

Comprehensive Notes On Entrepreneurship Skills

Class IX - Employability Skills

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1 Introduction to Entrepreneurship

 **What It Is: Business** is an economic activity related to the continuous and regular production and distribution of goods and services for satisfying human wants.

 **What It Is: An Entrepreneur** is a person who is self-employed, willing to take a calculated risk, and brings in a new idea to start a business.

Why It Matters: Society has needs that are constantly changing. Sometimes there is a gap between what is needed and what is available. Entrepreneurs are the visionaries who spot this gap and turn it into a beneficial product or service, driving the world forward!

How It Works / Analogy: Imagine your friends hate eating oily chips, but they still want a tasty snack during breaks. If you just sell the same old chips, you are a traditional shopkeeper. But if you invent a baked, healthy, and spicy snack that everyone loves, you've solved a problem with a new idea—you are an entrepreneur!

1.1 Entrepreneur vs. Shopkeeper

It is crucial to understand that **all self-employed persons are not entrepreneurs**.

- **Shopkeeper/Traditional Business:** Someone who runs a local shop and sells existing products without adding new value.
- **Entrepreneur:** Someone who introduces a new method or idea in the business (e.g., Sowmya, who started making healthy, tasty snacks for college girls because they wanted to avoid junk food).

Key Definition

Enterprise: A project or undertaking that is bold and fulfills a need of society which no one has ever addressed.

Key Definition

Entrepreneurship: The process of developing a business plan, launching and running a business using innovation to meet customer needs and to make a profit.

2 Role of Entrepreneurship

Entrepreneurs are the backbone of a country's growth. Here is how they contribute:

1. **Economic Development (Money in Circulation):** ₹ As entrepreneurs create value, investors put money into their businesses. They buy raw materials, pay salaries, and sell goods. This keeps money flowing in the economy.
2. **Social Development (Creation of Jobs):** 👥 When a business grows, it needs more people. This creates high-quality jobs, leading to more people earning money and having a better life.
3. **Improved Standard of Living:** 😊 Entrepreneurs sell products that make life comfortable. For example, selling antibacterial soap in villages reduces sickness.

4. **Optimal Use of Resources:** 🍃 Entrepreneurs find the most efficient ways to use natural resources (renewable and non-renewable) to reduce costs and increase profits.
5. **More Benefits at Lower Prices:** 💡 Competition among entrepreneurs forces them to lower prices. For example, mobile phones are much cheaper now than they were 15 years ago due to heavy competition.

3 Qualities of a Successful Entrepreneur

To be a successful entrepreneur, one must possess specific traits to overcome challenges.

★ Key Qualities:

- **Patience:** Success doesn't happen overnight. It took Sushma, the toy maker, 2 years of hard work before her business truly succeeded.
- **Positivity:** When facing failures, entrepreneurs must think positively and learn from complaints (e.g., softening sharp edges of toys based on feedback).
- **Hardworking, Never Giving Up (Perseverance / Grit):** They continuously work hard towards their goals despite failures.
- **Confidence:** They must believe in themselves and their product to communicate effectively with customers.
- **Open to Trial and Error:** Willingness to experiment with new ideas until the business becomes successful.
- **Creativity and Innovation:** The ability to see a problem from different perspectives and find original solutions.

4 Distinguishing Characteristics: Entrepreneurship vs. Wage Employment

🔗 **What It Is:** **Wage Employment** is when a person works for an employer and receives a fixed salary. **Entrepreneurship** involves running your own business and bearing risks to make a profit.

Feature	Entrepreneurship	Wage Employment
Role	Owner / Boss	Employee
Risk	Takes calculated risks	Minimal risk
Income	Profits (uncertain but can be very high)	Salary (Fixed and regular)
Job Nature	Finding solutions and innovating	Following instructions given by the employer

Key Terms

- **Profit:** The excess earning after deducting all expenses (e.g., selling sweets for Rs 42/kg when it costs Rs 35/kg gives a profit of Rs 7/kg).
- **Risk:** A situation where the result is not known and could lead to a loss. Entrepreneurs take *calculated risks*.

5 Types of Business Activities

Businesses are broadly categorized into three types:

1. **Product Business:** A business where the seller and buyer exchange a tangible item that can be seen and touched.
 - **Manufacturing:** Making a product (e.g., a factory making sports equipment).
 - **Trading:** Buying and selling a finished product (e.g., a sports shop).
2. **Service Business:** Providing intangible help to a buyer. It cannot be stored. (e.g., Cricket coaching center, hair salon).
3. **Hybrid Business:** A mix of both product and service. (e.g., A restaurant where food is the product and catering/serving is the service).

