

Class 11 · Entrepreneurship · Unit 1

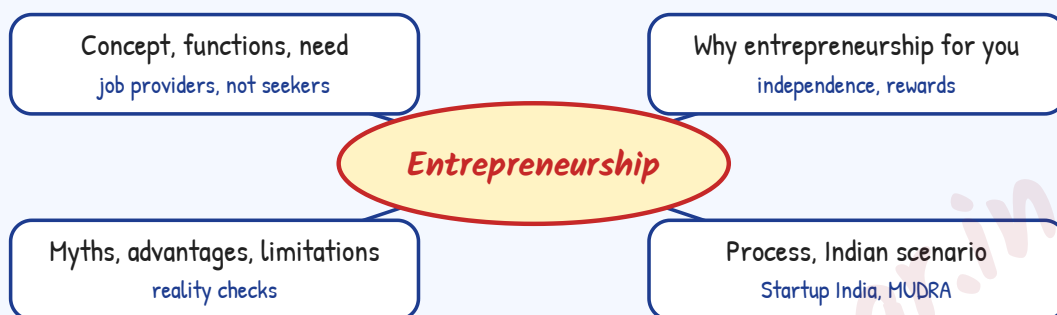
Chapter 1

Entrepreneurship: Concept and Functions



CBSE Entrepreneurship (066) syllabus 2026-27 · Units 1-3 = 15 marks of 70

Chapter map



What is inside

1. Concept notes with tables and diagrams
2. Important textbook questions, fully solved
3. Exam-pattern questions (CBSE 066), fully solved
4. Practice A-G with a case study, 20 MCQs, 6 A-R, answers, summary

Colour code used

red = key term green = definition

purple = sub-heading black = explanation

★ **Exam tip:** Learn the **definition**, the **functions** of an entrepreneur, the **need** for entrepreneurship, at least five **myths** with the reality, the **steps of the process**, and two or three **government schemes**. Case questions ask you to identify a function or a myth from a story.

Based on the CBSE Entrepreneurship syllabus 2026-27 and the CBSE textbook. All answers written by us.

1.1 Concept of entrepreneurship ★★

Entrepreneurship is the process of identifying an opportunity, mobilising resources and bearing risk to create a new venture that adds value and earns profit. The word comes from the French **entreprendre**, "to undertake".

entrepreneur	the person who perceives the opportunity, takes the risk and starts the venture
entrepreneurship	the process or activity of doing so
enterprise	the business unit (venture) that results

Characteristics of entrepreneurship

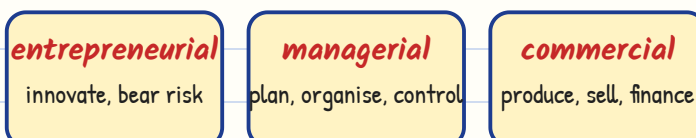
- **economic and purposeful activity**: aims at value creation and profit
- **creative and innovative**: new products, methods or markets
- **risk-bearing**: uncertainty of outcome is accepted
- **organisation of resources**: land, labour, capital, technology combined
- **a process**, not a one-time act; can be learnt
- **value creation** for customers and society

★ **Exam tip**: The aim of the course: to create "job providers rather than job seekers".

1.2 Functions of an entrepreneur ★★★

entrepreneurial functions	
innovation	introducing a new product, method, market, source of supply or organisation (Schumpeter's view)
risk and uncertainty bearing	investing money and effort when the result is uncertain
opportunity identification	spotting unmet needs and gaps
organisation building	bringing together and coordinating land, labour, capital and technology
managerial functions	
planning (setting goals), organising (structure), staffing (hiring), directing (leading, motivating), controlling (checking against plans)	
commercial functions	
production (making goods), marketing (selling), finance (raising and using funds), accounting (records), human resource management	

functions of an entrepreneur



1.3 Need for entrepreneurship ★★★

economic development	new enterprises raise output, national income and growth
employment generation	self-employment for the entrepreneur and jobs for others
balanced regional development	enterprises in backward and rural areas reduce regional imbalance

better standard of living	more and cheaper goods and services, higher incomes
capital formation	mobilises idle savings into productive investment
innovation and technology	new products and methods improve efficiency
use of local resources	local materials and skills (handicrafts, food processing) are put to use
export promotion	earns foreign exchange
reduces concentration of economic power	many small owners instead of a few big ones
social change	solves social problems; empowers women and youth

