

# **NIOS lesson adaptation project**

**By EMBRACE Volunteers**

(A community initiative of Harchan Foundation Trust)

## **Chapter 20**

# **ENTREPRENEURSHIP**

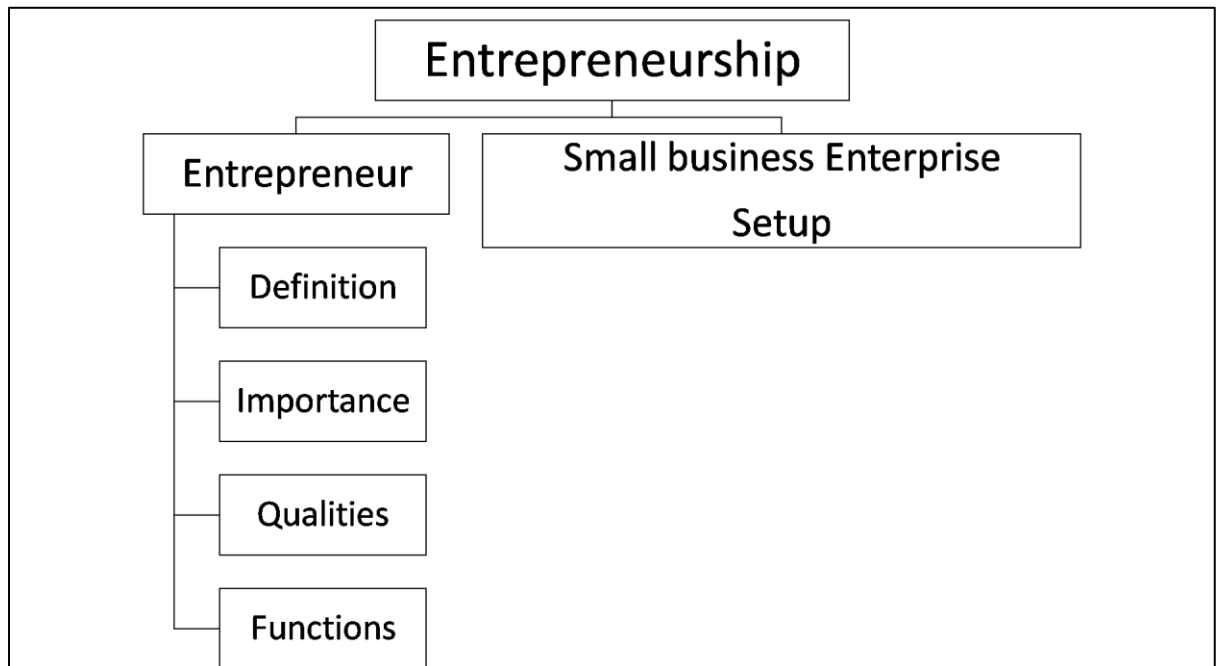
(Printable Version)

- **Simplified Lesson**
- **Previous Year Questions with Answers**
- **Terminal Questions**

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

## LESSON 20

### ENTREPRENEURSHIP



#### DEFINITIONS

##### **DEFINE- Entrepreneurship**

Entrepreneurship is defined as the act of a person or organization, who undertakes innovation, finances and business activities to transform innovation into economic goods.

