



ENTREPRENEURSHIP AND STARTUP

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. (a) Choose the correct option from the four alternatives given: [10 × 2 = 20]
- (i) According to McClelland's Human motivation theory which of the following is not a main driving motivators.
- (A) Needs for Achievement
 - (B) Needs for Affiliation
 - (C) Needs for Power
 - (D) Needs for Consoling
- (ii) The Order -to- Cash is an integration point between
- (A) Finance and Accounts
 - (B) Finance and Sales
 - (C) Finance and Materials
 - (D) Finance and Factoring
- (iii) is a Funding model that lets you collect small contributions from many individuals
- (A) Angel Financing
 - (B) Incubators
 - (C) Crowdfunding
 - (D) Family and Friend Circle
- (iv) of the product is determined by some emotional consideration as well as by tangible elements.
- (A) Market Value
 - (B) Perceived Value
 - (C) Credible Value
 - (D) Psychological Value
- (v) Identification of in terms of products and services is an important task of an entrepreneur.
- (A) Gaps
 - (B) Size
 - (C) Partners
 - (D) Competitors
- (vi) The process of redefining problems, understanding the challenges faced by users and coming up with an innovative solution is known as



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- (A) Design thinking
(B) Positioning
(C) Scalability
(D) Market traction
- (vii)are firms that are able to command a high market share in an industry dominated by low growth.
(A) Cash cows
(B) Leverage buyout
(C) Milestone
(D) Critical mass
- (viii) is an important concept in supply chain management
(A) Risk pooling
(B) Risk mitigation
(C) Risk monitoring
(D) Risk reduction
- (ix) Honesty, Integrity, Fairness and a host of other admirable qualities are example of
(A) Ethical behaviour
(B) Sustainability
(C) Best practices
(D) Business ethics
- (x) has been formulated for enhancing agricultural productivity specially in rained area focusing on integrated farming, water use efficiency and soil health.
(A) NMSA (National Mission for Sustainable Agriculture)
(B) E-NAM (National Agricultural Market)
(C) PMKSY (Pradhan Mantri Krishi Sinachai Yojana)
(D) PKVY (Paramparagat Krishi Vikas Yojana)

- (b) Read the following Scenario (Case study) and answer the following Questions: [5×2=10]

MJK is a startup led by Mritunjay and Kartikay. Both are first generation Entrepreneur has an Idea for startup in sustainable tourism package at affordable rates. MJK wants to setup this venture with little capital, relying on money other then outside investments. MJK has been started and expanded only through the entrepreneur personal resources and revenue generation by startup itself. This helps avoid paying high interest to bank or percentage on profit sharing with venture capitalist. MJK provides curated trekking and cultural experience in the Himalayas for budget conscious eco-travels. MJK partnered with local villages and NGO's to offer authentic experience like village cooking classes, folk music evenings and nature conservation volunteering. MJK is compelling example how



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tourism startup can thrive without external funding by using smart bootstrapping strategies, while growth was slower, the business remained resilient, sustainable and deeply connected to its mission and community.

Choose the Correct option from the given four alternatives based on the above Scenario:

- (i) One of the biggest disadvantage of Bootstrapping is
- (A) Ownership diluted
 - (B) Less control over decisions
 - (C) Limited capital for growth
 - (D) Complete loss of ownership
- (ii) Which of the following is not a stage of Bootstrapping
- (A) Beginner Stage
 - (B) Venture Stage
 - (C) Customer Funded Stage
 - (D) Credit Stage
- (iii) Bootstrapping is best suited for entrepreneurs who
- (A) What to scale rapidly using external funds.
 - (B) Are comfortable with giving up control to investors.
 - (C) Prefer financial independence and control.
 - (D) Have access to venture capital funding.
- (iv) Which of the following is not a Bootstrapping Strategy.
- (A) Reinvest net profit
 - (B) Make joint ventures
 - (C) Use network opportunities
 - (D) Attract a mentor
- (v) Bootstrapping is generally more feasible when
- (A) The business has high startup capital needs.
 - (B) The entrepreneur is not willing to take risks.
 - (C) The business model can generate quick cash flow.
 - (D) The product requires long R&D cycles.