6 Entrepreneurship Development Process

The process of improving the skills and knowledge of entrepreneurs is called entrepreneurship development. Starting a business generally follows four steps:

☰ The 4 Steps of Starting a Business:

1. **Idea:** Coming up with a business idea based on a personal interest (e.g., making dosa) or a market need.
2. **Getting Money and Material:** Starting on a small scale by acquiring basic funds and raw materials.
3. **Understanding Customer Needs:** Selling the product and listening to customer feedback (what they like/dislike).
4. **Improving Product/Service:** Using the feedback to improve the product (e.g., Prem Ganapathy adding Chinese flavors to his dosas to attract more customers).

7 Comprehensive Question Bank

7.1 Multiple Choice Questions (MCQs)

1. What is an economic activity related to the continuous production and distribution of goods?

- A) Charity B) Business C) Hobby D) Donation

Answer: B) Business. *Explanation:* Business caters to the needs of society by producing and distributing goods continuously.

2. An entrepreneur is someone who:

- A) Avoids all risks C) Takes calculated risks D) Only saves money
B) Works for a salary risks

Answer: C) Takes calculated risks. *Explanation:* Entrepreneurs bring new ideas and are willing to take calculated risks.

3. What does a traditional shopkeeper lack that an entrepreneur has?

- A) Money B) Innovation/New Idea C) Shop D) Customers

Answer: B) Innovation/New Idea. *Explanation:* A traditional shopkeeper just sells existing things, while an entrepreneur innovates.

4. Which of these is an example of a service business?

- A) Selling cars B) Hair salon C) Making shoes D) Grocery store

Answer: B) Hair salon. *Explanation:* Services are intangible and cannot be stored, like a haircut.

5. What type of business is a restaurant?

- A) Product B) Service C) Hybrid D) Manufacturing

Answer: C) Hybrid. *Explanation:* It sells food (product) and provides dining experience (service).

6. Money in circulation improves the economy because:

- A) People stop buying in business money
B) Investors put money C) Everyone saves D) Banks close

Answer: B) Investors put money in business. *Explanation:* Business growth encourages investments and spending on raw materials and salaries.

7. The ability of an entrepreneur to not give up after failures is called:

- A) Patience B) Perseverance C) Positivity D) Confidence

Answer: B) Perseverance. *Explanation:* Working hard continuously till success is achieved is perseverance (grit).

8. Prem Ganapathy (Dosawala) succeeded because he:

- A) Had a lot of money C) Understood customer needs D) Only sold one type of dosa
B) Copied other shops

Answer: C) Understood customer needs. *Explanation:* He listened to customers and created 108 types of dosas.

9. A business where a seller helps a buyer finish some work without exchanging physical goods is:

- A) Manufacturing B) Trading C) Service D) Hybrid

Answer: C) Service. *Explanation:* Service involves providing time and skills, like teaching or plumbing.

10. In wage employment, a person earns:

- A) Profit B) Salary/Wage C) Dividends D) Interest

Answer: B) Salary/Wage. *Explanation:* Employees receive fixed and regular salaries from their employers.

11. The first step of the Entrepreneurship Development Process is:

- A) Getting money B) Improving product C) Idea D) Customer needs

Answer: C) Idea. *Explanation:* Every business starts with identifying an opportunity and having a business idea.

12. Which quality helps an entrepreneur learn from mistakes without getting upset?

- A) Creativity B) Positivity C) Arrogance D) Wealth

Answer: B) Positivity. *Explanation:* Positivity allows an entrepreneur to take failures constructively.

13. A business making products in a factory is called:

- A) Trading B) Service C) Manufacturing D) Retail

Answer: C) Manufacturing. *Explanation:* Manufacturing involves creating products from raw materials.

14. Excess earning after deducting all expenses is known as:

- A) Risk B) Capital C) Profit D) Investment

Answer: C) Profit. *Explanation:* Profit = Revenue - Expenses.

15. Which of the following is NOT an advantage of entrepreneurship?

- A) Working for yourself B) High fixed salary C) Making own profit D) Doing what you love

Answer: B) High fixed salary. *Explanation:* Entrepreneurs earn profit, which is uncertain, not a fixed salary.

7.2 Assertion-Reasoning Questions

Options: A) Both A and R are true and R is the correct explanation of A. B) Both A and R are true but R is not the correct explanation of A. C) A is true, R is false. D) A is false, R is true.

