weekly milestones against planned schedule.
- Maintain flexibility to adjust timelines if equipment delivery is delayed.
- Ensure all legal licenses are active prior to official grand opening.

Q6. Write short notes on: (Any Three) [3x4 = 12 Marks]

(a) Forms of Enterprises [4 Marks]

Forms of Enterprises refer to the legal structures under which a business can be established and operated:

1. Sole Proprietorship: Owned and managed by one individual. Simple to form, full profit retention, but unlimited personal liability.
2. Partnership Firm: Owned by 2 to 20 partners based on a agreement. Shared capital and skills, but joint liability for business debts.
3. Private Limited Company: Separate legal entity owned by 1 to 101 shareholders. Limited liability protection, continuous existence, suitable for scaling.
4. Cooperative Society: Member-owned organization formed to serve common economic interests (e.g., agricultural cooperatives).

(b) Enterprise Management Competencies [4 Marks]

Enterprise Management Competencies are the specialized capabilities required by an entrepreneur to manage enterprise growth effectively:

1. Strategic Visioning: Ability to set long-term business direction and adapt to industry changes.
2. Resource Mobilization: Ability to gather required financial, human, and physical assets efficiently.
3. Operational Decision Making: Analyzing complex business data to make sound, timely choices.
4. Team Leadership & Delegation: Inspiring employees and delegating responsibilities appropriately.

(c) Depreciation & Amortization [4 Marks]

Both are accounting methods used to allocate the cost of assets over their useful lifespan:

- Depreciation: Applies to physical/tangible fixed assets (e.g., machinery, vehicles, buildings, furniture). Formula: $(\text{Cost} - \text{Salvage Value}) / \text{Useful Life}$.
- Amortization: Applies to non-physical/intangible assets (e.g., patents, trademarks, software licenses, pre-operating expenses).
- Importance: Reduces annual tax liability and reflects true asset values on the Balance Sheet.

(d) Marketing Plan [4 Marks]

A Marketing Plan is an operational document detailing a business's target audience, pricing strategy, distribution channels, and promotional campaigns.

- Core 4Ps Framework: Product (Quality & Features), Price (Affordable/Competitive), Place (Distribution channels), Promotion (Advertising & Sales).
- Significance: Connects products with target consumers, drives sales revenue, and builds long-term brand equity.

(e) Overview of MSMEs in Nepal [4 Marks]

MSME stands for Micro, Small, and Medium Enterprises. They form the foundational pillar of Nepal's economic landscape:

- Classification (Industrial Enterprises Act 2076): Micro (Fixed assets <1L), Small (1L - 3 Crore), Medium (3 Crore - 10 Crore).
- Economic Role: Contributes approximately 22% of Nepal's GDP and employs over 1.7 million individuals directly.
- Primary Sectors: Agriculture processing, tourism/hospitality, handicrafts (Pashmina, Carpet), retail, and IT services.

(f) Risk Factors [4 Marks]

Risk Factors are internal or external uncertainties that can negatively affect business stability:

1. Financial Risk: Loss of capital, poor cash flow, debt burden, or inability to pay expenses.
2. Market Risk: Shifting consumer tastes, competitor price cutting, or economic recession.
3. Operational Risk: Equipment breakdown, power shortages, or supply chain delays.
4. External / Political Risk: Natural disasters, legal policy changes, or political instability.

ENTREPRENEURSHIP DEVELOPMENT

Complete Detailed Solution -- Regular/Back Exam 2076 (Shrawan/Bhadra)

Council for Technical Education and Vocational Training (CTEVT)

Diploma in Civil / Architecture Engineering

Year/Part: III/II (2013, 2014) | Full Marks: 60 | Pass Marks: 24 | Time: 3 hrs.

Attempt Any FIVE Questions

Q1(a). Define enterprise, entrepreneur and entrepreneurship with example. [6 Marks]

1. Enterprise: An Enterprise is a business organization, firm, or venture established to provide products or services to customers with the goal of earning profit and creating social value.

- Example: Chaudhary Group (CG Foods), Ncell Axiata, a local AC repair shop.

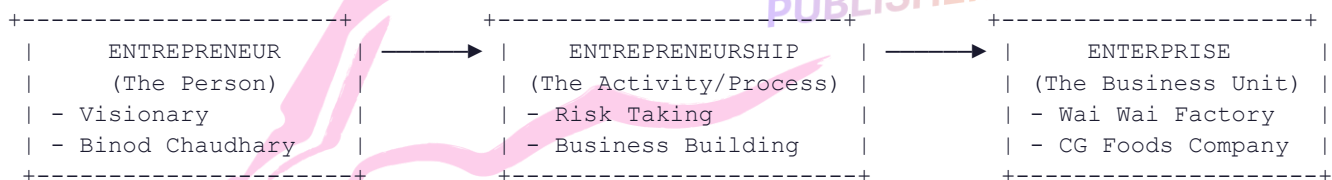
2. Entrepreneur: An Entrepreneur is an individual who takes the initiative to start, organize, and manage a new business venture while bearing financial risks to earn profit.

