

ANSWER KEY & MARKING SCHEME · CBSE CLASS 11**Entrepreneurship: Concept and Functions**

Entrepreneurship · Chapter 1 · Use this with the Board Paper · Companion to Quick Drill

HOW TO USE

Attempt the Board Paper first (closed-book, full time). Then come here. For 2-mark+ questions, compare your answer to the model. For 3-4 mark questions, also consult the **Topper Templates** below — these show the exact step-by-step structure that scores full marks per CBSE marking-scheme conventions.

MODEL ANSWERS · BOARD PAPER**Section A — Very Short / Short (1+1+2+2+2 = 8 marks)****Q1. From which French word is 'entrepreneur' derived, and what does it mean? [1 mark]****Ans:** From 'entreprendre', meaning 'to undertake / take in hand'.**Q2. State the two functions that are unique to an entrepreneur (which a manager does not perform). [1 mark]****Ans:** Innovation and risk (uncertainty)-bearing.**Q3. Distinguish between an entrepreneur and a manager (any two points). [2 marks]****Ans:** Entrepreneur owns the venture and bears risk, earning profit/loss; manager is a salaried employee who runs it and earns a fixed salary regardless of profit. Entrepreneur innovates and takes calculated risk; manager executes plans.**Q4. Differentiate between a Fabian and a Drone entrepreneur. [2 marks]****Ans:** Fabian adopts change very LATE and reluctantly, only when survival is threatened; Drone REFUSES change entirely even at the cost of losses and may be pushed out of the market.**Q5. How is innovation different from invention? [2 marks]****Ans:** Invention = creating/discovering something new (technical). Innovation = converting an idea/invention into a commercially usable product or service that customers will pay for. An entrepreneur innovates; he need not invent.**Section B — Medium (3+3+3+3 = 12 marks)****Q6. Distinguish between entrepreneur, entrepreneurship and enterprise, and state the relationship among them. [3 marks]****Ans:** Entrepreneur = the PERSON who spots an opportunity, organises resources and bears risk. Entrepreneurship = the PROCESS of doing this. Enterprise = the resulting business ORGANISATION. Relationship: Person → Process → Object — the entrepreneur practises entrepreneurship to create an enterprise.**Q7. Explain any three characteristics of a successful entrepreneur. [3 marks]****Ans:** (1) Initiative — acts on opportunities without being told. (2) Calculated risk-taking — accepts moderate, studied risk, not a gamble. (3) Innovativeness / high need for achievement (n-Ach) — constantly seeks better ways and sets challenging goals. (Other valid: self-confidence, leadership, vision, perseverance, hard work.)**Q8. Explain the four types of entrepreneurs on the basis of attitude to innovation, with one example each. [3 marks]****Ans:** Innovative — introduces something new (app-based EV rental). Imitative — copies + adapts a proven model (cloud kitchen in a tier-2 city). Fabian — adopts change late and reluctantly (old firm goes online only when sales fall). Drone — refuses change even at a loss (handloom unit rejecting all modernisation).**Q9. Distinguish between an entrepreneur and a manager on any three bases. [3 marks]****Ans:** (i) Ownership & risk — the entrepreneur owns the enterprise and bears the financial risk and uncertainty; a manager is a salaried employee who bears little or no business risk. (ii) Reward — the entrepreneur's reward is uncertain profit (or loss); the manager's reward is a fixed salary. (iii) Role/decision — the entrepreneur conceives the idea, innovates and takes the key strategic decisions of setting up the venture; the manager executes and implements those decisions in day-to-day operations. (Any three.)

Q10. Explain the functions of an entrepreneur under the heads promotional, managerial and commercial, and name the two functions that make the entrepreneur unique. [5 marks]

Ans: PROMOTIONAL — idea generation, setting objectives, project identification + feasibility study, deciding form/location, raising capital, obtaining licences. MANAGERIAL — planning, organising, staffing, directing/leading, co-ordinating, controlling (decision-making throughout). COMMERCIAL — production/operations, marketing, finance/accounting, purchasing, personnel/HR. The two UNIQUE/defining functions are INNOVATION (commercialising ideas) and RISK & UNCERTAINTY-BEARING (calculated, moderate risk) — for which profit is the reward.

Q11. Discuss the role and importance of entrepreneurship in the economic development of a country like India, giving examples. [5 marks]

Ans: (1) EMPLOYMENT generation — MSMEs and startups are major job creators. (2) INNOVATION — new products/services raise productivity. (3) CAPITAL FORMATION — channels savings into productive investment. (4) Increases national OUTPUT/GDP. (5) BALANCED REGIONAL DEVELOPMENT — industry spreads to backward areas, reducing regional imbalance. (6) Raises STANDARD OF LIVING through better goods/services. (7) Earns FOREIGN EXCHANGE via exports and fosters self-reliance ('Make in India', 'Startup India'). Examples: MSME job creation across India; women- and first-generation-led ventures expanding the entrepreneurial base.

★ TOPPER ANSWER TEMPLATES

3 TEMPLATES · MEMORISE THE FORMAT

★ TOPPER TEMPLATE — 5 marks: Explain the functions of an entrepreneur.

