FROM IDEAS TO STARTUPS

Class 09 - Social Science (Understanding Society)

Time Allowed: 1 hour and 27 minutes **Maximum Marks: 155**

1. Before full-scale implementation, an entrepreneur might engage in a small-scale operation to gather insights and refine their offerings. What is this practice known as? **[1]**

   a) Ideation and conceptualization.
   b) Pilot testing or a trial run.
   c) Comprehensive resource allocation.
   d) Full market saturation.

2. Which of the following is considered a 'human resource' in a typical venture? **[1]**

   a) Online platforms used for selling products.
   b) Specialized machinery for production.
   c) The cash reserves held for emergencies.
   d) The individuals who provide specialized knowledge or labor.

3. A nation's start-up ecosystem thrives in an environment that generally provides access to which of the following? **[1]**

   a) Limited market access
   b) Abundant natural resources
   c) Financial resources
   d) Skilled human capital

4. If a business's total expenditure exceeds its total revenue over a period, what is the financial outcome for the business? **[1]**

   a) Capital accumulation
   b) Profit
   c) Break-even
   d) Loss

5. Which of the following is typically NOT considered a core component of a standard start-up ecosystem? **[1]**

   a) Investors providing capital
   b) Government regulatory bodies
   c) Mentors offering guidance
   d) Incubators for development

6. What is the maximum annual turnover for an enterprise to be classified as 'Small' under the revised MSME criteria? **[1]**

   a) 100 Cr
   b) 25 Cr
   c) 500 Cr
   d) 10 Cr

7. The concept of 'Digital Infrastructure as a Utility to Every Citizen' primarily focuses on which aspect? **[1]**

   a) Providing physical infrastructure like roads and bridges
   b) Promoting traditional banking services
   c) Ensuring high-speed internet and
   d) Limiting access to digital services for

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digital identity for all | security reasons

8. Which of the following best describes the primary characteristic of entrepreneurship? **[1]**

a) Operating an established market presence.
b) Minimizing all forms of financial risk.
c) Focusing on innovation and creating new value.
d) Maintaining consistent daily operations for profit.

9. Which of the following is a key initiative driving growth and self-reliance, falling under the broader 'Make in India' framework? **[1]**

a) Production-Linked Incentive (PLI)
b) International Space Exploration Mission
c) Universal Healthcare Access Program
d) National Forest Conservation Plan

10. What fundamental concept describes the process by which novel innovations displace established methods and enterprises within a market? **[1]**

a) Resource Scarcity
b) Market Equilibrium
c) Economic Stagnation
d) Creative Destruction

11. Which of the following is NOT a core characteristic typically associated with entrepreneurship? **[1]**

a) Absolute avoidance of all forms of financial risk.
b) Value creation for customers.
c) Opportunity seeking.
d) Risk mitigation through extensive pre-planning.

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12. An enterprise incurs costs for materials and salaries. Which basic accounting term describes these outgoings? **[1]**

a) Capital
b) Profit
c) Expenditure
d) Revenue

13. When was the 'Make in India' initiative launched to promote domestic manufacturing and investment? **[1]**

a) 15th August 2015
b) 25th September 2014
c) 25th November 2013
d) 1st January 2016

14. The foundational accounting equation for a balance sheet is? **[1]**

a) $\text{Liabilities} = \text{Assets} + \text{Owner's Capital}$
b) $\text{Assets} = \text{Liabilities} + \text{Owner's Capital}$
c) $\text{Owner's Capital} = \text{Cash} - \text{Inventory}$
d) $\text{Revenue} = \text{Expenditure} + \text{Profit}$

15. Which of the following is considered a foundational principle for initiating a new entrepreneurial venture? **[1]**

a) Securing a substantial initial investment.
b) Clearly articulating the problem the product or service addresses.
c) Establishing an extensive social media presence.

d) Prioritizing immediate market dominance.

16. What type of resource encompasses machines, tools, raw materials, and physical premises? **[1]**

a) Human resources.
b) Financial resources.
c) Technology resources.
d) Physical resources.

17. Which of the following activities is a key step in resource planning for a new venture, according to a structured framework? **[1]**

a) Delaying all resource acquisition until peak demand is confirmed.
b) Exclusively using personal savings to avoid external debt.
c) Ignoring competitor strategies until market entry is complete.
d) Continuously reviewing and adjusting initial plans.

18. What is the relationship between planning and action for entrepreneurs? **[1]**

a) Planning should always precede action to provide direction.
b) Planning and action are mutually exclusive.
c) Action is more critical than planning.
d) Extensive planning negates the need for action.

19. Which economist is most prominently associated with the theoretical framework of creative destruction, emphasizing its role in continuous capitalist transformation? **[1]**

a) Adam Smith
b) John Maynard Keynes
c) Joseph Schumpeter
d) Karl Marx

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20. According to the revised criteria, what is the maximum investment limit in plant and machinery for a 'Micro' enterprise to be classified as such? **[1]**

a) 2.5 Cr
b) 125 Cr
c) 100 Cr
d) 25 Cr

21. Which stage involves identifying customers, understanding their preferences, and analyzing competing offerings to differentiate the new product or service? **[1]**

a) Deciding the specific product or service
b) Understanding the market and competition
c) Developing a business idea
d) Planning resources and estimating costs

22. The funds required to purchase long-term assets for a business, such as specialized equipment or property, are typically referred to as: **[1]**

a) Liquid assets.
b) Operating capital.
c) Variable finance.
d) Fixed capital.