- **Example:** Binod Chaudhary (Founder of CG Group), Elon Musk (Founder of Tesla & SpaceX).

3. Entrepreneurship: Entrepreneurship is the process or activity of identifying business opportunities, mobilizing resources, taking risks, and managing an enterprise to create innovative value.

- **Example:** The entire process of conceptualizing, establishing, and scaling the Wai Wai noodle factory in Nepal.

DIAGRAM: Relationship Between Enterprise, Entrepreneur, and Entrepreneurship



Q1(b). Describe the attitudes, characteristics & skills required to be an entrepreneur. [6 Marks]

To build a successful business, an entrepreneur must possess a combination of personal attitudes, core characteristics, and practical management skills:

1. Entrepreneurial Attitudes:

1. Opportunity Orientation: Always looking for business opportunities in daily problems.
2. Positive & Optimistic Mindset: Maintaining belief and confidence even during business losses.
3. Risk Tolerance: Comfortably accepting calculated financial and operational risks.

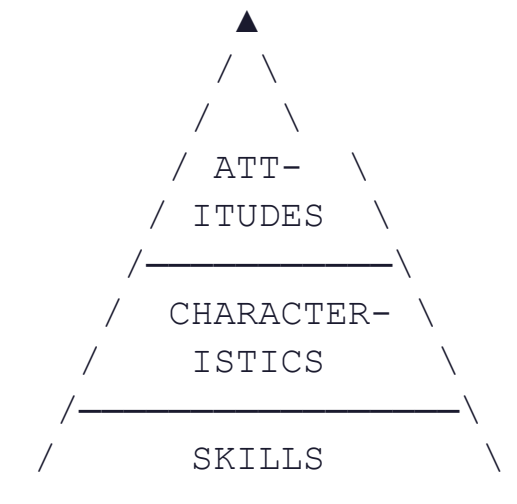
2. Key Characteristics:

1. Creativity and Innovation: Ability to generate fresh ideas and unique solutions.
2. Persistence & Hard Work: Refusing to give up when faced with obstacles or failure.
3. Self-Motivation & Passion: Driven by internal passion rather than external pressure.

3. Essential Skills:

1. Decision Making Skill: Analyzing complex data quickly to make sound choices under pressure.
2. Financial Management Skill: Budgeting, cost control, and managing cash flow.
3. Marketing & Sales Skill: Identifying target customers and persuading them to buy.
4. Leadership & Communication: Inspiring employees and communicating clearly with stakeholders.

DIAGRAM: Triangle of Entrepreneurial Success



Q2(a). Decision making attitude and risk taking behaviours are helpful for developing entrepreneurial competencies, Justify it. [6 Marks]

YES, Decision-Making Attitude and Risk-Taking Behavior are the two core foundation pillars for developing overall entrepreneurial competencies.

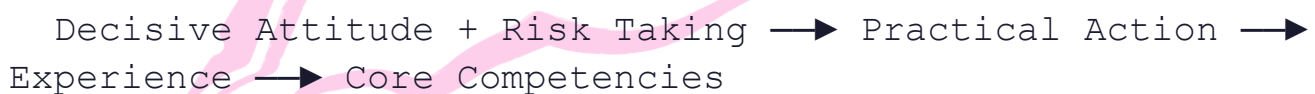
Why Decision-Making Attitude is Helpful:

1. Builds Strategic Thinking: A decisive entrepreneur learns to evaluate alternatives, analyze market data, and choose the best path forward.
2. Prevents Missed Opportunities: Fast decision-making enables an entrepreneur to grab market opportunities before competitors do.
3. Enhances Problem-Solving Competency: Making choices during crises trains the entrepreneur to solve complex operational issues efficiently.

Why Risk-Taking Behavior is Helpful:

4. Fosters Innovation: Taking calculated risks allows entrepreneurs to launch new products that competitors fear to try.
5. Teaches Resilience: Managing risks teaches how to handle business losses, adapt strategies, and recover quickly.
6. Builds Financial Competency: Handling capital under uncertain market conditions sharpens financial management skills.

