

## **ENTREPRENEURSHIP & INNOVATION**

### **INSTRUCTIONS TO THE STUDENTS**

This book has been specially designed as a comprehensive MCQ handbook for CMAT (Entrepreneurship & Innovation) aspirants.

- The book contains a total of 750 Multiple Choice Questions (MCQs).
- There are 15 chapters, and each chapter contains 50 MCQs, making it a systematic and chapter-wise practice resource.
- The questions cover all types of questions asked in CMAT, including:
  - Conceptual questions
  - Definition-based questions
  - Application-oriented questions
  - Analytical and reasoning-based questions
  - Case-based MCQs (as per CMAT pattern)
- The content is strictly aligned with the CMAT syllabus and designed to cover both static and applied aspects of Entrepreneurship & Innovation.
- Answers are provided immediately after each question, allowing quick self-assessment and efficient revision.
- The difficulty level ranges from easy to moderate and advanced, making this book suitable for:
  - Beginners starting CMAT preparation
  - Students revising concepts before the exam
  - Last-minute quick revision
- Students are advised to:
  - Attempt each chapter after studying the topic
  - Revise wrong answers and related concepts
  - Use Chapter 14 (Case-Based MCQs) and Chapter 15 (Full-Length Practice Set) as final mock practice
- This book can be used as:
  - A primary MCQ practice book
  - A revision handbook
  - A last-week CMAT booster

This handbook is intended to help aspirants build strong conceptual clarity, improve accuracy, and boost confidence for the CMAT examination.

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## Chapter 1 : Basics Of Entrepreneurship

Q1. Entrepreneurship primarily involves:

- A. Managing employees
- B. Identifying opportunities
- C. Avoiding risk
- D. Following rules

Answer: B

- C. Salary
- D. Authority

Answer: B

Q7. A manager generally focuses on:

- A. Innovation
- B. Opportunity creation
- C. Routine operations
- D. Risk taking

Answer: C

Q8. Entrepreneurs are more concerned with:

- A. Stability
- B. Status quo
- C. Change
- D. Bureaucracy

Answer: C

### INNOVATION – CORE CONCEPTS

Q9. Innovation means:

- A. Discovery of ideas
- B. Scientific research
- C. Commercial application of ideas
- D. Patent filing

Answer: C

Q10. Innovation becomes meaningful when it:

- A. Is invented
- B. Is marketed
- C. Is imagined
- D. Is discussed

Answer: B

Q11. Which of the following best distinguishes innovation from invention?

- A. Cost
- B. Creativity
- C. Commercialisation
- D. Technology

Answer: C

Q12. Innovation that improves existing products is called:

- A. Radical innovation
- B. Incremental innovation

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Q3. Entrepreneurship is a process of:

- A. Profit maximisation only
- B. Innovation and value creation
- C. Risk elimination
- D. Government regulation

Answer: B

Q4. Which of the following is NOT an entrepreneurial function?

- A. Risk bearing
- B. Innovation
- C. Resource mobilisation
- D. Routine supervision

Answer: D

Q5. Entrepreneurship contributes to economic development by:

- A. Increasing inflation
- B. Reducing employment
- C. Generating jobs
- D. Reducing competition

Answer: C

### ENTREPRENEUR VS MANAGER

Q6. The primary difference between an entrepreneur and a manager is:

- A. Qualification
- B. Risk taking

- C. Disruptive innovation
- D. Architectural innovation

Answer: B

- B. Employee
- C. Investor
- D. Customer

Answer: B

Q13. Disruptive innovation initially targets:

- A. Premium customers
- B. Mass market
- C. Niche or low-end market
- D. Government sector

Answer: C

#### RISK & UNCERTAINTY

Q19. Entrepreneurs prefer which type of risk?

- A. High risk
- B. No risk
- C. Calculated risk
- D. Random risk

Answer: C

#### STARTUPS & BUSINESS

Q14. A startup is best described as an organisation that:

- A. Has stable revenue
- B. Operates traditionally
- C. Searches for a scalable business model
- D. Is government owned

Answer: C

Q20. Risk in entrepreneurship refers to:

- A. Loss only
- B. Uncertainty of outcomes
- C. Profit guarantee
- D. Competition

Answer: B

Q15. Which of the following is a characteristic of startups?

- A. Low risk
- B. High scalability
- C. Fixed structure
- D. Guaranteed profits

Answer: B

Q21. Which risk arises due to market demand changes?

- A. Financial risk
- B. Operational risk
- C. Market risk
- D. Technical risk

Answer: C

Q16. A unicorn startup has a valuation of at least:

- A. ₹100 crore
- B. ₹500 crore
- C. \$1 billion
- D. \$10 billion

Answer: C

#### VALUE CREATION & MOTIVATION

Q22. Value creation means:

- A. Profit only
- B. Customer satisfaction only
- C. Economic and social benefit
- D. Cost reduction

Answer: C

Q17. Intrapreneurship refers to:

- A. Rural business
- B. Family business
- C. Entrepreneurship within an organisation
- D. Government enterprise

Answer: C

Q23. Entrepreneurs are mainly driven by:

- A. External pressure
- B. Fixed salary
- C. Opportunity
- D. Authority

Answer: C

Q18. An intrapreneur is primarily an:

- A. Owner

Q24. Motivation originating from internal satisfaction is called:  
 A. External motivation  
 B. Monetary motivation  
 C. Intrinsic motivation  
 D. Social motivation  
 Answer: C

D. Random control  
 Answer: B

Q30. Locus of control refers to belief about:  
 A. Intelligence  
 B. Authority  
 C. Control over outcomes  
 D. Leadership  
 Answer: C

#### SOCIAL & ECONOMIC ROLE

Q31. Entrepreneurship helps reduce:  
 A. Competition  
 B. Inflation  
 C. Unemployment  
 D. Innovation  
 Answer: C

Q32. Social entrepreneurship focuses on:  
 A. Profit maximisation  
 B. Social impact  
 C. Government control  
 D. Monopoly  
 Answer: B

Q33. Green entrepreneurship is related to:  
 A. Agriculture only  
 B. Environmental sustainability  
 C. IT services  
 D. Manufacturing only  
 Answer: B

#### BUSINESS MODEL & PLANNING

Q34. A business model explains how a firm:  
 A. Hires employees  
 B. Creates and captures value  
 C. Registers legally  
 D. Pays tax  
 Answer: B

Q35. Which of the following is NOT part of a business plan?  
 A. Market analysis  
 B. Financial projections

#### ENTREPRENEURIAL PROCESS

Q25. The first step in entrepreneurship is:  
 A. Business plan  
 B. Resource mobilisation  
 C. Opportunity identification  
 D. Profit generation  
 Answer: C

Q26. Which comes after opportunity identification?

- A. Feasibility analysis
- B. Expansion
- C. Exit
- D. Profit booking

Answer: A

Q27. Feasibility analysis checks:

- A. Profit only
- B. Market, technical and financial viability
- C. Employee strength
- D. Branding

Answer: B

#### CHARACTERISTICS & BEHAVIOUR

Q28. Which is NOT a characteristic of entrepreneurs?  
 A. Innovation  
 B. Risk taking  
 C. Dependence  
 D. Vision  
 Answer: C

Q29. Entrepreneurs generally have:

- A. External locus of control
- B. Internal locus of control
- C. No locus of control

- C. Risk analysis
- D. Daily attendance

Answer: D

## FAILURE & LEARNING

Q36. Entrepreneurs view failure as:

- A. Final outcome
- B. Social stigma
- C. Learning opportunity
- D. Personal loss

Answer: C

Q37. A common reason for startup failure is:

- A. Innovation
- B. Market mismatch
- C. Customer focus
- D. Scalability

Answer: B

## MSME & ECOSYSTEM

Q38. MSME stands for:

- A. Micro Small Medium Enterprise
- B. Medium Scale Enterprise
- C. Market Startup Model Entity
- D. Manufacturing Service Enterprise

Answer: A

Q39. Startup ecosystem includes:

- A. Incubators
- B. Investors
- C. Mentors
- D. All of the above

Answer: D

## IPR & LEGAL

Q40. Patent protects:

- A. Brand name
- B. Logo
- C. Invention
- D. Literary work

Answer: C

Q41. Trademark protects:

- A. Invention
- B. Artistic work
- C. Brand identity
- D. Process

Answer: C

## CURRENT CONTEXT (STATIC FOR CMAT)

Q42. Startup India initiative aims to:

- A. Control startups
- B. Tax startups heavily
- C. Promote innovation
- D. Limit competition

Answer: C

Q43. Incubators mainly support startups at:

- A. Exit stage
- B. Early stage
- C. Decline stage
- D. Saturation stage

Answer: B

Q44. Accelerators focus on:

- A. Idea generation
- B. Scaling startups
- C. Closing businesses
- D. Government jobs

Answer: B

## MISCELLANEOUS

Q45. Angel investors generally invest at:

- A. IPO stage
- B. Growth stage
- C. Early stage
- D. Decline stage

Answer: C

Q46. Venture capitalists usually invest for:

- A. Short term
- B. Medium to long term
- C. One month
- D. No return

Answer: B

**Q47.** Which sector is most associated with innovation?

- Traditional retail
- Technology
- Agriculture only
- Mining

**Answer:** B

**Q48.** Innovation helps firms gain:

- Monopoly
- Competitive advantage
- Regulation
- Stability only

**Answer:** B

**Q49.** Entrepreneurial success depends MOST on:

- Luck
- Government support
- Opportunity exploitation
- Family background

**Answer:** C

**Q50.** Entrepreneurship is important because it:

- Reduces innovation
- Encourages dependence
- Drives economic growth
- Limits creativity

**Answer:** C

## Chapter 2: Entrepreneurial Traits & Motivation

### ENTREPRENEURIAL TRAITS

**Q1.** The most important characteristic of an entrepreneur is:

- Authority
- Risk-taking ability
- Obedience
- Job security

**Answer:** B

- Supervision
- Vision
- Compliance
- Delegation

**Answer:** B

**Q2.** Entrepreneurs are generally more comfortable with:

- Certainty
- Supervision
- Ambiguity
- Rules

**Answer:** C

**Q5.** Entrepreneurs usually prefer goals that are:

- Very easy
- Impossible
- Moderately challenging
- Assigned by others

**Answer:** C

**Q3.** Tolerance for ambiguity means the ability to:

- Avoid uncertainty
- Ignore risk
- Handle uncertainty effectively
- Depend on others

**Answer:** C

**Q6.** Which of the following is NOT an entrepreneurial trait?

- Creativity
- Initiative
- Dependence
- Leadership

**Answer:** C

**Q4.** Which trait helps entrepreneurs foresee future opportunities?

**Q7.** Entrepreneurs generally show:

- Low confidence
- High self-confidence
- External dependence
- Fear of authority

**Answer:** B

**Q8.** Which quality enables entrepreneurs to influence others?

- A. Compliance
- B. Leadership
- C. Dependence
- D. Submission

**Answer: B**

**Q9.** Entrepreneurs are best described as:

- A. Risk avoiders
- B. Status quo maintainers
- C. Opportunity seekers
- D. Rule followers

**Answer: C**

**Q10.** Which trait helps entrepreneurs recover from failure?

- A. Rigidity
- B. Perseverance
- C. Fear
- D. Dependence

**Answer: B**

## MOTIVATION – BASICS

**Q11.** Motivation refers to:

- A. External pressure
- B. Internal drive to act
- C. Authority control
- D. Social obligation

**Answer: B**

**Q12.** Motivation arising from internal satisfaction is called:

- A. Extrinsic motivation
- B. Monetary motivation
- C. Intrinsic motivation
- D. Social motivation

**Answer: C**

**Q13.** Entrepreneurs are primarily motivated by:

- A. Fixed salary
- B. Job security
- C. Opportunity and independence

D. Authority

**Answer: C**

**Q14.** Motivation driven by rewards and incentives is known as:

- A. Intrinsic
- B. Moral
- C. Extrinsic
- D. Psychological

**Answer: C**

**Q15.** Which motivation is more dominant among entrepreneurs?

- A. Extrinsic
- B. Intrinsic
- C. Fear-based
- D. Authority-based

**Answer: B**

## McCLELLAND'S NEED THEORY (VERY IMPORTANT)

**Q16.** David McClelland is associated with which theory?

- A. Maslow's hierarchy
- B. Expectancy theory
- C. Need for Achievement theory
- D. Equity theory

**Answer: C**

**Q17.** According to McClelland, entrepreneurs score high on:

- A. Need for power
- B. Need for affiliation
- C. Need for achievement
- D. Need for security

**Answer: C**

**Q18.** The need for achievement (nAch) refers to:

- A. Desire for social relations
- B. Desire to influence others
- C. Desire to excel and succeed
- D. Desire for safety

**Answer: C**

**Q19.** Entrepreneurs with high nAch prefer tasks that are:

- A. Very easy
- B. Very risky
- C. Moderately risky
- D. Assigned compulsorily

**Answer: C**

**Q20.** Which need motivates individuals to control others?

- A. nAch
- B. nAff
- C. nPow
- D. nSec

**Answer: C**

## LOCUS OF CONTROL

**Q21.** Locus of control refers to belief about:

- A. Intelligence
- B. Control over outcomes
- C. Authority
- D. Leadership

**Answer: B**

**Q22.** Entrepreneurs generally have:

- A. External locus of control
- B. Internal locus of control
- C. Random locus of control
- D. No locus of control

**Answer: B**

**Q23.** Internal locus of control means belief that success depends on:

- A. Luck
- B. Fate
- C. Self-effort
- D. Government

**Answer: C**

**Q24.** Individuals with external locus of control believe outcomes depend on:

- A. Planning
- B. Skill
- C. Chance and luck
- D. Effort

**Answer: C**

**Q25.** Which locus of control is favourable for entrepreneurship?

- A. External
- B. Neutral
- C. Internal
- D. Social

**Answer: C**

## RISK-TAKING & BEHAVIOUR

**Q26.** Entrepreneurs usually take:

- A. Blind risk
- B. No risk
- C. Calculated risk
- D. Random risk

**Answer: C**

**Q27.** Entrepreneurs differ from gamblers because they:

- A. Avoid risk
- B. Ignore risk
- C. Analyse risk
- D. Take chance-based risk

**Answer: C**

**Q28.** Which risk arises due to uncertainty in market demand?

- A. Financial risk
- B. Technical risk
- C. Market risk
- D. Operational risk

**Answer: C**

**Q29.** Entrepreneurs view change as:

- A. Threat
- B. Obstacle
- C. Opportunity
- D. Burden

**Answer: C**

**Q30.** Entrepreneurs are proactive, meaning they:

- A. React late
- B. Avoid change
- C. Anticipate opportunities

D. Follow instructions

**Answer: C**

### FAILURE, RESILIENCE & ATTITUDE

**Q31.** Entrepreneurs generally consider failure as:

- A. Final outcome
- B. Personal loss
- C. Learning experience
- D. Social stigma

**Answer: C**

**Q32.** The ability to bounce back after failure is called:

- A. Rigidity
- B. Resilience
- C. Dependence
- D. Avoidance

**Answer: B**

**Q33.** Fear of failure affects entrepreneurship by:

- A. Encouraging innovation
- B. Discouraging risk taking
- C. Increasing confidence
- D. Improving leadership