1.4 Why entrepreneurship for you ★★

independence	be your own boss; take your own decisions
financial rewards	income is not capped like a salary
self-fulfilment	turn a passion or idea into reality; sense of achievement
use of talent and creativity	freedom to try new ideas
job creator	provide jobs to others; status and respect in society
flexibility	choose work, hours and place
contribution to society	solve problems of the community and nation

Career view: entrepreneurship is a **career option** like a job or profession. A student can begin small (home bakery, tuition, app, handicraft shop), learn by doing, and grow. Skills needed: creativity, risk-taking, decision-making, communication, financial sense.

job (wage employment)	entrepreneurship
fixed salary, low risk	uncertain income, high risk, high reward
works under others	own boss, makes decisions
job seeker	job provider

1.5 Myths about entrepreneurship ★★★

myth	reality
entrepreneurs are born, not made	entrepreneurial skills can be learned through education, training and experience
you need a lot of money to start	many start small with savings, loans (MUDRA) or investors; ideas and effort matter more
it is all luck	success comes from planning, hard work and preparation; "luck" is preparation meeting opportunity
entrepreneurs are gamblers (wild risk-takers)	they take calculated, moderate risks after study
you need a totally new idea	most succeed by improving an existing product or service
it is only for the young or highly educated	people of any age, background and education succeed
entrepreneurs work alone and are their own boss with no one to answer to	they answer to customers, investors, employees and the law; teams are vital
failure is the end	failure is a lesson; many succeed after failing

it is **easy** and gives quick money

it needs long hours, patience and persistence

1.6 Advantages and limitations ★★

advantages	limitations
independence and control	uncertainty of income , especially at the start
unlimited earning potential	risk of losing invested money
personal satisfaction and recognition	long working hours , stress
creativity and innovation	full responsibility for every decision
job creation; service to society	difficulty in raising finance; competition
learning and growth	personal and family life may suffer

★ **Exam tip: Answer pattern:** for "state the advantages", write a heading and one line of explanation for each; for a myth question, always give the **myth and the reality**.



1.7 Process of entrepreneurship ★★★

- 1 Discovery: idea generation and opportunity identification
- 2 Evaluation: feasibility study of the opportunity
- 3 Planning: preparing the business plan
- 4 Resourcing: mobilising money, people, materials
- 5 Launching and managing the enterprise
- 6 Growth (scaling up) or harvesting (exit)

Self-assessment comes before all: does the person have the interest, skills and willingness to take risk? The process is **continuous**: a successful entrepreneur keeps looking for new opportunities.

1.8 Entrepreneurship: the Indian scenario ★★

India has a long tradition of trade and enterprise (merchant communities, artisans, cooperatives like Amul, Lijjat Papad). After 1991 liberalisation, and with digital growth, India has become one of the **largest start-up ecosystems** in the world, with many **unicorns** (start-ups valued at over US \$1 billion) in fintech, e-commerce, edtech and food delivery.

scheme	purpose
Startup India (2016)	recognition, tax benefits, easier compliance, Fund of Funds for start-ups
Stand-Up India (2016)	bank loans for SC/ST and women entrepreneurs

MUDRA (2015)	collateral-free loans to micro units: Shishu, Kishore, Tarun
Make in India (2014)	promotes manufacturing in India
Atal Innovation Mission (2016)	Atal Tinkering Labs in schools, incubation centres
Skill India, PMEGP	skill training; credit-linked subsidy for micro enterprises
District Industries Centre (DIC)	district-level guidance, registration and support for small units

Challenges: access to finance, infrastructure, red tape, fear of failure, social preference for safe jobs, lack of mentoring in small towns.

Key Terms: entrepreneur, entrepreneurship, enterprise, innovation, risk bearing, functions, myths, process, start-up, unicorn, Startup India, MUDRA, DIC.

