

UNIT-IX
CHAPTER
23

ELEMENTS OF ENTREPRENEURSHIP

INTRODUCTION

Entrepreneurship becomes the crucial for overall economic development of a nation. It is regarded as one of the major factors of production. It has been described as the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. It also captures innovative activities on the part of established firms, in addition to similar activities on the part of new businesses. The pace of economic development of any country or society cannot be accelerated without creating a sense of awareness about entrepreneurship among the people. This chapter clearly explained the elements and concepts of Entrepreneurship.

I. CHOOSE THE CORRECT ANSWERS

- 1. Which of the below is a factor of production?**
a) Land b) Labour
c) Entrepreneurship d) All of the above
- 2. Entrepreneur is not classified as**
a) Risk Bearer b) Innovator
c) Employee d) Organizer
- 3. What are the characteristics of an entrepreneur?**
a) Spirit of enterprise b) Flexibility
c) Self confidence d) All of the above
- 4. Which of the below is not classified into managerial functions?**
a) Planning b) Marketing
c) Organizing d) Controlling
- 5. Which of the below is a commercial function?**
a) Accounting b) Coordination
c) Discovery of idea d) Planning

ANSWERS

1.	d)	2.	b)	3.	d)	4.	c)	5.	a)
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II. VERY SHORT ANSWER QUESTIONS:

- 1. Mention any two features of entrepreneurs.**
❖ Entrepreneur as a risk bearer

❖ Entrepreneur as an Innovator

- 2. List down the managerial functions of entrepreneurs.**
(i) Planning
(ii) Organizing
(iii) Directing
(iv) Controlling
(v) Coordination
- 3. List down the promotional functions of entrepreneurs.**
i) Discovery of Idea
ii) Determining the business objectives
iii) Detailed Investigation
iv) Choice of form of enterprise
v) Fulfillment of the formalities
vi) Preparation of business plan
vii) Mobilization of funds
viii) Procurement of machines and materials
- 4. Define Intrapreneur**
An Intrapreneur is an employee who is tasked with the developing an innovative idea or project within a company. Pinchot defined intrapreneurs as "dreamers who do, those who take hands-on responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation.
- 5. List the problems faced by the women entrepreneurs**
❖ Problem of Finance
❖ Limited Mobility
❖ Lack of Education
❖ Lack of Network Support

- ❖ Stiff Competition
- ❖ Sensitivity

- ❖ Lack of Information
- ❖ Dependent culture

III. SHORT ANSWER QUESTIONS:

1. Define Entrepreneur

Entrepreneur has been defined as "A person who starts a business and is willing to take loss in order to make money".

2. Distinguish between entrepreneur and Manager.

Basis of difference	Entrepreneur	Manager
Motive	The very motive of an entrepreneur is to start a venture by setting of an entity	The very motive of manager is to render service in an entity setup for execution of venture
Status	Entrepreneur is owner of the entity	Manager is a salaried employee in the entity set up for carrying on the venture.
Risk Bearing	Entrepreneur bears the eventual risk and uncertainly in operating the enterprise	Manager doesn't bear any risk in the venture where the venture is unsuccessful he/she simply quits the enterprise.
Rewards	Entrepreneur is rewarded by profit for the risk bearing exercise. The reward for entrepreneur is totally uncertain.	Manager's reward salary, bonus, allowance is certain and regular.
Skills	An entrepreneur requires creative talent, intuition and urge for innovation.	Manager requires conceptual skills and human relations skills.

3. List down the commercial functions of Entrepreneur and explain them shortly?

The following are the commercial functions of Entrepreneur:

(i) Production or Manufacturing:

- ❖ Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, research and development, product design etc.,

(ii) Marketing:

- ❖ Entrepreneur has to carry of following functions pertaining to marketing aspect namely consumer research, product planning and development, standardization, packaging, pricing, warehousing, distribution, promotion etc.,

(iii) Accounting:

- ❖ Entrepreneur has to arrange to prepare trading and profit and loss account in order

to know the profit or loss incurred or of operation of the business and prepare balance sheet to know the financial status of business at a particular day.

(iv) Finance:

- ❖ An entrepreneur has to take decisions like choosing the right type of financing, framing the best dividend policy, acquiring of funds, efficiently managing fixed and current assets, maximizing shareholders wealth and investing of funds efficiently and effectively.

(v) Human Resource Management:

- ❖ Entrepreneur has to estimate the manpower needs of the enterprise and accordingly decide the size of manpower required for various slots of organizational structure.

Explain the promotional functions of entrepreneur?

4. The following are the promotional functions of entrepreneurs:

I. Promotional Functions

1. Discovery of Idea:

- ❖ The first and foremost function of entrepreneur is idea generation.
- ❖ A person may conceive his own ideas or develop the ideas contributed by others.
- ❖ Ideas can be generated through several ways like own experience and exposure of entrepreneur, keen observation of environment, education, training, market survey, environmental scanning and so on.
- ❖ After the ideas were collected, entrepreneur has to weigh objectively each and every idea and finally select an idea which is worth pursuing commercially.

2. Determining the business objectives:

- ❖ Entrepreneur has to develop business objectives in the backdrop of nature of business and type of business activity i.e. nature of business, manufacturing or trading, type of business organization chosen so that he/she can organize the venture in accordance with the objectives determined by him/her.