**Answer: B**

**Q34.** Entrepreneurs with high resilience show:

- A. Withdrawal
- B. Persistence
- C. Avoidance
- D. Dependence

**Answer: B**

**Q35.** Which attitude helps entrepreneurs face uncertainty?

- A. Risk avoidance
- B. Flexibility
- C. Dependence
- D. Rigidity

**Answer: B**

### APPLICATION & CONCEPTUAL MCQs

**Q36.** Entrepreneurs generally prefer working in:

- A. Highly regulated environment

B. Structured organisations

C. Independent settings

D. Bureaucratic systems

**Answer: C**

**Q37.** Which trait helps entrepreneurs make quick decisions?

- A. Indecisiveness
- B. Analytical ability
- C. Emotional dependence
- D. Passivity

**Answer: B**

**Q38.** Entrepreneurs are more likely to be:

- A. Authority-driven
- B. Opportunity-driven
- C. Fear-driven
- D. Reward-driven only

**Answer: B**

**Q39.** Which factor discourages entrepreneurship?

- A. Innovation
- B. Independence
- C. Fear of failure
- D. Risk tolerance

**Answer: C**

**Q40.** Entrepreneurs generally prefer:

- A. Job security
- B. Fixed income
- C. Autonomy
- D. Supervision

**Answer: C**

### MISCELLANEOUS

**Q41.** Which quality enables entrepreneurs to stay focused on goals?

- A. Discipline
- B. Dependence
- C. Compliance
- D. Rigidity

**Answer: A**

**Q42.** Entrepreneurs usually rely more on:

- A. Instructions
- B. Authority
- C. Self-belief
- D. Supervision

**Answer: C**

D. Withdrawal

**Answer: C**

**Q47.** Which trait helps entrepreneurs take initiative?

- A. Passivity
- B. Proactiveness
- C. Dependence
- D. Rigidity

**Answer: B**

**Q43.** Which trait is essential for long-term entrepreneurial success?

- A. Luck
- B. Perseverance
- C. Dependence
- D. Authority

**Answer: B**

**Q48.** Which motivation encourages innovation?

- A. Fear-based
- B. Intrinsic
- C. Authority-based
- D. Compulsion

**Answer: B**

**Q44.** Entrepreneurs are motivated to start ventures mainly for:

- A. Social pressure
- B. Status quo
- C. Achievement and independence
- D. Routine work

**Answer: C**

**Q49.** Entrepreneurs are more likely to be motivated by:

- A. External pressure
- B. Internal goals
- C. Authority
- D. Supervision

**Answer: B**

**Q45.** High tolerance for ambiguity helps entrepreneurs to:

- A. Avoid uncertainty
- B. Fear failure
- C. Manage uncertain situations
- D. Depend on others

**Answer: C**

**Q50.** Entrepreneurial success is MOST influenced by:

- A. Family background
- B. Luck
- C. Entrepreneurial traits and motivation
- D. Government support

**Answer: C**

**Q46.** Entrepreneurs generally show which behaviour under uncertainty?

- A. Avoidance
- B. Panic
- C. Decision-making

D. Social entrepreneurship

Answer: C

**Q2.** Which type of entrepreneurship aims for rapid growth and scalability?

- A. Small business
- B. Scalable startup

## BASIC CLASSIFICATION

**Q1.** Entrepreneurship that focuses on local markets and limited growth is called:

- A. Scalable entrepreneurship
- B. Corporate entrepreneurship
- C. Small business entrepreneurship

- C. Social
- D. Rural

Answer: B

- B. Innovation and growth
- C. Stability
- D. Risk avoidance

Answer: B

Q3. Which entrepreneurship focuses on solving social problems?

- A. Commercial entrepreneurship
- B. Scalable entrepreneurship
- C. Social entrepreneurship
- D. Intrapreneurship

Answer: C

Q9. Venture capital is mostly associated with:

- A. Small businesses
- B. Family businesses
- C. Scalable startups
- D. Rural enterprises

Answer: C

Q4. Intrapreneurship refers to:

- A. Rural business
- B. Government enterprise
- C. Entrepreneurship within an organisation
- D. Family business

Answer: C

Q10. Which feature best differentiates scalable startups from small businesses?

- A. Ownership
- B. Risk
- C. Growth potential
- D. Profit motive

Answer: C

Q5. An intrapreneur is typically a/an:

- A. Business owner
- B. Employee
- C. Investor
- D. Government officer

Answer: B

**SOCIAL & GREEN ENTREPRENEURSHIP**

Q11. Social entrepreneurship aims to create:

- A. Only profit
- B. Only employment
- C. Social impact with sustainability
- D. Monopoly

Answer: C

**SMALL BUSINESS & SCALABLE STARTUPS**

Q6. Which of the following is an example of small business entrepreneurship?

- A. Google
- B. Amazon
- C. Local grocery store
- D. Flipkart

Answer: C

Q12. Which is a key characteristic of social entrepreneurship?

- A. Profit maximisation
- B. Social mission
- C. Risk avoidance
- D. Government funding only

Answer: B

Q7. Small business entrepreneurs usually aim for:

- A. Global expansion
- B. High valuation
- C. Survival and steady income
- D. Rapid scaling

Answer: C

Q13. Microfinance institutions are examples of:

- A. Corporate entrepreneurship
- B. Social entrepreneurship
- C. Intrapreneurship
- D. Rural business only

Answer: B

Q8. Scalable startups primarily focus on:

- A. Local markets

Q14. Green entrepreneurship is mainly concerned with:

- IT services
- Environmental sustainability
- Banking services
- Manufacturing only

Answer: B

D. Sole proprietors  
Answer: C

Q15. Which of the following ventures best represents green entrepreneurship?

- Coal mining company
- Plastic manufacturing unit
- Solar energy startup
- Tobacco industry

Answer: C

Q20. Intrapreneurship helps organisations by:

- Reducing innovation
- Maintaining status quo
- Encouraging innovation
- Increasing bureaucracy

Answer: C

#### RURAL & WOMEN ENTREPRENEURSHIP

#### CORPORATE & INTRAPRENEURSHIP

Q16. Corporate entrepreneurship occurs within:

- Government offices
- NGOs
- Existing corporations
- Rural areas

Answer: C

Q21. Rural entrepreneurship is mainly promoted to:

- Increase urbanisation
- Reduce rural unemployment
- Encourage imports
- Increase migration

Answer: B

Q17. Which term describes innovation by employees inside an organisation?

- Social entrepreneurship
- Intrapreneurship
- Scalable entrepreneurship
- Family entrepreneurship

Answer: B

Q22. Rural entrepreneurs typically utilise:

- Imported resources
- Local resources
- Foreign capital only
- High-end technology only

Answer: B

Q18. Intrapreneurs differ from entrepreneurs because they:

- Take no risk
- Use company resources
- Avoid innovation
- Work independently

Answer: B

Q23. Women entrepreneurship focuses on ventures owned and managed by:

- Men only
- Government
- Women
- Families only

Answer: C

Q19. Which organisation benefits most from intrapreneurship?

- Startups
- Government offices
- Large corporations

Q24. Promotion of women entrepreneurship helps in:

- Gender equality
- Economic empowerment
- Social development
- All of the above

Answer: D

Q25. Self Help Groups (SHGs) mainly promote:

- Corporate entrepreneurship

- B. Rural and women entrepreneurship
- C. Scalable startups
- D. Intrapreneurship

Answer: B

## TECHNOLOGY & INNOVATION-BASED ENTREPRENEURSHIP

Q26. Technology entrepreneurship is driven primarily by:

- A. Natural resources
- B. Innovation and technology
- C. Government jobs
- D. Agriculture

Answer: B

Q27. Which sector is MOST associated with technology entrepreneurship?

- A. IT and software
- B. Traditional retail
- C. Mining
- D. Handicrafts

Answer: A

Q28. Knowledge-based entrepreneurship relies on:

- A. Physical labour
- B. Intellectual capital
- C. Natural resources
- D. Manual skills only

Answer: B

Q29. Which entrepreneurship involves high R&D intensity?

- A. Small business
- B. Technology entrepreneurship
- C. Rural entrepreneurship
- D. Social entrepreneurship

Answer: B

Q30. Startups in AI and biotechnology are examples of:

- A. Small business entrepreneurship
- B. Technology entrepreneurship
- C. Family business
- D. Social entrepreneurship

Answer: B

## OTHER TYPES & APPLICATION

Q31. Family business entrepreneurship involves:

- A. Government ownership
- B. Public ownership
- C. Family ownership and control
- D. Corporate management only

Answer: C

Q32. Which entrepreneurship passes business from one generation to another?

- A. Corporate
- B. Family business
- C. Scalable startup
- D. Intrapreneurship

Answer: B

Q33. Serial entrepreneurs are those who:

- A. Start one business only
- B. Avoid risk
- C. Start multiple ventures
- D. Manage family businesses only

Answer: C

Q34. Which type of entrepreneur imitates existing business models?

- A. Innovative entrepreneur
- B. Imitative entrepreneur
- C. Fabian entrepreneur
- D. Drone entrepreneur

Answer: B

Q35. Fabian entrepreneurs are characterised by:

- A. Quick adoption
- B. High innovation
- C. Cautious adoption of change
- D. Resistance to change

Answer: C

## SCHUMPETER-BASED TYPES

Q36. According to Schumpeter, entrepreneurs are primarily:

- A. Risk avoiders
- B. Innovators

C. Managers  
 D. Administrators  
 Answer: B

---

Q37. Drone entrepreneurs are those who:  
 A. Innovate rapidly  
 B. Follow trends  
 C. Resist change  
 D. Create disruption  
 Answer: C

---

Q38. Innovative entrepreneurs introduce:  
 A. New combinations  
 B. Old products only  
 C. Routine operations  
 D. Traditional methods  
 Answer: A

---

Q39. Which entrepreneur category resists change completely?  
 A. Fabian  
 B. Imitative  
 C. Drone  
 D. Innovative  
 Answer: C

---

Q40. Imitative entrepreneurs are important because they:  
 A. Create new inventions  
 B. Spread innovations  
 C. Avoid risk  
 D. Reduce competition  
 Answer: B

#### EXAM-ORIENTED MCQs

Q41. Which type of entrepreneurship is MOST suitable for high unemployment areas?  
 A. Corporate  
 B. Rural  
 C. Intrapreneurship  
 D. Technology  
 Answer: B

Q42. Which entrepreneurship focuses on profit with purpose?  
 A. Scalable  
 B. Social  
 C. Small business  
 D. Corporate  
 Answer: B

---

Q43. Which entrepreneurship type is promoted by Startup India?  
 A. Government  
 B. Scalable startups  
 C. Family businesses  
 D. Fabian entrepreneurs  
 Answer: B

---

Q44. Which type is MOST associated with innovation-driven growth?  
 A. Small business  
 B. Social  
 C. Scalable startup  
 D. Rural  
 Answer: C

---

Q45. Which entrepreneurship helps large firms stay competitive?  
 A. Small business  
 B. Intrapreneurship  
 C. Rural  
 D. Family business  
 Answer: B

---

Q46. Which type uses local skills and traditional knowledge?  
 A. Technology  
 B. Rural  
 C. Corporate  
 D. Scalable  
 Answer: B

---

Q47. Women entrepreneurship programmes primarily aim to:  
 A. Increase competition  
 B. Improve gender equality  
 C. Reduce technology use

D. Increase imports

Answer: B

Q48. Which entrepreneurship relies heavily on intellectual property?

- A. Small business
- B. Technology entrepreneurship
- C. Rural entrepreneurship
- D. Family business

Answer: B

Q49. Which entrepreneur adopts innovation after it is proven?

A. Innovative

- B. Fabian
- C. Drone
- D. Serial

Answer: B

Q50. Which type of entrepreneurship is MOST suitable for innovation-led economies?

- A. Small business
- B. Scalable startups
- C. Drone entrepreneurship
- D. Fabian entrepreneurship

Answer: B

## Chapter 4: Innovation – Concepts & Types

50 MCQs (CMAT Focused)

### BASICS OF INNOVATION

Q1. Innovation is best defined as:

- A. Discovery of new ideas
- B. Scientific invention
- C. Commercial application of ideas
- D. Patent registration

Answer: C

- B. Improved process
- C. Idea without implementation
- D. New business model

Answer: C

Q2. Innovation becomes meaningful only when it is:

- A. Invented
- B. Designed
- C. Commercialised
- D. Discussed

Answer: C

Q5. Innovation primarily aims at:

- A. Cost increase
- B. Value creation
- C. Risk elimination
- D. Monopoly

Answer: B

### TYPES OF INNOVATION – PRODUCT & PROCESS

Q6. Introduction of a new or improved good is called:

- A. Process innovation
- B. Product innovation
- C. Marketing innovation
- D. Organisational innovation

Answer: B

Q3. Innovation differs from invention because innovation involves:

- A. Creativity only
- B. Scientific research
- C. Market acceptance
- D. Idea generation

Answer: C

Q7. Automation of production to reduce cost is an example of:

- A. Product innovation
- B. Process innovation
- C. Radical innovation

Q4. Which of the following is NOT innovation?

- A. New product launch

D. Disruptive innovation

Answer: B

Q8. Product innovation focuses mainly on:

- A. How work is done
- B. Organisational structure
- C. What is offered to customers
- D. Employee motivation

Answer: C

Q9. Process innovation mainly improves:

- A. Product design
- B. Service delivery
- C. Production efficiency
- D. Branding

Answer: C

Q10. Which of the following is an example of process innovation?

- A. New smartphone model
- B. Online payment system
- C. Assembly line automation
- D. Brand logo redesign

Answer: C

#### INCREMENTAL & RADICAL INNOVATION

Q11. Incremental innovation refers to:

- A. Small improvements in existing products
- B. Complete replacement of technology
- C. Creation of new markets
- D. Destruction of existing industries

Answer: A

Q12. Which innovation involves breakthrough changes?

- A. Incremental
- B. Minor
- C. Radical
- D. Imitative

Answer: C

Q13. Which of the following is an example of incremental innovation?

- A. Electric vehicles replacing petrol cars

B. Smartphone camera upgrade

C. Internet invention

D. Mobile phone invention

Answer: B

Q14. Radical innovation usually involves:

- A. Low risk
- B. Minor changes
- C. High uncertainty
- D. No market impact

Answer: C

Q15. Which innovation has higher market risk?

- A. Incremental
- B. Process
- C. Radical
- D. Organisational

Answer: C

#### DISRUPTIVE INNOVATION

Q16. Disruptive innovation is associated with:

- A. High-end customers only
- B. Improving existing markets
- C. Creating new value networks
- D. Maintaining status quo

Answer: C

Q17. Disruptive innovation initially targets:

- A. Premium customers
- B. Mass market
- C. Niche or low-end market
- D. Government sector

Answer: C

Q18. Which is a classic example of disruptive innovation?

- A. Luxury cars
- B. OTT platforms replacing cable TV
- C. Incremental mobile updates
- D. Premium hotels

Answer: B

Q19. Disruptive innovations are usually:

- A. Expensive at launch

- B. Low-cost initially
- C. Technologically complex
- D. Risk-free

Answer: B

---

Q20. Disruptive innovation eventually:

- A. Remains niche
- B. Disappears
- C. Replaces incumbents
- D. Stops improving

Answer: C

---

## ORGANISATIONAL & MARKETING INNOVATION

Q21. Organisational innovation relates to changes in:

- A. Products
- B. Production process
- C. Business practices and structure
- D. Raw materials

Answer: C

---

Q22. Introducing flexible work culture is an example of:

- A. Product innovation
- B. Process innovation
- C. Organisational innovation
- D. Radical innovation

Answer: C

---

Q23. Marketing innovation focuses on:

- A. Product quality
- B. Production method
- C. Promotion and pricing strategies
- D. Employee training

Answer: C

---

Q24. Which of the following is marketing innovation?

