

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

Class 12 commerce Sub. BST. Date 16.01.2021

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### ENTREPRENEURSHIP DEVELOPMENT

*Question 1:*

Clarify the meaning of the terms 'entrepreneur', 'entrepreneurship' and 'enterprise'.

**ANSWER:**

The three terms 'entrepreneur', 'entrepreneurship' and 'enterprise' are different yet interrelated to each other. An entrepreneur refers to a person/individual who starts up a business. He is the one who takes up the basic idea of setting up the business. In the process of setting up the business, he undertakes risk, coordinates production resources and undertakes innovation. This whole process of setting up a new business is called entrepreneurship. The final result, that is, the business which is established after undertaking the process of entrepreneurship is called an enterprise. Thus, 'entrepreneur is the person' who undertakes the 'process of entrepreneurship' to set up an 'enterprise'.

*Question 2:*

Why is entrepreneurship regarded as a creative activity?

**ANSWER:**

Entrepreneurship is a process of setting up ones own business by an individual. Entrepreneurship is regarded as a highly creative activity as it is said that entrepreneurship adds or creates 'value'. An entrepreneur creates a link between the raw materials and the products produced as per the needs of the society. Such process adds to the income and wealth. Even if new creation destroys the existing industries, for instance, new laptops are replacing the old desktop computers, it is termed as creative destruction. Entrepreneurship is also regarded as creative in the sense that it involves introduction of new products and technology. Even if new products or technology are not discovered rather adopted from existing ones, they are no less than innovation. This is because to use old techniques in a new way requires creativity. For instance, the creator of laptops used the old technique of table computers in a new way and thereby created laptops. Thus, creativity can be called as essence of entrepreneurship.

*Question 3:*

"Entrepreneurs undertake moderate risks". Elaborate this statement.

**ANSWER:**

In the writings of Richard Cantillon, an entrepreneur is described as an agent who purchases means of production at certain prices, converts them into final products to sell them at uncertain prices in future. Herein, the key element which needs to be taken into consideration is 'uncertainty regarding future'. When an entrepreneur starts up a new business he is never sure of its success. It may happen that the business may flourish in the successful direction or it might also happen that it ruins everything that the entrepreneur has. Although the possibility of absolute ruin is very rare, but the risk is always there. Moreover, when an individual opts for entrepreneurship as a career he gives up career in employment. That is, he gives up a well promised job or profession that provides assured returns. However, in reality what he is taking up is called moderate and calculated risk. When an entrepreneur decides to take up a new business venture, then first of all he weighs the favours against the odds on the basis of his skills, abilities and confidence. On this basis, they generally avoid the situations that are highly risky. Thus, they do undertake risks but such risks are moderate and calculated ones. They take up those ventures where the odds and favours are in equal probability and where they have the confidence of converting a only a 50% probability of success into 100% success. Thus, it can be said that they undertake moderate and calculated risk.