

**Code: 14E00303**

MBA III Semester (R14) Supplementary Examinations July 2016

**ENTREPRENEURSHIP DEVELOPMENT**

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

**PART - A**

(Answer the following: (05 X 10 = 50 Marks))

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- 1 What are the major reasons for entrepreneurship becoming so important in our economy?  
**OR**
- 2 Do you believe that entrepreneurs are born with special characteristics or is it possible to teach someone to be an entrepreneur? Discuss your answer with suitable Indian examples.
- 3 What role does past experience play in business start-ups? What advantages does it provide?  
**OR**
- 4 Discuss the role of venture capital firms and FII in promoting the entrepreneur venture in the country.
- 5 Why an entrepreneur should have project management skills? Illustrate your answer with suitable examples.  
**OR**
- 6 Prepare a draft project report to be submitted to a banker or venture capital in starting an organic cotton products project.
- 7 From the children's perspective, what would be the advantages and disadvantages of growing up in a family in which one parent owns a business and the other works as an employee in another firm? What would be the advantages and disadvantages of having both parents work in the family business?  
**OR**
- 8 Many experts state that in order to be successful, a new product has to be the first of its kind on the market. Do you agree? Why or why not? Give examples to support your answer.
- 9 What factors do Indian women entrepreneurs cite as contributing to their entrepreneurial success?  
**OR**
- 10 Why do some communities prohibit home-based businesses? For a community, what are the advantages and disadvantages of allowing home-based businesses?

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**PART - B**

(Compulsory question, 01 X 10 = 10 Marks)

**11 Case study:**

During the 1980s, Pete Ellis was an extremely successful car dealer in California. However, when the state's economy dropped sharply in 1990, car sales plummeted and he was forced to declare bankruptcy.

Ellis did not give up. Instead, he created auto-by-tel, an internet auto-buying service, which gives bargain hunters the information they need to negotiate a great price and delivers a no-hassle transaction. Auto-by-tel was launched in 1996, and by December 1997, it had processed one million online requests resulting in 6,00,000 purchases.

The car manufactures have also entered the market and have their own online no-haggle programs. Ford motor company was also considering buying a minority partnership share in dealerships. These changes will affect both the car industry and the newspaper industry.

By the year 2000, auto-by-tel had sales of more than \$66 million but had not made a profit. Many analysts believed that the concept of selling cars online was just not feasible. One analyst stated that auto-by-tel and similar business were "goners". However, by 2003, auto-by-tel had sales of more than \$88 million and had a net income of \$7.4 million.

The online auto sales industry is experiencing a consolidation and auto-by-tel has purchased several dot-com sites including autoweb.com and carsmart.com. The dot-coms are playing an increasing role in helping brick and mortar car dealers generate leads.

- (a) What is the current role of an auto dealership?
- (b) Why did online auto sites survive even though some experts stated that they were "goners"?
- (c) If car manufacturers had partnership shares in many of their dealerships, what changes would likely occur?
- (d) How could companies like auto-by-tel diversify to add value to their services?
- (e) In the long run how will the internet sites affect newspapers?

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