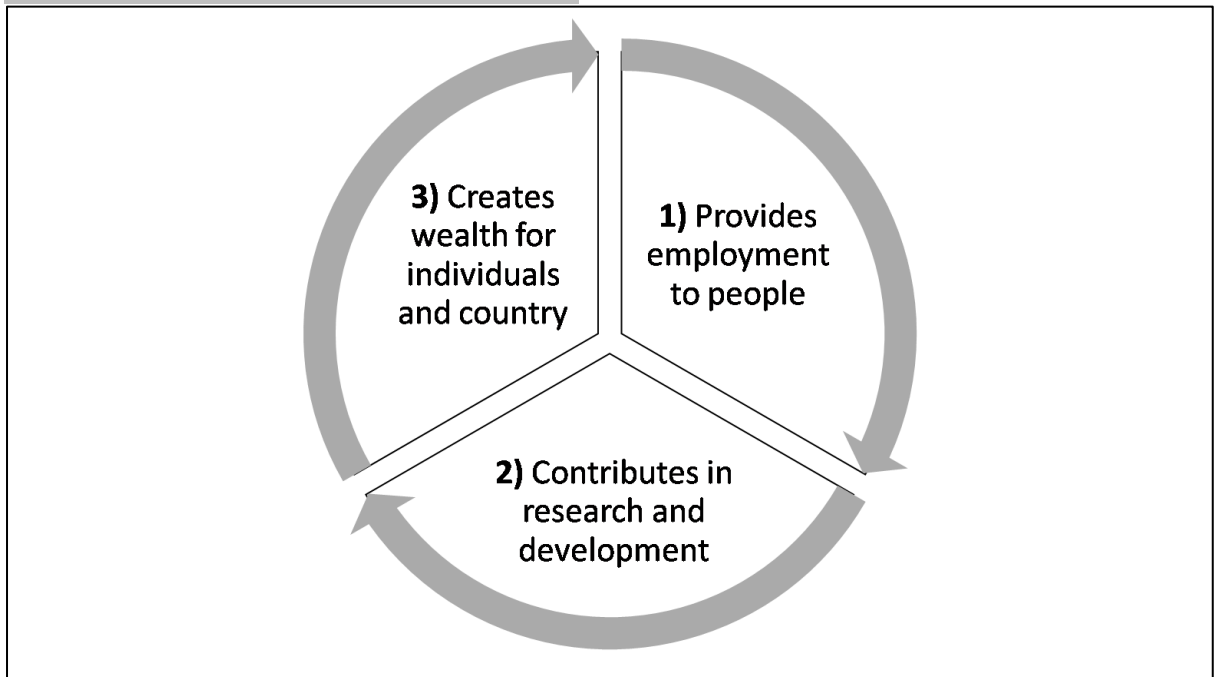
Example: **Reliance industry, Infosys, Wipro**

##### **DEFINE – Entrepreneur:**

Entrepreneur is a person who sets up a business to make profit. He/she provides employment to many people also.

Examples: **Mukesh Ambani**- Reliance industry, **Narayana Murthy** – Infosys, **Azim Premji** - Wipro

## IMPORTANCE OF AN ENTREPRENEUR



### **1) Provides employment to people :**

- 1) Lot of people services are needed to run any business.
- 2) Lot of people are employed and they earn money for their living from entrepreneur's business.

### **2) Contributes to research and development:**

- 1) Innovation is a key factor for business.
- 2) New technology is developed to get the work done easily and efficiently.

### **3) Creates wealth for individuals and country:**

- 1) Entrepreneurs contribute to our country's economy.
- 2) Their ideas, inventions and services help in our country's economic development.

## QUALITIES OF SUCCESSFUL ENTREPRENEURS



SI No.	Quality	Description
1	<b><u>Initiative</u></b>	Entrepreneurs should be able to take initiatives and use all advantages of opportunities
2	<b><u>Willingness to take risk</u></b>	Business has both success and failure. So, the entrepreneurs should be willing to take risk.
3	<b><u>Motivation</u></b>	Entrepreneur should be motivated to take initiatives and face risks bravely.
4	<b><u>Self- Confidence</u></b>	Entrepreneurs should have courage, confidence and ability to lead others.
5	<b><u>Learning from mistakes</u></b>	Entrepreneurs should have the ability to learn from their mistakes and failures.
6	<b><u>Decision making ability</u></b>	Entrepreneurs should have ability to take suitable decision at the right time.