Important textbook questions, fully solved

1. Define entrepreneurship. Distinguish between entrepreneur, entrepreneurship and enterprise.

Ans. Entrepreneurship is the process of identifying an opportunity, mobilising resources and bearing risk to create a new venture that adds value and earns profit. The **entrepreneur** is the person who does this; **entrepreneurship** is the process or activity; the **enterprise** is the business unit created.

2. Explain the functions of an entrepreneur.

Ans. (1) **Entrepreneurial:** innovation (new product, method, market), risk and uncertainty bearing, opportunity identification, organisation building. (2) **Managerial:** planning, organising, staffing, directing and controlling. (3) **Commercial:** production, marketing, finance, accounting and human resource management.

3. Why does India need entrepreneurs?

Ans. (1) **Economic development:** higher output and income. (2) **Employment generation:** self-employment and jobs. (3) **Balanced regional development:** units in backward areas. (4) **Better standard of living.** (5) **Capital formation** from idle savings. (6) **Innovation.** (7) **Use of local resources.** (8) **Export promotion.** (9) **Reduces concentration** of economic power.

4. State any five myths about entrepreneurship with the reality.

Ans. (1) Born, not made → skills can be learnt. (2) Need a lot of money → many start small with savings or MUDRA loans. (3) It is luck → success comes from planning and hard work. (4) Entrepreneurs are gamblers → they take calculated risks. (5) Need a totally new idea → most improve existing products. (6) Failure is the end → failure teaches; many succeed later.

5. Explain the steps of the entrepreneurial process.

Ans. (1) **Discovery:** generating ideas and identifying the opportunity. (2) **Evaluation:** feasibility study. (3) **Planning:** business plan. (4) **Resourcing:** money, people, materials. (5) **Launching and managing** the enterprise. (6) **Growth or harvesting:** scaling up or exiting.

6. Name four government schemes that support entrepreneurs in India.

Ans. Startup India (recognition, tax benefits, funds), Stand-Up India (loans to SC/ST and women), MUDRA (collateral-free micro loans: Shishu, Kishore, Tarun), Atal Innovation Mission (tinkering labs, incubators); also Make in India, PMEGP, DIC.

Exam-pattern questions, fully solved

Exam-style · 1 mark The word "entrepreneur" comes from the French word meaning: (A) to trade (B) to undertake (C) to invest (D) to manage [1]

Ans. (B) to undertake (entreprendre)

Exam-style · 1 mark Introducing a new product in the market is the function of: (A) controlling (B) accounting (C) innovation (D) staffing [1]

Ans. (C) innovation

Exam-style · 1 mark MUDRA loans are given under three categories. Which is not one? (A) Shishu (B) Kishore (C) Tarun (D) Yuva [1]

Ans. (D) Yuva

Exam-style · 3 marks Riya says, "I cannot start a business because entrepreneurs are born, I don't have lakhs of rupees, and it all depends on luck." Identify the three myths and give the reality of each. [3]

Ans. (1) Entrepreneurs are born, not made: reality, entrepreneurial skills can be learnt through education, training and experience. (2) **A lot of money is needed:** reality, many start small with savings, family help or MUDRA loans. (3) **It is all luck:** reality, success comes from planning, hard work and preparation.

Exam-style · 3 marks Explain three commercial functions of an entrepreneur. [3]

Ans. (1) Production: deciding what, how and how much to produce; arranging plant and materials. (2) **Marketing:** studying customers, pricing, distribution and promotion to sell the product. (3) **Finance:** estimating capital needs, raising funds and using them well (also accounting and HR).

Exam-style · 4 marks Explain any four ways in which entrepreneurship helps a developing country like India. [4]

Ans. (1) Employment generation: self-employment and jobs for others, reducing unemployment. (2) **Balanced regional development:** enterprises in rural and backward areas spread growth. (3) **Capital formation:** idle savings are invested productively. (4) **Export promotion:** goods sold abroad earn foreign exchange (also better standard of living, innovation, use of local resources).

