Chapter 6: Entrepreneurship

Repeated Questions:

1. Entrepreneur – Characteristics:

- **Q.** State the characteristics of a good entrepreneur. / Discuss characteristics of a good Entrepreneur. / Describe important attributes required in an entrepreneur. **(SUMMER 2023, 3 Marks OR; WINTER 2023, 4 Marks OR; WINTER 2024, 7 Marks; SUMMER 2026, 3 Marks OR)**

Answer:

Characteristics of a Good Entrepreneur:

- **Risk-Bearing Ability:** Willingness to take calculated risks and face uncertainty in business.
- **Innovativeness:** Ability to generate new ideas, products, or processes and implement them.
- **Self-Confidence and Initiative:** Belief in own abilities; takes initiative without waiting for instructions.
- **Leadership and Decision-Making:** Guides and motivates a team; makes timely decisions under pressure.
- **Hard Work and Perseverance:** Sustained effort and determination to overcome obstacles.
- **Achievement Motivation:** Strong desire to achieve goals and excel; sets challenging targets.
- **Flexibility and Adaptability:** Adjusts to changing market conditions and learns from failure.
- **Financial and Managerial Skills:** Understands costs, profits, resource allocation, and basic management functions.

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2. Government Support and Incentives:

- **Q.** State various government incentives to entrepreneurs. / Describe various government financial initiatives for entrepreneurship development. / What financial initiatives does the government have in place to support the growth of entrepreneurship? **(SUMMER 2023, 7 Marks; WINTER 2023, 4 Marks; WINTER 2025, 7 Marks OR)**

Answer:

Government Incentives and Financial Initiatives for Entrepreneurship:

- **Financial Assistance and Subsidies:** Capital subsidy, interest subsidy, and margin money schemes for new ventures (e.g., PMEGP, CGTMSE).
- **Loans and Credit Guarantee:** Collateral-free loans under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE); concessional loans from SIDBI, NABARD.
- **Tax Incentives:** Tax holidays, deductions under Startup India, and exemptions for specific sectors/locations.
- **Infrastructure Support:** Industrial estates, parks, incubators, and plug-and-play facilities provided by state and central agencies.
- **Training and Skill Development:** Entrepreneurship Development Programmes (EDPs), MSME training institutes, and mentoring support.
- **Startup India and Stand-Up India:** Funding support, simplified compliance, and platform for startups; Stand-Up India for SC/ST and women entrepreneurs.
- **Market Linkages:** Government e-Marketplace (GeM), public procurement preferences, and export promotion incentives.

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3. Obstacles in Entrepreneurial Development:

- **Q.** List the obstacles in the way of Entrepreneur's development. / List out obstacles in the way of an Entrepreneur's development. **(SUMMER 2022, 3 Marks OR; SUMMER 2024, 4 Marks)**

Answer:
Obstacles in Entrepreneurial Development:

- **Financial Constraints:** Lack of adequate capital, difficulty in obtaining loans, and high cost of credit.
- **Lack of Skilled Labour:** Shortage of trained and technically qualified manpower.
- **Bureaucratic Hurdles:** Complex licensing, regulatory approvals, and delayed clearances.
- **Poor Infrastructure:** Inadequate power, transport, and communication facilities.
- **Market Competition:** Strong competition from established large firms and imported goods.
- **Lack of Awareness and Training:** Limited knowledge of government schemes, technology, and modern management practices.
- **Risk Aversion:** Fear of failure and low tolerance for risk among potential entrepreneurs.

Other Important Questions:

1. Concept of Entrepreneurship:

- **Q.** Define Entrepreneur and Entrepreneurship. **(SUMMER 2022, 3 Marks)**

Answer:
Entrepreneur: An entrepreneur is a person who organizes, manages, and assumes the risk of a business venture to produce goods or services for profit.

Entrepreneurship: Entrepreneurship is the process of identifying opportunities, mobilizing resources, and creating a new venture while bearing the associated risks.

- **Q.** Explain the concept of Entrepreneurship. **(WINTER 2022, 3 Marks OR)**

Answer:
Concept of Entrepreneurship:

- **Opportunity Identification:** Recognizing unmet needs and market gaps.
- **Resource Mobilization:** Bringing together capital, labour, technology, and materials.
- **Innovation and Value Creation:** Introducing new products, processes, or business models.
- **Risk Bearing:** Assuming financial and operational risks of the venture.
- **Profit and Growth:** Aiming for economic returns and sustainable business growth.

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2. Industrial Finance:

- **Q.** Briefly state sources of industrial finance. **(SUMMER 2022, 4 Marks OR)**

Answer:
Sources of Industrial Finance:

- **Internal Sources:** Retained earnings, owner's capital, and sale of assets.
- **Bank Loans and Institutional Finance:** Term loans, working capital loans from banks and financial institutions (SIDBI, IFCI, IDBI).
- **Equity and Debt Capital:** Issue of shares and debentures in the capital market.
- **Government Schemes and Subsidies:** MSME schemes, PMEGP, state industrial incentives.
- **Venture Capital and Angel Investors:** Equity funding for high-growth startups.

- **Trade Credit and Leasing:** Credit from suppliers; equipment leasing/hire purchase.