## FUNCTIONS OF AN ENTREPRENEUR

- 1) **I** – Identify opportunities
- 2) **T** – Turning ideas into action
- 3) **F**- Feasibility Study
- 4) **R** – Resourcing
- 5) **S** – Setting up of Enterprise
- 6) **M**- Managing the Enterprise
- 7) **G** – Growth and development

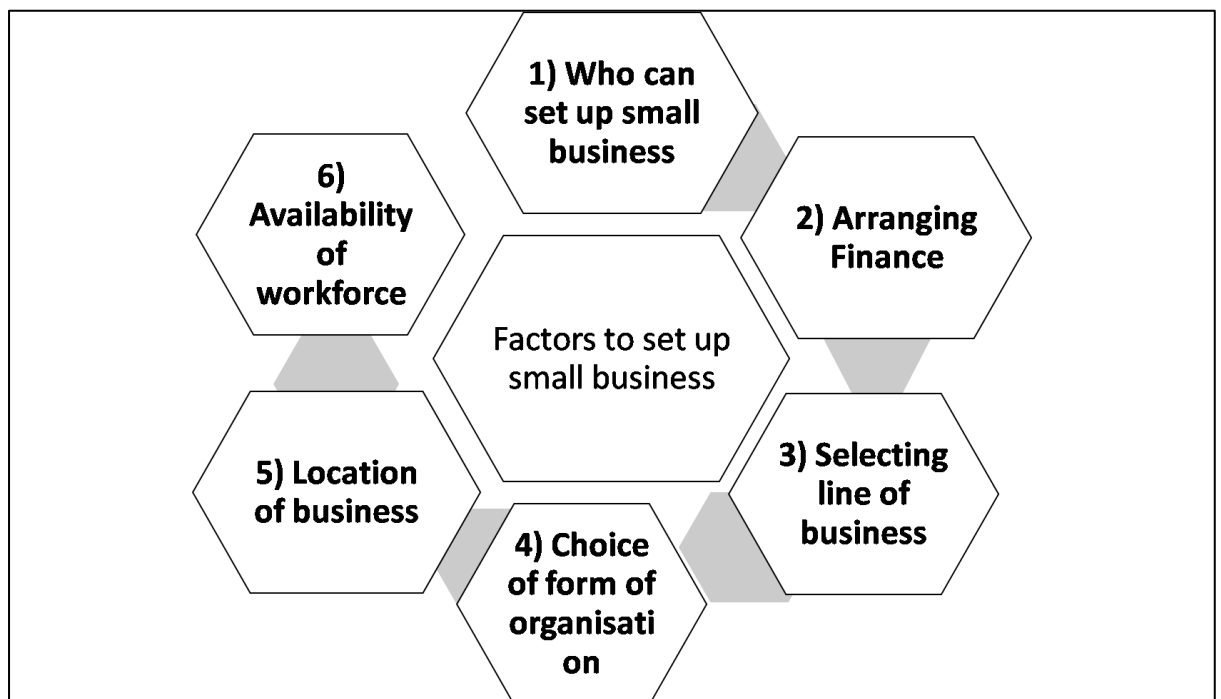
**(ITFRSMG – IT/FR/SM/G**

**I** Try **F**un **R**hymes, **S**ongs and **M**usic with **G**uitar.)

SI No.	Function	Description
1	<u>I</u> dentify opportunities	<ul style="list-style-type: none"> <li>✓ There are many opportunities in the world of business.</li> <li>✓ An entrepreneur senses the opportunities faster than common man.</li> </ul>
2	<u>T</u> urning ideas into action	<ul style="list-style-type: none"> <li>➤ An entrepreneur should be capable of turning his ideas into reality.</li> <li>➤ He/she takes necessary steps like market research, demand and supply study to convert idea into a successful business.</li> </ul>
3	<u>F</u> easibility (Practical) Study	<ul style="list-style-type: none"> <li>✓ The entrepreneur has a project plan. He conducts studies to assess whether the plan will work or not!</li> <li>✓ He anticipates problems and assesses quantity, quality, cost and sources of inputs required to run the enterprise.</li> </ul>
4	<u>R</u> esourcing	<ul style="list-style-type: none"> <li>➤ An entrepreneur needs various resources in terms of money, machine, material, and men.</li> <li>➤ He collects all these resources and runs his project successfully.</li> </ul>
5	<u>S</u> etting up of Enterprise	<ul style="list-style-type: none"> <li>✓ For setting up an enterprise, the entrepreneur will have to fulfill some legal formalities.</li> <li>✓ He also tries to find out a suitable location, design the premises, install machinery and do many other things.</li> </ul>