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Answer:

(a)

(i)	(D)
(ii)	(B)
(iii)	(C)
(iv)	(B)
(v)	(A)
(vi)	(A)
(vii)	(A)
(viii)	(A)
(ix)	(A)
(x)	(A)

(b)

(i)	(C)
(ii)	(B)
(iii)	(C)
(iv)	(B)
(v)	(C)

Section – B

[Answer any five questions out of Seven Questions given. Each Question carries 14 marks.]

[5×14 = 70]

2. (a) “Without the right mindset you might fail to make a crucial decision that can make or break your business”. In the light of this statement, critically assess the essential characteristics and how it can be further develop for a successful entrepreneur. [7]
- (b) Negligence of regulatory compliance can result in financial loss or loss of goodwill for the company. In the light of this statement, evaluate the concept of compliance audit and how regulatory compliance plan can be effectively implemented. [7]

**ENTREPRENEURSHIP AND STARTUP****Answer:**

- (a) The decision-making process is an essential component of the entrepreneurial journey. Without the right mindset, you might fail to make a crucial decision that can make or break your business. As an entrepreneur, you must make different decisions on an everyday basis. You must choose directions and solve problems.

Essential characteristics that a good decision maker should possess :-

- Enquire about things before making any decision and makes plan for future.
- Analytical in thinking
- Objective and practical
- Should have proper knowledge of the area where he needs to make a decision
- Should take decisions keeping in mind all the aspects such as time, availability of resources and so on.
- Should concentrate on optimization of output whether qualitative or quantitative.
- Should concentrate on how best his decision can be implemented
- Should choose appropriate means to achieve his goals.

Ways by which an entrepreneur can develop themselves :-

- Continues learning
- Building skills
- Viewing setback as opportunities for improvement
- Encouraging creativity and experimentation
- Maintaining a healthy work life balance and avoid burnout.

They can reach out to mentors, advisers, co-founders. They actively seek good experience.

- (b) Negligence of regulatory compliance can result in financial loss or loss of goodwill for the company. Therefore adhering to the regulatory compliances is need of the hour.

A compliance audit is formal review conducted to determine whether an organization is following external regulations, internal policies, and legal requirements relevant to its operations. It ensures that the company adheres to laws such as labor regulations, environmental rules, financial reporting standards, and industry-specific guidelines. Compliance audit is an assessment as to whether the provisions of the applicable laws, rules and regulations made there under and various orders and instructions issued by the competent authority are being complied with. To adhere to the regulatory compliances, it is important to conduct an internal compliance audit to determine the compliance baseline and identify the risk areas.

How Regulatory Compliance Plan can be effectively implemented:-

Effectively implementing a regulatory compliance plan requires a structured and proactive approach that ensures an organization adheres to all relevant laws, regulations, standards, and internal policies.

The Following is a step-by-step breakdown :

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- Assess regulatory requirements - Identify applicable laws and monitor updates or changes to relevant regulations regularly.
 - Conduct a compliance risk assessment - Evaluate area of high risk or past non-compliance.
 - Develop a comprehensive compliance policy - Clearly define the compliance objectives.
 - Appoint a compliance officer - Ensure dedicated personnel overseas compliance efforts and report to senior management for accountability.
 - Training of the employees to sensitize them about the need for regulatory compliances.
 - Holding internal compliance audit.
- Review of compliance regulations regularly - Update the compliance plan as laws and business operations evolve.