3. Detailed Investigation:

- ❖ Entrepreneur has to analyse in detail the product proposes to produce.
- ❖ In other words, Entrepreneur should investigate commercial feasibility of the product proposed to be produced and conduct market study to ascertain the potential demand for the product.
- ❖ Besides, Entrepreneur has to probe the sources of supply of various inputs required for manufacturing the proposed product, their respective prices and other terms and conditions.

4. Choice of form of enterprise:

- ❖ Entrepreneur has to choose the appropriate form of organization suited to implement the venture.
- ❖ There are various forms of organization namely sole proprietor, partnership, company and co-operatives etc. Which are in existence.
- ❖ The selection of appropriate form of organization is made after considering the factors like nature of product to be produced,

size of investment, nature of activities, size of organization, nature of liability of owners, retention of control, degree of risk involved, scale of operations, stability and so on.

5. Fulfilment of the Formalities:

- ❖ Having chosen the appropriate type of organization, entrepreneur has to take necessary steps to establish the form of organization chosen.
- ❖ As regards sole trader, the formalities are barest minimum.
- ❖ In the case of partnership firm, entrepreneur has to arrange for partnership deed and he has to get the deed registered.
- ❖ There are lot of formalities to be fulfilled in the case of registration of company and co-operative form of organization.
- ❖ Promoter has to take all necessary steps for establishing the form of organization.

6. Preparation of Business Plan:

- ❖ Entrepreneur has to prepare a business plan or project report of the venture that he is proposing to take up.
- ❖ This plan helps entrepreneur to achieve various objectives formulated within a specified period of time.

7. Mobilisation of Funds:

- ❖ Entrepreneur has to take steps to mobilize capital needed to implement the venture.
- ❖ Entrepreneur has to estimate the fixed capital and working capital required for running the project.
- ❖ Then the entrepreneur has to initiate steps to build funds from various channels like own funds, borrowings from close circles, banks, financial institutions, venture capitalists, issue of shares and debenture, term loans and so on to finance his fixed capital requirement.

8. Procurement of Machines and Materials:

- ❖ Entrepreneur has to locate the various sources of supply of machineries and equipments and materials.
- ❖ Entrepreneur has to collect details from the various sources of supply and screen them for selecting the best source of supply.

5. Explain the commercial functions of entrepreneur?

Commercial Functions:

(i) Production or Manufacturing:

- ❖ Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, research and development, product design etc.,
- ❖ The efficient and effective performance of production function depends on the proper production function depends on the proper production planning and control to a major extent.

(ii) Marketing:

- ❖ Entrepreneur has to carry of following functions pertaining to marketing aspect namely consumer research, product planning and development, standardization, packaging, pricing, warehousing, distribution, promotion etc.,
- ❖ The very success of marketing function is very much linked with selection of appropriate marketing mix.
- ❖ The term marketing mix denotes the combination of four components namely product, price, promotion and physical distribution in the case of physical products and three more components are included in the case of service products namely people, process and physical evidence

(iii) Accounting:

- ❖ Entrepreneur has to arrange to prepare trading and profit and loss account in order to know the profit or loss incurred or of operation of the business and prepare balance sheet to know the financial status of business at a particular day.
- ❖ Besides, cash flow and fund flow statements are prepared to ensure the adequacy of funds and cash for meeting various working capital needs of the business.

(iv) Finance:

- ❖ In the sphere of financial function, an entrepreneur has to take decisions like choosing the right type of financing, framing

the best dividend policy, acquiring of funds, efficiently managing fixed and current assets, maximizing shareholders wealth and investing of funds efficiently and effectively.

(v) Human Resource Management:

- ❖ Entrepreneur has to estimate the manpower needs of the enterprise and accordingly decide the size of manpower required for various slots of organizational structure.
- ❖ After determining the required man power the entrepreneur has to organize the performance of following functions pertaining to human resources namely arranging for recruitment, selecting manpower, induction and training, determining compensation structure and incentives, designing motivation programmes, structuring well being measures for employees, putting in place safety mechanism at work place, performance evaluation and career advancement and structuring social security programmes.

IV. LONG ANSWER QUESTIONS:

1. How do you classify entrepreneurs?

According, entrepreneurs are now broadly classified into three groups namely risk bearer, organizer and innovator.

(i) Entrepreneur as a Risk Bearer:

- ❖ Richard Cantillon, an Irish man described the entrepreneur to be a person who assumes risk inherent in the venture started by him.
- ❖ Entrepreneur acts as an agent combining all factors of production to produce a product or service in order to sell at uncertain price in future.
- ❖ Knight also describes an entrepreneur to be an economic functionary who undertakes the risk of uncertainty which cannot be insured or capitalized or salaried.
- ❖ In nutshell, entrepreneur is described to be a risk taker.

(ii) Entrepreneur as aOrganiser:

- ❖ According to Jean Baptize, entrepreneur is one who brings together various factors of

production and creates an entity to produce product or service and supervises and co-ordinates several functions in the process.

- ❖ He further elaborates that an entrepreneur faces a great deal of obstacles and misfortunes and undergoes mental agony and anxieties in the process of organizing any venture.
- ❖ In sum, entrepreneur is described to be an organiser.

