

Chapter - 9 Small Business

Question 1

While starting a business which industry use local and family labour?

Answer: While starting a business the industry that uses local and family labour is the cottage industry.

Question 2

If a manufacturing company invested Rs.24 lakhs and now wants to invest more. What type of small business will it become?

Answer: It will become a small type company of small business.

Question 3

Small Scale Industries is threatened by global enterprises in which areas?

Answer: The areas are a technological skill, financial creditworthiness, marketing & managerial skills, and quality standard.

Question 4

Give two advantages of small scale industries in trade export in India.

Answer: The two advantages of small scale industries in trade export in India are.

- They are best for customization. They can customize the product according to the taste and preference of the customer.
- These industries have the potential of building and maintaining a personal relationship with both the employees and customers.

Question 5

Explain the different parameters taken into consideration to measure the size of a company.

Answer: The different parameters taken into consideration to measure the size of a company are.

- Microbusiness- The investment in facilities does not exceed more than ten lakhs
- Small business- The investment in facilities is more than ten lakhs but does not exceed more than two crores
- Medium business- The investment in facilities is more than two crores but not more than five crores

Question 6

Mention five characteristics of cottage industries.

Answer: The five characteristics of cottage industries are.

- This industry is built and organized by individuals and private resources
- They usually focus on employing family and local labour
- The machinery used is local and cheap
- No big capital investment is required
- The product proceed is simple and low in price

Question 7

What are the goals of marketing assistance scheme?

Answer: The goals of marketing assistance scheme are.

- To encourage marketing competitiveness of the MSMEs
- To upgrade the MSMEs with the current market scenario and its influence on MSMEs
- To provides a platform for MSMEs and get an opportunity to interact with big buyers
- To promote government schemes
- To encourage small, medium, and micro-entrepreneurs

Question 8

What are the major things that National Small Industries Corporation NSIC provide?

Answer: The major things that National Small Industries Corporation NSIC provide are.

- To Imported machinery to business in easy and low hire terms
- To procure, supply, and distribute imported machinery and raw materials
- To help small business export their product
- To Supervise and implement advisory service

Question 9

Give two characteristics of NABARD

Answer: The two characteristics of NABARD are.

- It provides aid to small scale, cottage, and village industries, and rural artisans using both credit and non-credit approach.

- It provides professional counseling and consultancy services, arranges training, development programme for rural entrepreneurs.

Question 10

Mention two problems of small industries.

Answer: The two problems of small industries are.

- **Finance-**
 - They tend to get exploited by the money lenders or investors.
 - Most of the time these units have low working capital because of late payment of dues or locking up capital in unsold hares.
- **Raw Material-**
 - Required new materials are expensive or no available so sometimes they have to manage with low-grade raw materials.
 - They cannot buy bulk as they don't have big space to stock up.

Question 11

Explain the role of small business in the below-mentioned areas.

(a) Diversity of products (b) Customization

Answer: (a) **Diversity of products-** In India, small business produce enormous and different [products which include readymade garments, stationery items, detergents & soaps, handloom & handicrafts, and domestic utensils, etc.

(b) **Customization** – The small business or industries has the flexibility to customize the product according to the taste and requirement of the clients.

Question 12

Identify the small scale industry according to their capital

- (a) The total contribution of raw material and machinery is Rs. 9 lakh
- (b) The total contribution of raw material and machinery is Rs. 2 crores
- (c) The total contribution of raw material and machinery is Rs. 26,50,000

Answer: (a) The small scale industry that contributes Rs. 9 lakh for raw material and machinery is Micro-Enterprise

(b) The small scale industry that contributes Rs. 7.5 crore for raw material and machinery is Medium Enterprise

(c) The small scale industry that contributes Rs. 26,50,000 for raw material and machinery is small-Enterprise