Annual

Step 1 [0.5 mark]	Frame the three groups	The functions of an entrepreneur fall into THREE groups — PROMOTIONAL (starting the venture), MANAGERIAL (running it) and COMMERCIAL (the day-to-day business functions). Together they describe everything an entrepreneur does from idea to a working enterprise.
Step 2 [1.5 marks]	Promotional functions	PROMOTIONAL functions relate to setting the business up: (i) IDEA GENERATION / opportunity discovery — sensing a gap in the market; (ii) determining business OBJECTIVES; (iii) PROJECT IDENTIFICATION & feasibility study; (iv) ARRANGING the basic resources — finance, location, technology; (v) raising CAPITAL and getting required licences. Example: spotting that a town has no organic-vegetable supply and deciding to set up an organic farm-to-home unit.
Step 3 [1.5 marks]	Managerial functions	MANAGERIAL functions relate to RUNNING the enterprise once started: PLANNING, ORGANISING resources, STAFFING (hiring people), DIRECTING and LEADING the team, CO-ORDINATING departments, and CONTROLLING (comparing results with targets). The entrepreneur performs these until professional managers can take over. DECISION-MAKING runs through all of them.
Step 4 [1 mark]	Commercial functions	COMMERCIAL functions are the core business activities: PRODUCTION/operations, MARKETING and selling, FINANCE and accounting, PURCHASING raw material, and PERSONNEL/HR. Two functions cut across everything and define the entrepreneur — INNOVATION (turning ideas into marketable offerings) and RISK-BEARING (accepting the calculated uncertainty of business).
Step 5 [0.5 mark]	Conclusion	Thus an entrepreneur is a promoter, a manager AND an innovator-cum-risk-bearer rolled into one. The two functions that make the entrepreneur unique — and which a salaried manager does NOT perform — are INNOVATION and RISK-BEARING.

COMMON LOSS OF MARKS:

- Listing functions as a random list instead of grouping them into promotional / managerial / commercial.
- Forgetting the two defining functions: innovation and risk-bearing.
- No example to illustrate the promotional functions.

★ **TOPPER TEMPLATE — 3 marks: Distinguish between entrepreneur, entrepreneurship and enterprise.**

Annual

Step 1 [1.5 marks]	Define each term	ENTREPRENEUR — the PERSON who perceives a business opportunity, organises resources, bears risk and sets up a venture. ENTREPRENEURSHIP — the PROCESS/ACTIVITY of identifying an opportunity, innovating, bearing risk and creating an enterprise (what the entrepreneur DOES). ENTERPRISE — the OUTCOME, i.e. the business UNIT or organisation that is created and run.
Step 2 [1 mark]	Give the relationship	The relationship is: the ENTREPRENEUR (person) practises ENTREPRENEURSHIP (process), and the result is an ENTERPRISE (organisation). Person → Process → Object. They are three faces of the same phenomenon — actor, action, and result.
Step 3 [0.5 mark]	One illustration	Example: Ritu (the ENTREPRENEUR) spots demand for healthy snacks and, through planning, innovation and risk-taking (ENTREPRENEURSHIP), sets up 'FitBites Pvt. Ltd.' (the ENTERPRISE).

COMMON LOSS OF MARKS:

- Treating the three words as synonyms.
- Defining only the entrepreneur and ignoring enterprise/entrepreneurship.
- Not stating the Person → Process → Object relationship.

★ **TOPPER TEMPLATE — 4 marks: Explain the types of entrepreneurs on the basis of attitude to innovation (Clarence Danhof classification).**

School Annual / SQP

Step 1 [1 mark]	INNOVATIVE entrepreneur	INNOVATIVE entrepreneur — introduces NEW products, new methods of production, new markets or new organisations. Aggressive, creative, gathers information and acts. Found mostly in developed economies. Example: a founder launching India's first app-based EV-scooter rental.
Step 2 [1 mark]	IMITATIVE / Adoptive entrepreneur	IMITATIVE (adoptive) entrepreneur — does NOT innovate himself but COPIES and ADAPTS successful innovations of others to local conditions. Very important for developing countries like India, where adapting proven ideas spreads them widely. Example: a local founder replicating a successful cloud-kitchen model in a tier-2 city.
Step 3 [1 mark]	FABIAN entrepreneur	FABIAN entrepreneur — very CAUTIOUS, SHY and conservative; adopts change only when it becomes absolutely necessary to survive, and even then slowly. Imitates only when failure to do so would threaten the business. Example: an old family firm that finally goes online only when sales collapse.
Step 4 [1 mark]	DRONE entrepreneur	DRONE entrepreneur — REFUSES to adopt change at all, sticks rigidly to traditional methods even at the cost of REDUCED RETURNS or LOSSES, and may be pushed out of the market. 'Laggard' of the four types. Example: a handloom unit refusing any modernisation while competitors mechanise.

COMMON LOSS OF MARKS:

- Mixing up Fabian (cautious, adopts late) with Drone (refuses entirely).
- Giving no example for each type.
- Not attributing the classification to attitude towards innovation/change.

MARKING SCHEME — GENERAL NOTES

- Three terms: full marks need all three definitions PLUS the Person → Process → Object relationship.
- Functions: award marks for correctly GROUPING into promotional/managerial/commercial and for naming the two defining functions (innovation + risk-bearing).
- Types: Fabian (late adopter) and Drone (refuser) must be clearly distinguished; examples expected.
- Risk: must be described as 'calculated/moderate', never 'gamble' — deduct for 'gamble/pure luck'.
- Role in economy: award one mark per well-explained point with Indian context up to the question's marks; bare lists without explanation lose marks.