SI No.	Function	Description
6	<u>M</u> anaging the Enterprise	<ul style="list-style-type: none"> <li>➤ An entrepreneur has to manage men, material, finance and organize production of goods and services.</li> <li>➤ He has to market each product and service, after ensuring appropriate returns/ profits on the investment.</li> <li>➤ Only a properly managed organization yields desired results.</li> </ul>
7	<u>G</u> rowth and development	<ul style="list-style-type: none"> <li>✓ Once the enterprise achieves its desired results, the entrepreneur has to explore another higher goal for its proper growth and development.</li> <li>✓ He has to always try achieve excellence in his work using innovative ideas.</li> </ul>

### FACTORS FOR SETTING UP A SMALL BUSINESS ENTERPRISE



- 1) Anyone can start a small business
- 2) Arrangement of Finance
- 3) Selection of Business
- 4) Choice of form of organization
- 5) Location of business
- 6) Availability of workforce.

## **PREVIOUS YEARS QUESTIONS**

### **1. Which of the following statements is true about entrepreneurs?**

- (A) They are gamblers.
- (B) They depend on others.
- (C) They are born, not made.
- (D) They take risk by converting ideas into action.**

### **2. State any five functions of an entrepreneur.**

**Ans:**

The 5 functions of entrepreneur:

#### **1) Identify Opportunity:**

- ✓ There are many opportunities in the world of business.
- ✓ An entrepreneur senses the opportunities faster than common man.

#### **2) Turning ideas into action:**

- ✓ An entrepreneur should be capable of turning his ideas into reality.
- ✓ He collects information regarding the ideas, products, practices to suit the demand in the market to achieve the goal.

#### **3) Flexibility study:**

- ✓ The entrepreneur has a project plan. He conducts studies to assess the market feasibility.
- ✓ He anticipates problems and assesses quantity, quality, cost and sources of inputs required to run the enterprise.

#### **4) Resourcing:**

- ✓ An entrepreneur needs various resources in terms of money, machine, material, and men.
- ✓ He collects all these resources and runs his project successfully.

**5) Setting up of enterprise:**

- ✓ For setting up an enterprise, the entrepreneur will have to fulfill some legal formalities.
- ✓ He also tries to find out a suitable location, design the premises, install machinery and do many other things.

**3. Name any four qualities of a successful entrepreneur. Explain any two such qualities.**

**Or**

**Enumerate and state any four qualities of successful entrepreneur.**

**Answer:**

Four qualities of successful entrepreneur are: ( pick any 4)

- 1) **Initiative**
- 2) **Willingness to take risk**
- 3) **Motivation**
- 4) **Self- Confidence**
- 5) **Learning from mistake**
- 6) **Decision making ability**

- 1) **Initiative** – Entrepreneurs should be able to take initiatives and use all advantages of opportunities.
- 2) **Willingness to take risk** : Business has both success and failure so the entrepreneurs should be willing to take risk.
- 3) **Motivation**: Entrepreneurs should be a motivated person and learns from every opportunity.
- 4) **Self- Confidence**: Entrepreneurs should have courage, confidence and ability to lead others.
- 5) **Learning from mistake**: Entrepreneurs should have ability to learn from their mistakes and failures.
- 6) **Decision making ability**: Entrepreneurs should have ability to take suitable decision at the right time.

