

**Q.P. Code : 61313**

**Second Semester (DAY) M.B.A. Degree Examination, July 2019**

*(CBCS – 2014 Scheme)*

**Management**

**Paper 2.3 – ENTREPRENEURSHIP AND ETHICS**

*Time : 3 Hours]*

*[Max. Marks : 70*

**SECTION – A**

Answer any **FIVE** questions from the following. Each question carries **5** marks :  
**(5 × 5 = 25)**

1. Briefly describe the evolution of term entrepreneurship.
2. What is the contribution of entrepreneurs towards economy of a nation?
3. What do you understand by the term ethics?
4. What is sole proprietorship? Explain its features.
5. What are the major components of a feasibility report?
6. What are the salient features of Companies under section 25?
7. Define following terms in your own words :
  - (a) Trademark
  - (b) Copyright
  - (c) Patent

**SECTION – B**

Answer any **THREE** questions from the following. Each question carries **10** marks :  
**(3 × 10 = 30)**

8. Briefly describe each major components of a business plan. What are the common errors in formulating a business plan?
9. Discuss the important characteristics and various types of entrepreneurs.
10. What is franchising? Discuss major advantages and disadvantages of franchising.
11. What are the various sources of finance available to entrepreneurs? Explain the role of various model agencies in promotion of entrepreneurship in India.

12. **Compulsory Case Study :** (1 × 15 = 15)

In 1986, B. Soundararajan and G.B. Sundararajan set up Suguna poultry farm with 200 layer birds at Udumalpet in South India. During 1989-90, when chicken prices crashed because of an over supply of birds in the local market, Suguna saw an opportunity for business growth by helping the poultry farmers who had bought feed and medicines on credit and could not clear their dues. The help them recover their money, Suguna began to provide feed and health support to be birds to indebted farmers in return for the end product eggs. This model was successful and over a period of time, Suguna evolved a business model around this strategy.

Currently, the poultry integration model provides a win-win situation for both the farmer and the integrator. Suguna provides project guidance and assistance in getting finance. It provides farmers with training on poultry management. In some areas, farmers approach Suguna with only land and Suguna helps them to put up a poultry farm, and then provides chicks and trains the farmers to manage the birds. Farmers are provided with day-old chicks, feed and veterinary support.

Performance is monitored, sometimes on a daily basis with Suguna field staff visiting the farms to check on the health of the birds, feed intake, growth and mortality levels. In six weeks time, the birds are weighted and are ready to be sold. Suguna has successfully reduced the number of direct links in the poultry value chain from as high as fourteen to four or five. Farmers deal only with the company and get assured returns. Suguan provides them with all the inputs and in return, the farmers get a fixed growing charge. Suguna bears the market risks and to a large extent the production risks as well, thereby protecting the livelihoods of farmers. Regardless of the market price, the farmers get the assured growing charge; sometimes extra incentives are given based on market conditions, in order to reduce the fanners' temptation to 'side-sell' the finished broilers. Suguna prefers to work with smaller farms than with large 100,000 + bird farms because it discovered that the mortality rate for large farms is much higher. Also, sometimes a disease outbreak can wipe out an entire batch of birds in one location. With their current model, they are able to manage these issues. Over time, Suguna has also discovered that the cost of managing several small farms is quite similar to the cost of managing one large farm. Of course, they also realize that managing very small farms of less than 2500 birds is also a challenge.

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Suguna has over 15,000 farmers in 11 states in its value chain. They are supported by over 4800 full time Suguna employees. The company claims to have benefited over 50,0000 people by direct or indirect employment. To support the value chain, Suguna has set up 36 hatcheries producing 395 million chicks per annum, and 50 feed mills producing 1.56 million tons of feed per annum. That has resulted in a value chain which produces over 10,000 tons of processed chicken meat every year. Even though Suguna started with layers, the emphasis completely shifted to broilers. Only recently, they have restarted layer operations. modelled on their broiler operations, but they have rolled it out in a very limited manner.

As a result of their partnership with Suguna, a typical farmer's increase in annual income is likely to be between 40000 to 200000 rupees. This forms a substantial proportion of the family' annual income. The labour for the mini-poultry farm is usually provided by the farmer and his family. In several cases, the farmer may employ a helper on a monthly salary.

Suguna Poultry ranks among the top ten poultry companies, world-wide. It is the largest poultry operator in India with an annual turnover of nearly half a billion dollars. With operations in eleven states across India; it offers a range of poultry products and services. The fully integrated operations cover broiler and layer farming hatcheries, feed mills, processing plants, vaccines and exports. Suguna markets live broiler chicken, eggs and frozen chicken. Recently, Suguna has also recently set up a chain of modern dedicated retail outlets, which sell only poultry items.

'Poultry Integration' as introduced and pioneered by Suguna in the country has substantially improved the livelihoods of many farmers in rural India.

Answer both the Questions :

- (a) How do farmers gain by becoming contract poultry growers of Suguna?
- (b) For feed production, Suguna buys soya, oilseeds and other inputs from over 20,000 farmers. Can the same poultry model be adapted for these farmers?