23. Which of the following accurately describes 'Assets'? **[1]**

a) Financial obligations owed by the business to external parties.
b) The total amount of money invested by the owner at the start of the business.
c) Resources owned by the business that have future economic value.

d) The revenue generated from selling products or services.

24. Before expecting rapid expansion, what key element should a new business prioritize building? **[1]**

a) Trust and a good reputation among customers.
b) Aggressive marketing campaigns.
c) A robust financial reserve.
d) A large and diverse product portfolio.

25. The process where a potential business concept is evaluated by observing market demand and consulting with prospective clientele is known as: **[1]**

a) Business model creation
b) Resource allocation
c) Final business execution
d) Idea validation or testing

26. Match the items in List I with those in List II. **[1]**

List I	List II
(A) Term for older methods being pushed aside	(I) Generates economic expansion
(B) The 'creation' aspect of the process	(II) Shift in required competencies
(C) How new ideas contribute to prosperity	(III) Improved fulfillment of needs
(D) A challenge for the workforce undergoing change	(IV) Destructive element

a) A-IV, B-III, C-I, D-II
b) A-I, B-II, C-IV, D-III
c) A-II, B-IV, C-III, D-I
d) A-III, B-I, C-II, D-IV

27. Match the items in List I with those in List II. **[1]**

List I	List II
(A) Outcome when new business models replace old	(I) Support systems like training
(B) How societies manage adaptation to change	(II) Emergence of digital roles
(C) Consequence for employment from innovation	(III) Reorganization of market structures
(D) Primary characteristic of capitalism per Schumpeter	(IV) Transformative cycles from within

a) A-IV, B-III, C-II, D-I
b) A-I, B-II, C-III, D-IV
c) A-III, B-I, C-II, D-IV
d) A-II, B-IV, C-I, D-III

28. Match the items in List I with those in List II. **[1]**

List I	List II
(A) Launched in 2016 to promote innovation	(I) Subsidized credit for self-employment
(B) Scheme for fostering technological innovation	(II) Startup India Initiative
(C) Provision of collateral-free loans	(III) Technology Incubation and Development of Entrepreneurs (TIDE) 2.0

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(D) Credit Guarantee Scheme for Startups	(IV) Allows easy access to funds

a) A-II, B-III, C-IV, D-I
b) A-III, B-II, C-IV, D-I
c) A-I, B-IV, C-II, D-III
d) A-II, B-III, C-I, D-IV

29. Match the items in List I with those in List II. **[1]**

List I	List II
(A) Core concept of innovation-driven market change	(I) Digital transaction efficiency
(B) Result of lowered data costs	(II) Shift from scheduled to on-demand viewing
(C) Impact of mobile payment platforms	(III) Creative destruction
(D) Consequence of streaming services	(IV) Expanded digital access

a) A-III, B-IV, C-I, D-II
b) A-II, B-I, C-III, D-IV
c) A-IV, B-III, C-II, D-I
d) A-I, B-II, C-IV, D-III

30. Match the items in List I with those List II. **[1]**

List I	List II
(A) Opportunity seeking	(I) Funds for long-term investments
(B) Innovation	(II) Identifying unaddressed market gaps
(C) Fixed Capital	(III) Enhancing existing methods or products
(D) Human Resources	(IV) Skills and efforts of individuals

a) A-I, B-IV, C-II, D-III
b) A-III, B-A, C-IV, D-II
c) A-II, B-III, C-I, D-IV
d) A-IV, B-II, C-III, D-I

31. **Assertion (A):** A new venture developing biodegradable packaging materials for various industries is inherently innovative. **[1]**
Reason (R): Innovation in entrepreneurship always means inventing something entirely new that has never existed before.

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, but R is false
d) A is false, but R is true

32. **Assertion (A):** Continuous learning and adaptation are essential for entrepreneurs in a dynamic market. **[1]**
Reason (R): Market conditions, customer preferences, and technological advancements can change rapidly, requiring businesses to evolve.

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

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c) A is true, but R is false
d) A is false, but R is true

33. **Assertion (A):** A new online platform that connects local farmers directly with consumers for fresh produce delivery demonstrates strong entrepreneurial characteristics. **[1]**
Reason (R): This platform introduces an innovative method of distribution and value creation within an existing market.

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, but R is false
d) A is false, but R is true

34. **Assertion (A):** A clear understanding of the problem being solved is fundamental before launching a new product or service. **[1]**
Reason (R): Without identifying a genuine customer need, the product or service may fail to gain traction in the market.

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, but R is false
d) A is false, but R is true

35. **Assertion (A):** Specific government programs designed for promoting entrepreneurship often integrate mechanisms for providing seed funding and mentorship. **[1]**
Reason (R): Seed funding and mentorship are critical for assisting nascent businesses in developing initial concepts and navigating early-stage challenges.

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, but R is false
d) A is false, but R is true

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36. Describe the primary objective of initiatives that aim to simplify regulatory requirements for eligible new ventures. **[2]**
37. Explain how the principle of 'starting with a clear problem' is fundamental to entrepreneurial success. Provide a conceptual example without using specific product names or companies. **[2]**
38. Differentiate between fixed capital and working capital in the context of financial resources for a business. **[2]**
39. Evaluate the importance of innovation and entrepreneurship support provided by micro and small enterprises for overall economic vitality. **[2]**
40. Identify and explain two distinct ways in which entrepreneurship contributes to economic growth within a country. **[2]**
41. Describe why effective management of resources is crucial for the success and sustainability of any new business venture. **[2]**
42. Discuss how distinguishing between 'Owner's Capital' and 'Drawings' helps in maintaining the financial integrity of a new venture. **[2]**
43. Discuss the primary difference between "entrepreneurship" and "business" regarding their core focus and typical risk levels. **[2]**
44. Define 'Capital' in the context of business accounting. **[2]**
45. Explain the concept of 'opportunity seeking' as a nature of entrepreneurship, providing a **[2]**

hypothetical scenario.