- A. New machine
- B. New product
- C. New advertising strategy
- D. Automation

Answer: C

---

Q25. Dynamic pricing used by airlines is an example of:

- A. Product innovation
- B. Process innovation
- C. Marketing innovation
- D. Radical innovation

Answer: C

---

## BUSINESS MODEL & OPEN INNOVATION

Q26. Business model innovation focuses on:

- A. Product features
- B. Revenue generation logic
- C. Employee behaviour
- D. Manufacturing process

Answer: B

---

Q27. Which company is known for business model innovation using subscription?

- A. Coca-Cola
- B. Netflix
- C. Toyota
- D. Shell

Answer: B

---

Q28. Open innovation means:

- A. Innovation done secretly
- B. Using only internal ideas
- C. Using internal and external ideas
- D. Government-led innovation

Answer: C

---

Q29. Open innovation encourages:

- A. Closed systems
- B. Knowledge sharing
- C. Risk avoidance
- D. Monopoly

Answer: B

---

Q30. Crowdsourcing is an example of:

- A. Closed innovation
- B. Radical innovation
- C. Open innovation
- D. Incremental innovation

Answer: C

---

## TECHNOLOGY & SOCIAL INNOVATION

Q31. Technology-driven innovation relies primarily on:

- A. Natural resources
- B. Capital only
- C. Scientific and technical knowledge
- D. Manual labour

Answer: C

Q32. Innovation aimed at solving social problems is called:

- A. Product innovation
- B. Social innovation
- C. Process innovation
- D. Radical innovation

Answer: B

Q33. Social innovation focuses mainly on:

- A. Profit maximisation
- B. Cost reduction
- C. Social value creation
- D. Market domination

Answer: C

Q34. Microfinance is an example of:

- A. Product innovation
- B. Social innovation
- C. Radical innovation
- D. Organisational innovation

Answer: B

Q35. Which innovation type balances profit and purpose?

- A. Radical
- B. Social
- C. Incremental
- D. Process

Answer: B

## ADOPTION & DIFFUSION OF INNOVATION

Q36. Innovation diffusion refers to:

- A. Creation of ideas
- B. Spread of innovation over time
- C. Patent filing

D. Idea rejection

Answer: B

Q37. Early adopters are those who:

- A. Reject innovation
- B. Adopt innovation early
- C. Adopt at the end
- D. Avoid risk

Answer: B

Q38. Which group adopts innovation last?

- A. Innovators
- B. Early adopters
- C. Early majority
- D. Laggards

Answer: D

Q39. Faster diffusion of innovation depends on:

- A. Complexity
- B. High cost
- C. Relative advantage
- D. Resistance

Answer: C

Q40. Which factor slows innovation adoption?

- A. Compatibility
- B. Trialability
- C. Complexity
- D. Observability

Answer: C

## EXAM-ORIENTED APPLICATION MCQs

Q41. Which innovation type involves minimal technological change?

- A. Radical
- B. Incremental
- C. Disruptive
- D. Architectural

Answer: B

Q42. Which innovation is MOST risky?

- A. Incremental
- B. Process
- C. Radical

D. Marketing

Answer: C

Q43. Which innovation improves how value is delivered?

- A. Product
- B. Business model
- C. Radical
- D. Incremental

Answer: B

Q44. Using UPI for payments is an example of:

- A. Product innovation
- B. Process innovation
- C. Business model innovation
- D. All of the above

Answer: D

Q45. Which innovation replaces traditional intermediaries?

- A. Incremental
- B. Disruptive
- C. Organisational
- D. Process

Answer: B

Q46. Which innovation type is MOST common in mature industries?

- A. Radical
- B. Incremental
- C. Disruptive
- D. Social

Answer: B

Q47. Which innovation reduces cost without changing product?

- A. Product
- B. Process
- C. Radical
- D. Marketing

Answer: B

Q48. Innovation that changes internal structure is:

- A. Product
- B. Process
- C. Organisational
- D. Marketing

Answer: C

Q49. Innovation that changes customer perception is:

- A. Process
- B. Organisational
- C. Marketing
- D. Radical

Answer: C

Q50. Innovation is critical for entrepreneurship because it:

- A. Eliminates competition
- B. Ensures monopoly
- C. Creates competitive advantage
- D. Avoids risk

Answer: C

## Chapter 5: Schumpeter & Creative Destruction

50 MCQs (CMAT Focused)

### JOSEPH SCHUMPETER – BASICS

Q1. Joseph Schumpeter viewed the entrepreneur primarily as a:

- A. Manager
- B. Risk bearer
- C. Innovator

D. Capitalist

Answer: C

Q2. Schumpeter is best known for his theory of:

- A. Motivation
- B. Innovation
- C. Creative Destruction
- D. Business cycles

Answer: C

Q3. According to Schumpeter, economic development is driven by:

- A. Capital accumulation
- B. Government policy
- C. Innovation
- D. Labour force

Answer: C

Q4. Schumpeter belonged to which school of economics?

- A. Classical
- B. Keynesian
- C. Austrian
- D. Marxist

Answer: C

Q5. In Schumpeter's view, profit is the reward for:

- A. Risk taking
- B. Innovation
- C. Ownership
- D. Management

Answer: B

#### CREATIVE DESTRUCTION – CORE CONCEPT

Q6. Creative Destruction refers to:

- A. Destruction of resources
- B. Elimination of competition
- C. Replacement of old products by new innovations
- D. Decline of entrepreneurship

Answer: C

Q7. Creative Destruction leads to:

- A. Economic stagnation
- B. Monopoly only
- C. Industrial transformation
- D. Reduced innovation

Answer: C

Q8. Which of the following best illustrates creative destruction?

- A. Handloom industry
- B. Smartphones replacing feature phones
- C. Price discounts

D. Brand extension

Answer: B

Q9. Creative Destruction implies that innovation:

- A. Preserves existing firms
- B. Maintains status quo
- C. Makes old technologies obsolete
- D. Avoids risk

Answer: C

Q10. Which sector is MOST affected by creative destruction?

- A. Traditional services
- B. Technology sector
- C. Agriculture
- D. Government sector

Answer: B

#### FORMS OF INNOVATION (SCHUMPETER)

Q11. Schumpeter identified innovation as introduction of:

- A. New products only
- B. New markets only
- C. New methods only
- D. New combinations

Answer: D

Q12. Which of the following is NOT a form of innovation identified by Schumpeter?

- A. New product
- B. New production method
- C. New market
- D. New labour law

Answer: D

Q13. Introduction of a new production technique is an example of:

- A. Product innovation
- B. Process innovation
- C. Social innovation
- D. Marketing innovation

Answer: B

Q14. Opening of a new market refers to:

- Advertising
- International expansion
- Market segmentation
- Pricing strategy

Answer: B

D. New combinations  
 Answer: C

---

Q20. Schumpeter believed that entrepreneurs eventually:

- Remain permanent innovators
- Become managers
- Exit economy immediately
- Stop innovation permanently

Answer: B

#### PROFIT, CYCLES & CAPITALISM

Q21. According to Schumpeter, profits are:

- Permanent income
- Result of monopoly
- Temporary rewards
- Government incentives

Answer: C

---

Q22. Profits disappear when:

- Costs rise
- Competition imitates innovation
- Government intervenes
- Demand falls

Answer: B

---

Q23. Schumpeter linked innovation with:

- Inflation
- Unemployment
- Business cycles
- Fiscal policy

Answer: C

---

Q24. Innovation-led growth results in which phase of business cycle?

- Depression
- Recovery
- Boom
- Stagnation

Answer: C

---

Q25. According to Schumpeter, capitalism evolves due to:

- Government planning

---

Q15. Using a new source of raw material is considered:

- Product innovation
- Organisational innovation
- Schumpeterian innovation
- Incremental change

Answer: C

#### ENTREPRENEUR'S ROLE (SCHUMPETER)

Q16. According to Schumpeter, entrepreneurs disturb:

- Economic balance
- Labour supply
- Capital market
- Government policy

Answer: A

---

Q17. Entrepreneurs cause economic development by:

- Following routines
- Maintaining equilibrium
- Introducing innovation
- Avoiding competition

Answer: C

---

Q18. Schumpeterian entrepreneurs are different from managers because they:

- Manage operations
- Introduce new combinations
- Avoid risk
- Focus on routine work

Answer: B

---

Q19. Which function is NOT emphasised by Schumpeter?

- Innovation
- Creative destruction
- Risk bearing

- B. Innovation waves
- C. Trade unions
- D. Stable markets

Answer: B

#### MODERN APPLICATION OF SCHUMPETER

Q26. Which modern industry best reflects Schumpeter's theory?

- A. Postal services
- B. OTT platforms
- C. Manual agriculture
- D. Public administration

Answer: B

Q27. Ride-sharing apps replacing taxis is an example of:

- A. Incremental change
- B. Creative destruction
- C. Social innovation
- D. Process improvement

Answer: B

Q28. Digital payments replacing cash best illustrate:

- A. Market saturation
- B. Creative destruction
- C. Risk avoidance
- D. Incremental innovation

Answer: B

Q29. Which entrepreneur best fits Schumpeterian definition?

- A. Routine shop owner
- B. Government employee
- C. Startup founder with disruptive idea
- D. Traditional trader

Answer: C

Q30. Schumpeter's theory supports which view of entrepreneurship?

- A. Administrative
- B. Innovative
- C. Conservative
- D. Bureaucratic

Answer: B

#### LIMITATIONS & CRITICISM

Q31. One criticism of Schumpeter's theory is that it:

- A. Overemphasises innovation
- B. Ignores capital
- C. Ignores risk
- D. Ignores government

Answer: C

Q32. Schumpeter did NOT focus on:

- A. Innovation
- B. Entrepreneurial leadership
- C. Risk bearing
- D. Creative destruction

Answer: C

Q33. According to critics, not all entrepreneurs are:

- A. Innovators
- B. Managers
- C. Investors
- D. Leaders

Answer: A

Q34. Which entrepreneur type contradicts Schumpeter's view?

- A. Innovative entrepreneur
- B. Imitative entrepreneur
- C. Fabian entrepreneur
- D. Drone entrepreneur

Answer: D

Q35. Schumpeter's theory is MOST applicable to:

- A. Static economies
- B. Developing economies
- C. Innovation-driven economies
- D. Subsistence economies

Answer: C

#### EXAM-ORIENTED APPLICATION MCQs

Q36. Which innovation leads to destruction of old firms?

- A. Incremental

- B. Radical
- C. Creative
- D. Creative destruction

Answer: D

Q42. Innovation creates temporary monopoly profits.

- A. True
- B. False

Answer: A

Q37. Which entrepreneur introduces new combinations?

- A. Fabian
- B. Drone
- C. Schumpeterian
- D. Imitative

Answer: C

Q43. Creative destruction is harmful in the long run.

- A. True
- B. False

Answer: B

Q38. Schumpeter believed competition occurs mainly through:

- A. Price wars
- B. Advertising
- C. Innovation
- D. Regulation

Answer: C

Q44. Entrepreneurs eventually lose monopoly due to imitation.

- A. True
- B. False

Answer: A

Q39. Creative destruction is MOST beneficial for:

- A. Inefficient firms
- B. Consumers
- C. Monopolies
- D. Bureaucracies

Answer: B

Q45. Schumpeter supported static economic growth.

- A. True
- B. False

Answer: B

Q40. Which industry disruption aligns with Schumpeter's view?

- A. Manual accounting
- B. Cloud computing
- C. Fixed deposits
- D. Government exams

Answer: B

#### FINAL APPLICATION

Q46. Which concept explains why startups disrupt big firms?

- A. Market failure
- B. Creative destruction
- C. Cost advantage
- D. Government policy

Answer: B

Q47. Which is a direct outcome of creative destruction?

- A. Job loss only
- B. Technological stagnation
- C. Structural change
- D. Price control

Answer: C

Q48. Schumpeter's entrepreneur focuses on:

- A. Stability
- B. Routine

C. Innovation  
 D. Control  
 Answer: C

D. Manual labour  
 Answer: C

Q49. Which wave best represents Schumpeterian growth today?  
 A. Agriculture  
 B. Industrialisation  
 C. Digital & AI revolution

Q50. Schumpeter's theory highlights entrepreneurship as a driver of:  
 A. Inflation  
 B. Economic development  
 C. Inequality  
 D. Regulation  
 Answer: B

## Chapter 6: Entrepreneurial Process

### BASICS OF ENTREPRENEURIAL PROCESS

Q1. The entrepreneurial process refers to:  
 A. Managing an existing business  
 B. Starting a government enterprise  
 C. Steps involved in creating a new venture  
 D. Marketing a product only  
 Answer: C

B. Idea generation  
 C. Opportunity recognition  
 D. Profit earning  
 Answer: C

### OPPORTUNITY IDENTIFICATION & IDEA GENERATION

Q6. Opportunity identification focuses on:  
 A. Existing competition  
 B. Market gaps  
 C. Internal resources  
 D. Government policies  
 Answer: B

Q7. Which of the following is a source of entrepreneurial ideas?  
 A. Customer complaints  
 B. Market trends  
 C. Technological changes  
 D. All of the above  
 Answer: D

Q8. Idea generation is followed by:  
 A. Expansion  
 B. Feasibility analysis  
 C. Exit  
 D. Profit distribution  
 Answer: B

Q9. Which activity converts ideas into workable concepts?  
 A. Brainstorming

Q2. The entrepreneurial process is generally:  
 A. Linear and fixed  
 B. Random  
 C. Sequential and dynamic  
 D. Static  
 Answer: C

Q3. Which of the following is the FIRST step in the entrepreneurial process?  
 A. Resource mobilisation  
 B. Business plan preparation  
 C. Opportunity identification  
 D. Venture launch  
 Answer: C

Q4. Opportunity identification means:  
 A. Identifying available funds  
 B. Identifying customer needs and gaps  
 C. Hiring employees  
 D. Registering business  
 Answer: B

Q5. Entrepreneurial process begins with:  
 A. Innovation

- B. Feasibility analysis
- C. Marketing
- D. Delegation

Answer: B

- A. Market
- B. Technical
- C. Financial
- D. Social

Answer: C

Q10. Which factor MOST influences opportunity recognition?

- A. Family background
- B. Entrepreneur's alertness
- C. Government policy
- D. Capital availability

Answer: B

## BUSINESS PLAN PREPARATION

Q16. A business plan is a:

- A. Legal document
- B. Blueprint for business
- C. Marketing brochure
- D. Financial statement only

Answer: B

Q17. The primary purpose of a business plan is to:

- A. Satisfy government rules
- B. Guide the entrepreneur
- C. Replace management
- D. Avoid competition

Answer: B

## FEASIBILITY ANALYSIS

Q11. Feasibility analysis examines:

- A. Profit only
- B. Risk only
- C. Market, technical and financial viability
- D. Branding only

Answer: C

Q12. Market feasibility assesses:

- A. Technology used
- B. Customer demand and competition
- C. Cost of machinery
- D. Legal requirements

Answer: B

Q18. Which of the following is NOT part of a business plan?

- A. Executive summary
- B. Market analysis
- C. Daily attendance record
- D. Financial projections

Answer: C

Q13. Technical feasibility focuses on:

- A. Market size
- B. Availability of technology
- C. Funding sources
- D. Promotion strategy

Answer: B

Q19. Executive summary appears:

- A. At the end of the plan
- B. In the middle
- C. At the beginning
- D. As a separate document

Answer: C

Q14. Financial feasibility evaluates:

- A. Market trends
- B. Cost, revenue and profitability
- C. Employee motivation
- D. Product design

Answer: B

Q20. A good business plan should be:

- A. Lengthy
- B. Rigid
- C. Clear and realistic
- D. Highly technical

Answer: C

Q15. Which feasibility determines whether sufficient funds are available?