3. (a) The Government of India has been adopting many policies to encourage the growth of entrepreneurship. In this context, demonstrate the Startup India initiative, Aspire, Mudra and Atal innovation mission. [7]

- (b) YOM Co. Ltd. is a pipe manufacturing Company. The Company has applied to RBN Bank for the first time for financing working capital requirements. Its production cycle indicates that materials are introduced in the beginning of the production cycle; wages and overhead accrue evenly throughout the period of the cycle. Wages are paid in the next month following the month of accrual. Work in process includes full units of raw materials used in the beginning of the production process and 50% of wages and overheads are supposed to be conversion costs. Details of production process and the components of working capital are as follows:

Production of Pipes	1200000 units
Duration of the production cycle	One month
Raw materials inventory held	One month consumption
Finished goods inventory held for	Two months
Credit allowed by creditors	One month
Credit given to debtors	Two months
Cost price of raw materials	Rs 60 per unit
Direct wages	Rs 10 per unit
Overheads	Rs 20 per unit
Selling price of finished pipes	Rs 100 per unit

Additional Information:

The following are the holding norms accepted by the bank for the particular Industry.

Stock of Raw Material	1 Month
Working Progress	½ Month
Receivables (Book Debts)	2 Months
Finished Goods	2 Months



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Payables (Payments to suppliers)	1 month
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Required:

Assess the need of working capital of YOM Co Ltd. (In terms of cash costs).

Calculate how much of above (i) the Bank is likely to finance (Permissible Bank Borrowings) considering 25% of current assets as Margin Money. [7]

Answer:

- (a) The Government of India has been adopting many policies to encourage the growth of entrepreneurship in order to generate employment, drive innovation, enhance GDP growth, promote regional development and solve social and economic problems.

Startup India Initiative

Startup India is the flagship program of the government of India to encourage the startup culture and build the ecosystem for entrepreneurship in the country. It was launched on 16th January 2016. Startup India initiative since then has rolled out many initiatives to support the startup ecosystem in the country. It gives tax exemption for three years and fast-tracking of patent application is provided by government. It is a 19-point action plan to help grow the startup ecosystem in the country.

ASPIRE

ASPIRE was formally launched on March 16, 2015 under the Ministry of Micro, Small & Medium Enterprises (MSME) to support innovation and entrepreneurship in rural and agro-industrial sectors. A Scheme for Promotion and Innovation Rural Industries and Entrepreneurship (ASPIRE) is an initiative by the government of India to offer knowledge and help the entrepreneurs of rural India. It started in 2015. The main objective was the eradication of poverty in rural areas by enhancing employment opportunities through entrepreneurship. The scheme was designed to establish Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs) across the country, aimed at promoting agri-tech innovation and scalable rural enterprises.

MUDRA

Micro Units Development Refinance Agency (MUDRA) was established on 8th April 2015 under the ministry of finance to boost the growth of small businesses in India through enhanced credit facilities. It aims to provide affordable credit to micro and small business enterprises in non-farm sectors.

ATAL Innovation Mission

ATAL Innovation mission was launched in 2015 under NITI Aayog. It was named after former prime minister Late Atal Bihari Vajpayee. The government allocated INR 150 crore in 2015. The objective was to foster a culture of research and innovation in the field of entrepreneurship. Its goal is to build a robust innovation and entrepreneurship ecosystem across schools, universities, research institutions, and startups.



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(b)

(i) Assessment of need of working capital

Particulars	Amount in (Rs)
A – Current Assets	
(i) Raw material inventory (for one month) – $1200000 \text{ units} \times 60 \times \frac{1}{12}$	6000000
(ii) Work-in-Progress – Production Cycle 1 month Raw material (added) Wages = $\left(1200000 \times 10 \times \frac{1}{12}\right) \times 50\% = \text{Rs. } 500000$ Overheads $20 \times 1200000 \times \frac{1}{12} \times 50\% = \text{Rs } 1000000$	6000000 1500000
TOTAL	7500000
(iii) Finished Goods (inventory held for 2 months) Total Cost Material 60.00 Labour 10.00 Overhead 20.00 = $\left(90 \times 1200000 \times \frac{2}{12}\right)$	18000000
(iv) Debtors for 2 months $\left(1200000 \times 90 \times \frac{2}{12}\right)$	18000000
Total current Assets (A)	49500000
B – Current Liabilities	
(i) Creditors for Raw material – 01 month $\left(72000000 \times \frac{1}{12}\right)$	6000000
(ii) Creditors for wages $\left(1200000 \times 10 \times \frac{1}{12}\right)$	1000000
Total current liabilities (B)	7000000
Net working capital (A) – (B)	42500000
(ii) Assessment of Maximum Permissible Bank Borrowings :	
	Rs.
Stock of Raw Materials (1 Month) $\left(1200000 \times 60 \times \frac{1}{12}\right)$	6000000
Work-in-Progress $\left(\frac{1}{2} \text{ Month}\right) (1500000 \times 0.50)$	3750000
Receivables (Book Debts) (2 Month) $\left(1200000 \times 90 \times \frac{1}{6}\right)$	18000000