46. Explain how technology resources contribute to a business's capacity to serve more customers and operate more efficiently. **[2]**
47. Differentiate between 'planning' and 'action' in the context of entrepreneurship, and explain why both are essential for successful venture creation. **[2]**
48. Explain the concept of 'resourcefulness' in entrepreneurship, focusing on how limited initial capital can be leveraged effectively. **[2]**
49. Explain how basic accounting principles can help a new business control its costs effectively. **[2]**
50. Define the concept of a 'startup ecosystem' in the context of economic development. **[2]**
51. Explain how the "Trial Run or Pilot Testing" stage contributes to the long-term success of a new business venture. **[3]**
52. What is 'Value Creation' in the context of entrepreneurship, and how does it benefit both the customer and the venture? **[3]**
53. Identify and briefly explain one characteristic of entrepreneurship that involves careful consideration rather than impulsive action. **[3]**
54. Discuss how building customer trust and establishing a good reputation contribute to the growth and sustainability of a new business, even before achieving rapid expansion. **[3]**
55. Justify the importance of resourcefulness, particularly in the initial stages of a new business, focusing on intelligent resource utilization rather than unlimited capital. **[3]**
56. Justify why a significant advancement in renewable energy technology might lead to both economic benefits and social challenges. **[3]**
57. Justify why 'Understanding the Market and Competition' is presented as a distinct stage rather than being integrated as part of 'Developing a Business Idea'. **[3]**
58. Explain how small and medium-sized enterprises (SMEs) contribute to balanced regional development within an economy. **[3]**
59. Describe two key characteristics that often define enterprises within the unorganised sector of an economy. **[3]**
60. Justify why 'Risk taking with calculation' is considered a fundamental characteristic of entrepreneurship, rather than reckless behavior. **[3]**
61. Explain the fundamental difference between 'current assets' and 'non-current assets' for a growing enterprise, providing an illustrative example for each. **[3]**
62. Describe the critical role of 'Planning Resources and Estimating Costs' in ensuring the financial sustainability of a new enterprise. **[3]**
63. Discuss two significant challenges commonly faced by businesses operating within the unorganised sector, and suggest a potential governmental measure to mitigate one of these challenges. **[3]**
64. Discuss the implications for a business when its 'expenditure' consistently exceeds its 'revenue'. What financial state does this represent, and what does it suggest about the business's operational efficiency? **[3]**
65. Explain how the introduction of high-speed rail networks could represent a form of creative destruction in the transportation industry. **[3]**
66. **Read the given source carefully and answer the questions that follow:** **[4]**

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Arjun started a small mobile accessories business with an initial capital investment of ₹ 50,000. He used part of this money to purchase mobile covers, chargers, earphones, and other accessories worth ₹ 20,000. During the first month of operations, he also spent ₹5,000 on shop rent, advertising, and other business expenses. Through regular sales, he earned revenue of ₹ 35,000. Arjun understood the importance of maintaining proper financial records from the beginning. Therefore, he carefully recorded every transaction related to purchases, sales, expenses, and cash received. At the end of the month, he prepared simple accounts and found that his revenue was greater than his expenditure, resulting in a profit. He also prepared a list of assets such as cash, stock, and shop equipment, along with liabilities including a small loan borrowed from a relative. By analyzing these records, Arjun gained a clear understanding of his business performance and financial position. His organized accounting system also increased the confidence of suppliers and lenders, helping him plan future expansion more effectively.

Questions:

a. What is capital? **(1)**

b. What are liabilities? **(1)**

c. How did accounting help Arjun manage his business effectively? **(2)**

67. **Read the given source carefully and answer the questions that follow:** **[4]**

Ananya, a commerce student, was inspired after reading about Kiran Mazumdar-Shaw, Falguni Nayar, and Sridhar Vembu. She observed that all three entrepreneurs started with a clear vision and solved real market problems. Kiran Mazumdar-Shaw built Biocon into a leading biotechnology company despite facing challenges in a new industry. Falguni Nayar founded Nykaa and transformed beauty retail through online and offline platforms. Sridhar Vembu co-founded Zoho and developed globally recognized business software while promoting innovation from rural India. Inspired by their journeys, Ananya started a small online handmade craft business. She focused on customer needs, maintained quality, learned digital marketing, and reinvested profits. Although sales were initially slow, she continued improving her products and services based on customer feedback. Over time, her business gained loyal customers. Ananya realized that successful entrepreneurship requires continuous learning, wise resource use, planning, patience, and trust-building rather than expecting immediate success.

Questions:

a. Who founded Nykaa? **(1)**

b. Which company was co-founded by Sridhar Vembu? **(1)**

c. What entrepreneurial lessons did Ananya learn from the successful entrepreneurs? **(2)**

68. **Read the given source carefully and answer the questions that follow:** **[4]**

Megha developed an idea for an educational mobile application that helped school students learn mathematics through interactive quizzes. Although she had technical skills, she lacked funding, mentorship, and market knowledge. She applied for support through Startup India and received guidance from experienced mentors. Through an incubation centre, she gained access to workspace, networking opportunities, and training programmes. Digital India initiatives allowed her to reach students across different regions using online platforms and digital payment systems. She also attended entrepreneurship workshops where she met investors and technology experts. With the help of these support systems, Megha improved her application,

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conducted pilot testing, and launched it successfully. Within two years, thousands of students were using the app. Her journey highlighted how a strong start-up ecosystem provides funding opportunities, mentorship, digital infrastructure, and market access that help entrepreneurs transform innovative ideas into successful ventures.