## RESOURCE MOBILISATION

Q21. Resource mobilisation refers to:

- A. Selling products
- B. Acquiring required resources
- C. Paying salaries
- D. Closing business

Answer: B

Q22. Which of the following is a human resource?

- A. Machinery
- B. Capital
- C. Employees
- D. Raw materials

Answer: C

Q23. Financial resources include:

- A. Labour
- B. Technology
- C. Capital
- D. Information

Answer: C

Q24. Angel investors usually provide funding at:

- A. Expansion stage
- B. IPO stage
- C. Early stage
- D. Decline stage

Answer: C

Q25. Venture capitalists generally invest during:

- A. Idea stage
- B. Growth stage
- C. Decline stage
- D. Exit stage

Answer: B

## VENTURE LAUNCH

Q26. Venture launch involves:

- A. Idea screening
- B. Business registration and start of operations
- C. Feasibility analysis
- D. Market research only

Answer: B

Q27. Which activity is part of venture launch?

- A. Opportunity identification
- B. Resource planning
- C. Legal registration
- D. Feasibility study

Answer: C

Q28. Launching a venture requires:

- A. Vision only
- B. Execution capability
- C. Idea only
- D. Capital only

Answer: B

Q29. Which stage converts plans into action?

- A. Feasibility
- B. Business planning
- C. Venture launch
- D. Exit

Answer: C

Q30. Failure at launch stage is often due to:

- A. Strong planning
- B. Poor execution
- C. High motivation
- D. Market demand

Answer: B

## GROWTH & EXPANSION

Q31. Growth stage focuses on:

- A. Idea testing
- B. Market expansion
- C. Business closure
- D. Resource identification

Answer: B

Q32. Which strategy helps growth?

- A. Market penetration
- B. Diversification
- C. Scaling operations
- D. All of the above

Answer: D

Q33. Scaling means:

- A. Increasing cost
- B. Increasing output without proportional cost increase
- C. Reducing operations
- D. Closing business

Answer: B

Q39. The MOST common reason for startup failure is:

- A. Innovation
- B. Market mismatch
- C. Government policy
- D. Legal issues

Answer: B

Q34. Growth requires continuous:

- A. Innovation
- B. Regulation
- C. Supervision only
- D. Cost cutting only

Answer: A

Q40. Entrepreneurs view failure as:

- A. End of career
- B. Personal loss
- C. Learning experience
- D. Social stigma

Answer: C

Q35. Which challenge is common during growth stage?

- A. Idea shortage
- B. Resource management
- C. Opportunity identification
- D. Business registration

Answer: B

#### APPLICATION & CMAT-ORIENTED

Q41. Which stage tests viability before heavy investment?

- A. Launch
- B. Growth
- C. Feasibility analysis
- D. Exit

Answer: C

#### EXIT & FAILURE

Q36. Exit strategy refers to:

- A. Business expansion
- B. Owner's withdrawal from business
- C. Product launch
- D. Hiring employees

Answer: B

Q42. Which stage requires maximum decision-making?

- A. Idea generation
- B. Venture launch
- C. Growth
- D. Exit

Answer: B

Q37. Which is a common exit option?

- A. IPO
- B. Merger or acquisition
- C. Selling stake
- D. All of the above

Answer: D

Q43. Which stage is MOST risky?

- A. Idea generation
- B. Feasibility
- C. Launch
- D. Exit

Answer: C

Q38. Business failure occurs when:

- A. Profits decline temporarily
- B. Business cannot sustain operations
- C. Competition increases
- D. Costs increase

Answer: B

Q44. Entrepreneurial process is best described as:

- A. One-time activity
- B. Continuous cycle
- C. Linear and closed
- D. Static process

Answer: B

Q45. Which activity ensures long-term survival?

- Opportunity identification
- Innovation and adaptation
- Risk avoidance
- Regulation

Answer: B

B. False  
 Answer: A

Q48. Exit always means failure.

- True
- False

Answer: B

Q49. Growth stage requires continuous innovation.

- True
- False

Answer: A

Q50. Entrepreneurial process ends permanently after exit.

- True
- False

Answer: B

Q47. Resource mobilisation occurs after idea validation.

A. True

## ◆ IDEA GENERATION – BASICS

Q1. Idea generation refers to the process of:

- Executing business plans
- Creating new business ideas
- Managing employees
- Raising funds

Answer: B

D. Technological innovation  
 Answer: C

Q4. Idea generation is most closely related to:

- Creativity
- Routine work
- Supervision
- Control

Answer: A

Q2. Entrepreneurial ideas generally originate from:

- Market problems
- Customer needs
- Technological changes
- All of the above

Answer: D

Q5. Which factor MOST helps in opportunity spotting?

- Capital availability
- Entrepreneurial alertness
- Government subsidy
- Family background

Answer: B

Q3. Which of the following is NOT a source of ideas?

- Customer feedback
- Market trends
- Government rules

## ◆ BRAINSTORMING

Q6. Brainstorming is a technique used to:

- Criticise ideas

- B. Generate multiple ideas
- C. Select final ideas
- D. Implement ideas

Answer: B

- B. Substitute
- C. Scale
- D. Select

Answer: B

Q7. Brainstorming encourages:

- A. Immediate evaluation
- B. Free flow of ideas
- C. Individual thinking only
- D. Risk avoidance

Answer: B

Q13. In SCAMPER, 'C' stands for:

- A. Create
- B. Combine
- C. Compare
- D. Control

Answer: B

Q8. During brainstorming, criticism of ideas is:

- A. Encouraged
- B. Discouraged
- C. Mandatory
- D. Ignored completely

Answer: B

Q14. 'A' in SCAMPER represents:

- A. Apply
- B. Adapt
- C. Add
- D. Analyse

Answer: B

Q9. Brainstorming is MOST effective when done:

- A. Individually
- B. In a group
- C. By managers only
- D. After execution

Answer: B

Q15. SCAMPER helps entrepreneurs to:

- A. Create completely new inventions
- B. Improve existing products
- C. Avoid competition
- D. Eliminate risk

Answer: B

Q10. The main objective of brainstorming is to:

- A. Select best idea immediately
- B. Generate quantity of ideas
- C. Reduce cost
- D. Avoid innovation

Answer: B

◆ MARKET & CUSTOMER-BASED IDEA GENERATION

◆ SCAMPER TECHNIQUE (CMAT FAVOURITE)

Q11. SCAMPER is a technique used to:

- A. Eliminate ideas
- B. Modify existing ideas
- C. Manage resources
- D. Raise funds

Answer: B

Q16. Which method focuses on unmet customer needs?

- A. Trend analysis
- B. Market gap analysis
- C. Brainstorming
- D. SCAMPER

Answer: B

Q12. In SCAMPER, 'S' stands for:

- A. Simplify

Q17. Customer complaints are valuable because they:

- A. Reduce brand image
- B. Indicate market gaps
- C. Increase cost
- D. Reduce demand

Answer: B

Q18. Which approach involves observing customers directly?

- A. Desk research
- B. Field observation
- C. Secondary data
- D. Financial analysis

Answer: B

Q19. Idea generation from customers is known as:

- A. Internal innovation
- B. User-driven innovation
- C. Closed innovation
- D. Radical innovation

Answer: B

Q20. Which technique focuses on solving customer pain points?

- A. Product innovation
- B. Design thinking
- C. Radical innovation
- D. Process control

Answer: B

◆ DESIGN THINKING (VERY HIGH CMAT WEIGHTAGE)

Q21. Design thinking is a:

- A. Technology-driven approach
- B. User-centric approach
- C. Cost-centric approach
- D. Manager-centric approach

Answer: B

Q22. The first stage of design thinking is:

- A. Ideate
- B. Prototype
- C. Empathise
- D. Test

Answer: C

Q23. Empathy in design thinking means:

- A. Understanding customer emotions
- B. Analysing competitors
- C. Testing products
- D. Pricing strategies

Answer: A

Q24. The second stage of design thinking is:

- A. Ideate
- B. Define
- C. Prototype
- D. Test

Answer: B

Q25. Ideation stage focuses on:

- A. Testing solutions
- B. Generating ideas
- C. Selecting one idea
- D. Manufacturing

Answer: B

◆ PROTOTYPING & TESTING

Q26. Prototype refers to:

- A. Final product
- B. Sample or model
- C. Business plan
- D. Marketing strategy

Answer: B

Q27. Prototyping helps entrepreneurs to:

- A. Reduce customer interaction
- B. Test ideas quickly
- C. Avoid failure
- D. Finalise production

Answer: B

Q28. Testing stage aims to:

- A. Confirm assumptions
- B. Eliminate customers
- C. Increase cost
- D. Stop innovation

Answer: A

Q29. Feedback in design thinking is used to:

- A. Criticise customers
- B. Improve solutions
- C. Delay launch
- D. Avoid change

Answer: B

Q30. Design thinking is iterative, meaning it is:

- A. Linear
- B. One-time
- C. Repetitive and flexible
- D. Rigid

Answer: C

◆ CREATIVITY & LATERAL THINKING

Q31. Lateral thinking focuses on:

- A. Logical sequence
- B. Routine solutions
- C. Creative alternatives
- D. Risk avoidance

Answer: C

Q32. Who popularised the concept of lateral thinking?

- A. Peter Drucker
- B. Edward de Bono
- C. Joseph Schumpeter
- D. David McClelland

Answer: B

◆ OPEN & COLLABORATIVE IDEA GENERATION

Q36. Crowdsourcing involves:

- A. Internal employees only
- B. External public participation
- C. Government agencies
- D. Closed teams

Answer: B

Q37. Open innovation encourages:

- A. Secrecy
- B. Knowledge sharing
- C. Monopoly
- D. Risk avoidance

Answer: B

Q38. Hackathons are used for:

- A. Fundraising
- B. Rapid idea generation
- C. Recruitment only
- D. Cost cutting

Answer: B

Q39. Which method uses external ideas to innovate?

- A. Closed innovation
- B. Incremental innovation
- C. Open innovation
- D. Radical innovation

Answer: C

Q40. Collaboration improves idea generation by:

- A. Reducing diversity
- B. Increasing perspectives
- C. Limiting creativity
- D. Avoiding risk

Answer: B

◆ EXAM-ORIENTED APPLICATION

Q41. Which technique is BEST for improving existing products?

- A. Radical innovation
- B. SCAMPER

Q35. Creative ideas become innovations when they are:

- A. Imagined
- B. Implemented
- C. Discussed
- D. Criticised

Answer: B

C. Exit strategy  
 D. Market closure  
 Answer: B

Q42. Which approach is MOST suitable for customer-centric startups?  
 A. Cost-based  
 B. Technology-driven  
 C. Design thinking  
 D. Authority-driven  
 Answer: C

Q43. Which method encourages quantity over quality initially?  
 A. Feasibility analysis  
 B. Brainstorming  
 C. Business planning  
 D. Market research  
 Answer: B

Q44. Which stage of design thinking reduces risk before launch?  
 A. Empathise  
 B. Ideate  
 C. Prototype & Test  
 D. Define  
 Answer: C

Q45. Idea generation should be followed by:  
 A. Immediate launch  
 B. Feasibility analysis  
 C. Expansion  
 D. Exit  
 Answer: B

◆ TRUE / FALSE (CMAT STYLE)

Q46. Design thinking focuses more on users than technology.  
 A. True  
 B. False  
 Answer: A

Q47. Brainstorming encourages early criticism.  
 A. True  
 B. False  
 Answer: B

Q48. SCAMPER is used only for new inventions.  
 A. True  
 B. False  
 Answer: B

Q49. Prototyping helps reduce uncertainty.  
 A. True  
 B. False  
 Answer: A

Q50. Idea generation is a one-time activity.  
 A. True  
 B. False  
 Answer: B

■ STARTUP ECOSYSTEM, INCUBATION & FUNDING

50 MCQs (CMAT Focused)

## Chapter 8: Startup Ecosystem – Basics

Q1. A startup ecosystem consists of:  
 A. Entrepreneurs only  
 B. Investors only  
 C. Interconnected support institutions  
 D. Government agencies only  
 Answer: C

A. Incubators  
 B. Accelerators  
 C. Mentors  
 D. Traditional trade unions  
 Answer: D

Q2. Which of the following is NOT a component of startup ecosystem?

Q3. Startup ecosystem supports startups by providing:  
 A. Regulation only

- B. Capital, mentorship and networks
- C. Government jobs
- D. Fixed salaries

Answer: B

---

Q4. Which city is considered India's startup capital?

- A. Mumbai
- B. Delhi
- C. Bengaluru
- D. Hyderabad

Answer: C

---

Q5. Startup ecosystem mainly helps entrepreneurs to:

- A. Avoid competition
- B. Reduce innovation
- C. Scale businesses
- D. Eliminate risk

Answer: C

◆ INCUBATION

Q6. An incubator primarily supports startups at:

- A. Exit stage
- B. Growth stage
- C. Early stage
- D. Decline stage

Answer: C

---

Q7. Incubators provide all EXCEPT:

- A. Office space
- B. Mentorship
- C. Legal support
- D. Guaranteed profits

Answer: D

---

Q8. Incubation period usually lasts:

- A. Few days
- B. Few weeks
- C. Few months to years
- D. Lifetime

Answer: C

Q9. Which institution commonly runs incubators in India?

- A. Banks
- B. Universities & IITs
- C. Courts
- D. Trade unions

Answer: B

---

Q10. Incubators mainly focus on:

- A. Scaling fast
- B. Idea validation
- C. Exit strategy
- D. IPO preparation

Answer: B

---

◆ ACCELERATORS

Q11. Accelerators differ from incubators because they:

- A. Support only ideas
- B. Focus on rapid growth
- C. Operate without mentors
- D. Avoid funding

Answer: B

---

Q12. Accelerator programs usually last:

- A. Several years
- B. Few months
- C. One day
- D. Lifetime

Answer: B

---

Q13. Accelerators generally invest in startups in exchange for:

- A. Salary
- B. Interest
- C. Equity
- D. Donation

Answer: C

---

Q14. Which stage startups usually join accelerators?

- A. Idea stage
- B. Prototype stage
- C. Growth-ready stage
- D. Decline stage

Answer: C

Q15. Accelerators focus mainly on:

- A. Ideation
- B. Scaling and market access
- C. Business registration
- D. Cost control

Answer: B

D. Tax penalties

Answer: C

◆ SOURCES OF STARTUP FUNDING

Q21. Funding from personal savings is called:

- A. Angel funding
- B. Bootstrapping
- C. Venture capital
- D. Crowdfunding

Answer: B

Q22. Friends and family funding usually occurs at:

- A. IPO stage
- B. Growth stage
- C. Early stage
- D. Exit stage

Answer: C

Q23. Angel investors generally invest:

- A. Very large amounts
- B. At early stages
- C. At exit stage
- D. Only in listed companies

Answer: B

Q24. Venture capital funding is usually provided during:

- A. Idea stage
- B. Growth stage
- C. Decline stage
- D. Closure stage

Answer: B

Q25. Venture capitalists expect:

- A. Fixed interest
- B. Salary
- C. High returns
- D. Donations

Answer: C

◆ ALTERNATIVE FUNDING SOURCES

Q26. Crowdfunding involves raising funds from:

- A. Banks only

Call: 9598333344

Q16. Startup India initiative was launched in:

- A. 2012
- B. 2014
- C. 2016
- D. 2018

Answer: C

Q17. Startup India aims to promote:

- A. Traditional businesses
- B. Innovation and entrepreneurship
- C. Government jobs
- D. Import substitution

Answer: B

Q18. Which benefit is provided under Startup India?