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Finished Goods (2 Month)	$\left(1200000 \times 90 \times \frac{1}{6}\right)$	18000000
(A) Total Current Assets (CA)		45750000
<i>Less</i> : Current Liabilities (CL)		
Payables (Payment to Suppliers)(1 Month)		6000000
Working Capital as per Bank		39750000
<i>Less</i> : Margin Money (25% of CA)		(11437500)
Maximum Permissible Bank Borrowings		28312500

4. (a) There are two sides to every coin and so it is with Crowdfunding. In this context Assess the merits of Crowdfunding. [7]
- (b) Justify why data analytics is important for business. Recommend the different types of data analytics for your business. [7]

Answer:

(a)

Crowdfunding is a great alternative way to fund a venture, and it can be done without giving up equity or accumulating debt. The Following are some merits that Crowdfunding offers to an entrepreneur:

- **Financial Accessibility**

Crowdfunding allows entrepreneurs-especially small startups and individuals-to access capital without traditional way of getting finance from banks or venture capitalists.

Assessment :

This democratizes funding and empowers underrepresented founders, but success often depends on strong marketing and an existing network, which not all creators have.

- **Indication of proof of Market Validation**

A successful campaign proves there's demand for the product or service. Showing investors and convincing yourself that your venture has received sufficient market validation at an early stage is hard. However, Crowdfunding makes this possible. A successful Crowdfunding campaign may be the indication of proof of business concept.

Assessment :

This real-time feedback is valuable, but popularity may not always translate to long-term business success or sustainable revenue.

- **Community Building and Engagement**

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Crowdfunding fosters a community of early supporters who become brand advocates. Crowdfunding campaigns not only allow entrepreneurs to showcase their companies and products, but also give them the opportunity to share the information and purpose behind them. People who see an entrepreneur's campaign and decide to contribute believe in the long-term success of the company. Essentially, these people are early adopters. Early adopters are very important to any business because they help spread the word in the first place without asking for anything in return.

Assessment :

This is a powerful way to build loyalty, but managing expectations can be challenging, especially if delays or failures occur in the startup.

- **Reduced Financial Risk**

Founders can raise money without incurring debt or giving up equity. Crowdfunding today enables entrepreneurs to gain market acceptance and avoid giving up equity before committing to bringing a product concept to market.

Assessment :

This makes it low-risk financially, but the time, effort, and upfront costs of launching a campaign for product or services can still be significant.

- **Publicity and Visibility**

Crowdfunding campaigns often attract media and social attention. One of the biggest challenges for small businesses and entrepreneurs is to collect feedback about business's performance at an early stage. Through crowdfunding campaigns, entrepreneurs have the opportunity to interact with the crowd and get publicity, comments, feedback, ideas and visibility.

Assessment :

While this visibility can attract customers and partners, it also exposes the idea to potential competitors before the product is launched.

Crowdfunding is a valuable tool for raising capital and testing ideas, particularly for startups with limited access to traditional finance. However, its success relies heavily on strong communication, marketing, and trust-building. It is not a guaranteed funding solution, and founders must be prepared to meet delivery expectations and handle public scrutiny.

(b) Data analytics is a powerful tool that can be used in a variety of industries, including business, healthcare and government.

Data analytics helps in making data-driven decisions by analyzing data, businesses can identify trends and patterns. This can help them make better decisions about their products, services and marketing campaigns.

Data analytics helps in improving operational efficiency. Data analytics can be used to identify areas where businesses can improve their efficiency, such as by reducing costs or increasing productivity.