Exam-style · 5 marks "Entrepreneurship is a process." Explain the steps of this process. [5]

Ans. (1) Discovery: the entrepreneur generates ideas and identifies an opportunity from problems, needs or change. (2) **Evaluation:** a feasibility study checks whether there is demand, whether it can be made, and whether it will pay. (3) **Planning:** a business plan sets goals, strategies and resources needed. (4) **Resourcing:** finance, people, materials and technology are mobilised. (5) **Launching and managing:** the enterprise is set up and run; later it **grows** (expansion) or is **harvested** (sold or exited).

Exam-style · case Aman left a bank job and started a solar-lamp unit in his village, employing ten local women. He bought panels in bulk, kept accounts, and later began selling to nearby states. (i) Is Aman [1 × 4] a job seeker or job provider? (ii) Name one need of entrepreneurship shown. (iii) Name a commercial function. (iv) State one limitation he may face.

Ans. (i) job provider (ii) employment generation or balanced regional development (iii) accounting (or production, marketing) (iv) uncertainty of income or risk of loss

Practice set: test yourself *Exam-style*

A. Fill in the blanks (1 mark each)

1. The business unit created by an entrepreneur is an _____.
2. Planning, organising and controlling are _____ functions.
3. Entrepreneurs take _____ risks, not wild ones.
4. A start-up valued above US \$1 billion is a _____.
5. Startup India was launched in _____.
6. The course aims to create job _____, not job seekers.

B. True or false? (1 mark each)

1. Entrepreneurship can be learnt.
2. Every entrepreneur needs a totally new idea.
3. Entrepreneurs face uncertainty of income.
4. Marketing is a managerial function.
5. Entrepreneurship promotes capital formation.
6. Failure always ends an entrepreneur's career.

C. Very short answer (1 mark each)

1. Define entrepreneur.
2. Name two entrepreneurial functions.
3. What is Stand-Up India?
4. Give one advantage of entrepreneurship for you.

D. Short answer I (2 marks each)

1. Distinguish between a job and entrepreneurship.
2. Explain risk bearing as a function.
3. State two limitations of entrepreneurship.
4. What is the role of a DIC?

E. Short answer II (3 marks each)

1. Explain three managerial functions.
2. Explain three reasons why entrepreneurship is a good career for you.

F. Long answer (5 marks)

1. Explain the need for entrepreneurship in India.

G. HOTS

1. "Entrepreneurs are gamblers." Do you agree? Justify.

Case study: Sunita, 45, started a pickle business at home with Rs 20,000, after a MUDRA Shishu loan. In the first year she made a loss, but she changed her packaging and now supplies to supermarkets.

(i) Which two myths does her story break? (ii) Name the scheme she used. (iii) Which stage of the process is "changing packaging and supplying to supermarkets"? (iv) Name one quality she showed. [4]

20 MCQs

1. Entrepreneurship is best described as:
(A) a government post (B) a salaried job (C) a process of creating a new venture (D) a hobby
2. The person who undertakes a venture is the:
(A) entrepreneur (B) employee (C) consumer (D) auditor
3. Innovation as the key function was stressed by:
(A) Adam Smith (B) Taylor (C) Keynes (D) Schumpeter
4. Which is a managerial function?
(A) innovation (B) planning (C) risk bearing (D) production
5. Which is a commercial function?
(A) directing (B) marketing (C) staffing (D) innovation
6. Entrepreneurs in backward areas help:
(A) concentration of power (B) imports (C) inflation (D) balanced regional development
7. Converting idle savings into investment is:
(A) capital formation (B) export promotion (C) staffing (D) controlling
8. "Entrepreneurs are born, not made" is a:
(A) fact (B) function (C) myth (D) scheme
9. Entrepreneurs usually take:
(A) no risk (B) wild risk (C) only others' risk (D) calculated risk
10. A limitation of entrepreneurship:
(A) independence (B) uncertainty of income (C) recognition (D) creativity
11. An advantage of entrepreneurship for you:
(A) fixed salary (B) no responsibility (C) independence (D) short hours
12. The first step of the entrepreneurial process:
(A) discovery of opportunity (B) resourcing (C) harvesting (D) launching
13. Preparing a business plan is the stage of:
(A) discovery (B) planning (C) harvesting (D) evaluation
14. Exiting by selling the business is:
(A) discovery (B) planning (C) harvesting (D) resourcing
15. MUDRA's smallest loan category is:
(A) Tarun (B) Yuva (C) Kishore (D) Shishu
16. Loans for SC/ST and women entrepreneurs:
(A) Stand-Up India (B) Make in India (C) Skill India (D) AIM
17. Atal Tinkering Labs are under:
(A) Atal Innovation Mission (B) MUDRA (C) PMEGP (D) DIC
18. District-level support for small units:
(A) RBI (B) SEBI (C) NITI Aayog (D) DIC
19. A start-up worth over US \$1 billion:
(A) decacorn (B) unicorn (C) pegasus (D) angel
20. The aim of the course is to create:
(A) job seekers (B) clerks (C) job providers (D) consumers