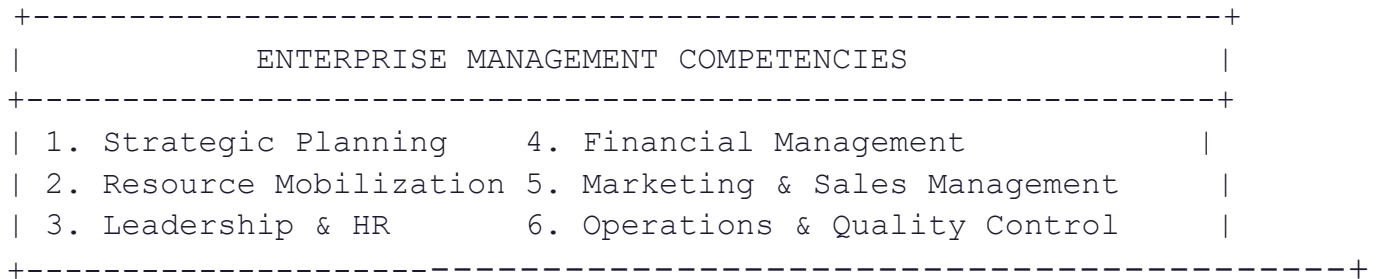
DIAGRAM: Competency Development Cycle



Q2(b). Describe enterprise management competencies. [6 Marks]

Enterprise Management Competencies are the knowledge, skills, and capabilities required to effectively plan, organize, lead, and control an enterprise.

DIAGRAM: Key Management Competencies



1. Strategic Planning Competency: Setting business goals, preparing long-term strategies, and making action plans.

2. Resource Mobilization Competency: Arranging capital, machinery, technology, and raw materials efficiently.

3. Leadership & HR Competency: Recruiting skilled staff, delegating tasks, and motivating employees.

4. Financial Management Competency: Managing working capital, maintaining books of account, and controlling costs.

5. Marketing & Sales Competency: Understanding customer demand, pricing products competitively, and running promotional campaigns.

6. Operations & Quality Control: Maintaining smooth production cycles and ensuring high product quality.

Q3(a). What are sources and methods of finding business ideas? Explain. [6 Marks]

Finding a good business idea is the starting point of entrepreneurship. Business ideas can be discovered through various internal and external sources and methods.

1. Sources of Business Ideas:

- Daily Customer Problems: Unsolved difficulties faced by consumers in daily life.
- Market Gaps: Demands that existing products do not satisfy.
- Import Substitution: Producing locally what is currently imported from other countries.
- Social & Digital Trends: E-commerce, mobile apps, eco-friendly products.
- Personal Skills & Hobbies: Engineering skills, cooking, photography, writing.

2. Methods of Finding Business Ideas:

1. Brainstorming: Group sessions where members share creative ideas without criticism.
2. Customer Surveys & Feedback: Interviewing consumers to find out what products they wish existed.
3. Competitor Analysis: Studying competitors' products to identify their weaknesses and offer better alternatives.
4. Attending Trade Fairs & Exhibitions: Observing new technologies, products, and industry trends.
5. SWOT Analysis: Evaluating personal strengths and market opportunities to spot viable ideas.

DIAGRAM: Idea Discovery Flow

Observe Problems → Brainstorm → Survey Customers →
Evaluate Feasibility → Select Idea

Q3(b). Write down importance of business plan in business. [6 Marks]

Business Plan is Important:

- 1. Provides Clear Vision & Direction:** Serves as a step-by-step roadmap for daily operations and long-term expansion.
- 2. Required for Bank Loans & Funding:** Mandatory document submitted to banks and investors to secure startup capital.
- 3. Reduces Business Risk:** Helps spot financial shortages, market competition, and operational bottlenecks in advance.
- 4. Ensures Efficient Resource Allocation:** Prevents wasteful spending by budgeting capital, manpower, and machinery properly.
- 5. Sets Performance Benchmarks:** Establishes clear sales and profit targets to evaluate actual business progress.
- 6. Attracts Business Partners & Top Talent:** Convinces co-founders, partners, and key employees to join the enterprise.

Q4(a). What is marketing plan and write down its components. [6 Marks]

A Marketing Plan is an operational document that outlines a business's target audience, marketing goals, promotional strategies, and pricing tactics to attract customers and drive sales.

DIAGRAM: Marketing Plan Components (4Ps Framework)

MARKETING PLAN (4Ps)			
1. Product (Quality, Features)	2. Price (Competitive, Affordable)	3. Place (Distribution Channels)	4. Promotion (Ads, Social Media, PR)

Components of a Marketing Plan:

1. Market Research & Target Audience
2. Product Strategy (Product)
3. Pricing Strategy (Price)
4. Place / Distribution Strategy (Place)
5. Promotional Strategy (Promotion)
6. Marketing Budget & Evaluation

Q4(b). Describe the risk factors while preparing business plan. [6 Marks]

While preparing a business plan, an entrepreneur must identify potential risk factors that could negatively affect business survival and profitability.