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The four types of Data Analytics are aligned below :

Descriptive Analytics : Descriptive Analytics is the most basic type of data analytics. It is used to describe what has happened in the past. It can be used to identify the areas where improvement is needed. Descriptive Analytics summarize past performance and trends. It is best for small businesses starting out with analytics, or for regular reporting. It can be used to improve decision making and identify opportunities.

Diagnostic Analytics : Diagnostic Analytics helps businesses understand why things happened. It is used to identify causes of problem and opportunities. It identify causes of past outcomes. It is best suited for mid-sized companies looking to understand performance drivers.

Predictive Analytics : Predictive Analytics can be used to make predictions about future sales, customer behavior and other events. This technique uses statistical models to predict future events by applying the patterns and trends of new data. It is best suited for businesses with good historical data and growth plans.

Prescriptive Analytics : Prescriptive Analytics is a type of data analytics that recommends actions that business should take. It is used to optimize business decisions and processes. Prescriptive Analytics is best suited for large enterprises or tech-savvy startups with advanced analytics needs.

5. (a) **Assess what you mean by design thinking in the context of a startup. Demonstrate the key mindsets that ensure a team can successfully implement design thinking.** [7]
- (b) **Demonstrate what a startup business model is and suggest how to choose the right startup business model.** [7]

Answer:

- (a) Design thinking is a non-linear, iterative process that teams use to understand users, challenge assumptions, redefine problems and create innovative solutions to prototype and test. It is most useful to tackle ill-defined or unknown problems. Design thinking is a human-centered approach to innovation that draws from the designer's toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success especially startups. Design thinking fosters innovation. Startup must innovate to survive and remain competitive in a rapidly changing environment. In design thinking, cross-functional teams work together to understand user needs.

The key mind sets that ensure a team can successfully implement Design Thinking are as under :

Be empathetic : Empathy is the ability to place yourself, your thinking and feelings in another person's shoes. Design thinking begins from a deep understanding of the needs and motivations of people the parents, neighbors, children, colleagues, and strangers who make up a community.

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Be collaborative: No one person is responsible for the outcome when you work in a team. Several great minds are always stronger than just one. Design thinking benefits from the views of multiple perspectives and lets others creativity bolster your own.

Be optimistic: Be confident about achieving favorable outcomes. Design thinking, is the fundamental belief that we can all create change no matter how big a problem, how little time, or how small a budget.

Embrace ambiguity: Get comfortable with ambiguous and complex situations. If you expect perfection, it is difficult to take risks, which limits your ability to create radical change. Design thinking is all about experimenting and learning by doing.

Be curious : Be open to different ideas. Recognize that you are not the user.

Embrace diversity: Work with and engage people with different cultural backgrounds, experiences, and ways of thinking and working. Everyone brings a unique perspective to the team.

Fail fast, Learn fast : Always treat failure as a learning opportunity and test ideas early to gather feedback and iterate quickly.

Iterative mindset : Understand that solutions evolve through multiple cycles and continues refinement is key to design thinking.

By fostering these mindsets, individuals and teams can unlock the full potential of design thinking for innovative and user centric problem solving.

(b)

A startup business model describes how a new venture creates, delivers and capture value. It is s strategic blueprint for how the startup plans to make money and sustain itself in a competitive market. A startup business model is the conceptual structure supporting the viability of a business, including its purpose, its goals and its ongoing plans for achieving them.

Choosing the right startup business model is a critical step for long term success. It defines how your startup will create, deliver and capture value. Following points to be consider while choosing the right startup business model.

Understand your core value : The startup product or services determines what model is to be adopted. Here startup have to answer some questions like Is it physical or digital ? Is it one time purchase ? Does it creates a new habit ? For example if you are offering software that people use daily Subscription model might work.

Know you target customers: Customers behavior influences your pricing, packaging and go to market approach. As young consumers might prefer freemium or low cost subscription apps.

Benchmark with competitors : Another point is to be considered while choosing the right startup business model to study the competitors and identify their pricing model, customer base and weaknesses

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Analyze Revenue Generation : Being a startup always choose a model that is generating revenue at low cost and for that a model is to be chosen to start and test it quickly.