- A. Guaranteed profits
- B. Tax exemptions
- C. Job reservation
- D. Price control

Answer: B

Q19. Fund of Funds for Startups (FFS) is managed by:

- A. RBI
- B. SIDBI
- C. SEBI
- D. NABARD

Answer: B

Q20. Startup India supports startups mainly through:

- A. Regulation
- B. Control
- C. Funding and facilitation

- B. Government
- C. Large number of people
- D. Corporations only

Answer: C

Q32. Valuation refers to:

- A. Profit earned
- B. Cost incurred
- C. Estimated worth of a startup
- D. Market share

Answer: C

Q27. Which crowdfunding model offers ownership to investors?

- A. Donation-based
- B. Reward-based
- C. Equity-based
- D. Charity-based

Answer: C

Q33. Which factor MOST affects startup valuation?

- A. Office location
- B. Growth potential
- C. Number of employees
- D. Registration type

Answer: B

Q28. Bank loans for startups usually require:

- A. Innovation
- B. Collateral
- C. Mentorship
- D. Equity

Answer: B

Q34. Decacorn startups are valued at:

- A. \$1 billion
- B. \$5 billion
- C. \$10 billion or more
- D. \$100 billion

Answer: C

Q29. Which funding source provides mentorship along with capital?

- A. Banks
- B. Angel investors
- C. Customers
- D. Suppliers

Answer: B

Q35. Which Indian startup ecosystem produces most unicorns?

- A. Manufacturing
- B. Agriculture
- C. Technology & digital services
- D. Handicrafts

Answer: C

Q30. IPO is suitable for startups at:

- A. Idea stage
- B. Early stage
- C. Mature stage
- D. Decline stage

Answer: C

#### ◆ APPLICATION & CMAT-STYLE MCQs

Q36. Which support system is MOST important at idea stage?

- A. IPO
- B. Incubator
- C. Venture capital
- D. Accelerator

Answer: B

#### ◆ UNICORNS & VALUATION

Q31. A unicorn startup is valued at:

- A. ₹100 crore
- B. ₹1,000 crore
- C. \$1 billion or more
- D. \$100 million

Answer: C

Q37. Which funding option involves dilution of ownership?

- A. Bootstrapping
- B. Bank loan
- C. Angel investment
- D. Grant

Answer: C

Q38. Which funding source is LEAST risky for founders?

- A. Venture capital
- B. Angel funding
- C. Bootstrapping
- D. Equity crowdfunding

Answer: C

Q39. Which organisation regulates venture capital funds in India?

- A. RBI
- B. SEBI
- C. SIDBI
- D. NABARD

Answer: B

Q40. Which factor MOST helps startups survive early stage?

- A. Large office
- B. Mentorship
- C. Advertisement
- D. High salary

Answer: B

◆ TRUE / FALSE (CMAT STYLE)

Q41. Incubators focus more on early-stage startups than accelerators.

- A. True
- B. False

Answer: A

Q42. Accelerators usually work with idea-stage startups.

- A. True
- B. False

Answer: B

Q43. Angel investors invest only money, not mentorship.

- A. True
- B. False

Answer: B

Q44. Crowdfunding allows startups to raise funds from the public.

- A. True
- B. False

Answer: A

Q45. Unicorn status guarantees profitability.

- A. True
- B. False

Answer: B

◆ FINAL APPLICATION

Q46. Which funding source is BEST for rapid scaling?

- A. Bootstrapping
- B. Bank loan
- C. Venture capital
- D. Grants

Answer: C

Q47. Which ecosystem component connects startups to industry experts?

- A. Incubators
- B. Mentors
- C. Regulators
- D. Customers

Answer: B

Q48. Which initiative reduces compliance burden for startups in India?

- A. Make in India
- B. Digital India
- C. Startup India
- D. Skill India

Answer: C

Q49. Which funding option involves repayment with interest?

- A. Angel funding
- B. Venture capital
- C. Bank loan
- D. Crowdfunding

Answer: C

Q50. Startup ecosystem is important because it:

- Controls startups
- Eliminates competition

- Supports innovation and growth
- Reduces entrepreneurship

Answer: C

## Chapter 9: MSMEs & Government Schemes

### 50 MCQs (CMAT Focused)

#### MSME BASICS

Q1. MSMEs are considered important because they promote:

- Capital-intensive growth
- Inclusive economic development
- Import dependency
- Monopoly power

Answer: B

Q2. MSMEs are generally characterised by:

- Large capital investment
- High employment generation
- High automation
- Monopoly structure

Answer: B

Q3. Which factor differentiates MSMEs from large enterprises?

- Ownership
- Scale of operation
- Profit motive
- Legal status

Answer: B

Q4. MSMEs are particularly important for:

- Urban employment only
- Rural and semi-urban development
- High-tech industries
- Defence production

Answer: B

Q5. MSMEs contribute significantly to India's:

- Fiscal deficit
- Trade imbalance
- Exports and employment
- Inflation

Answer: C

#### MSME CLASSIFICATION (UPDATED CRITERIA)

Q6. MSME classification in India is based on:

- Number of workers
- Investment and turnover
- Location of unit
- Nature of ownership

Answer: B

Q7. A micro enterprise has investment up to:

- ₹50 lakh
- ₹1 crore
- ₹5 crore
- ₹10 crore

Answer: B

Q8. Maximum turnover limit for a small enterprise is:

- ₹25 crore
- ₹50 crore
- ₹100 crore
- ₹250 crore

Answer: B

Q9. Medium enterprises can have turnover up to:

- ₹100 crore
- ₹150 crore
- ₹200 crore
- ₹250 crore

Answer: D

Q10. MSME classification is applicable to:

- Manufacturing only
- Services only
- Both manufacturing and services
- Agriculture only

Answer: C

## REGISTRATION & INSTITUTIONAL SUPPORT

Q11. MSME registration portal in India is called:

- A. Startup India
- B. Udyam Portal
- C. GeM Portal
- D. NSIC Portal

Answer: B

Q12. Udyam Registration mainly helps MSMEs in:

- A. Export promotion
- B. Availing government benefits
- C. Labour recruitment
- D. Price control

Answer: B

Q13. Which institution is the apex body for MSME development?

- A. RBI
- B. SEBI
- C. Ministry of MSME
- D. NITI Aayog

Answer: C

Q14. SIDBI mainly supports MSMEs by providing:

- A. Regulation
- B. Training
- C. Financial assistance
- D. Tax collection

Answer: C

Q15. Which organisation promotes MSME exports?

- A. RBI
- B. DGFT
- C. SEBI
- D. CBI

Answer: B

## CREDIT & FINANCIAL SCHEMES

Q16. MSMEs often face difficulty in accessing credit due to:

- A. High innovation
- B. Lack of collateral
- C. Excess demand

D. Skilled workforce

Answer: B

Q17. CGTMSE scheme primarily provides:

- A. Direct subsidies
- B. Collateral-free credit
- C. Tax exemptions
- D. Export incentives

Answer: B

Q18. The main objective of CGTMSE is to reduce risk for:

- A. Entrepreneurs
- B. Customers
- C. Banks and lenders
- D. Government

Answer: C

Q19. MUDRA loans are mainly targeted at:

- A. Large industries
- B. Export houses
- C. Micro and small enterprises
- D. Public sector units

Answer: C

Q20. The smallest category of MUDRA loan is:

- A. Tarun
- B. Kishor
- C. Shishu
- D. Nano

Answer: C

## ENTREPRENEURSHIP PROMOTION SCHEMES

Q21. Stand-Up India scheme focuses on promoting entrepreneurship among:

- A. Youth only
- B. SC/ST and women
- C. Exporters
- D. Government employees

Answer: B

Q22. PMEGP scheme supports:

- A. Corporate startups

- B. Micro enterprises in rural & urban areas
- C. Large manufacturing units
- D. Foreign companies

Answer: B

Q23. PMEGP provides support mainly in the form of:

- A. Equity funding
- B. Subsidy linked with bank credit
- C. Grants only
- D. Venture capital

Answer: B

Q24. Which scheme focuses on upgrading MSME technology?

- A. Startup India
- B. Credit Linked Capital Subsidy Scheme
- C. MUDRA
- D. Stand-Up India

Answer: B

Q25. Cluster Development Programme helps MSMEs by:

- A. Isolating units
- B. Promoting group efficiency
- C. Increasing taxation
- D. Reducing competition

Answer: B

## DIGITAL & MARKET ACCESS

Q26. GeM portal helps MSMEs by providing:

- A. Export subsidy
- B. Government procurement access
- C. Tax rebate
- D. Training

Answer: B

Q27. Digitalisation benefits MSMEs mainly through:

- A. Higher compliance
- B. Improved market reach
- C. Increased paperwork
- D. Reduced innovation

Answer: B

Q28. E-commerce platforms help MSMEs by:

- A. Reducing competition
- B. Expanding customer base
- C. Increasing cost
- D. Limiting exports

Answer: B

Q29. Which factor improves MSME competitiveness?

- A. Technology adoption
- B. Manual processes
- C. Informality
- D. Low productivity

Answer: A

Q30. Formalisation of MSMEs improves access to:

- A. Subsidies only
- B. Credit and markets
- C. Labour unions
- D. Price controls

Answer: B

## CHALLENGES FACED BY MSMEs

Q31. Which is a major challenge faced by MSMEs?

- A. Excess capital
- B. Skilled manpower shortage
- C. High automation
- D. Monopoly power

Answer: B

Q32. MSMEs are vulnerable to market shocks because of:

- A. Large size
- B. Limited resources
- C. Global presence
- D. Government ownership

Answer: B

Q33. Delayed payments affect MSMEs mainly by:

- A. Increasing profits
- B. Causing liquidity problems
- C. Improving efficiency
- D. Increasing exports

Answer: B

Q34. MSME competitiveness can be improved through:

- A. Protectionism
- B. Skill development
- C. Reduced innovation
- D. Market isolation

Answer: B

Q35. Which factor MOST affects MSME sustainability?

- A. Innovation and adaptability
- B. Size of office
- C. Advertising only
- D. Government control

Answer: A

#### APPLICATION & CMAT-STYLE

Q36. MSMEs are called the backbone of the economy because they:

- A. Generate maximum tax revenue
- B. Support large industries and employment
- C. Control markets
- D. Replace agriculture

Answer: B

Q37. Which MSME unit benefits MOST from cluster approach?

- A. Large exporter
- B. Single unit startup
- C. Traditional artisans
- D. IT services

Answer: C

Q38. Credit guarantee schemes are important because MSMEs usually lack:

- A. Skill
- B. Technology
- C. Collateral
- D. Innovation

Answer: C

Q39. MSME growth contributes directly to:

- A. Urban congestion
- B. Inclusive growth

- C. Import dependence
- D. Capital flight

Answer: B

Q40. Which initiative improves ease of doing business for MSMEs?

- A. Digitisation
- B. Regulation increase
- C. Manual compliance
- D. High taxation

Answer: A

#### TRUE / FALSE – CMAT STYLE

Q41. MSMEs are capital-intensive industries.

- A. True
- B. False

Answer: B

Q42. MSMEs play a major role in employment generation.

- A. True
- B. False

Answer: A

Q43. MSME classification applies only to manufacturing units.

- A. True
- B. False

Answer: B

Q44. Credit access is a major bottleneck for MSMEs.

- A. True
- B. False

Answer: A

Q45. Government schemes aim to reduce MSME competitiveness.

- A. True
- B. False

Answer: B

#### FINAL APPLICATION

Q46. Which MSME policy objective supports inclusive development?

- A. Export promotion only
- B. Regional balance
- C. Monopoly creation
- D. Capital concentration

Answer: B

- C. Loan waiver
- D. Price control

Answer: B

Q49. MSME reforms primarily aim to:

- A. Increase bureaucracy
- B. Improve productivity
- C. Reduce innovation
- D. Limit competition

Answer: B

Q47. MSMEs are MOST suitable for:

- A. Capital-intensive growth
- B. Labour-intensive growth
- C. Monopoly formation
- D. Import substitution only

Answer: B

Q48. Which MSME support improves long-term sustainability?

- A. One-time subsidy
- B. Skill & technology upgrade

Q50. MSMEs are crucial for entrepreneurship because they:

- A. Eliminate risk
- B. Provide entry-level opportunities
- C. Require large capital
- D. Avoid innovation

Answer: B

## Chapter 10: Intellectual Property Rights (IPR)

### 50 MCQs

#### IPR – FUNDAMENTALS

Q1. Intellectual Property primarily protects:

- A. Physical assets
- B. Financial capital
- C. Intangible creations
- D. Human labour

Answer: C

Q4. IPR is MOST relevant in which economy?

- A. Agrarian economy
- B. Command economy
- C. Knowledge-based economy
- D. Subsistence economy

Answer: C

Q2. The main purpose of IPR laws is to:

- A. Reduce competition
- B. Encourage creativity and innovation
- C. Increase government revenue
- D. Promote monopolies

Answer: B

Q5. IPR converts creativity into:

- A. Cost
- B. Liability
- C. Economic value
- D. Risk

Answer: C

#### PATENTS

Q6. A patent protects:

- A. Business name
- B. Artistic work
- C. New invention
- D. Logo design

Answer: C

Q3. Intellectual Property Rights grant creators:

- A. Moral authority only
- B. Exclusive legal rights
- C. Social recognition only
- D. Permanent ownership

Answer: B

Q7. A patent is granted for an invention that is:

- Useful, novel and non-obvious
- Cheap and marketable
- Famous and popular
- Registered internationally

Answer: A

Q8. Patent protection prevents others from:

- Using the idea for study
- Manufacturing without permission
- Learning the invention
- Discussing the invention

Answer: B

Q9. Patent rights are valid in India for:

- 10 years
- 15 years
- 20 years
- Lifetime

Answer: C

Q10. Which invention is NOT patentable in India?

- New machine
- Software with technical application
- Scientific theory
- Industrial process

Answer: C

## TRADEMARKS

Q11. A trademark primarily identifies:

- Product quality
- Source of goods/services
- Manufacturing process
- Technology used

Answer: B

Q12. Which of the following can be registered as a trademark?

- Generic word
- Descriptive term
- Distinctive logo
- Common name

Answer: C

Q13. Trademark protection helps businesses by:

- Increasing tax benefits
- Building brand identity
- Reducing production cost
- Avoiding regulation

Answer: B

Q14. Trademark registration in India is valid for:

- 5 years
- 10 years
- 15 years
- 20 years

Answer: B

Q15. Trademark infringement occurs when:

- Brand is advertised
- Similar mark causes confusion
- Product price is high
- Brand expands internationally

Answer: B

## COPYRIGHT

Q16. Copyright protects:

- Industrial designs
- Literary and artistic works
- Business ideas
- Trade names

Answer: B

Q17. Copyright protection is automatic once a work is:

- Registered
- Published
- Created and expressed
- Sold

Answer: C

Q18. Copyright does NOT protect:

- Books
- Music
- Ideas
- Films

Answer: C

Q19. Copyright duration in India generally lasts for:

- 20 years
- 40 years
- 60 years after author's death
- Lifetime only

Answer: C

Q20. Copyright helps creators by:

- Preventing innovation
- Ensuring economic rewards
- Reducing creativity
- Eliminating competition

Answer: B

#### GEOGRAPHICAL INDICATIONS (GI)

Q21. A Geographical Indication links a product to:

- Company
- Individual inventor
- Specific region
- Technology

Answer: C

Q22. GI protection is mainly provided to:

- Corporations
- Communities
- Individual entrepreneurs
- Foreign firms

Answer: B

Q23. Which of the following is a GI product of India?