(iii) Entrepreneur as a Innovator:

- ❖ Joseph A Schumpeter in the year 1934 used innovation as a criterion to define an individual as entrepreneur. According to him, entrepreneur is one who
- ❖ Introduces a brand new product in the market.
- ❖ Institutes new technology to produce a product.
- ❖ Discovers new course of supply of raw materials.
- ❖ Discovers new products hitherto untapped.
- ❖ Puts in place a new form of organization by establishing a monopoly or by dismantling existing monopoly.

2. What are the characteristics of an entrepreneur?

(i) Spirit of Enterprise:

- ❖ Entrepreneur should be bold enough to encounter risk arising from the venture undertaken.
- ❖ Entrepreneur should not get discouraged by setbacks or frustrations emerging during the course of entrepreneurial journey.

(ii) Self Confidence:

- ❖ Entrepreneur should have a self confidence in order to achieve high goals in the business.
- ❖ The negatives like inconvenience, discomfort, disappointments, rejections, frustrations and so on should not weaken his steely resolve to make the venture a grand success.

(iii) Flexibility:

- ❖ Entrepreneur should not doggedly stick to decisions in a rigid fashion.

- ❖ Entrepreneur should change the decisions made already in the light of ever- changing business environment.

(iv) Innovation:

- ❖ Entrepreneur should contribute something new or something unique to meet the changing requirements of customers namely new product, new method of production or distribution, adding new features to the existing product, uncovering a new territory for business, innovating new raw material etc.,

(v) Resources Mobilisation:

- ❖ Entrepreneur should have the capability to mobilize both tangible inputs like manpower, money materials, technology, market, method etc., which are scattered over a wide area and certain intangible inputs like motivation, morale and innovativeness cannot be purchased in the market outright.
- ❖ Entrepreneur has to marshall all these tangible and intangible input to produce a product successfully.
- ❖ Thus entrepreneurship is a function of gap filling and input completion.

(vi) Hard Work:

- ❖ Entrepreneur should put in strenuous efforts and constant endeavours to accomplish the goals of the venture successfully
- ❖ They have to courageously face uncertainties, risks and constraints
- ❖ They should not blame the uncontrollable factors for the misfortunes experienced during the course of their entrepreneurial venture
- ❖ They should spend their energy in addressing the issues to stay successful

(vii) Leadership:

- ❖ Entrepreneur should be able to influence team members by showing sympathy and empathy so as to enable them to contribute positively towards the goals of the venture
- ❖ Entrepreneur should lead others from the front and by personal example and should

walk the talk and effectively take all the followers to activate the goals of the venture

(viii) Foresight:

- ❖ Entrepreneur should have a foresight to visualize future business environment
- ❖ In other words, Entrepreneur should foresee the likely changes to take place in market, consumer attitude, technological developments etc., and take timely actions accordingly

(ix) Analytical Ability:

- ❖ Entrepreneurs should not make decisions on the basis of own prejudice or personal likes and dislikes
- ❖ Entrepreneur should be able to objectively analyse the situation and act accordingly
- ❖ They should abstain from taking emotional or hasty decisions when they are overwhelmed by emotions

- ❖ In simple words Entrepreneur should take rational decisions after examining the various aspects of a problem

(x) Decision Making:

- ❖ Entrepreneur has to take timely and correct decision with regard to nature and type of product to be produced, type of technology to be adopted, type of human assets to be employed, location of the enterprise, size of the unit, volume of production and so on
- ❖ The very success of any enterprise hinges on prompt, correct and relevant decisions made by the entrepreneur
- ❖ Entrepreneur should rationally examine the various factors influencing the decision and take appropriate decisions after giving due weight to all the risks embedded in various factors

3. Distinguish between an Entrepreneur and an Intrapreneur?

Basis	Entrepreneur	Intrapreneur
Thinking	Entrepreneur is a free thinker	Intrapreneur is forced to think independently but within scope of business activities undertaken in the enterprise
Dependency	Entrepreneur is an independent person	Intrapreneur is dependent on the entrepreneur. He is an employee.
Fund Mobilization	Entrepreneur has to mobilize funds to finance the venture.	Intrapreneur does not engage in fund mobilization. But can access funds mobilized by the entrepreneur
Reward	Entrepreneur is rewarded by profit for the risk bearing exercise.	Intrapreneur does not share in profits of venture. But gets perquisites, salary, incentives etc., for the service.
Risk Bearing	Entrepreneur bears the risk involved in the venture undertaken	Intrapreneur does not bear any risk inherent in the project or work assigned. However intrapreneur is accountable for the task or project assigned.
Status	Entrepreneur is owner, and doesn't report to anybody in the venture.	Intrapreneur is a salaried employee. Intrapreneur works within control put in place in the organization and is made accountable for the activities undertaken.
Operation	Entrepreneur operates mostly outside the enterprise	Intrapreneur operates within the enterprise

4. Discuss the problems faced by Women Entrepreneurs?

Through there is a tremendous growth in the women entrepreneurship in India, a number of research studies conducted in India have brought out the following problems and challenges encountered by women entrepreneurs during the course of their entrepreneurial journey.

