

## SHORT QUESTION

### Q.1. Define business.

Business is an activity of **producing or selling goods and services for profit.**

*Example:* Shopkeeper selling goods.

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### Q.2. Define entrepreneur.

Entrepreneur is a person who **starts and manages a business.**

*Example:* Factory owner.

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### Q.3. What is meant by entrepreneurship?

Entrepreneurship is the **process of starting and running a business.**

*Example:* Opening a startup.

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### Q.4. Write three features of an entrepreneur.

1. Risk-taking
2. Innovative
3. Decision-maker

*Example:* New business idea.

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### Q.5. Write three features of a business.

1. Profit motive
2. Risk involved
3. Continuous activity

*Example:* Daily sales.

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### Q.6. What is meant by planning?

Planning means **thinking before doing.**

*Example:* Production plan.

**Q.7. Why is planning important in business?**

Planning helps reduce risk and achieve goals.

*Example:* Avoids losses.

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**Q.8. What is meant by financial resources in business?**

Funds required for business operations.

*Example:* Capital.

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**Q.9. What is meant by risk in business?**

Chance of loss or failure.

*Example:* Demand fall.

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**Q.10. Three measures to avoid risks.**

1. Insurance
  2. Planning
  3. Market research
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**Q.11. Three types of business risks.**

1. Market risk
  2. Financial risk
  3. Operational risk
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**Q.12. Difference between internal and external risks.**

<b>Internal Risk</b>	<b>External Risk</b>
Inside business	Outside business
Example: Machine failure	Example: Tax increase

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**Q.13. How do government policies affect business success?**

Taxes, laws, and regulations impact profit.

*Example:* High tax reduces profit.

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**Q.14. Why must an entrepreneur have technical skills?**

To operate machines and improve efficiency.

*Example:* Using new technology.

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**Q.15. What is the main objective of a business?**

To earn profit and satisfy customer needs.

*Example:* Selling quality goods.

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**LONG QUESTION**

**Q.1. Describe the qualities of a good entrepreneur.**

A good entrepreneur is a person who **starts, organizes, and manages a business** successfully. He has the following important qualities:

1. **Risk-taking ability**  
An entrepreneur must be ready to face risks.  
*Example:* Starting a new mobile shop without knowing exact profit.
2. **Decision-making power**  
He must take quick and correct decisions.  
*Example:* Choosing the right supplier.
3. **Leadership quality**  
He guides and motivates workers.  
*Example:* Encouraging employees to meet targets.
4. **Innovative thinking**  
He introduces new ideas and methods.  
*Example:* Online selling instead of traditional shop.
5. **Hard-working nature**  
He works sincerely for success.  
*Example:* Working extra hours in startup phase.

- 6. Technical and business knowledge**  
He understands market and production.  
*Example:* Knowing how machines work.
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## Q.2. Describe the steps taken for the commencement of a small-scale business.

The following steps are necessary to start a small-scale business:

- 1. Selection of business idea**  
Choosing a suitable business.  
*Example:* Bakery, tailoring shop.
  - 2. Market survey**  
Studying demand and competition.  
*Example:* Checking demand for fast food.
  - 3. Planning**  
Preparing production and sales plan.  
*Example:* Monthly sales target.
  - 4. Arrangement of capital**  
Arranging funds.  
*Example:* Personal savings or bank loan.
  - 5. Location selection**  
Choosing suitable place.  
*Example:* Shop near market.
  - 6. Purchase of tools and raw material**  
Buying required equipment.  
*Example:* Sewing machines.
  - 7. Hiring labour**  
Appointing workers.  
*Example:* Hiring tailor.
  - 8. Registration (if required)**  
Legal registration of business.
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## Q.3. What is meant by planning? Describe key points to consider while planning a small business.

### Meaning of Planning

Planning means **deciding in advance what to do, how to do, and when to do** to achieve business goals.

#### **Example:**

Planning daily production in a factory.

## Key Points for Planning a Small Business

1. **Objective setting**  
Clear business goals.  
*Example:* Earning monthly profit.
  2. **Market demand**  
Checking customer needs.  
*Example:* Demand for stationery.
  3. **Availability of resources**  
Capital, labour, and raw material.  
*Example:* Funds for machines.
  4. **Cost and profit estimation**  
Calculating expenses and profit.  
*Example:* Monthly cost sheet.
  5. **Risk assessment**  
Identifying possible risks.  
*Example:* Price fluctuation.
  6. **Time management**  
Completing work on time.
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## Q.4. What is meant by financial resources of a business? Discuss different types of financial resources.

### Meaning of Financial Resources

Financial resources are the **funds required to start, run, and expand a business.**

#### Example:

Money used to buy machines.

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### Types of Financial Resources

1. **Personal savings**  
Owner's own money.  
*Example:* Savings used to start shop.
2. **Loans**  
Money borrowed from banks.  
*Example:* Bank loan.

3. **Equity capital**  
Money invested by owners/shareholders.  
*Example:* Shares issued.
  4. **Trade credit**  
Goods bought on credit.  
*Example:* Supplier gives goods on credit.
  5. **Government grants**  
Financial help by government.  
*Example:* Loan for small industries.
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### Q.5. What are the causes of business risk? How can these risks be minimized?

#### Causes of Business Risk

1. **Market risk**  
Changes in demand.  
*Example:* Low demand for product.
  2. **Financial risk**  
Lack of funds.  
*Example:* Cash shortage.
  3. **Operational risk**  
Machine failure or labour issues.  
*Example:* Breakdown of machine.
  4. **Natural risk**  
Floods or earthquakes.
  5. **Government policies**  
Tax or law changes.
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#### Ways to Minimize Business Risks

1. **Proper planning**
2. **Insurance coverage**
3. **Market research**
4. **Diversification**
5. **Maintaining reserves**

*Example:* Insuring factory against fire.