- Apple iPhone
- Darjeeling Tea
- Coca-Cola
- Nike Shoes

Answer: B

Q24. GI protection helps in:

- Mass production
- Regional economic development
- Cost reduction
- Global monopoly

Answer: B

Q25. GI rights cannot be transferred because they are:

- Temporary
- Community-based
- Low value
- International

Answer: B

#### INDUSTRIAL DESIGNS & TRADE SECRETS

Q26. Industrial design protection covers:

- Functional features
- Aesthetic appearance
- Brand name
- Manufacturing process

Answer: B

Q27. Trade secrets protect:

- Public information
- Confidential business information
- Registered inventions
- Artistic works

Answer: B

Q28. Trade secret protection requires:

- Registration
- Disclosure
- Secrecy
- Publication

Answer: C

Q29. Which is an example of a trade secret?

- Patent document
- Logo
- Formula of a soft drink
- Copyrighted book

Answer: C

Q30. Trade secrets lose protection when they:

- Become outdated
- Are disclosed publicly
- Are sold
- Are licensed

Answer: B

## IPR & ENTREPRENEURSHIP

Q31. IPR is crucial for startups because it:

- A. Eliminates risk
- B. Protects competitive advantage
- C. Reduces funding need
- D. Avoids regulation

Answer: B

Q32. Strong IPR increases startup valuation by:

- A. Increasing cost
- B. Reducing competition
- C. Protecting innovation
- D. Increasing taxation

Answer: C

Q33. Which IPR is MOST important for brand-driven startups?

- A. Patent
- B. Trademark
- C. GI
- D. Design

Answer: B

Q34. Which IPR is MOST relevant for technology startups?

- A. GI
- B. Patent
- C. Trademark
- D. Copyright

Answer: B

Q35. Licensing of IPR allows:

- A. Free use by anyone
- B. Controlled use by others
- C. Loss of ownership
- D. Public disclosure

Answer: B

## INFRINGEMENT & ENFORCEMENT

Q36. IPR infringement means:

- A. Innovation
- B. Unauthorised use of IP
- C. Registration delay
- D. Technology transfer

Answer: B

Q37. Remedy for IPR infringement includes:

- A. Promotion
- B. Injunction
- C. Advertisement
- D. Subsidy

Answer: B

Q38. Enforcement of IPR ensures:

- A. Market monopoly
- B. Fair competition
- C. Reduced innovation
- D. Price control

Answer: B

Q39. Piracy is related to violation of:

- A. Patent
- B. Trademark
- C. Copyright
- D. GI

Answer: C

Q40. Counterfeit products violate:

- A. Copyright
- B. Trademark
- C. Patent
- D. Trade secret

Answer: B

## INSTITUTIONAL & INTERNATIONAL

Q41. WIPO stands for:

- A. World Innovation Policy Office
- B. World Intellectual Property Organization
- C. World Industry Protection Office
- D. World Invention Promotion Office

Answer: B

Q42. India is a member of:

- A. WTO only
- B. WIPO only
- C. Both WTO and WIPO
- D. Neither

Answer: C

Q43. TRIPS agreement relates to:

- Trade in services
- Intellectual property rights
- Labour laws
- Environmental protection

Answer: B

Q44. TRIPS agreement is administered by:

- IMF
- World Bank
- WTO
- WIPO

Answer: C

Q45. Strong IPR regime encourages:

- Innovation and investment
- Piracy
- Market failure
- Informality

Answer: A

#### FINAL APPLICATION (CMAT STYLE)

Q46. Which IPR protects software source code?

- Patent
- Trademark
- Copyright
- GI

Answer: C

Q47. A startup wanting to protect its logo should apply for:

- Patent
- Copyright
- Trademark
- Design

Answer: C

Q48. Which IPR cannot be renewed indefinitely?

- Trademark
- Copyright
- Patent
- Trade secret

Answer: C

Q49. IPR protection balances:

- Monopoly and innovation
- Competition and creativity
- Public interest and private rights
- Risk and return

Answer: C

Q50. IPR is important for entrepreneurship because it:

- Eliminates imitation
- Encourages innovation-led growth
- Reduces business risk completely
- Guarantees profits

Answer: B

## Chapter 11: Social & Green Entrepreneurship

### 50 MCQs

#### ◆ SOCIAL ENTREPRENEURSHIP – BASICS

Q1. Social entrepreneurship primarily focuses on:

- Profit maximisation
- Social value creation
- Government welfare only
- Charity without sustainability

Answer: B

- Market inefficiencies
- Social and community problems
- Corporate expansion

Answer: C

Q3. Which feature distinguishes social entrepreneurship from charity?

- Voluntary work
- Sustainability of operations
- No profit motive
- Donor dependency

Answer: B

Q2. A social entrepreneur aims to address:

- Personal financial goals

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Q4. Social enterprises generally reinvest profits to:

- A. Increase owner wealth
- B. Expand social impact
- C. Reduce taxes
- D. Pay dividends

Answer: B

Q5. Which of the following best represents social entrepreneurship?

- A. Luxury hotel chain
- B. Microfinance institution
- C. Export trading firm
- D. Real estate developer

Answer: B

#### ◆ CHARACTERISTICS OF SOCIAL ENTREPRENEURS

Q6. Social entrepreneurs are driven mainly by:

- A. Market dominance
- B. Social mission
- C. Personal fame
- D. Risk avoidance

Answer: B

Q7. Which quality is essential for a social entrepreneur?

- A. Short-term profit focus
- B. Empathy
- C. Bureaucratic mindset
- D. Risk aversion

Answer: B

Q8. Social entrepreneurs balance:

- A. Cost and price
- B. Profit and purpose
- C. Growth and stability
- D. Risk and return

Answer: B

Q9. Which sector commonly hosts social enterprises?

- A. Defence
- B. Healthcare and education
- C. Luxury goods

D. Mining  
 Answer: B

Q10. Measuring social impact focuses on:

- A. Market share
- B. Social outcomes achieved
- C. Revenue growth
- D. Cost efficiency

Answer: B

#### ◆ SOCIAL ENTREPRENEURSHIP MODELS

Q11. A business model where profits subsidise social services is called:

- A. Donation model
- B. Cross-subsidy model
- C. Franchise model
- D. Licensing model

Answer: B

Q12. NGOs generating revenue through services follow which approach?

- A. Charity model
- B. Hybrid model
- C. Monopoly model
- D. Closed model

Answer: B

Q13. Which funding source is common for social enterprises?

- A. Only venture capital
- B. Impact investors
- C. Stock markets
- D. Hedge funds

Answer: B

Q14. Impact investors focus on:

- A. Maximum profit only
- B. Social and financial returns
- C. No returns
- D. Government guarantees

Answer: B

Q15. Which organisation type reinvests surplus for community benefit?

- A. Public limited company
- B. Social enterprise
- C. Trading firm
- D. Export house

Answer: B

◆ GREEN ENTREPRENEURSHIP – BASICS

Q16. Green entrepreneurship primarily aims at:

- A. Cost reduction
- B. Environmental sustainability
- C. Rapid industrialisation
- D. Profit maximisation only

Answer: B

Q17. Green entrepreneurs focus on reducing:

- A. Innovation
- B. Environmental impact
- C. Employment
- D. Competition

Answer: B

Q18. Which activity is central to green entrepreneurship?

- A. Resource exploitation
- B. Pollution control
- C. Price control
- D. Import substitution

Answer: B

Q19. Renewable energy startups are examples of:

- A. Social entrepreneurship
- B. Corporate entrepreneurship
- C. Green entrepreneurship
- D. Intrapreneurship

Answer: C

Q20. Which of the following best reflects green entrepreneurship?

- A. Plastic packaging company
- B. Solar energy firm
- C. Coal mining enterprise
- D. Oil refinery

Answer: B

◆ GREEN BUSINESS PRACTICES

Q21. Green entrepreneurship promotes:

- A. Linear economy
- B. Circular economy
- C. Closed economy
- D. Informal economy

Answer: B

Q22. Circular economy focuses on:

- A. Single-use production
- B. Waste reduction and reuse
- C. High consumption
- D. Import dependency

Answer: B

Q23. Eco-friendly products mainly aim to:

- A. Increase cost
- B. Reduce carbon footprint
- C. Reduce competition
- D. Increase waste

Answer: B

Q24. Sustainable business practices involve:

- A. Short-term profits
- B. Long-term environmental responsibility
- C. Market dominance
- D. High consumption

Answer: B

Q25. Which concept is closely linked with green entrepreneurship?

- A. Creative destruction
- B. Triple bottom line
- C. Market monopoly
- D. Laissez-faire

Answer: B

◆ TRIPLE BOTTOM LINE & ESG

Q26. Triple bottom line refers to:

- A. Profit, price, production
- B. People, planet, profit
- C. Growth, risk, return
- D. Capital, labour, land

Answer: B

Q27. ESG stands for:

- A. Economic, Social, Growth
- B. Environment, Sustainability, Governance
- C. Environmental, Social, Governance
- D. Energy, Security, Growth

Answer: C

Q28. ESG-based businesses focus on:

- A. Shareholder value only
- B. Sustainable value creation
- C. Cost leadership
- D. Monopoly power

Answer: B

Q29. Which factor is NOT part of ESG?

- A. Environmental impact
- B. Social responsibility
- C. Corporate governance
- D. Market share

Answer: D

Q30. ESG adoption helps firms by:

- A. Increasing risk
- B. Improving long-term sustainability
- C. Reducing transparency
- D. Avoiding regulation

Answer: B

◆ GOVERNMENT & POLICY SUPPORT

Q31. Social entrepreneurship is supported by government mainly through:

- A. Subsidies and schemes
- B. Regulation only
- C. Price control
- D. Nationalisation

Answer: A

Q32. Green startups benefit from policies related to:

- A. Fossil fuel expansion
- B. Renewable energy promotion
- C. Import restrictions
- D. Defence spending

Answer: B

Q33. Which policy supports clean energy entrepreneurship in India?

- A. National Solar Mission
- B. Industrial Policy 1991
- C. FRBM Act
- D. GST Act

Answer: A

Q34. Government support helps social enterprises mainly by:

- A. Eliminating competition
- B. Scaling social impact
- C. Reducing accountability
- D. Increasing dependency

Answer: B

Q35. Social and green entrepreneurship contribute MOST to:

- A. Inclusive and sustainable growth
- B. Capital concentration
- C. Import dependency
- D. Inflation

Answer: A

◆ CHALLENGES & APPLICATION

Q36. A major challenge for social enterprises is:

- A. Excess demand
- B. Measuring social impact
- C. Too much funding
- D. High automation

Answer: B

Q37. Green entrepreneurs often face higher initial costs due to:

- A. Inefficiency
- B. Sustainable technology adoption
- C. Low demand
- D. Government taxes

Answer: B

Q38. Which challenge affects both social and green entrepreneurs?

- A. Lack of mission
- B. Balancing impact and financial viability

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C. Excess profits  
 D. Over-regulation only

Answer: B

Q39. Social enterprises remain sustainable when they:

A. Depend on donations only  
 B. Develop viable revenue models  
 C. Avoid profits  
 D. Rely on grants forever

Answer: B

Q40. Green entrepreneurship is important because it addresses:

A. Short-term profit  
 B. Environmental degradation  
 C. Market monopoly  
 D. Business cycles

Answer: B

◆ TRUE / FALSE (CMAT STYLE)

Q41. Social entrepreneurship and charity are identical concepts.

A. True  
 B. False

Answer: B

Q42. Green entrepreneurship promotes sustainable use of resources.

A. True  
 B. False

Answer: A

Q43. Triple bottom line ignores profit.

A. True  
 B. False

Answer: B

Q44. ESG is relevant only for large corporations.

A. True  
 B. False

Answer: B

Q45. Social enterprises aim for long-term impact.

A. True  
 B. False

Answer: A

◆ FINAL APPLICATION (CMAT ORIENTED)

Q46. A startup providing low-cost healthcare in villages is an example of:

A. Corporate entrepreneurship  
 B. Social entrepreneurship  
 C. Intrapreneurship  
 D. Green entrepreneurship

Answer: B

Q47. A business recycling plastic waste into products represents:

A. Traditional entrepreneurship  
 B. Green entrepreneurship  
 C. Corporate entrepreneurship  
 D. Imitative entrepreneurship

Answer: B

Q48. Which metric BEST evaluates social entrepreneurship success?

A. Profit margin  
 B. Share price  
 C. Social impact created  
 D. Market capitalisation

Answer: C

Q49. Which approach ensures sustainability of social enterprises?

A. Donation dependence  
 B. Viable business models  
 C. Government control  
 D. Risk avoidance

Answer: B

Q50. Social and green entrepreneurship are essential because they:

A. Eliminate competition  
 B. Promote inclusive and sustainable development  
 C. Reduce innovation  
 D. Focus only on profits

Answer: B

## Chapter 12: Business Models & Revenue Models

### 50 MCQs

#### ◆ BUSINESS MODEL – BASICS

Q1. A business model explains how a firm:

- A. Manufactures products
- B. Creates, delivers and captures value
- C. Registers legally
- D. Manages employees

Answer: B

Q6. Which of the following is a key element of a business model?

- A. Attendance register
- B. Value proposition
- C. Salary structure
- D. Office location

Answer: B

Q7. Value proposition refers to:

- A. Price of product
- B. Customer problem solved
- C. Cost of production
- D. Profit margin

Answer: B

Q8. Customer segments describe:

- A. Types of investors
- B. Groups of target customers
- C. Types of products
- D. Distribution channels

Answer: B

Q9. Revenue streams indicate:

- A. Cost structure
- B. Income sources
- C. Market size
- D. Legal structure

Answer: B

Q10. Key resources include:

- A. Employees, technology, capital
- B. Customers only
- C. Competitors
- D. Regulations

Answer: A

#### ◆ TYPES OF BUSINESS MODELS

Q11. A business model where users access services for a recurring fee is:

- A. Freemium
- B. Subscription
- C. Advertising

Q4. A strong business model must be:

- A. Complicated
- B. Easy to imitate
- C. Sustainable and scalable
- D. Costly

Answer: C

Q5. Business models are MOST critical at which stage?

- A. Exit stage
- B. Idea and early stage
- C. Decline stage
- D. Closure stage

Answer: B

#### ◆ COMPONENTS OF BUSINESS MODEL

D. Licensing

Answer: B

Q12. Netflix follows which business model?

- A. Advertising
- B. Subscription
- C. Pay-per-use
- D. Franchise

Answer: B

Q13. In a freemium model:

- A. All users pay
- B. Basic service is free, premium is paid
- C. No user pays
- D. Payment is compulsory

Answer: B

Q14. Which company commonly uses freemium model?

- A. Spotify
- B. Tata Steel
- C. ONGC
- D. LIC

Answer: A

Q15. Advertising-based model generates revenue from:

- A. Product sales
- B. Subscriptions
- C. Advertisers
- D. Licensing fees

Answer: C

◆ PLATFORM & MARKETPLACE MODELS

Q16. A platform business model connects:

- A. Manufacturers only
- B. Buyers and sellers
- C. Government and citizens
- D. Employees and managers

Answer: B

Q17. Uber follows which business model?

