**Final Exams Spring 2020**

**Entrepreneurship**

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**Q1.a.What are the four basic kinds of entrepreneur?**

**Answer.** The four basic kinds of entrepreneurs are as following:

1. **Innovating Entrepreneurs**:

He is the one who introduces something new into the economy or employs a new technique of production.

1. **Imitating Entrepreneur:**

They lap up innovations originated by the innovative entrepreneurs. They are suited to developing countries which are not able to take up expensive research.

1. **Fabian Entrepreneurs:**

They are very cautious and skeptical in adopting and implementing any change. They are lazy and shy and lack the will to adopt new methods. They follow the old traditions and avoid risk taking.

1. **Drone Entrepreneurs:**

Inert and traditional, they are hurdles in economic development. They struggle to exist, not to grow.

**Q1.b. What functions does entrepreneur plays in the market and describe the hurdles in the path of entrepreneurship?**

**Answer.**

**Functions of Entrepreneur:**

The following are the functions of Entrepreneurs:

1. Determination of the objectives of the enterprise.
2. Development of the organization.
3. Securing adequate financial resources.
4. Requisition of technological; equipment and its revision consonant with the technical change.
5. Development of market and devising new products to meet anticipated consumer demand.
6. Maintenance of good relations with public authorities and society at large.
7. Management of human relations.
8. Financial management.
9. Production management.

**Hurdles in the Path of Entrepreneurship:**

There are some hurdles in the path of Entrepreneurship which are listed below:

1. Lack of viable concept
2. Lack of market knowledge
3. Lack of technical skills
4. Lack of seed capital
5. Lack of business know-how
6. Complacency (lack of motivation)
7. Social stigma attached to certain vocations
8. Job “ Lockins”, “Golden Handcuffs” or attachment with the job
9. Time Pressures, Distracter
10. Legal constraints
11. Monopoly- Protectionism
12. Inhibitions Relating to Patents

**Q2. a. What major roles SME’s play in developing the economy of a country?**

**Answer:**

**Role of SMEs in a Developing Economy:**

-Over the past decade, one of the major policy prescriptions for SME development has centered on the benefits of clustering and the potential for small enterprises to achieve economies of scale and scope through co-operation at the local and regional level.

-Unemployment and under employment are the prevailing economic diseases in most of the Asian countries and they are result of a fundamentally disproportionate relationship between population and the use of available land resources.

-Rapid and continuing increase of population, in the last half century have led to a situation in which there are far too many people engaged in agriculture this situation is further aggravated by an antiquated system of land tenures, by poor standards of health and malnutrition by the use of primitive and inefficient techniques on small un-Economical holdings and by an uncertain climate for rains, weather changes etc.

-The classical remedies suggested for tackling the problem of poverty and underemployment, large scale industrialization is perhaps the most important.

-Under the circumstances, the problem of unemployment and underemployment can be tackled by the expansion and modernization of the existing small and medium-scale industries and the introduction of new industries capable of raising the level of production and improving the present depressed standard of living.

-The large-scale industry has been slow to develop and has succeeded to a very limited extent in absorbing the surplus population of the countryside. SMEs are still the most extensive tools for controlling unemployment.

-The importance of the SME sector as the cornerstone of most economies is widely. This is not only borne out by the number of SMEs (almost 90% of the total number of businesses across the world), but also by their significant role in creating employment opportunities. The roles of SMEs are vital to the emergence of healthy private sectors, especially in poorer countries.

**Q.2.b. Write about the provincial level organizations which help in developing SME’s in Pakistan?**

**Answer.**

SME sector is the backbone of Pakistan’s economy. Therefore Promotion of SMEs has been the center piece of Government’s strategy for economic revival, poverty alleviation and employment generation. To this end, the logical first step was the formulation of a comprehensive SME Policy reflecting the viewpoints of multiple stakeholders.

-The SME sector also provides both rural and urban women to utilize their vocational skills while staying within residential premises. In urban areas, many female entrepreneurs have introduced product lines uniqueness has created a strong demand in the market.

-The SME sector is the lifeline of the big industrial establishments due to its direct contribution and support towards value addition and exports. For the past three decades, the fastest growing export industries have been dominated by SMEs.