**4. State any six functions of an entrepreneur.**

**Answer:**

The six function of an entrepreneur are: ( choose any 6)

- 1) Identify opportunities
- 2) Turning ideas into action
- 3) Flexibility ( Practical) Study
- 4) Resourcing
- 5) Setting up of Enterprise
- 6) Managing of Enterprise
- 7) Growth and development



## **The 6 functions of entrepreneur:**

### **Identify Opportunity:**

- ✓ There are many opportunities in the world of business.
- ✓ An entrepreneur senses the opportunities faster than common man.

### **Turning ideas into action:**

- ✓ An entrepreneur should be capable of turning his ideas into reality.
- ✓ He collects information regarding the ideas, products, practices to suit the demand in the market to achieve the goal.

### **Flexibility study:**

- ✓ The entrepreneur has a project plan. He conducts studies to assess the market feasibility.
- ✓ He anticipates problems and assesses quantity, quality, cost and sources of inputs required to run the enterprise.

### **Resourcing:**

- ✓ An entrepreneur needs various resources in terms of money, machine, material, and men.
- ✓ He collects all these resources and runs his project successfully.

### **Setting up of enterprise:**

- ✓ For setting up an enterprise, the entrepreneur will have to fulfill some legal formalities.
- ✓ He also tries to find out a suitable location, design the premises, install machinery and do many other things.

### **Managing of Enterprise:**

- ✓ An entrepreneur has to manage men, material, finance and organize production of goods and services.
- ✓ He has to market each product and service, after ensuring appropriate returns/ profits on the investment.
- ✓ Only a properly managed organization yields desired results.

### **Growth and Development:**

- ✓ Once the enterprise achieves its desired results, the entrepreneur has to explore another higher goal for its proper growth and development.
- ✓ He has to always try achieve excellence in his work using innovative ideas.

**5. Which factors of the location of the business, the entrepreneur should consider.**

- A. Sources of supply of raw material
- B. Nearness to the market
- C. Availability of labor and transportation
- D. All the above**

**6. An Entrepreneur is a person who**

- (A) Generates jobs for himself only.
- (B) Learns only after committing the mistakes repeatedly.
- (C) Cannot take risks in converting ideas into action
- (D) Is creative and innovative in terms of identifying opportunities.**

**7. Which is not a quality of a successful entrepreneur?**

- (A) Motivation
- (B) Willingness to assume risk
- (C) Decision making ability
- (D) Lack of self confidence**

**8. Veena who had been working as a Human Resource Manager in a company decides to start her own business. What qualities she should possess to be a successful entrepreneur? Explain any four such qualities.**

**Answer:**

Veena should have following qualities to become a successful entrepreneur:

- 1) **Initiative** – Entrepreneurs should be able to take initiatives and use all advantages of opportunities.
- 2) **Willingness to take risk:** Business has both success and failure so the entrepreneurs should be willing to take risk.
- 3) **Motivation:** Entrepreneurs should be a motivated person and learns from every opportunity.
- 4) **Self- Confidence:** Entrepreneurs should have courage, confidence and ability to lead others.
- 5) **Learning from mistake:** Entrepreneurs should have ability to learn from their mistakes and failures.

6) **Decision making ability:** Entrepreneurs should have ability to take suitable decision at the right time.

9. Explain briefly feasibility study and identifying opportunity which are the quality of entrepreneur

**Answer:**

1) **Flexibility study:**

- ✓ The entrepreneur has a project plan. He conducts studies to assess the market feasibility.
- ✓ He anticipates problems and assesses quantity, quality, cost and sources of inputs required to run the enterprise.

2) **Identify Opportunity:**

- ✓ There are many opportunities in the world of business.
- ✓ An entrepreneur senses the opportunities faster than common man.