Questions:

a. When was Startup India launched? **(1)**

b. Name one support provided by incubation centres. **(1)**

c. How did India's start-up ecosystem help Megha launch her business successfully? **(2)**

69. **Read the given source carefully and answer the questions that follow:** **[4]**

Aditi started a customized gift business with an owner's capital of ₹80,000. She used the funds to purchase equipment, raw materials, packaging supplies, and other resources needed for production. From the beginning, Aditi maintained detailed records of all business transactions, including sales, purchases, expenses, and customer payments. At the end of every month, she prepared a simple balance sheet that showed the financial position of her business. Her assets included cash, stock, machinery, and equipment, while her liabilities included payments due to suppliers. By regularly reviewing her accounts, she identified products that sold slowly and reduced unnecessary inventory purchases. Her records also showed that the business was consistently earning profits. Encouraged by these results, she planned to expand her operations. When she approached a bank for financial assistance, her well-maintained accounting records demonstrated the business's reliability and financial stability. As a result, she obtained a loan that allowed her to purchase additional equipment and increase production capacity. Proper accounting played a crucial role in supporting her business growth and long-term planning.

Questions:

a. What does a balance sheet show? **(1)**

b. State any two assets owned by a business. **(1)**

c. How did accounting records help Aditi expand her business? **(2)**

70. **Read the given source carefully and answer the questions that follow:** **[4]**

Neha enjoyed baking and noticed increasing demand for homemade healthy snacks among working professionals. She decided to explore the idea of starting a snack business. Before investing money, she surveyed potential customers and analyzed competitors. The feedback showed strong demand for low-sugar and high-protein snacks. Neha then decided on product varieties, pricing, packaging, and delivery methods. She estimated costs for ingredients, equipment, and marketing. After calculating expected revenue and expenses, she prepared a detailed business plan covering customers, operations, resources, and finances. She conducted a trial run by selling products to friends and local offices. Customer feedback helped her improve packaging and taste. Once satisfied, she officially launched the business through social media and local delivery services. Her systematic approach reduced uncertainty and increased the chances of success by ensuring that the business was based on real customer demand and careful planning.

Questions:

a. What is a business plan? **(1)**

b. Which stage comes before launching a business? **(1)**

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c. Why was the trial run important for Neha's business? **(2)**

71. Explain what is meant by "higher productivity" as a benefit of creative destruction. Provide a conceptual example of how a new technological process might lead to this outcome. **[5]**

72. Discuss the significance of government policies in reducing entry barriers and fostering growth for new businesses, particularly in their nascent stages. Provide an example of how such policies can offer specific advantages. **[5]**

73. Describe two ways in which networking and training events support the development of entrepreneurs and their ventures within an ecosystem. **[5]**

74. Discuss the potential "skill changes" that may arise as a challenge due to creative destruction. How might societies address these challenges to facilitate a smoother transition? **[5]**

75. Justify why maintaining clear accounting records helps prevent confusion between a business owner's personal finances and their business's finances. **[5]**

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Solution
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1.

(b) Pilot testing or a trial run.
Explanation:
Pilot testing or a trial run involves launching on a small scale to collect feedback and make necessary improvements before a full launch.

2.

(d) The individuals who provide specialized knowledge or labor.
Explanation:
Human resources refer to the people involved in the business, including workers, sales representatives, and specialists who contribute their skills and labor.

3.

(b) Abundant natural resources
Explanation:
A thriving start-up ecosystem is typically supported by an environment that provides support, information, finance, skills, technology, and market access. Abundant natural resources, while potentially beneficial for a nation's economy, are not a direct or necessary component for the health of its start-up ecosystem.

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4.

(d) Loss
Explanation:
Loss occurs when the expenditure of a business is greater than its revenue.

5.

(b) Government regulatory bodies
Explanation:
A start-up ecosystem typically includes key support elements such as investors who provide funding, mentors who offer guidance, and incubators that help in nurturing and developing new ventures. Government regulatory bodies, while important for governance and policy-making, are not considered a direct core component of the start-up support structure itself. They function externally to regulate and oversee business activities rather than actively supporting start-up development.

6. **(a)** 100 Cr
Explanation:
A 'Small' enterprise has a maximum annual turnover of 100 Cr.

7.

(c) Ensuring high-speed internet and digital identity for all
Explanation:
This concept emphasizes fundamental digital services like high-speed internet access and universal digital identity as essential utilities for all citizens.

8.

(c) Focusing on innovation and creating new value.
Explanation:
Entrepreneurship is fundamentally about identifying opportunities, innovating, and creating new value, distinct from merely running an existing business.

9. **(a)** Production-Linked Incentive (PLI)
Explanation:
Production-Linked Incentive (PLI) is a key initiative under 'Make in India' to boost manufacturing and self-reliance.

10. **(d)** Creative Destruction
Explanation:
Creative Destruction is the defined term for the process where innovation leads to the displacement of older methods and businesses.

11. **(a)** Absolute avoidance of all forms of financial risk.
Explanation:
While entrepreneurs manage and mitigate risk, absolute avoidance of all forms of financial risk is generally not possible or characteristic of entrepreneurship, which inherently involves uncertainty.

12. **(c)** Expenditure
Explanation:
Expenditure refers to the money spent by a business on its activities, such as buying materials or paying wages.