Risk Category	Specific Risk Factor	Impact on Business	Mitigation Strategy
Financial Risk	Cash flow shortage, unexpected expenses	Inability to pay bills/salaries	Keep 3-6 months cash reserve
Market Risk	Drop in customer demand, price competition	Lower sales and profit margins	Diversify products & market research

Operational Risk	Machine failure, raw material shortage	Production delays	Keep backup machinery & suppliers
Legal Risk	New government laws, tax increases	Fines or license issues	Comply strictly with laws
External Risk	Natural disaster, political instability	Business closure	Buy comprehensive insurance

Key Risk Factors Described:

1. Financial Risks: Incorrect estimation of startup cost or running out of working capital before achieving profitability.
2. Market & Competition Risks: Competitors launching cheaper alternatives or customer preferences shifting suddenly.
3. Operational Risks: Machine breakdowns, power outages, or employee turnover disrupting daily operations.
4. Legal & Regulatory Risks: Failure to register business properly, tax penalties, or new environmental restrictions.

Q5(a). Why roles and responsibility of staff in business is important in human resource plan? Explain it. [6 Marks]

A Human Resource (HR) Plan organizes the recruitment, training, and management of employees. Defining clear roles and responsibilities for every staff member is critical in the HR plan.

Why Defining Roles and Responsibilities is Important:

1. **Eliminates Confusion & Overlapping:** Staff members know exactly what tasks to perform, avoiding duplicated work or neglected duties.
2. **Increases Workplace Productivity:** Clear job descriptions allow employees to focus on their core tasks, working faster and with higher quality.
3. **Improves Accountability:** When a mistake or delay occurs, management can pinpoint responsible staff and take corrective action.
4. **Guides Recruitment & Training:** Helps the HR manager hire people with exact required skills and design targeted training programs.
5. **Fosters Good Coordination:** Smooth teamwork is established between General Manager, Production, Sales, and Finance departments.

1. **1. Executive Summary:** High-level overview of business concept, goals, capital needed, and profit potential.
2. **2. Business Description:** Mission, vision, business legal structure, location, and owner background.
3. **3. Market Analysis:** Target customer profile, market size, demand forecast, and competitor study.
4. **4. Marketing Plan:** Product strategy, pricing tactics, distribution channels, and advertising campaign.
5. **5. Operational Plan:** Manufacturing process, required machinery, premises layout, and raw material supply.
6. **6. Human Resource Plan:** Organizational chart, staff roles & responsibilities, salary structure.
7. **7. Financial Plan:** Total startup capital, P&L forecast, Cash flow statement, Break-Even Point (BEP).
8. **8. Risk Plan:** Potential financial, market, and operational risks + backup mitigation strategies.
9. **9. Appendix:** Citizenship copy, registration certificates, survey reports, shop map.

Q6. Write short notes on: (Any Four) [4x3 = 12 Marks]

(a) Wage Employment and Self-Employment [3 Marks]

- **Wage Employment:** Working for an employer in exchange for a fixed salary/wage. Low financial risk, fixed working hours, but limited income and decision power.
- **Self-Employment:** Starting and running your own business. High financial risk, flexible hours, full decision power, and unlimited profit potential.

Wage Employment : Fixed Salary | Low Risk | Follow Employer Orders

Self-Employment : Profit Income | High Risk | Full Freedom & Control

(b) MSME in Nepal [3 Marks]

- **MSME** = Micro, Small, and Medium Enterprises.
- **Classification (Industrial Enterprises Act 2076):**
 - **Micro:** Fixed assets up to Rs. 1 Lakh | Up to 4 employees
 - **Small:** Fixed assets Rs. 1 Lakh – 3 Crore | Up to 25 employees
 - **Medium:** Fixed assets Rs. 3 Crore – 10 Crore | Up to 100 employees
- **Role:** Contributes ~22% of Nepal's GDP and employs over 1.7 million people in agriculture, retail, tourism, and handicrafts.

(c) Pre-Operating Expenses [3 Marks]

- **Definition:** Expenses incurred before a business starts commercial operations.
- **Examples:** Business registration fees, legal fees, market feasibility study, pre-launch advertising, and office setup.
- **Accounting Treatment:** Recorded as an **intangible asset** on the Balance Sheet and written off (amortized) over 3 to 5 years.

(d) Basic Account Keeping [3 Marks]

- **Definition:** The systematic recording of daily business financial transactions in books of account.
- **System: Double Entry System** – Every transaction has equal and opposite Debit and Credit entries.
- **Key Books:**
 - **Journal:** Records daily transactions chronologically.
 - **Ledger:** Groups transactions by account (Cash, Sales, Rent).
 - **Trial Balance:** Checks mathematical accuracy of debits and credits.

(e) Break-Even Analysis [3 Marks]

- **Definition:** A financial tool used to calculate the **Break-Even Point (BEP)** where total revenue equals total cost (No profit, No loss).
- **Formula:**
$$\text{BEP (Units)} = \frac{\text{Fixed Cost}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}}$$
- **Importance:** Helps entrepreneurs set minimum sales targets required to avoid business losses.