- A. Manufacturing
- B. Platform/Marketplace

C. Subscription

D. Franchise

Answer: B

Q18. Platform businesses benefit from:

- A. Economies of scale only
- B. Network effects
- C. High inventory
- D. Fixed pricing

Answer: B

Q19. Network effect means:

- A. Cost increases with users
- B. Value increases as users increase
- C. Demand decreases
- D. Competition reduces

Answer: B

Q20. Marketplace platforms usually do NOT own:

- A. Technology
- B. Customers
- C. Inventory
- D. Data

Answer: C

◆ REVENUE MODELS – BASICS

Q21. Revenue model explains:

- A. Cost management
- B. How money is earned
- C. Market segmentation
- D. Legal registration

Answer: B

Q22. Revenue model is a part of:

- A. Marketing plan
- B. Business model
- C. HR strategy
- D. Production plan

Answer: B

Q23. Pay-per-use model charges customers based on:

- A. Time
- B. Usage

C. Subscription  
 D. Advertisement  
 Answer: B

C. Manufacturing goods  
 D. Licensing technology  
 Answer: B

Q24. Which industry commonly uses pay-per-use model?  
 A. Telecom  
 B. Insurance  
 C. Manufacturing  
 D. Education  
 Answer: A

Q30. Which platform uses commission-based revenue?  
 A. Amazon Marketplace  
 B. Netflix  
 C. Spotify Free  
 D. Tata Motors  
 Answer: A

Q25. Licensing revenue model involves:  
 A. Selling ownership  
 B. Allowing use of IP for a fee  
 C. Advertising  
 D. Donations  
 Answer: B

◆ PRICING & MONETISATION  
 Q31. Monetisation refers to:  
 A. Increasing cost  
 B. Converting users into revenue  
 C. Reducing price  
 D. Increasing losses  
 Answer: B

◆ COMMON REVENUE MODELS  
 Q26. Franchise model earns revenue through:  
 A. Royalties and franchise fees  
 B. Subscription only  
 C. Donations  
 D. Advertising  
 Answer: A

Q32. Penetration pricing is used to:  
 A. Maximise short-term profit  
 B. Enter market with low price  
 C. Eliminate demand  
 D. Reduce customers  
 Answer: B

Q27. Royalty is paid for:  
 A. Employment  
 B. Brand usage  
 C. Raw materials  
 D. Services only  
 Answer: B

Q33. Dynamic pricing adjusts prices based on:  
 A. Fixed cost  
 B. Demand and supply  
 C. Employee salary  
 D. Brand value  
 Answer: B

Q28. Which revenue model is MOST predictable?  
 A. Advertising  
 B. Subscription  
 C. Transaction-based  
 D. Commission-based  
 Answer: B

Q34. Surge pricing is an example of:  
 A. Fixed pricing  
 B. Dynamic pricing  
 C. Cost-plus pricing  
 D. Skimming pricing  
 Answer: B

Q29. Commission-based revenue is earned by:  
 A. Selling products  
 B. Facilitating transactions

Q35. Which model reduces entry barrier for customers?  
 A. High upfront fee

- B. Freemium
- C. Licensing
- D. Royalty

Answer: B

◆ SCALABILITY & SUSTAINABILITY

Q36. A scalable business model allows growth with:

- A. Proportional cost increase
- B. Minimal cost increase
- C. No customers
- D. High fixed cost

Answer: B

Q37. Digital business models are scalable because they have:

- A. High marginal cost
- B. Low marginal cost
- C. High inventory
- D. Fixed demand

Answer: B

Q38. Which model is MOST scalable?

- A. Manufacturing
- B. Digital platform
- C. Traditional retail
- D. Agriculture

Answer: B

Q39. Sustainability of business model depends on:

- A. Short-term profit
- B. Long-term value creation
- C. Advertising spend
- D. Competition elimination

Answer: B

Q40. Which factor threatens business model sustainability?

- A. Innovation
- B. Changing customer preferences
- C. Adaptability
- D. Diversification

Answer: B

◆ APPLICATION & CMAT-STYLE

Q41. A startup offering free app but charging businesses for ads uses:

- A. Subscription model
- B. Advertising model
- C. Licensing model
- D. Franchise model

Answer: B

Q42. Which model is MOST suitable for SaaS startups?

- A. One-time sale
- B. Subscription
- C. Royalty
- D. Commission

Answer: B

Q43. A company charging per transaction follows:

- A. Subscription
- B. Transaction-based model
- C. Freemium
- D. Licensing

Answer: B

Q44. Which business model relies heavily on data?

- A. Manufacturing
- B. Platform model
- C. Franchise
- D. Retail store

Answer: B

Q45. Which revenue model is MOST volatile?

- A. Subscription
- B. Advertising
- C. Licensing
- D. Royalty

Answer: B

◆ TRUE / FALSE (CMAT STYLE)

Q46. Business model and revenue model are identical.

- A. True
- B. False

Answer: B

Q47. A single business can have multiple revenue streams.

A. True

B. False

Answer: A

Q48. Strong business models reduce dependency on a single revenue source.

A. True

B. False

Answer: A

Q49. Business model innovation can create competitive advantage.

A. True

B. False

Answer: A

Q50. Revenue model determines how value is created.

A. True

B. False

Answer: B

## Chapter 13: Risk, Failure & Business Ethics

### 50 MCQs

#### ◆ RISK IN ENTREPRENEURSHIP – BASICS

Q1. Entrepreneurial risk refers to:

- A. Guaranteed loss
- B. Uncertainty of outcomes
- C. Fixed danger
- D. Legal liability only

Answer: B

B. Operational risk

C. Strategic risk

D. Social risk

Answer: B

Q5. Financial risk is associated with:

- A. Technology failure
- B. Competition
- C. Inability to meet financial obligations
- D. Labour issues

Answer: C

#### ◆ TYPES OF ENTREPRENEURIAL RISK

Q6. Risk due to changes in government policy is known as:

- A. Legal risk
- B. Political risk
- C. Operational risk
- D. Financial risk

Answer: B

Q7. Technological obsolescence leads to:

- A. Social risk
- B. Market risk
- C. Technological risk
- D. Financial risk

Answer: C

Q3. Which type of risk arises due to demand fluctuation?

- A. Financial risk
- B. Market risk
- C. Operational risk
- D. Legal risk

Answer: B

Q4. Risk arising from internal processes and systems is called:

- A. Market risk

Q8. Which risk arises from poor management decisions?

- A. Market risk
- B. Strategic risk
- C. Legal risk
- D. Environmental risk

Answer: B

Q9. Risk due to non-compliance with laws is called:

- A. Operational risk
- B. Legal risk
- C. Market risk
- D. Social risk

Answer: B

Q10. Environmental risk mainly affects businesses due to:

- A. Market competition
- B. Climate and ecological factors
- C. Technology
- D. Finance

Answer: B

#### ◆ RISK MANAGEMENT

Q11. Risk management refers to:

- A. Eliminating all risks
- B. Ignoring uncertainty
- C. Identifying and controlling risks
- D. Avoiding business

Answer: C

Q12. The first step in risk management is:

- A. Risk transfer
- B. Risk identification
- C. Risk monitoring
- D. Risk insurance

Answer: B

Q13. Which strategy involves shifting risk to another party?

- A. Risk retention
- B. Risk reduction
- C. Risk transfer
- D. Risk avoidance

Answer: C

Q14. Insurance is an example of:

- A. Risk avoidance
- B. Risk transfer
- C. Risk retention
- D. Risk acceptance

Answer: B

Q15. Diversification helps entrepreneurs mainly by:

- A. Increasing risk
- B. Reducing risk exposure
- C. Avoiding innovation
- D. Increasing losses

Answer: B

#### ◆ BUSINESS FAILURE – BASICS

Q16. Business failure occurs when a firm:

- A. Faces competition
- B. Incurs temporary losses
- C. Cannot continue operations
- D. Expands rapidly

Answer: C

Q17. The MOST common cause of startup failure is:

- A. Excess funding
- B. Market mismatch
- C. Over-innovation
- D. Strong competition

Answer: B

Q18. Failure due to insufficient cash flow is related to:

- A. Market failure
- B. Financial failure
- C. Operational failure
- D. Strategic failure

Answer: B

Q19. Poor leadership and decision-making cause:

- A. Financial failure
- B. Strategic failure
- C. Market failure

D. Legal failure

Answer: B

Q20. Failure due to lack of customer acceptance

is:

- A. Operational failure
- B. Financial failure
- C. Market failure
- D. Ethical failure

Answer: C

#### ◆ LEARNING FROM FAILURE

Q21. Entrepreneurs view failure as:

- A. End of career
- B. Social stigma
- C. Learning opportunity
- D. Personal defeat

Answer: C

Q22. Which quality helps entrepreneurs recover after failure?

- A. Rigidity
- B. Resilience
- C. Dependence
- D. Fear

Answer: B

Q23. Failure tolerance encourages:

- A. Risk avoidance
- B. Innovation
- C. Inaction
- D. Bureaucracy

Answer: B

Q24. Serial entrepreneurs are those who:

- A. Avoid failure
- B. Learn and start again
- C. Run one business only
- D. Stop after failure

Answer: B

Q25. Which ecosystem factor reduces fear of failure?

- A. Punitive laws

B. Supportive startup culture

C. Strict regulation

D. High taxation

Answer: B

#### ◆ BUSINESS ETHICS – BASICS

Q26. Business ethics refers to:

- A. Legal compliance only
- B. Moral principles in business
- C. Profit maximisation
- D. Corporate strategy

Answer: B

Q27. Ethical behaviour in business builds:

- A. Short-term profit
- B. Trust and reputation
- C. Market monopoly
- D. Cost advantage

Answer: B

Q28. Which of the following is an ethical issue?

- A. Price competition
- B. False advertising
- C. Innovation
- D. Expansion

Answer: B

Q29. Ethics go beyond:

- A. Innovation
- B. Law
- C. Market forces
- D. Strategy

Answer: B

Q30. Unethical practices usually lead to:

- A. Long-term success
- B. Brand erosion
- C. Competitive advantage
- D. Cost leadership

Answer: B

#### ◆ COMMON ETHICAL ISSUES

Q31. Insider trading violates:

- A. Market ethics

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- B. Labour ethics
- C. Environmental ethics
- D. Innovation ethics

Answer: A

- C. Monopoly
- D. Reduced compliance

Answer: B

Q32. Bribery is an example of:

- A. Ethical conduct
- B. Corporate governance
- C. Unethical practice
- D. Legal compliance

Answer: C

Q38. CSR refers to:

- A. Corporate Social Responsibility
- B. Consumer Sales Ratio
- C. Capital Structure Regulation
- D. Cost Saving Rule

Answer: A

Q33. Data privacy violations relate to:

- A. Financial ethics
- B. Consumer ethics
- C. Environmental ethics
- D. Operational ethics

Answer: B

Q39. CSR initiatives mainly focus on:

- A. Shareholders only
- B. Society and environment
- C. Profit only
- D. Market share

Answer: B

Q34. Environmental pollution by firms violates:

- A. Financial ethics
- B. Social ethics
- C. Environmental ethics
- D. Legal ethics only

Answer: C

Q40. CSR is mandatory in India for companies meeting:

- A. Startup criteria
- B. Certain financial thresholds
- C. Export conditions
- D. MSME status

Answer: B

Q35. Which ethical principle focuses on fairness?

- A. Integrity
- B. Justice
- C. Transparency
- D. Accountability

Answer: B

◆ APPLICATION & CMAT-STYLE

Q41. A firm hiding product defects is guilty of:

- A. Innovation
- B. Ethical behaviour
- C. Unethical practice
- D. Risk management

Answer: C

◆ CORPORATE GOVERNANCE & CSR

Q36. Corporate governance deals with:

- A. Product quality
- B. Direction and control of companies
- C. Marketing strategy
- D. Daily operations

Answer: B

Q42. Ethical entrepreneurship supports:

- A. Short-term profit
- B. Long-term sustainability
- C. Risk elimination
- D. Market dominance

Answer: B

Q37. Good corporate governance ensures:

- A. Higher risk
- B. Transparency and accountability

Q43. Risk-taking without analysis leads to:

- A. Calculated decisions
- B. Gambling behaviour

C. Risk management  
 D. Innovation  
 Answer: B

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Q44. Ethical conduct helps startups mainly by:  
 A. Avoiding competition  
 B. Building stakeholder trust  
 C. Increasing prices  
 D. Reducing innovation  
 Answer: B

---

Q45. Which action **BEST** reflects ethical entrepreneurship?  
 A. Tax evasion  
 B. Honest disclosure  
 C. False claims  
 D. Insider trading  
 Answer: B

◆ TRUE / FALSE (CMAT STYLE)

Q46. All risks can be eliminated through planning.  
 A. True  
 B. False  
 Answer: B

---

Q47. Business failure always means entrepreneurial incompetence.  
 A. True  
 B. False  
 Answer: B

---

Q48. Ethical practices may reduce short-term profit but build long-term value.  
 A. True  
 B. False  
 Answer: A

---

Q49. Risk and return are positively related.  
 A. True  
 B. False  
 Answer: A

---

Q50. Ethics is irrelevant in competitive markets.  
 A. True  
 B. False  
 Answer: B

## Chapter 14: Case-Based MCQs

### 50 Questions

#### CASE 1: IDEA & OPPORTUNITY

**Case:**  
 Ravi noticed that small kirana stores in tier-2 cities struggled with inventory management. He designed a low-cost mobile app to track stock and suppliers.

Q1. Ravi's idea originates from:  
 A. Technological push  
 B. Market gap identification  
 C. Government policy  
 D. Random innovation  
 Answer: B

B. Entrepreneurial alertness  
 C. Corporate entrepreneurship  
 D. Imitative entrepreneurship  
 Answer: B

---

Q3. Before launching, Ravi should first conduct:  
 A. Advertising campaign  
 B. Feasibility analysis  
 C. IPO  
 D. Exit strategy  
 Answer: B

#### CASE 2: BUSINESS MODEL

**Case:**  
 A startup offers free online courses but charges companies for hiring access to top performers.

---

Q2. This opportunity recognition reflects:  
 A. Risk avoidance  
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Q4. This startup follows which business model?  
 A. Subscription  
 B. Advertising  
 C. Freemium  
 D. Licensing  
 Answer: C

C. Decline stage  
 D. IPO stage  
 Answer: B

Q5. The main revenue source is:  
 A. Users  
 B. Advertisers  
 C. Hiring companies  
 D. Government  
 Answer: C

Q6. The value proposition is primarily for:  
 A. Course creators  
 B. Learners and recruiters  
 C. Investors only  
 D. Government agencies  
 Answer: B

### CASE 3: FUNDING

Case:  
 Neha bootstrapped her organic skincare startup using personal savings. Later, she raised funds from an angel investor who also guided her strategy.

Q7. Neha initially used:  
 A. Venture capital  
 B. Bootstrapping  
 C. Crowdfunding  
 D. Bank loan  
 Answer: B

Q8. Angel investor support includes:  
 A. Only money  
 B. Only control  
 C. Capital and mentorship  
 D. Legal authority  
 Answer: C

Q9. Angel funding is MOST suitable at which stage?  
 A. Exit stage  
 B. Early stage

### CASE 4: RISK & FAILURE

Case:  
 A startup expanded rapidly without proper cash flow planning and failed within two years.