13. **(b)** 25th September 2014
Explanation:
The 'Make in India' initiative was launched on 25th September 2014.

14. **(b)** $\text{Assets} = \text{Liabilities} + \text{Owner's Capital}$
Explanation:
The fundamental accounting equation is Assets = Liabilities + Owner's Capital, which illustrates that all assets are funded by either external debt or owner's investment/earnings.

15. **(b)** Clearly articulating the problem the product or service addresses.
Explanation:
A foundational principle for initiating a new entrepreneurial venture is to start with a clear problem that the product or service can solve, as the idea is not ready if the customer need cannot be explained.

16. **(d)** Physical resources.
Explanation:
Physical resources refer to the tangible assets a business uses, such as land, buildings, machinery, tools, and raw materials.

17. **(d)** Continuously reviewing and adjusting initial plans.
Explanation:
A crucial step in structured resource planning is to constantly review progress, update plans based on new information or challenges, and make necessary adjustments to improve the venture's chances of success.

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18. **(a)** Planning should always precede action to provide direction.
Explanation:
Entrepreneurs need planning to set goals, identify resources, assess risks, and develop strategies. Planning provides a clear direction and increases the chances of success. While action is essential for implementation, effective action is usually guided by proper planning. Therefore, planning should precede action to ensure efforts are focused and productive.

19. **(c)** Joseph Schumpeter
Explanation:
Joseph Schumpeter is the economist widely recognized for his work on creative destruction, describing capitalism as a dynamic process of innovation and disruption.

20. **(a)** 2.5 Cr
Explanation:
A 'Micro' enterprise has a maximum investment of 2.5 Cr in plant and machinery.

21. **(b)** Understanding the market and competition
Explanation:
This stage focuses on studying potential customers, their needs, preferences, and behavior, along with analyzing competitors' strengths and weaknesses. The goal is to identify market gaps and find ways to differentiate the new product or service effectively. It helps entrepreneurs make informed decisions about positioning, pricing, and strategy. Without this analysis, a business may struggle to meet customer expectations or compete successfully in the market.

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22. **(d)** Fixed capital.
Explanation:
Fixed capital is the money used to acquire long-term assets that are not consumed in daily operations, such as land, buildings, and machinery.

23. **(c)** Resources owned by the business that have future economic value.
Explanation:
Assets are valuable resources owned by a business, such as cash, buildings, machinery, or inventory, which provide future economic benefits.

24. **(a)** Trust and a good reputation among customers.
Explanation:
A new business should first focus on building trust and a positive reputation among customers. Satisfied customers are more likely to return and recommend the business to others, leading to sustainable growth. Without trust, aggressive marketing or expansion efforts may not be effective. Therefore, establishing credibility and customer confidence is essential before expecting rapid business growth.

25. **(d)** Idea validation or testing
Explanation:
Idea validation or testing is the process of evaluating a business concept by checking market demand and gathering feedback from potential customers. It helps entrepreneurs understand whether the idea is practical, desirable, and viable before investing significant resources. This stage reduces risk by

identifying flaws early and allowing improvements based on real-world input. It ensures that the final business model is more aligned with customer needs and market conditions.

26. **(a)** A-IV, B-III, C-I, D-II
Explanation:
- (A) The term for older methods being pushed aside is the 'destructive element' of creative destruction.
- (B) The 'creation' aspect implies 'improved fulfillment of needs' through better ways.
- (C) New ideas contribute to prosperity because the process 'generates economic expansion' (e.g., higher productivity).
- (D) A challenge for the workforce is the 'shift in required competencies' or skill changes.

27. **(c)** A-III, B-I, C-II, D-IV
Explanation:
- (A) When new business models replace old ones, it leads to the 'reorganization of market structures'.
- (B) Societies manage adaptation to change through 'support systems like training' and education.
- (C) A consequence for employment from innovation is the 'emergence of digital roles' and new jobs.
- (D) Schumpeter characterized capitalism by its 'transformative cycles from within'.

28. **(a)** A-II, B-III, C-IV, D-I
Explanation:
- (A) Launched in 2016 to promote innovation matches with (II) Startup India Initiative.
- (B) Scheme for fostering technological innovation matches with (III) Technology Incubation and Development of Entrepreneurs (TIDE) 2.0.
- (C) Provision of collateral-free loans matches with (IV) Allows easy access to funds (as collateral-free loans enable easier access).
- (D) Credit Guarantee Scheme for Startups matches with (I) Subsidized credit for self-employment (conceptually related to facilitating credit).

29. **(a)** A-III, B-IV, C-I, D-II
Explanation:
- (A) 'Creative destruction' is identified as the core concept for understanding how innovation reshapes markets.
- (B) Lowered data costs led to 'expanded digital access' for many users.
- (C) Mobile payment platforms like UPI enhanced 'digital transaction efficiency'.
- (D) Streaming services contributed to a 'shift from scheduled to on-demand viewing'.

30. **(c)** A-II, B-III, C-I, D-IV
Explanation:
A-II, B-III, C-I, D-IV
- **Opportunity seeking** involves identifying unaddressed market gaps or problems people face.
- **Innovation** refers to enhancing existing products, services, or methods, not always inventing something entirely new.
- **Fixed Capital** is the money needed to acquire long-term assets or make long-term investments.
- **Human Resources** encompass the skills and efforts provided by individuals involved in the business.

31. **(c)** A is true, but R is false
Explanation:

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The assertion is true because developing new biodegradable packaging is an innovative step. The reason, however, is false; innovation can also involve improving existing products or processes, making them cheaper, safer, faster, or more convenient, not just creating something entirely new from scratch.