(i) Problem of Finance:

- ❖ The access of women to external sources of funds is limited as they do not generally own properties in their own name
- ❖ Financial institutions too do not consider women in general creditworthy as they are sceptical of their entrepreneurial capabilities of women
- ❖ They impose stringent condition which discourages women to avail themselves of loan assistance from banks
- ❖ In this context, they are pushed to rely on their own savings and small loans from friends and relatives
- ❖ Because of the limited funds, women entrepreneurs are not able to effectively and efficiently run and expand their business

(ii) Limited Mobility:

- ❖ Indian women cannot afford to shed their household responsibilities towards their family even after they plunge into the venture started by them
- ❖ This restricts the mobility of women entrepreneur significantly
- ❖ The domestic responsibilities do not allow women entrepreneurs to freely move out of business enterprises in connection with business activities

(iii) Lack of Education:

- ❖ Illiterate and semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey with respect to maintaining accounts, understanding money matters, day- to -day operations of the company, marketing the products, applying technology etc.,
- ❖ This reduces the efficiency of operating the business successfully

(iv) Lack of Network Support:

- ❖ The successful operation of any venture irrespective of the size depends upon the network of support extended by various constituencies like family members, friends, relatives, acquaintances, neighbours, institutions and so on

- ❖ Women entrepreneurs need much needed psychological support and wiser counseling especially during the time they actually encounter challenges

- ❖ But it is reported that women entrepreneurs get very limited support in times of crisis from most of these constituencies

(v) Stiff Competition:

- ❖ Women entrepreneurs have to face acute competition for their goods from organized sector and from their male counterparts
- ❖ Since they are not able to spend liberally due to financial constraints, they are not able to compete effectively and efficiently in the market

(vi) Sensitivity:

- ❖ Women are more prone to a variety of emotions
- ❖ Being mother, women are vulnerable to many emotions
- ❖ They tend to have sympathy and empathy for others
- ❖ This trait does not allow women entrepreneurs to take objective decisions in many contexts during the course of running the entrepreneurial venture
- ❖ Besides, the weak emotions do not allow them to tolerate failures and disappointments arising during the normal course of their entrepreneurial journey
- ❖ This inherently tone downs the effectiveness of their functioning

(vii) Lack of Information:

- ❖ Women entrepreneurs are reported not to be generally aware of subsidies and incentives available for them due to their pre occupation with household responsibilities
- ❖ This lack of knowledge or limited knowledge about subsidies prevents them from availing themselves of special concessions, benefits and incentives awarded by Government and other agencies

(viii) Dependent culture:

- ❖ In India, women however educated and talented are groomed to be dependent on

their parents, life partners and children during the various phases of their life cycle

- ❖ They could not take decisions on their own in many contexts due to this dependency factor
- ❖ They have to take permission from their support groups to engage in any purposeful and gainful activity
- ❖ They are not treated as equals unlike women in western countries
- ❖ This cultural barrier doesnot allow them to start and manage their ventures according to their free will and pleasure

5. Explain in detail the various functions of an entrepreneur?

I. Promotional Functions

1. Discovery of Idea:

- ❖ The first and foremost function of entrepreneur is idea generation.
- ❖ A person may conceive his own ideas or develop the ideas contributed by others.
- ❖ Ideas can be generated through several ways like own experience and exposure of entrepreneur, keen observation of environment, education, training, market survey, environmental scanning and so on.
- ❖ After the ideas were collected, entrepreneur has to weigh objectively each and every idea and finally select an idea which is worth pursuing commercially.

2. Determining the business objectives:

- ❖ Entrepreneur has to develop business objectives in the backdrop of nature of business and type of business activity i.e. nature of business, manufacturing or trading, type of business organization chosen so that he/she can organize the venture in accordance with the objectives determined by him/her.

3. Detailed Investigation:

- ❖ Entrepreneur has to analyse in detail the product proposes to produce.
- ❖ In other words, Entrepreneur should investigate commercial feasibility of the product proposed to be produced and conduct market study to ascertain the potential demand for the product.

- ❖ Besides, Entrepreneur has to probe the sources of supply of various inputs required for manufacturing the proposed product, their respective prices and other terms and conditions.

4. Choice of form of enterprise:

- ❖ Entrepreneur has to choose the appropriate form of organization suited to implement the venture.
- ❖ There are various forms of organization namely sole proprietor, partnership, company and co-operatives etc. Which are in existence.
- ❖ The selection of appropriate form of organization is made after considering the factors like nature of product to be produced, size of investment, nature of activities, size of organization, nature of liability of owners, retention of control, degree of risk involved, scale of operations, stability and so on.

5. Fulfilment of the Formalities:

- ❖ Having chosen the appropriate type of organization, entrepreneur has to take necessary steps to establish the form of organization chosen.
- ❖ As regards sole trader, the formalities are barest minimum.
- ❖ In the case of partnership firm, entrepreneur has to arrange for partnership deed and he has to get the deed registered.
- ❖ There are lot of formalities to be fulfilled in the case of registration of company and co-operative form of organization.
- ❖ Promoter has to take all necessary steps for establishing the form of organization.

6. Preparation of Business Plan:

- ❖ Entrepreneur has to prepare a business plan or project report of the venture that he is proposing to take up.
- ❖ This plan helps entrepreneur to achieve various objectives formulated within a specified period of time.

7. Mobilisation of Funds:

- ❖ Entrepreneur has to take steps to mobilize capital needed to implement the venture.

- ❖ Entrepreneur has to estimate the fixed capital and working capital required for running the project.
- ❖ Then the entrepreneur has to initiate steps to build funds from various channels like own funds, borrowings from close circles, banks, financial institutions, venture capitalists, issue of shares and debenture, term loans and so on to finance his fixed capital requirement.