Q10. The primary reason for failure was:  
 A. Market risk  
 B. Financial mismanagement  
 C. Technological risk  
 D. Legal risk  
 Answer: B

Q11. This failure highlights the importance of:  
 A. Innovation only  
 B. Cash flow management  
 C. Branding  
 D. Advertising  
 Answer: B

Q12. Entrepreneurs should treat such failure as:  
 A. Final defeat  
 B. Learning experience  
 C. Social stigma  
 D. Legal punishment  
 Answer: B

### CASE 5: INNOVATION

Case:  
 A company modifies an existing product to make it cheaper and more user-friendly.

Q13. This type of innovation is:  
 A. Radical  
 B. Incremental  
 C. Disruptive  
 D. Architectural  
 Answer: B

Q14. The innovation strategy focuses on:  
 A. New market creation  
 B. Improving existing solutions  
 C. Eliminating competition

D. Avoiding risk

Answer: B

#### CASE 6: DESIGN THINKING

Case:

A startup team interviews villagers before designing a low-cost water purifier.

Q15. This stage of design thinking is:

- A. Ideate
- B. Define
- C. Empathise
- D. Test

Answer: C

Q16. This approach is best described as:

- A. Technology-centric
- B. User-centric
- C. Cost-centric
- D. Authority-centric

Answer: B

#### CASE 7: MSME & GOVERNMENT SCHEMES

Case:

A woman entrepreneur from an SC category plans to start a manufacturing unit and seeks government support.

Q17. Which scheme is MOST suitable?

- A. MUDRA
- B. Stand-Up India
- C. PMFBY
- D. Startup India only

Answer: B

Q18. The main objective of this scheme is to promote:

- A. Exports
- B. Inclusive entrepreneurship
- C. Corporate growth
- D. Tax collection

Answer: B

#### CASE 8: IPR

Case:

A startup wants to protect its brand name and logo from imitation.

Q19. The appropriate IPR is:

- A. Patent
- B. Copyright
- C. Trademark
- D. GI

Answer: C

Q20. Trademark protection mainly helps in:

- A. Cost reduction
- B. Brand identity protection
- C. Technology protection
- D. Revenue sharing

Answer: B

#### CASE 9: SOCIAL ENTREPRENEURSHIP

Case:

An enterprise provides affordable eye care in rural areas while reinvesting profits into expansion.

Q21. This enterprise is an example of:

- A. Corporate entrepreneurship
- B. Social entrepreneurship
- C. Green entrepreneurship
- D. Intrapreneurship

Answer: B

Q22. The primary objective is:

- A. Market dominance
- B. Social impact with sustainability
- C. Profit maximisation
- D. Risk avoidance

Answer: B

#### CASE 10: GREEN ENTREPRENEURSHIP

Case:

A startup converts agricultural waste into bio-fuel.

Q23. This startup represents:

- A. Traditional entrepreneurship
- B. Green entrepreneurship
- C. Corporate entrepreneurship
- D. Imitative entrepreneurship

Answer: B

Q24. The core benefit is:

- A. Resource depletion
- B. Environmental sustainability
- C. Market monopoly
- D. Import dependence

Answer: B

### CASE 11: PLATFORM MODEL

Case:

A digital platform connects local service providers with customers and earns commission per transaction.

Q25. This is an example of:

- A. Subscription model
- B. Platform business model
- C. Manufacturing model
- D. Licensing model

Answer: B

Q26. The revenue model is:

- A. Royalty-based
- B. Commission-based
- C. Advertising-based
- D. Freemium

Answer: B

### CASE 12: ETHICS

Case:

A startup hides negative test results to attract investors.

Q27. This behaviour is:

- A. Strategic
- B. Ethical
- C. Unethical
- D. Innovative

Answer: C

Q28. Such actions harm:

- A. Short-term valuation only
- B. Long-term trust and credibility
- C. Competition
- D. Innovation

Answer: B

### CASE 13: SCALABILITY

Case:

A SaaS company adds users without proportional cost increase.

Q29. This indicates:

- A. High marginal cost
- B. Scalability
- C. Operational inefficiency
- D. Market failure

Answer: B

Q30. Digital models scale easily due to:

- A. High fixed costs
- B. Low marginal costs
- C. High inventory
- D. Physical presence

Answer: B

### CASE 14: FAILURE RECOVERY

Case:

After one startup failed, an entrepreneur launched a better-planned venture.

Q31. Such an entrepreneur is called:

- A. Novice entrepreneur
- B. Serial entrepreneur
- C. Social entrepreneur
- D. Corporate manager

Answer: B

Q32. This behaviour reflects:

- A. Fear of failure
- B. Resilience
- C. Risk avoidance
- D. Ethical failure

Answer: B

### CASE 15: FUNDING DECISION

Case:

A founder avoids equity dilution and prefers slower growth.

Q33. Preferred funding method is:

- A. Venture capital

- B. Angel investment
- C. Bootstrapping
- D. IPO

Answer: C

Case:  
 A social enterprise measures success by number of children educated.

Q38. This metric reflects:

- A. Profitability
- B. Social impact
- C. Market share
- D. Brand value

Answer: B

Q34. This choice reflects priority for:

- A. Control retention
- B. Rapid scaling
- C. Market dominance
- D. External expertise

Answer: A

## CASE 16: PRICING

Case:  
 A ride-hailing app increases prices during peak demand.

Q35. This pricing strategy is:

- A. Penetration pricing
- B. Cost-plus pricing
- C. Dynamic pricing
- D. Skimming pricing

Answer: C

## CASE 19: EXIT

Case:  
 A founder sells the startup to a larger company.

Q39. This exit strategy is:

- A. IPO
- B. Merger or acquisition
- C. Liquidation
- D. Bankruptcy

Answer: B

## CASE 17: CUSTOMER VALIDATION

Case:  
 A startup launches a prototype to gather early feedback.

Q36. This stage helps reduce:

- A. Innovation
- B. Uncertainty
- C. Competition
- D. Cost only

Answer: B

Q40. Exit does NOT always mean:

- A. Failure
- B. Value realisation
- C. Growth opportunity
- D. Strategic decision

Answer: A

## CASE 20: FINAL APPLICATION

Q41. Customer-centric innovation primarily focuses on:

- A. Technology
- B. User needs
- C. Competitors
- D. Regulation

Answer: B

Q37. This approach aligns with:

- A. Waterfall model
- B. Design thinking
- C. Bureaucratic planning
- D. Risk avoidance

Answer: B

Q42. Strong ecosystems help startups mainly by:

- A. Eliminating risk
- B. Providing support and networks
- C. Controlling innovation
- D. Increasing compliance

Answer: B

## CASE 18: IMPACT MEASUREMENT

Q43. Sustainable entrepreneurship balances:  
 A. Cost and price  
 B. Profit, people and planet  
 C. Risk and return  
 D. Growth and control  
 Answer: B

B. False  
 Answer: B

Q44. Ethical startups gain advantage through:  
 A. Speed  
 B. Trust  
 C. Monopoly  
 D. Secrecy  
 Answer: B

Q47. Case-based questions test application of concepts.  
 A. True  
 B. False  
 Answer: A

Q45. Innovation without market need leads to:  
 A. Success  
 B. Market failure  
 C. Monopoly  
 D. Scalability  
 Answer: B

Q48. Ethical behaviour can be a competitive advantage.  
 A. True  
 B. False  
 Answer: A

#### TRUE / FALSE (CASE STYLE)

Q46. All startup failures are due to lack of funding.  
 A. True

Q49. Design thinking always follows a linear path.  
 A. True  
 B. False  
 Answer: B

Q50. Case-based MCQs are common in CMAT.  
 A. True  
 B. False  
 Answer: A

## Chapter 15: Full-Length CMAT Practice Set

### 50 MCQs

#### ◆ SECTION A: ENTREPRENEURSHIP BASICS

Q1. Entrepreneurship is best defined as the process of:  
 A. Managing existing resources  
 B. Identifying opportunities and creating value  
 C. Earning fixed income  
 D. Following established systems  
 Answer: B

D. Focuses only on execution  
 Answer: C

Q2. An entrepreneur differs from a manager mainly because an entrepreneur:  
 A. Avoids responsibility  
 B. Works under supervision  
 C. Takes ownership of risk

Q3. Which factor MOST motivates entrepreneurs to start ventures?  
 A. Job security  
 B. Fixed salary  
 C. Independence  
 D. Authority  
 Answer: C

Q4. Entrepreneurs usually prefer tasks with:  
 A. No risk  
 B. Very high risk  
 C. Moderate risk  
 D. No challenge  
 Answer: C

Q5. Innovation in entrepreneurship means:

- A. Invention only
- B. Commercial application of ideas
- C. Creativity without action
- D. Market dominance

Answer: B

◆ SECTION B: TYPES & PROCESS

Q6. Which entrepreneur starts a new venture similar to an existing one?

- A. Innovative entrepreneur
- B. Imitative entrepreneur
- C. Social entrepreneur
- D. Corporate entrepreneur

Answer: B

Q7. The FIRST step in the entrepreneurial process is:

- A. Resource mobilisation
- B. Business planning
- C. Opportunity recognition
- D. Venture launch

Answer: C

Q8. Feasibility analysis helps entrepreneurs to:

- A. Eliminate competition
- B. Test viability before investment
- C. Increase funding
- D. Register business

Answer: B

Q9. Business planning mainly provides:

- A. Legal protection
- B. Strategic direction
- C. Guaranteed profits
- D. Employee discipline

Answer: B

Q10. Which stage converts ideas into action?

- A. Ideation
- B. Feasibility
- C. Venture launch
- D. Exit

Answer: C

◆ SECTION C: INNOVATION & DESIGN THINKING

Q11. Incremental innovation focuses on:

- A. Completely new products
- B. Improving existing offerings
- C. Market disruption
- D. Technology replacement

Answer: B

Q12. Disruptive innovation usually targets:

- A. Premium customers first
- B. Underserved or new markets
- C. Monopoly markets
- D. Government sectors

Answer: B

Q13. Design thinking is primarily:

- A. Cost-driven
- B. Technology-driven
- C. User-centric
- D. Authority-driven

Answer: C

Q14. Empathy stage in design thinking aims to:

- A. Generate ideas
- B. Understand user needs
- C. Build prototypes
- D. Test solutions

Answer: B

Q15. Prototyping helps by:

- A. Finalising product
- B. Reducing uncertainty
- C. Increasing cost
- D. Avoiding feedback

Answer: B

◆ SECTION D: STARTUP ECOSYSTEM & FUNDING

Q16. Incubators mainly support startups at:

- A. Exit stage
- B. Growth stage
- C. Early stage

D. Decline stage

Answer: C

Q17. Accelerators focus on:

- A. Idea generation
- B. Rapid scaling
- C. Legal registration
- D. Exit planning

Answer: B

Q18. Bootstrapping refers to:

- A. Bank loan
- B. Angel funding
- C. Using own resources
- D. Crowdfunding

Answer: C

Q19. Angel investors typically provide:

- A. Only funds
- B. Only control
- C. Capital and mentorship
- D. Loans with interest

Answer: C

Q20. Venture capital is MOST suitable during:

- A. Idea stage
- B. Early prototype stage
- C. Growth stage
- D. Decline stage

Answer: C

◆ SECTION E: MSMEs & GOVERNMENT SUPPORT

Q21. MSMEs are important mainly because they:

- A. Promote capital-intensive growth
- B. Generate employment
- C. Reduce exports
- D. Increase monopoly

Answer: B

Q22. MSME classification in India is based on:

- A. Number of workers
- B. Profit earned
- C. Investment and turnover

D. Location

Answer: C

Q23. Udyam Registration helps MSMEs by:

- A. Increasing taxes
- B. Accessing government benefits
- C. Restricting growth
- D. Controlling prices

Answer: B

Q24. Which scheme provides collateral-free loans to MSMEs?

- A. PMFBY
- B. CGTMSE
- C. PMAY
- D. AMRUT

Answer: B

Q25. Stand-Up India mainly promotes:

- A. Corporate funding
- B. Export houses
- C. SC/ST and women entrepreneurs
- D. Foreign investment

Answer: C

◆ SECTION F: IPR & LEGAL ASPECTS

Q26. Patent protection is granted for:

- A. Brand names
- B. Inventions
- C. Literary works
- D. Logos

Answer: B

Q27. Trademark primarily protects:

- A. Technology
- B. Source identity
- C. Business ideas
- D. Manufacturing process

Answer: B

Q28. Copyright protects:

- A. Ideas
- B. Artistic and literary expression
- C. Machines

D. Trade secrets

Answer: B

Q29. GI tag links a product to:

- A. Company
- B. Inventor
- C. Region
- D. Technology

Answer: C

Q30. IPR is important for startups because it:

- A. Eliminates risk
- B. Protects competitive advantage
- C. Guarantees profit
- D. Reduces cost

Answer: B

◆ SECTION G: BUSINESS MODELS &  
REVENUE

Q31. Business model explains how value is:

- A. Advertised
- B. Created and captured
- C. Controlled
- D. Regulated

Answer: B

Q32. Subscription model generates revenue through:

- A. One-time payment
- B. Recurring fees
- C. Advertising
- D. Donations

Answer: B

Q33. Platform businesses benefit from:

- A. High inventory
- B. Network effects
- C. Fixed demand
- D. Low users

Answer: B

Q34. Commission-based revenue is earned by:

- A. Manufacturers
- B. Intermediaries

C. Consumers

D. Regulators

Answer: B

Q35. Freemium model works best when:

- A. Entry barriers are high
- B. User base is large
- C. Costs are very high
- D. Market is saturated

Answer: B

◆ SECTION H: SOCIAL, GREEN & ETHICS

Q36. Social entrepreneurship focuses on:

- A. Profit maximisation
- B. Social value creation
- C. Government welfare only
- D. Charity

Answer: B

Q37. Green entrepreneurship mainly addresses:

- A. Market monopoly
- B. Environmental sustainability
- C. Labour issues
- D. Inflation

Answer: B

Q38. Triple bottom line includes:

- A. Profit, price, production
- B. People, planet, profit
- C. Growth, risk, return
- D. Cost, revenue, margin

Answer: B

Q39. Ethical business practices help by building:

- A. Short-term profit
- B. Long-term trust
- C. Market monopoly
- D. Cost advantage only

Answer: B

Q40. CSR activities mainly target:

- A. Shareholders only
- B. Society and environment
- C. Employees only

D. Customers only

Answer: B

B. False

Answer: B

◆ SECTION I: RISK & FAILURE

Q41. Entrepreneurs take risk that is:

- A. Blind
- B. Calculated
- C. Avoided
- D. Extreme

Answer: B

Q47. Business ethics goes beyond legal compliance.

- A. True
- B. False

Answer: A

Q48. All startups need venture capital to succeed.

- A. True
- B. False

Answer: B

Q42. Market failure occurs due to:

- A. Cash shortage
- B. Poor customer acceptance
- C. Poor leadership
- D. Legal issues

Answer: B

Q49. Strong ecosystems reduce startup failure risk.

- A. True
- B. False

Answer: A

Q43. Financial failure is mainly due to:

- A. Technology change
- B. Cash flow problems
- C. Competition
- D. Innovation

Answer: B

Q50. CMAT frequently tests application-based entrepreneurship questions.

- A. True
- B. False

Answer: A

Q44. Entrepreneurs view failure as:

- A. End of career
- B. Learning opportunity
- C. Social stigma
- D. Legal offence

Answer: B

Q45. Resilience helps entrepreneurs to:

- A. Avoid business
- B. Recover after setbacks
- C. Eliminate risk
- D. Depend on others

Answer: B

◆ SECTION J: TRUE / FALSE (EXAM FINISHER)

Q46. Innovation always involves new technology.

- A. True