32. **(a)** Both A and R are true, and R is the correct explanation of A
Explanation:
The assertion states the importance of continuous learning and adaptation for entrepreneurs. The reason correctly explains why this is essential: because market dynamics, customer tastes, and technology are constantly shifting, necessitating a business to evolve to remain relevant and competitive.
33. **(a)** Both A and R are true, and R is the correct explanation of A
Explanation:
The assertion is true because the platform is innovative, connecting farmers and consumers in a new way. The reason correctly explains why it's entrepreneurial by highlighting its innovation in distribution and value creation, which are core aspects of entrepreneurship.
34. **(a)** Both A and R are true, and R is the correct explanation of A
Explanation:
The assertion emphasizes the importance of understanding the problem. The reason provides a direct cause-and-effect explanation: if no genuine customer need (problem) is addressed, the product or service will likely not succeed. Thus, R correctly explains A.
35. **(a)** Both A and R are true, and R is the correct explanation of A
Explanation:
Government entrepreneurship programs often include seed funding and mentorship to support new ventures. These measures help startups overcome initial financial constraints and provide expert guidance during early-stage decision-making. The Reason correctly explains the Assertion because seed funding and mentorship are essential tools that enable nascent businesses to develop ideas, reduce risks, and handle early operational challenges effectively.
36. The primary objective is to reduce administrative and financial burdens for new ventures, especially in their formative years. By simplifying compliance and easing access to benefits like tax exemptions or intellectual property fast-tracking, these initiatives create a more favorable environment for innovation and entrepreneurship to thrive.
37. Beginning with a clear problem ensures the development of a product or service that meets genuine market needs. Without identifying a problem, entrepreneurs risk creating solutions for non-existent demands. For example, recognizing widespread inefficiency in a common daily task could lead to the development of a streamlined organizational tool.
38. Fixed capital refers to long-term investments in assets such as machinery, buildings, and equipment that are used repeatedly in the production process. Working capital refers to funds required for day-to-day business operations, such as purchasing raw materials, paying wages, and meeting short-term expenses. Fixed capital supports long-term growth, while working capital ensures smooth daily functioning.
39. Micro and small enterprises are vital because they often serve as incubators for new ideas and business models. Their flexibility allows for rapid experimentation with new products or services. This culture of innovation and entrepreneurship drives competition, introduces novel solutions to market demands, and fosters dynamic economic growth, preventing stagnation in the broader economy.
40. Entrepreneurship contributes to economic growth by creating employment opportunities, which reduces unemployment and increases income levels. It also promotes innovation and productivity by introducing new products, services, and technologies. These activities enhance business efficiency, stimulate investment, and increase overall economic output, thereby supporting the country's growth and development.
41. Effective resource management is crucial because it ensures optimal utilization of human, financial, physical, and technology resources. It enhances efficiency and productivity, minimizes waste, and helps

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maintain product/service quality. Proper management also leads to customer satisfaction, which sustains the business in the long term, preventing issues like cash flow problems or operational bottlenecks.

42. Distinguishing between Owner's Capital (owner's investment) and Drawings (owner's withdrawals for personal use) prevents the co-mingling of personal and business finances. This separation is crucial for accurately assessing the business's true profitability and ensuring its financial health remains distinct from the owner's personal financial situation.
43. Entrepreneurship primarily focuses on creating new ventures or innovating existing ones, involving higher risk and uncertainty due to its emphasis on novel ideas and market disruption. A business, on the other hand, focuses on operating, managing, and maintaining an established model, typically involving lower risk and aiming for steady profits and stability rather than radical change.
44. Capital refers to the financial resources or assets initially invested by the owner to establish and operate a business. It can include cash, machinery, equipment, or other essential resources that form the foundational funding for business activities, enabling its operations and growth.
45. Opportunity seeking involves entrepreneurs actively looking for gaps or needs in the market and identifying problems for which they can provide solutions. For instance, if residents in a specific area repeatedly complain about the lack of convenient and affordable fresh food delivery options, an entrepreneur might recognize this as an opportunity to launch a localized subscription-based fresh meal kit service, delivering directly to homes.
46. Technology resources contribute to increased customer reach and operational efficiency by automating processes, improving communication, and offering new channels for interaction and sales. Examples include online ordering platforms, digital payment systems, and marketing tools. This reduces manual effort, saves time, minimizes errors, and expands market access, ultimately enhancing customer service and business scalability.
47. Planning involves strategizing, setting goals, and outlining steps, providing direction and mitigating risks. Action is the execution of these plans. Both are vital: planning without action is theoretical, while action without planning is chaotic. Effective entrepreneurship balances thoughtful preparation with decisive implementation, ensuring objectives are clear and efforts are productive.
48. Resourcefulness in entrepreneurship means maximizing available resources, especially when capital is limited. Instead of seeking vast funding, it involves creative problem-solving, efficient allocation, minimizing waste, and exploring unconventional solutions. This approach enables startups to operate lean, innovate within constraints, and achieve critical milestones without excessive expenditure.
49. Basic accounting principles enable a new business to control costs by systematically recording all expenses. This detailed record-keeping facilitates the identification of inefficient spending, such as excessive inventory or poorly planned logistics, and helps in making informed decisions to reduce wastage and optimize resource allocation. It makes cost centers transparent.
50. A startup ecosystem is a network of entrepreneurs, investors, educational institutions, government agencies, mentors, and support organizations that work together to help new businesses grow. It provides resources such as funding, guidance, infrastructure, and market access. A strong startup ecosystem encourages innovation, job creation, and economic development within a country.
51. The "Trial Run or Pilot Testing" stage is crucial as it allows a new business to operate on a small scale before a full launch. This provides an opportunity to gather critical feedback from early customers, identify any operational inefficiencies or product flaws, and make necessary improvements. By refining the offering early, it minimizes risks and enhances the chances of broader market acceptance and sustained growth.
52. Value Creation in entrepreneurship refers to the process of providing products or services that solve customer problems, satisfy needs, or improve their quality of life. It benefits customers by offering useful, innovative, and efficient solutions. At the same time, it benefits the venture by increasing customer satisfaction, building loyalty, enhancing its reputation, and generating profits. Continuous value creation helps a business gain a competitive advantage and achieve long-term growth and sustainability.
53. One important characteristic of entrepreneurship is calculated risk-taking. Entrepreneurs do not act impulsively or make decisions without thinking. Instead, they carefully evaluate opportunities, analyze