-Cotton weaving and textile rank between the top two exporting sectors. Others include sports goods, surgical instruments, carpets and footwear etc. SME exports dominate low value added sectors and rely on traditional technologies.

The development of SMEs suits the current situation on account of the following factors.

1. Low overhead cost, low level of financing

2. Lesser pressure on the banking system

3. Employment generation

4. Entrepreneurial development

5. Vendor based development

6. Development of large-scale industry on firm basis

7. A more just distribution of resources and profits

**Q3.a. Define NGO? What role it plays in development of SME in Pakistan?**

**Answer.**

**Non Government Organization (NGO):**

NGO, a non-for-profit agency not affiliated with any government or private sector entity, devoted to managing resources and implementing projects with the goal of addressing social problems.

* The NGOs are working on socio-economic sector in the development of SMEs.
* They are privately owned organization registered under the social welfare act.
* They normally work through grants, aids or donation based finances.
* They are having a very constructive role in the SME development.
* The special belonging of this sector is gender development.

**Role of NGOs In Development of SMEs:**

* NGOs play a vital role in development of SME.
* NGOs helps to reduce poverty,
* NGOs create awareness in women of rural areas to develop small business in their own premises.

**Q3.b. Write about the taxation policy of SME’s along with its conclusion?**

**Answer:**

**Taxation Policy Issues:**

* High rates of taxation
* Expensive accountants and legal advisors
* High cost of bookkeeping for small firms
* Time consumption by tax payer to handle tax issues
* Physiological cost (in terms of anxiety, stress and phobias by possible mistakes and reaction of tax authorities)
* 67% of the enterprises termed tax regulations as most problematic
* 56% of businesses report a crunch of taxes
* 28% of businesses felt taxes are very high
* The SMEs are harassed by the tax authorities
* 69% of the firms having less than 1 million assets have given tax as number one problem due to cost of bookkeeping and hiring professionals.
* During last few years tax based expansion is very slow
* Two sectors; Retailers and small medium Manufacturers have already offered the idea of fixed taxation.
* The tax reforms are only done in tax administration and management by authorities
* No incentive for SME enters the formal economy.

**Conclusion:**

The result of such policies is that (unfortunate) surprises to small firms are less frequent. It is made sure that businesses potentially affected are consulted and informed of any forthcoming policy shifts so as to avoid negative impacts.

Special attention is paid to minimizing the room for bureaucratic discretion while developing policy rules or procedures. All such mechanisms are missing in present policy or legal environment in Pakistan. The absence of a specialized, uniform legal framework for the development of SME hampers SME operations.

**Q4.a.What is SMEDA? Write down its vision, mission and objectives in detail?**

**Answer:**

**SMEDA:**

SMEDA was established in October 1998 to take on the challenge of developing Small & Medium Enterprises (SMEs) in Pakistan. SMEDA is not only an SME policy-advisory body for the government of Pakistan but also facilitates other stakeholders in addressing their SME development agendas. Growth of globally competitive SME sector through a conductive and facilitating environment and support services as an engine of growth and sustainability to National Economy.

**Vision:**

"Growth of globally competitive SME sector, through a conductive environment and support services, serving as an engine of sustainable growth for national economy"

**Mission Statement:**

To function as the promoter & facilitator of SME sector in Pakistan by creating a conducive and facilitating environment as well as providing and facilitating service delivery to SMEs for enhancing their capacities and competitiveness.

**SMEDA Objectives:**

1. Policy formulate to encourage the growth of SMEs in the country and to advise the Government on fiscal and monetary issues related to SMEs.
2. Facilitation of Business Development Services to SMEs.
3. Facilitate the development and strengthening of SME representative bodies associations/chambers.
4. Set up and manage a service provider’s database including machinery and supplier for SMEs.
5. Conducting sector studies and analysis for sector development strategies.
6. Facilitation of SMEs in securing financing.
7. Strengthening of SMEs by conducting and facilitating seminars, workshops and training programs.
8. Donor assistances for SME development of SMEs through programs and projects.
9. Assist SMEs in getting international certifications (such as UL, CE, DIN, JIS, ASME, KS, etc.) for their products and processes.
10. Identification of service opportunities based on supply/demand gap.

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