8. Procurement of Machines and Materials:

- ❖ Entrepreneur has to locate the various sources of supply of machineries and equipments and materials.
- ❖ Entrepreneur has to collect details from the various sources of supply and screen them for selecting the best source of supply.

II. Managerial Function:

(i) Planning

- ❖ Under planning, entrepreneur has to lay down the objectives, goals, vision, mission, policies, procedures, programmes, budget, schedules etc., for enabling the venture to proceed towards established destinations.

(ii) Organizing

- ❖ Entrepreneur puts in place suitable organizational structure to perform various managerial functions namely choosing the type of organization, creating department, fitting the human resources to appropriate organization slots, defining and delegating authority, distributing responsibility and crating accountability for efficient performance of activities.

(iii) Directing

- ❖ In the realm of directing, entrepreneur has to motivate, lead, guide and communicate with subordinates on an ongoing basis in order to accomplish pre-set goals.
- ❖ The process of directing involves issuing orders and instructions, guiding, counseling and mentoring of employees, supervising employees, supervising employees, maintaining discipline, motivating employees and providing leadership.

(iv) Controlling

- ❖ Entrepreneur has to pt in mechanism to evaluate the performance of employees across the organization.
- ❖ The various steps involved in control function includes fixing performance standards, measuring the actual performance, comparing actual performance with standards, finding out cases for deviation if any, undertaking corrective measures to bring actual performance to standards set.
- ❖ He/she may use various control techniques like account, auditing, management information system, network analysis, cost control, financial tools etc.,

(v) Coordination

- ❖ Entrepreneur has to evolve mechanism to pull together the diverse functions performed by various departments or teams and direct them towards the established goals of the organization for accomplishment.

III. Commercial Functions:

(i) Production or Manufacturing:

- ❖ Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, research and development, product design etc.,
- ❖ The efficient and effective performance of production function depends on the proper production function depends on the proper production planning and control to a major extent.

(ii) Marketing:

- ❖ Entrepreneur has to carry of following functions pertaining to marketing aspect namely consumer research, product planning and development, standardization, packaging, pricing, warehousing, distribution, promotion etc.,
- ❖ The very success of marketing function is very much linked with selection of appropriate marketing mix.
- ❖ The term marketing mix denotes the combination of four components

namely product, price, promotion and physical distribution in the case of physical products and three more components are included in the case of service products namely people, process and physical evidence

(iii) Accounting:

- ❖ Entrepreneur has to arrange to prepare trading and profit and loss account in order to know the profit or loss incurred or of operation of the business and prepare balance sheet to know the financial status of business at a particular day.
- ❖ Besides, cash flow and fund flow statements are prepared to ensure the adequacy of funds and cash for meeting various working capital needs of the business.

(iv) Finance:

- ❖ In the sphere of financial function, an entrepreneur has to take decisions like choosing the right type of financing, framing the best dividend policy, acquiring of funds, efficiently managing fixed and current assets, maximizing shareholders wealth and investing of funds efficiently and effectively.

(v) Human Resource Management:

- ❖ Entrepreneur has to estimate the manpower needs of the enterprise and accordingly decide the size of manpower required for various slots of organizational structure.
- ❖ After determining the required man power the entrepreneur has to organize the performance of following functions pertaining to human resources namely arranging for recruitment, selecting manpower, induction and training, determining compensation structure and incentives, designing motivation programmes, structuring well being measures for employees, putting in place safety mechanism at work place, performance evaluation and career advancement and structuring social security programmes.

ADDITIONAL QUESTIONS:

I. CHOOSE THE CORRECT ANSWERS:

1. **An Entrepreneur's primary motivation for starting a business is _____.**
 a) To make money b) To be independent
 c) To be famous d) To be powerful
2. **Entrepreneurs are _____.**
 a) Moderate risk taker b) High Risk Taker
 c) Avoidance d) Both b& C
3. **According to the view of Bankers most of the businesses fail because of the _____ inability to plan properly.**
 a) Investors b) Marketers
 c) Entrepreneurs d) Consultants
4. **In _____, the death of entrepreneur results in the termination of venture.**
 a) Proprietorship
 b) Limited Company
 c) Limited Partnership
 d) Corporation
5. **The notion of an entrepreneur as an innovator was established in the ____ century.**
 a) 17th Century b) 19th Century
 c) 20th Century d) 18th Centruy
6. **Automated stock replenishment, electronic selling and processing of customers orders and payments are examples of :**
 a) E-Business b) E-Commerce
 c) E-Trading d) E-Transaction
7. **_____ is the process of an entrepreneur conducting business activities across national boundaries.**
 a) National entrepreneurship
 b) International entrepreneurship
 c) Both a and b
 d) None of the above
8. **Money or property owned or used in a business is known as _____.**
 a) Wage b) Capital
 c) Loan d) All the above

9. A micro enterprise that permits its owners to follow a desired pattern of living, such as supporting costs or vacations _____.

- a) Entrepreneur b) Life Style business
c) Social Business d) Microenterprise

10. Which of the following is the business activity that avoid harm to the environment or help to protect it is some way _____.