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market conditions, estimate potential profits and losses, and consider possible challenges before taking action. By gathering information and planning effectively, they reduce uncertainty and make informed decisions. This thoughtful approach helps entrepreneurs achieve business goals while minimizing risks and avoiding unnecessary losses.

54. Building customer trust and establishing a good reputation are crucial for the growth and sustainability of a new business. Trust encourages customers to make repeat purchases and recommend the business to others through positive word-of-mouth. A strong reputation helps attract new customers, business partners, and investors. Even before rapid expansion, these factors create a loyal customer base, increase market credibility, and provide a stable foundation for long-term success and sustainable business growth.
55. Resourcefulness is vital because ventures often start with limited capital. Intelligent utilization of available resources minimizes waste and maximizes impact. It fosters creativity in problem-solving and forces entrepreneurs to prioritize essential activities. This approach builds a sustainable foundation, proving that success hinges more on strategic management than merely having vast financial reserves, which can be scarce for startups.
56. A significant advancement in renewable energy technology can bring economic benefits such as lower energy costs, new job creation in manufacturing and installation, and increased energy independence. However, it can also pose social challenges. These include job displacement for workers in traditional fossil fuel industries and the need for costly infrastructure upgrades and retraining programs to adapt the workforce to new skill sets required by the emerging renewable sector.
57. “Understanding the Market and Competition” is presented as a distinct stage because generating a business idea and evaluating its feasibility are separate processes. A business idea may seem promising, but entrepreneurs must analyze customer needs, market demand, competitors, pricing, and industry trends to determine whether the idea can succeed. This stage provides evidence-based insights that help refine or modify the idea before implementation. Therefore, market analysis is an essential independent step in developing a viable business venture.
58. Small and medium-sized enterprises (SMEs) contribute to balanced regional development by creating employment opportunities and promoting economic activity in both urban and rural areas. They utilize local resources, encourage entrepreneurship, and reduce excessive migration to large cities by generating income closer to people's homes. SMEs also support the growth of local industries, improve living standards, and help distribute economic benefits more evenly across regions. As a result, they play a vital role in reducing regional disparities and fostering inclusive economic development.
59. Enterprises in the unorganised sector are typically characterized by being:
    - Small in scale and often not formally incorporated.
    - Having limited formal systems for accounting and registration, which can sometimes lead to difficulties in accessing formal credit or government support.

    These characteristics differentiate them from larger, formally structured businesses.
60. ‘Risk taking with calculation’ is a fundamental characteristic of entrepreneurship because entrepreneurs do not make decisions blindly. They carefully analyze market conditions, estimate costs and benefits, assess possible challenges, and plan strategies to reduce potential losses before taking action. Unlike reckless behavior, calculated risk involves informed decision-making based on research and planning. This approach enables entrepreneurs to seize opportunities, innovate, and grow their businesses while managing uncertainty in a responsible and systematic manner.
61. Current assets are assets that can be converted into cash or used within one year during normal business operations. They support day-to-day activities and include cash, inventory, and accounts receivable. Non-current assets, on the other hand, are long-term assets used for business operations over several years and are not intended for quick conversion into cash. For example, inventory is a current asset, while machinery or a factory building is a non-current asset. These assets together support both short-term operations and long-term growth.
62. “Planning Resources and Estimating Costs” is essential for ensuring the financial sustainability of a new enterprise because it helps entrepreneurs determine the funds, materials, technology, and workforce required to operate effectively. Accurate cost estimation prevents overspending, reduces the risk of financial shortages, and supports efficient resource allocation. It also enables entrepreneurs to set

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realistic budgets, pricing strategies, and funding requirements. Proper planning ensures that the business can meet its expenses and remain financially viable in the long term.

63. Two significant challenges faced by the unorganised sector include:
    - **Limited access to credit:** Formal financial institutions often hesitate to lend due to a lack of formal records.
    - **Irregular income and weak safety nets:** Workers often lack job security and social benefits.