Analyze your strength : For a startup it is very important that if you are good at community building, logistics, technology or partnership the model will be decided after deep analysis. For example if you are strong to logistics D2C (Direct to Consumer) or e-commerce model might be right choice.

Your initial business model is a starting point and not a final decision. Many successful startup changed models before they found the right one. A well-chosen business model is the foundation of sustainable growth. Always start in small manner, test your model and be open to evolving it as you learn from real users and market feedback.

6. (a) **Scalability is one of the very critical growth parameter for startup. In this context briefly demonstrate some strategies for scaling up a business while maintaining sustainability.** [7]
- (b) **Internal checks and controls are key elements of risk management and plays a vital role in mitigating risk. Assess the features of Internal control system and purpose of Internal checks.** [7]

Answer:

- (a) Scalability is one of the very critical growth parameters for start-ups. It defines the ability of a start-up to grow and multiply without incurring many incremental costs. Investors generally bet on start-ups that have a clearly defined blueprint to scale up. Interestingly, in the post-covid world, which is marked by spurred digitization, there are new opportunities to scale up and grow. Today, even without an on-ground presence, with the help of digital channels a start-up can tap into new markets, verticals, and geographies thereby growing their business multi fold.

Some strategies for scaling up a business while maintaining sustainability

Build a scalable model: A business model should be built on primary and secondary attributes, and be capable of scalability and sustainability.

Standardize processes: Standardizing processes and automating operations can help a business handle increased demand efficiently.

Implement sustainable practices: It involves making decision that meet present needs without compromising the ability of future generation to meet theirs.

Invest in staff : Investing in staff is one of the most effective way to build a resilient, innovative and high performing organization.

Diversify revenue: Diversifying revenue is essential for increasing resilience, reducing risk and sustaining long-term grow.

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Foster innovation: Fostering innovation is key to driving progress in any organization, field, or society as a whole. Whether you're working in a business, education, or even within a creative space, there are several strategies to cultivate an environment where innovation thrives. Create a culture of innovation to continuously improve products and services.

Maintain financial management : Financial management is crucial for ensuring the long-term health and stability of any organization or personal finances. Whether you're managing a business or your personal finances, effective financial management helps to optimize income, minimize expenses, and secure your financial future. Strong financial management supports sustainable growth.

Regularly review : Use SWOT analysis, customer feedback, and competitor analysis to ensure your business model remains effective.

Collaborate : Collaborating with other businesses can be a powerful strategy for growth, sharing resources, expanding networks, and increasing visibility. There are several ways to approach collaboration, depending on your goals, industry, and the type of businesses you're interested in working with. Collaborate with other businesses to access infrastructure or build legitimacy.

(b)

Internal checks and controls are key elements of risk management frameworks. They include processes to assess, mitigate and monitor risks. The primary focus when framing internal controls is the high-risk areas of the business. So, it plays a vital role in mitigating risks in the way of :

- Protecting business from carelessness, inefficiency, and fraud,
- Ensuring and producing adequate and reliable accounting information
- Keeping moral pressure over staff
- Minimizing the chances of errors and frauds and to detect them easily on early stage if it is committed.

Internal control systems can be features as follows:

- **Preventive :** measures such as anti-diversion policies to ensure aid reaches its intended beneficiaries
- **Corrective:** measures such as internal checks to establish whether counter terrorism-related risks have arisen during the programme cycle.
- **Directive:** measures such as counterterrorism policies that give staff clear guidance and establish red lines in relation to counterterrorism risks.
- **Detective:** monitoring measures such as spot checks to review whether staff have complied with counterterrorism requirements.

The main purposes of Internal checks are to:

- Explanation of the process in which internal checks are carried out
- Risk identification
- Risk mitigation
- Information Control and sharing
- Evaluate the effectiveness of internal checks

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An effective internal control system, supported by a sound internal check mechanism, is essential for safeguarding assets, ensuring the accuracy of records, improving operational efficiency, and fostering accountability. While internal control provides the overall framework of policies and procedures, internal check acts as a built-in safeguard by continuously verifying work through systematic division of duties. Together, they build reliability, prevent fraud, and create a foundation for trustworthy financial and operational reporting.