1 (C) · 2 (A) · 3 (D) · 4 (B) · 5 (B) · 6 (D) · 7 (A) · 8 (C) · 9 (D) · 10 (B) · 11 (C) · 12 (A) · 13 (B) · 14 (C) · 15 (D) · 16 (A) · 17 (A) · 18 (D) · 19 (B) · 20 (C)

Assertion-Reason (6)

(A) Both true, R explains A. (B) Both true, R does not explain A. (C) A true, R false. (D) A false, R true.

1. A: Entrepreneurship generates employment. R: Entrepreneurs employ themselves and others.

2. A: Entrepreneurship can be learnt. R: Skills like decision-making improve with training and experience.
 3. A: Entrepreneurs are gamblers. R: Entrepreneurs take calculated risks after study.
 4. A: A totally new idea is essential for success. R: Many entrepreneurs succeed by improving existing products.
 5. A: Entrepreneurs face uncertain income. R: Profit depends on how the venture performs.
 6. A: Innovation is an entrepreneurial function. R: Startup India was launched in 2016.

Key: 1 (A) · 2 (A) · 3 (D) · 4 (D) · 5 (A) · 6 (B)

Answers to the practice set

A. 1. enterprise 2. managerial 3. calculated 4. unicorn 5. 2016 6. providers

B. 1. T 2. F 3. T 4. F 5. T 6. F

C. 1. a person who identifies an opportunity, mobilises resources and bears risk to start a venture 2. innovation, risk bearing (also opportunity identification, organisation building) 3. a scheme giving bank loans to SC/ST and women entrepreneurs 4. independence (also rewards, self-fulfilment)

D. 1. job: fixed salary, low risk, works under others; entrepreneurship: uncertain income, high risk and reward, own boss, job provider 2. investing money and effort when the outcome is uncertain; profit is the reward for bearing risk 3. uncertainty of income; risk of loss (also long hours, full responsibility) 4. district-level guidance, registration and support for small units

E. 1. planning, organising, directing (also staffing, controlling) with one line each (see 1.2) 2. independence, financial rewards, self-fulfilment (see 1.4)

F. economic development, employment, balanced regional development, standard of living, capital formation, innovation, local resources, exports (see 1.3)

G. no: gamblers rely on chance; entrepreneurs study the market, plan, and take calculated, moderate risks they can manage

Case. (i) "you need a lot of money" and "failure is the end" (also "only for the young") (ii) MUDRA (Shishu) (iii) growth (scaling up) (iv) persistence (also creativity, risk-taking)

Last-night summary

- Entrepreneurship: identify opportunity, mobilise resources, bear risk, create value. Entrepreneur (person), entrepreneurship (process), enterprise (unit). Entrepreneur = to undertake.
- Functions: entrepreneurial (innovation, risk, opportunity, organisation), managerial (plan, organise, staff, direct, control), commercial (production, marketing, finance, accounts, HR).
- Need: development, employment, regional balance, living standard, capital formation, innovation, local resources, exports, less concentration.
- For you: independence, rewards, self-fulfilment, talent, job creator, flexibility. Limits: uncertain income, risk of loss, long hours, full responsibility.
- Myths: born not made, much money, luck, gamblers, new idea, only young, failure is end. Process: discovery → evaluation → planning → resourcing → launch → growth or harvest.
- India: big start-up ecosystem; Startup India, Stand-Up India, MUDRA, Make in India, AIM, PMEGP, DIC.