    To mitigate limited access to credit, governments could implement simplified microcredit schemes or provide guarantees for small loans from banks, facilitating easier access to finance with reduced bureaucratic hurdles.
64. When a business's expenditure consistently exceeds its revenue, it operates at a loss. This financial state indicates that the business is spending more money than it earns from its activities. Persistent losses can reduce available capital, create cash flow problems, and threaten the long-term survival of the enterprise. It also suggests inefficiencies in operations, pricing, cost management, or sales performance. Therefore, corrective measures are needed to improve profitability and financial sustainability.
65. High-speed rail networks exemplify creative destruction by simultaneously creating superior travel options and displacing older ones. They introduce faster, more efficient, and often more comfortable inter-city travel, thereby enhancing passenger experience and connectivity. Concurrently, they 'destroy' the dominance of slower, less convenient modes like conventional rail or short-haul flights for certain routes, pushing these older methods to adapt or decline due to reduced demand and competitiveness.
66. a. Capital is the money or assets invested by the owner to start and operate a business. It provides the funds needed for business activities.
    b. Liabilities are financial obligations or debts that a business owes to others, such as loans, unpaid bills, or amounts payable to suppliers.
    c. Accounting helped Arjun track revenue, expenditure, profit, assets, and liabilities accurately. This enabled informed decision-making, better cost control, future planning, and improved trust among suppliers and lenders, contributing to effective business management.
67. a. Falguni Nayar founded Nykaa in 2012 after a successful career in investment banking and later expanded the company through online and physical retail channels.
    b. Sridhar Vembu co-founded Zoho Corporation, which is known for developing business software products and services used by organizations around the world.
    c. Ananya learned the importance of solving customer problems, planning carefully, using resources wisely, adapting to changes, and building trust. These entrepreneurs showed that long-term success comes through innovation, continuous learning, customer focus, and consistent effort rather than quick profits.
68. a. Startup India was launched on 16 January 2016 to promote innovation, entrepreneurship, and the growth of eligible start-ups across India.
    b. Incubation centres provide support such as workspace, mentoring, training programmes, networking opportunities, and guidance for developing business ideas.
    c. The start-up ecosystem provided mentorship, incubation support, training, digital infrastructure, and networking opportunities. These resources helped Megha improve her product, reach customers, attract support, and overcome challenges, enabling her to successfully launch and grow her educational application.
69. a. A balance sheet shows the financial position of a business on a specific date by presenting its assets, liabilities, and owner's capital.
    b. Two examples of assets in a business are cash and machinery.
    c. Accounting records helped Aditi monitor profits, identify unnecessary expenses, manage inventory efficiently, and demonstrate financial reliability. These records provided useful information for decision-making and helped her obtain a bank loan to support business expansion.
70. a. A business plan is a written document that explains what a business will do, how it will operate, the resources required, and the strategies for achieving business goals.
    b. The trial run or pilot testing stage comes before the final launch of a business and helps entrepreneurs evaluate their product or service.

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c. The trial run allowed Neha to test customer reactions, identify weaknesses, and improve product quality and packaging before full-scale launch. This reduced risk, increased customer satisfaction, and helped her make better business decisions based on actual feedback.

71. "Higher productivity" as a benefit of creative destruction refers to the ability to produce more output with the same amount of input, or the same output with less input, due to new innovations.
    - **Conceptual Example:** Consider the introduction of an advanced automated manufacturing system in an industry previously reliant on manual assembly. This new system, a result of creative destruction, performs tasks significantly faster and with fewer errors than human labor.
    - Consequently, the factory can produce a greater quantity of goods in the same timeframe, or reduce the number of working hours needed to achieve its previous output. This leads to increased efficiency, lower production costs, and ultimately, higher productivity for the economy, supporting overall economic growth.
72. Government policies are crucial in lowering entry barriers and stimulating growth for new businesses, especially during their initial stages when resources are scarce. These policies often provide a scaffold of support that ventures might otherwise lack. \n
    - For instance, specific recognition programs can grant eligible businesses access to benefits like simplified compliance procedures, tax incentives for a defined period, or priority in government tenders.
    - Such initiatives can significantly reduce the burden of regulatory hurdles and operational costs, allowing start-ups to allocate more resources towards innovation, product development, and market expansion rather than administrative overheads, thus enhancing their survival and growth prospects.
73. Networking and training events play a pivotal role in nurturing entrepreneurs and their ventures.
    - Firstly, networking events create invaluable opportunities for entrepreneurs to connect with peers, potential partners, investors, and advisors. These connections can lead to collaborations, new business opportunities, and access to crucial resources or strategic guidance that might otherwise be unattainable.
    - Secondly, training events, such as workshops and seminars, equip founders with enhanced knowledge and practical skills in various business functions, including marketing, financial management, legal compliance, and customer service. This continuous learning helps entrepreneurs make more informed decisions, refine their business models, and ultimately strengthen their ventures.
74. Creative destruction frequently necessitates significant "skill changes," presenting a critical challenge as demand shifts from older job roles to new ones requiring different competencies.
    - **Nature of Challenge:** When new technologies or industries emerge, the skills associated with displaced sectors often become less relevant. For instance, the rise of digital services may diminish the need for certain manual labor skills while increasing demand for digital literacy, data analysis, or software development. This can leave a segment of the workforce unprepared.
    - **Societal Address:** Societies can address this through robust education and vocational training programs. Initiatives like reskilling programs for displaced workers, focus on continuous learning, and integrating technology and future-oriented skills into early education curricula can help bridge the skill gap, facilitating workers' transition into new, growing sectors.
75. Maintaining clear accounting records is essential because it ensures a proper separation between a business owner’s personal finances and business finances. This separation helps record every business transaction accurately, avoiding the mixing of personal expenses with operational costs. Without clear records, it becomes difficult to determine the true profitability of the business, leading to confusion and poor financial decisions. Accurate accounting also supports budgeting, tax compliance, and financial reporting. It allows entrepreneurs to track cash flow, monitor expenses, and evaluate business performance more effectively. Overall, well-maintained records improve transparency, accountability, and financial discipline, ensuring that the business remains organized, legally compliant, and financially stable over time.

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