- a) free-enterprise system
b) Social Entrepreneurship
c) Green Entrepreneurship
d) None

11. An entrepreneur is someone who assumes the major risks of a new business by committing which of the following?

- a) Equity b) Time
c) Career d) All of the above

12. It is estimated that approximately _____ percent of small businesses fail within the first five years.

- a) 10 b) 25
c) 50 d) 75

13. Who said that the job of the entrepreneur is "Creative Destruction"

- a) Peter Drucker b) Pierre Trudeau
c) Joseph Schumpeter d) None

14. People who own, operate, and take risk of a business venture is _____.

- a) Aptitude b) Employee
c) Entrepreneurs d) Entrepreneurship

15. If you own your own business you will need to know how to calculate your profit. Which one is a calculation of profit?

- a) Sales in a year b) Sales – expenses
c) sales in a month d) none of the above

16. Assertion(A) : A person who is tasked with the developing person creates innovative idea.

Reason(R): Dreamers who do, those who take hands-on responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation is known as Intrapreneur.

Codes:

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).
(C) (A) is correct, but (R) is incorrect.
(D) (A) is incorrect, but (R) is correct.

17. Statement (A) : An Entrepreneur is a risk bearer.

Statement (R): An Entrepreneur is an innovator

- (A) (R) is correct but (A) is not correct.
(B) (A) is correct but (R) is not correct.
(C) Both (A) and (R) are correct.
(D) Both (A) and (R) are not correct.

18. Assertion (A): Entrepreneur should have the capability to mobilize both tangible and intangible inputs.

Reason(R): Entrepreneurship is a function of gap filling and input completion.

Codes:

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).
(C) (A) is correct, but (R) is incorrect.
(D) (A) is incorrect, but (R) is correct.

19. Assertion(A): Lack of education reduces the efficiency of operating the business successfully.

Reason(R) : Illiterature and Semi-literature women entrepreneurs encounter a lot of challenges in their entrepreneurial journey.

Codes:

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).
(C) (A) is correct, but (R) is incorrect.
(D) (A) is incorrect, but (R) is correct.

20. Assertion(A): An entrepreneur should carry the research on product planning and development, standardization, packaging, pricing, warehousing and promotional activities.

Reason(R) : The very success of the marketing function is linked with selection of appropriate marketing mix.

Codes:

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).
 (B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).
 (C) (A) is correct, but (R) is incorrect.
 (D) (A) is incorrect, but (R) is correct.

21. Match the following:

List I	List II
Production	Manpower
Marketing	Profit and Loss
Accounting	Consumer Research
Human Resource Management	Design and Layout

- a) 4 b) 3 c) 1 d) 2
 a) 4 b) 3 c) 1 d) 2
 a) 3 b) 4 c) 1 d) 2
 a) 3 b) 2 c) 1 d) 4
 a) 4 b) 3 c) 2 d) 1

22. Find the odd one out:

- a) Risk bearer
 b) Organiser
 c) Innovator
 d) Leader

Reason : Except leader all the others are the classification of entrepreneurs.

23. Match the following

List I	List II
Risk Bearer	a person who is forced to think independently
Organiser	a person who discovers a new product
Innovator	a person who organizes any venture
Intrapreneur	a person who assumes risk

- a) 4 b) 3 c) 1 d) 2
 a) 3 b) 4 c) 1 d) 2
 a) 3 b) 2 c) 1 d) 4
 a) 4 b) 3 c) 2 d) 1

ANSWERS

1	a)	2	a)	3	b)	4	a)	5	a)
6	a)	7	b)	8	b)	9	b)	10	c)
11	d)	12	d)	13	c)	14	c)	15	b)
16	a)	17	c)	18	a)	19	a)	20	a)
21	d)	22	d)	23	d)				

II. VERY SHORT ANSWER QUESTIONS:

1. How does entrepreneurship help to contribute to GDP?

- ❖ Promotion of entrepreneurship add to Gross Domestic Product and National Income of a country.
- ❖ It is stated that the countries like America, Japan, Germany and so on have recorded a phenomenal increase in the GDP, per capital income and national income due to stupendous growth of entrepreneurship.

III. SHORT ANSWER QUESTIONS:

1. Define Entrepreneurship:

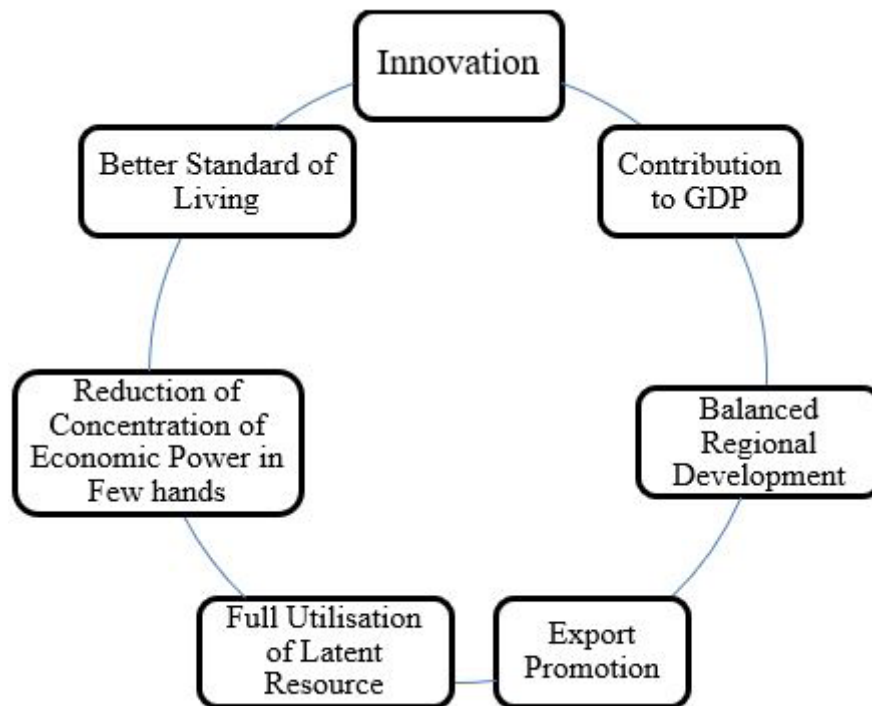
As per Mary Colter, "Entrepreneurship is the process whereby an individual or group of individuals use organized efforts to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources the entrepreneur currently has."