1. **Assertion (A):** Every self-employed person is an entrepreneur.
Reason (R): An entrepreneur must introduce a new idea or method to solve a problem.
Answer: D) A is false, R is true. *Explanation:* A traditional shopkeeper is self-employed but not necessarily an entrepreneur because they lack innovation.
2. **Assertion (A):** Competition among entrepreneurs reduces prices for consumers.
Reason (R): Entrepreneurs constantly try to find optimal ways to use resources and lower costs to attract customers.
Answer: A) Both A and R are true and R is the correct explanation of A. *Explanation:* Innovation and resource optimization lead to cheaper and better products.
3. **Assertion (A):** A restaurant is considered a hybrid business.
Reason (R): It involves both selling a product (food) and providing a service (dining experience).
Answer: A) Both A and R are true and R is the correct explanation of A. *Explanation:* Hybrid businesses mix tangible goods and intangible services.
4. **Assertion (A):** Entrepreneurs avoid taking risks.
Reason (R): Taking risks always leads to complete failure in business.
Answer: Both A and R are false. *Explanation:* Entrepreneurs take calculated risks, and risks can lead to high profits, not just failure.
5. **Assertion (A):** Wage employment provides a more stable income than entrepreneurship.
Reason (R): In wage employment, employees receive a fixed salary regardless of the company's daily profits.
Answer: A) Both A and R are true and R is the correct explanation of A. *Explanation:* Employees are protected from business losses as they get a contracted wage.

7.3 One-Word / Brief Answer Questions

1. A person who introduces new ideas to solve a societal gap. (*Entrepreneur*)
2. The reward an entrepreneur receives for taking risks. (*Profit*)
3. A business activity where tangible goods are bought and sold without manufacturing. (*Trading*)
4. What do entrepreneurs create when they expand their businesses? (*Jobs*)
5. The quality of believing in oneself and communicating effectively. (*Confidence*)
6. A situation where the result is unknown and could lead to loss. (*Risk*)
7. The first phase of starting a business. (*Idea*)
8. An undertaking that is bold and fulfills an unaddressed need. (*Enterprise*)
9. A business providing intangible help, like a teacher or plumber. (*Service*)
10. The ability to wait for results and not give up early. (*Patience*)

7.4 Differentiate Between

Basis	Entrepreneur	Traditional Business Person
Innovation	Introduces new ideas, products, or methods.	Follows existing business models without major innovation.
Focus	Solving a societal gap or problem.	Simply buying and selling for a standard profit.

Basis	Product Business	Service Business
Tangibility	Involves physical, tangible items that can be seen and touched.	Involves intangible help or actions that cannot be touched.
Storage	Goods can be stored in warehouses.	Services cannot be stored; they are consumed instantly.

Basis	Manufacturing Business	Trading Business
Activity	Converts raw materials into finished goods.	Buys finished goods and sells them to consumers.
Example	A factory making shoes.	A retail shop selling shoes.

Basis	Entrepreneurship	Wage Employment
Risk	Bears high, calculated risks.	Bears minimal to no risk.
Income	Earns profits which are variable.	Earns a fixed and regular salary.

Basis	Service Business	Hybrid Business
Nature	Strictly offers intangible skills/help.	Offers a combination of physical products and intangible services.
Example	Hair salon.	Restaurant.

7.5 Short Answer Questions

1. Define Entrepreneurship.

Answer: It is the process of developing a business plan, launching, and running a business using innovation to meet customer needs and make a profit.

2. How do entrepreneurs help in the optimal use of resources?

Answer: Entrepreneurs constantly innovate to find the most efficient ways to use renewable and non-renewable natural resources to reduce their costs and increase profits.

3. What is a Hybrid Business? Give one example.

Answer: A hybrid business combines elements of both product and service businesses. For example, a restaurant sells food (product) and provides catering/serving (service).

4. **List the 4 steps of starting a business.**

Answer: 1) Business Idea, 2) Getting Money and Material, 3) Understanding Customer Needs, 4) Improving the Product/Service.

5. **What is the difference between a shopkeeper and an entrepreneur?**

Answer: A shopkeeper sells existing goods without adding new value. An entrepreneur introduces a new product, service, or method to solve a specific problem in society.

6. **How does an entrepreneur improve the standard of living?**

Answer: By introducing innovative, cheaper, and better-quality products (like affordable mobile phones or antibacterial soap), entrepreneurs make life more comfortable and healthier for people.

7. **Why is 'Understanding Customer Needs' crucial?**

Answer: It allows the entrepreneur to know what customers like or dislike, enabling them to improve the product and ensure long-term business success.

8. **Give an example of 'Positivity' in an entrepreneur.**

Answer: When customers complained about the sharp edges of Sushma's toys, she did not get angry or depressed. She positively accepted the feedback and made the edges softer.

9. **What is meant by 'Calculated Risk'?**

Answer: It means taking a chance only after carefully evaluating the possible outcomes and preparing a backup plan in case of failure, rather than acting blindly.

10. **How do entrepreneurs contribute to job creation?**

Answer: As an entrepreneur's business grows and expands, they need more hands to manage production, sales, and operations, thereby creating employment opportunities.