7. (a) **A mission statement encapsulates the entire business and thus it is significant for a number of reasons. Assess these reasons. (Any Seven).** [7]
- (b) **“Although these two forms of Business – Social Entrepreneurs and Business Entrepreneurs can be similar, even there are some key differences between them”. In this context assess the said differences between Social Entrepreneurs and Business Entrepreneurs.** [7]

Answer:

- (a) A mission statement is significant because it serves as the foundation and guiding compass for an organization's purpose, directions and culture. Here's an elaboration of why it is so important.

Define purpose and identity : Mission statements define a company's basic purpose and identity. It provides a framework for all decision-making inside the organization, Mission statements help a firm build its brand and promote cooperation among all those who support or work for it.

Guides strategic decision making : Mission statement act as reference point for setting goals, allocating resources and evaluating opportunities. Mission statement ensures that strategies and actions remains aligned with the organization's core objectives.

Attracting talent : A compelling in statement that resonates with the public inspires brilliant individuals to join the organization Mission statements enable like-minded individuals with comparable objectives to collaborate organically on the initiatives that are most significant to them.

Guiding culture : The mission statement of a firm acts as a road map for the development of a healthy corporate culture and working environment. A company's values, customs, and beliefs form a distinctive cultural environment, and mission statements offer an official way to communicate that culture.

Motivates and inspires employees

Mission statement provides a sense of meaning and direction, helping employees understand how their work contributes to a larger purpose. It encourages loyalty and engagement by making people feel part of something important.

Enhances organizational cohesion

Mission statement helps creates a common focus among diverse teams, departments, and stakeholders. It reduces conflict by ensuring that everyone is working toward the same primary aim.

**ENTREPRENEURSHIP AND STARTUP****Communicates with external stakeholders**

Mission statement helps customers, partners, investors, and the public understand what the organization.

Developing purpose : A clear mission statement boosts employee engagement and provides them a sense of purpose. By clearly articulating how their labour contributes to a greater objective, mission statements enable workers to understand the significance and purpose of their employment.

Improving performance: Mission statements provide employees a specific objective and can enhance their job performance. They are a terrific approach to encourage staff to contribute to a company's long- term growth ambitions.

Building community: Companies and workers may engage with community members and build a solid reputation with consumers, clients, and business partners by using mission statements.

Aligning behaviours : Team members can better coordinate their behaviour toward the same objectives by using mission statements. They can assess an organisational structure or decide on rules and processes using mission statements.

Serves as a basis for evaluation

Mission statements allows performance to be measured against the declared mission and makes it easier to assess whether the organization is staying true to its purpose over time.

A mission statement isn't just a formal declaration it's a strategic tool that influences culture, branding, decision-making and long-term sustainability. Without it, an organization risks losing focus, diluting its efforts, and confusing stakeholders.

(b) Differences between Social entrepreneurs and Business entrepreneurs

Although these two forms of business can be similar, here are some key differences.

Perceptions of value

For the business entrepreneur, value lies in the profit the entrepreneur and investors expect to reap as the product establishes itself in a market that can afford to purchase it. The business entrepreneur is accountable to shareholders and other investors for generating these profits. Social entrepreneur aim to balance financial sustainability with social impact and the perception of value is assess by positive change in society.

Measure of profitability

The ventures of business entrepreneurs are always designed to turn profits that benefit stakeholders, such as shareholders or private investors. Social entrepreneurs also may engage in for-profit activities. However, they often structure their organizations as nonprofits, or they donate their profits to the causes they support.

Approach to Wealth Creation

Although the business entrepreneur and the social entrepreneur are similarly motivated to change the status quo, their missions differ significantly. The business entrepreneur is driven to innovate within a commercial

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market, to the ultimate benefit of consumers. To the social entrepreneur, wealth creation is necessary, but not for its own sake. Rather, wealth is simply a tool the entrepreneur uses to effect social change.