2. Differentiate 'Entrepreneur' and 'Manager'

Sl.No	Basis of Difference	Entrepreneur	Manager
1.	Motive	The very motive of an entrepreneur is to start a venture by setting of an entity	The motive of the manager is to render services in an entity setup for execution of venture
2.	Status	Entrepreneur is the owner of the entity	Manager is a salaried employee in the entity set up for carrying on the venture
3.	Risk bearing	Entrepreneur bears the eventual risk and uncertainty in operating the enterprise	Manager does not bear any risk in the venture where the venture is unsuccessful he/she simply quits the enterprise
4.	Rewards	Entrepreneur is rewarded by profit for the risk bearing exercise. The reward for entrepreneur is totally uncertain	Managers reward salary, bonus, allowance is certain and regular
5.	Skills	An entrepreneur requires creative talent, intuition and urge for innovation	Manager requires conceptual skills and human relations skills.

IV. LONG ANSWER QUESTIONS:

1. Explain the importance of Entrepreneurship



1. Innovation

- ❖ Entrepreneurship and innovation are closely intertwined with each other.
- ❖ It is no exaggeration to say that innovation cannot happen in any country without entrepreneurship.
- ❖ All the innovative exercise ensures rise in income and output in the economy.

2. Contribution to Gross Domestic Product (GDP)

- ❖ Promotion of entrepreneurship all across the country would undoubtedly add to Gross Domestic Product and National Income of a country.
- ❖ It is stated that the countries like America, Japan, Germany and soon have recorded a phenomenal increase in the GDP, per capital income and national income, due to stupendous growth of entrepreneurship.

3. Balanced Regional Development

- ❖ Encouragement of entrepreneurship in under developed and undeveloped regions of a country through various incentives and concessions is more likely to promote balanced regional development across the country.
- ❖ Besides, essentially it checks the migration of rural population to urban centres in pursuit of employment.

4. Export Promotion

- ❖ Entrepreneurship helps a country not only earn precious foreign exchange but also preserve it.
- ❖ If entrepreneurship is encouraged to produce export oriented goods, it can significantly add to foreign exchange reserve of a country.
- ❖ The comfortable foreign exchange reserve position is more likely to address the adverse balance of payment position if any.

5. Full utilisation of Latent Resource

- ❖ Promotion of entrepreneurship across the country leads to better utilisation of economic, human, material and natural

resources which would remain otherwise unutilised in a country.

- ❖ In other words, establishment of small, medium and micro enterprises all over the country paves way for harnessing all latent resources in the country.

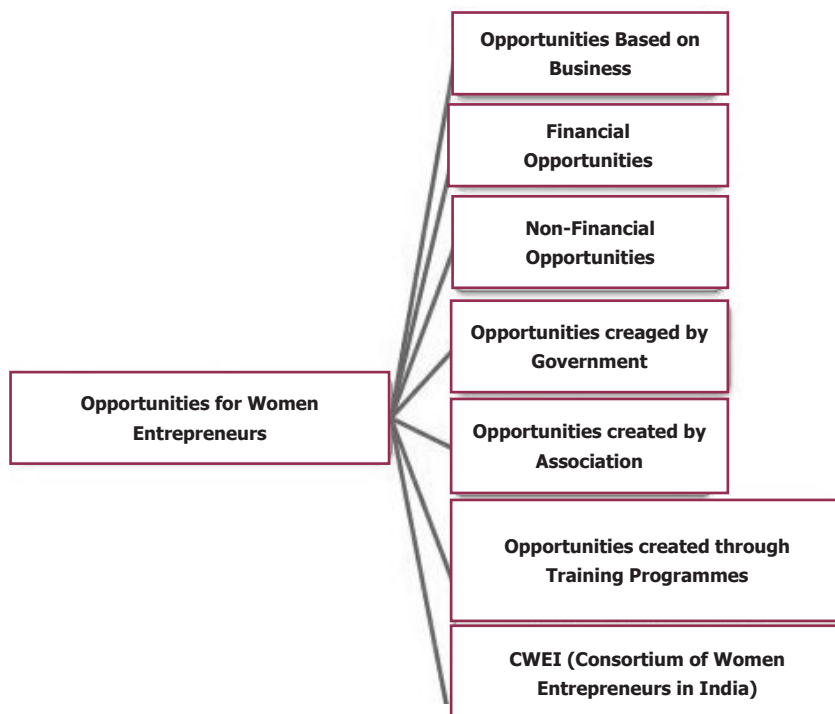
6. Reduction of Concentration of Economic Power in Few hands

- ❖ Promotion of entrepreneurship by encouraging small, medium and micro enterprises prevents the concentration of economic power in the hands of few large entrepreneurs.
- ❖ It promotes faster industrialisation and brings about equitable distribution of wealth in the society.