10. While selecting a line of business an entrepreneur must keep in his/her mind:

- (A) Profitability
- (B) Risk involved
- (C) Profits
- (D) All above**

11. Define entrepreneurship and explain any three reasons why entrepreneurship is important?

**Answer:**

Entrepreneurship is defined as **the act of a person who undertakes innovation, finances and business activities** to **transform innovation into economic goods.**

**Importance of Entrepreneur:**

- 1) **Providing employment to people.**
- 2) **Contributes towards development system.**
- 3) **Creates wealth for nation.**

**Explanation:**

1) **Providing employment to people.**

- ✓ There is lots of opportunity for business as everyone in this world has different requirement and are looking out in the market for their needs.
- ✓ Entrepreneurs are self employed and are also capable of provided employment to others.

**Contributes towards development system.**

- ✓ Almost 2/3 rd of all innovations are due to the entrepreneurs.
- ✓ New Invention provides easier way of getting things done and development happens.

## 2) Creates wealth for nation.

- ✓ Entrepreneurs create wealth for their country and this leads to the development of it.
- ✓ Entrepreneurs contribute to economy in form of products and services.
- ✓ Their ideas, thoughts and invention also is of great help to our society.

## TERMINAL QUESTIONS

### 1. Explain the concept of 'entrepreneurship'.

- 1) Entrepreneurship is act of being an Entrepreneur.
- 2) It is defined as the person who undertakes innovation, finances and business activities to transform innovation into economic goods.
- 3) It is starting of new business or developing the present business based on the opportunity.
- 4) Entrepreneur is a creative thinker and innovator who takes risks and invest money to generate profit.
- 5) Entrepreneurship consists of practices and skills of a person constantly trying for growth and excellence.
- 6) Both small and large business contributes to economic development of our country so entrepreneurship is very important.

### 2. Give any three features of an entrepreneur.

Three features of an Entrepreneur are:

- 1) Initiative
  - 2) Willingness to take risk
  - 3) Motivation
- 1) Initiative: Entrepreneur should be able to initiate action and take advantage of opportunity.
  - 2) Willingness to take risk: In Business, there is always risk of failure. An Entrepreneur should be willing to take risk to run business and gain success.
  - 3) Motivation: Entrepreneur should be motivated to take initiatives and face risks bravely.

### 3. State the importance of an entrepreneur.

Importance of Entrepreneur:

- 1) Providing employment to people.
- 2) Contributes towards development system.
- 3) Creates wealth for nation.

**4. Describe any three qualities of a successful entrepreneur.**

- 1) **Initiative** – Entrepreneurs should be able to take initiatives and use all advantages of opportunities.
- 2) **Willingness to take risk** : Business has both success and failure so the entrepreneurs should be willing to take risk.
- 3) **Motivation**: Entrepreneurs should be a motivated person and learns from every opportunity.

**5. Explain how motivation is a key to success.**

- 1) Motivation is the key to success.
- 2) Once you get motivated to do something you will not rest unless you complete it.
- 3) For example, sometimes you become so much interested in reading a story or a novel that you do not sleep unless you complete it. This kind of interest in the work comes through motivation.

**6. Explain the various functions of an entrepreneur.**

**7 FUNCTIONS OF ENTREPRENEUR:**

- 1) **I**dentify opportunities
- 2) **T**urning ideas into action
- 3) **F**lexibility (Practical) Study
- 4) **R**esourcing
- 5) **S**etting up of Enterprise
- 6) **M**anaging of Enterprise
- 7) **G**rowth and development

**[ITFRSMG – IT/FR/SM/G : I Try Fun Rhymes, Songs and Music with Guitar.]**

**7. What are the factors you would like to consider if you start a small enterprise to produce ball pen.**

Following are the factors, I will consider to start small enterprise to produce ball pen:

- 1) The knowledge, I have about this business.
- 2) Finance: I must plan for the fixed and working capital. I will invest some amount from my saving and for remaining will take loans from bank for the business.
- 3) I must study the business opportunity and market demand. I will make arrangements for profitability, risks and investments.
- 4) I will be sole -proprietor for my organization.
- 5) I must start in a location where I can get raw material easily.
- 6) I must find right kind of persons for the business like labour, skilled and unskilled labour, technical staffs etc.