7.6 Long Answer Questions

1. **Describe the role of entrepreneurship in the economic and social development of a country.**

Answer: Entrepreneurship plays a vital role in national development:

- **Economic Growth:** Entrepreneurs create value and attract investments. They purchase raw materials, pay wages, and sell products, keeping money circulating in the economy.
- **Social Development:** Expanding businesses require more workforce, thus creating jobs. Better employment leads to higher incomes and a better lifestyle for society.
- **Standard of Living:** Through innovation and competition, entrepreneurs provide better products at lower prices, improving the overall quality of life.

2. **Explain the 4-step Entrepreneurship Development Process in detail.**

Answer: The process involves four key steps:

- **Step 1 - Idea:** Identifying a gap in the market or turning a hobby into a business concept.
- **Step 2 - Getting Money and Material:** Arranging initial capital (savings, loans) and procuring raw materials to start on a small scale.
- **Step 3 - Understanding Customer Needs:** Selling the product and actively seeking feedback to understand consumer preferences and dislikes.
- **Step 4 - Improving Product/Service:** Iterating and modifying the product based on feedback (adding variety, improving quality, or reducing cost) to ensure growth.

3. **Read the case of Prem Ganapathy (Dosawala). How does his story illustrate the key qualities of an entrepreneur?**

Answer: Prem's journey highlights multiple qualities:

- **Hardwork and Perseverance:** He started by washing plates and worked his way up despite having no friends or language skills in Mumbai.
- **Risk-taking:** He invested his savings into a small Dosa stall near a station.
- **Creativity and Innovation:** Utilizing his Chinese kitchen experience, he invented 108 varieties of dosas (like American Chopsuey dosa).
- **Open to Trial and Error:** Even after a failed partnership, he kept trying new locations and recipes until Dosa Plaza became a massive success.

4. **Compare and contrast Wage Employment and Entrepreneurship with suitable examples.**

Answer:

- **Wage Employment:** The person (employee) works for an organization (employer). They are assigned specific tasks, have fixed working hours, and receive a regular, guaranteed salary. The risk is minimal. Example: A manager in a bank.
- **Entrepreneurship:** The person works for themselves. They are responsible for all decisions, problem-solving, and innovations. The income (profit) fluctuates and is not guaranteed, but the potential rewards are very high. The risk is substantial. Example: The founder of a startup developing a new educational app.

5. **Classify business activities with examples and explain their sub-types.**

Answer:

- **Product Business:** Deals with tangible goods. It is further divided into *Manufacturing* (creating products from raw materials, like a toy factory) and *Trading* (buying finished goods to sell, like a retail stationery shop).
- **Service Business:** Deals with intangible actions or help that cannot be stored. Example: A hair salon or a tutoring center.
- **Hybrid Business:** Combines both products and services. Example: A restaurant sells food (product) but also provides ambiance and table service (service).

7.7 Case-Study / Competency-Based Questions

Case Study 1: Radhika was a cook in a small restaurant. She made enough money to support her family but wanted to do something bigger. She started her own street food stall selling special Punjabi parathas. Initially, the police did not allow her to run the stall. Instead of giving up, Radhika used her savings to start a 'Tiffin Service' where she cooked at home and delivered fresh food directly to nearby offices using bicycles.

1. What type of business activity is Radhika currently running? *Answer:* She is running a Hybrid Business (preparing the food is the product aspect, and delivering it is the service aspect).
2. Which entrepreneurial quality did Radhika show when the police stopped her stall? *Answer:* She showed Perseverance (never giving up) and Positivity by finding an alternative solution instead of shutting down her dream.
3. How did Radhika solve a societal problem? *Answer:* She provided fresh, home-cooked food to office workers who likely didn't have time to cook or access to healthy food.

4. Is Radhika an entrepreneur or a wage employee in her Tiffin service? Why? *Answer:* She is an entrepreneur because she started her own venture, took a financial risk with her savings, and innovated a delivery model to overcome a challenge.

Case Study 2: Rakesh noticed that children in his neighborhood were playing on the busy streets and often getting injured because there were no safe playgrounds. He took a loan, rented an empty, garbage-filled plot, and cleaned it up with his friends. He installed proper lighting, a security guard, and basic sports equipment. He charged a small monthly fee for children to play there safely.

1. What was the 'gap' or 'opportunity' that Rakesh identified? *Answer:* The lack of a safe playing environment for children in the neighborhood.
2. What type of business is Rakesh running? (Product, Service, or Hybrid) *Answer:* Service Business, as he is providing a safe experience and access to a facility rather than selling a tangible product.
3. Which step of the 'Entrepreneurship Development Process' does cleaning the plot and hiring a guard represent? *Answer:* Step 2: Getting Money and Material (utilizing the loan to secure the location and resources).
4. Explain one way Rakesh's business contributes to social development. *Answer:* It contributes to social development by improving the safety and health of children, and also creates a job for the security guard he hired.