8. Case study:

MJN is lead by First generation entrepreneurs Jai and Karti. MJN is a apparel startup dedicated to promoting sustainable and ethical practices, it is known for its high quality product and also for its strong environmental ethics and sustainability leadership. MJN uses recycled wool, cotton and polyester, it was one of the first company use organic cotton in all its products. MJN is performing well and establish their standard in every aspect of surrounding environment. Recently MJN decided to setup a unit in the rural area but due to its negative impact on the environment their native state rejected their proposal stating that industrial effluents from the unit will affect the land, water and crops in the area. It will also affect the rural people and their livestock. MJN is committed to the rural upliftment and are willing to change the site and ready to further enhance the technology up gradation in proposed unit to reduce pollution and environmental hazardous. MJN is dedicated to sustainability-doing business without negatively impacting the environment, community and society as a whole.

Based on the scenario (case study) stated supra

You are required to:

- (a) Demonstrate the challenges and sustainability issues in apparel startup MJN.**
- (b) Suggest and Recommend the possible solutions and strategies for apparel startup MJN. [14]**

Answer:

(a)

The challenges and sustainability issued apparel startup MJN are analyze as under :-

There are various challenges faced by MJN in the present case scenario involves conflict between public health and environment safety versus livelihood of people. It requires a proper balance between environmental ethics and development ethics. Another challenge faced by MJN involves environmental responsibilities and development of rural area. There is conflict between development and saving nature from degradation due to setting up of industrial units. Sustainability issues are the environmental, social, and economic challenges that arise when human activities compromise the ability of future generations to meet their own needs. In this case scenario balancing growth resource use, and well-being without causing irreversible harm to the planet or society are some of the sustainability issues. MJN proposed unit in the rural area may also produce greenhouse gas emissions causing global warming. It may also effect over use, contamination of fresh water resources. Industrial units operating in polluted environments often face significant challenges and sustainability issues, especially when public resistance grows stronger against their activities. The primary challenge lies in balancing economic gains with environmental responsibility, as unchecked emissions, hazardous waste, and resource depletion directly affect community health and ecological

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balance. Public protests, legal interventions, and social media campaigns create reputational risks and may even lead to operational shutdowns. Moreover, regulatory pressures demand heavy investment in cleaner technologies, waste management systems, and sustainable practices, which many units find financially burdensome. Failure to address these concerns not only fuels public opposition against MJN but also undermines the long-term viability of the enterprise. Thus, polluted units must adopt transparent communication, eco-friendly innovations, and community engagement to overcome resistance and move toward a sustainable future.

(b)

The following possible solutions and strategies are suggested and recommend for apparel startup MJN :-

Expert can look for the solution for developing a unit under acceptable conditions. Here we have to analyze what were the issues that led to the unit closure, If possible the unit could be modified with advance technology which does not harm nearby environment. MJN should make the changes in the proposed unit according to the environmental standards. If any fund is required or needed for this up gradation. It will be provided in the form of loan or short term assistance. It is further recommended that MJN should follow action plan which combines focus on issues of both people employment and environment pollution. Adopt a Green business model for reuse, recycling, and minimal waste, minimize resource use. Reduce water and material consumption through efficiency and smart technology. Partner only with suppliers that follow ethical and sustainable sourcing. Track carbon footprint and set reduction targets.

Strategies :-

Environmental assessment and regulation : Conduct through environmental impact assessment of the unit and strengthen regulatory measures to insure strict compliance of environmental standards.

Stakeholder consultation : Engage with affected communities, workers and industries to undertake their concern and explore alternatives that strike a balance between economic development and environmental stability.

Transition and rehabilitation: Implement measure to support the affected workers in finding alternative employment opportunities and assist small units to adopt eco-friendly alternatives.

Resource-efficient operations: MJN should adopt this strategy for renewable energy sources, energy-efficient machinery, and smart energy management systems where reuse water if possible, install low-flow systems, and reduce process water waste in recycling wool, cotton and polyester.

Waste & emissions reduction : MJN should follow waste segregation & recycling in its proposed unit and aim for full utilization of inputs, with minimal landfill contribution.