7. Better Standard of Living

- ❖ Entrepreneurs provide a lot of well being measures to their employees besides paying salaries and wages.
- ❖ Some of entrepreneurs who have genuine concern for the welfare of the general public, supply goods of good quality at fair price.
- ❖ This in turn helps consuming public save more money and spends liberally on comfort and convenience goods which are supposed to enhance the standard of living of the general public.
- ❖ Higher standard of living brought about by entrepreneurship narrows down the gap between haves and have nots.

2. What are the opportunities given for Women Entrepreneurs?



(i) Opportunities Based on Business

The following are the opportunities unfolding in different spheres of commerce.

- ❖ In the sphere of manufacturing women can start ventures like Agarbathi manufacturing, papad making, bedspread making, embroidery, export of handicrafts, apparel manufacturing, sweet stalls, manufacturing soft drinks, pickle making, manufacturing garments, handicrafts, printing press etc.
- ❖ In the sphere of service industries, women entrepreneurs may try their hand in ventures like catering service, computer centres, tutorial centres, Typewriting institutes, beauty parlours, dry cleaning, small restaurants, tailoring, crèche, florist shops, event management etc.,
- ❖ In the realm of trading ventures, women can enter the ventures like fancy stores, diagnostic centres, milk distribution, sweet stalls, drug stores, grocery stores, textile retailing, cool drinks parlour, coffee parlour, cell phone repairs, photo studios, photocopier firms, working women's hostel etc.,
- ❖ Highly educated, experienced and broadly exposed women technocrats can start larger venture like running hospitals, coaching

centres, diagnostic laboratories, manufacturing activities, suited to their field of specialisation, advertisement and media firms, call centres, hotels etc.,

(ii) Financial Opportunities

All Banks in India provide financial support to the women Entrepreneur, in the form of micro small loans to buy Raw Materials and Equipments.

(iii) Non-Financial support

Women entrepreneurs are provided with the following non-financial support in the form of :

- i. Putting in Policies, regulations and legal structures suitable to women entrepreneurs
- ii. Financial counselling and training
- iii. Business advisory service
- iv. Handling legal barriers
- v. Establishing Commercial linkages
- vi. Client research
- vii. Profitability and Efficiency analysis
- viii. Offering and designing the products based on their needs
- ix. Lower rate of interest
- x. Collateral free loans

- xi. Simplified processing system
- xii. Flexible repayment system based on business nature

(iv) Opportunities Created by Associations

There are various associations like:

- ❖ Self Help Groups (SHG)
- ❖ Federation of Indian Women Entrepreneurs (FIWE)
- ❖ Women's India Trust (WIT)
- ❖ Small Industries Development organisation (SIDO)
- ❖ National Bank for Agriculture and Rural Development (NABARD)
- ❖ Self Employed Women's Association (SEWA)
- ❖ Association of Women Entrepreneurs of Karnataka (AWAKE)
- ❖ The International Centre for Entrepreneurship and Career Development
- ❖ TIES tree Shakti (TSS),
- ❖ Tamilnadu Corporation for Development of Women Ltd. (TNCDW)
- ❖ Marketing Organisation of Women Enterprises (MOOWES)
- ❖ Women Entrepreneurs Promotion Association (WEPA)
- ❖ Women Entrepreneurs Association of Tamil Nadu (WEAT) and
- ❖ WEOW by Google are aggressively promoting women entrepreneurship in India.

(v) Opportunities Created by Government

Government both Union and Central have put in a number of schemes exclusively for promotion of women entrepreneurship namely:

- i. Stand-Up India Scheme for Women Entrepreneurs
- ii. Trade related Entrepreneurship Assistance and Development (TREAD) Scheme for Women
- iii. Mahila Coir Yojana
- iv. Mahila E-haat
- v. MagalirUdavi Scheme
- vi. Prime Minister's RozgarYojana (PMRY)
- vii. Development of Women and Children in Rural India (DWCRA)

- viii. Mudra Yojana Scheme for Women
- ix. Udyogini Scheme
- x. TRYCEM

(vi) Opportunities Created through Training Programme

Government of India has introduced National Skill Development Policy and National Skill Development Mission in 2009 in order to provide skill training, vocational education and entrepreneurship development to the emerging work force. The following training schemes are being implemented for promoting self employment of women by Government of India.

1. Support for Training and Employment Programme of Women (STEP)
2. Development of Women and Children in Rural Areas (DWCRA)
3. Small Industry Service Institutes
4. State Financial Corporations
5. National Small Industries Corporations
6. District Industrial Centres

(vii) Consortium of Women Entrepreneurs of India (CWEI)

Consortium of Women Entrepreneurs of India (CWEI) was registered as a civil society in the year 1996 which is a non-profit organisation in New Delhi. They are rendering the following functions:

- i. They are acting as a springboard for enterprises started by the women.
- ii. It is helping women achieve high economic empowerment.
- iii. It is acting as a catalyst to improve the access of womenfolk to natural resources.
- iv. It is providing technological support in the sphere of product design and development in the case of women owned enterprises.
- v. It is providing quality control, marketing and technological supports to women owned enterprises.
- vi. It is spreading knowledge to women entrepreneurs about various government schemes.