

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

Q2. An entrepreneur is best described as a person who:

- A. Manages an existing firm
- B. Takes calculated risks
- C. Avoids uncertainty
- D. Works on salary

Answer: B

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

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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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C. Disruptive innovation
D. Architectural innovation
Answer: B

Q13. Disruptive innovation initially targets:
A. Premium customers
B. Mass market
C. Niche or low-end market
D. Government sector
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

Q15. Which of the following is a characteristic of startups?
A. Low risk
B. High scalability
C. Fixed structure
D. Guaranteed profits
Answer: B

Q16. A unicorn startup has a valuation of at least:
A. ₹100 crore
B. ₹500 crore
C. \$1 billion
D. \$10 billion
Answer: C

Q17. Intrapreneurship refers to:
A. Rural business
B. Family business
C. Entrepreneurship within an organisation
D. Government enterprise
Answer: C

Q18. An intrapreneur is primarily an:
A. Owner

B. Employee
C. Investor
D. Customer
Answer: B

RISK & UNCERTAINTY

Q19. Entrepreneurs prefer which type of risk?
A. High risk
B. No risk
C. Calculated risk
D. Random risk
Answer: C

Q20. Risk in entrepreneurship refers to:
A. Loss only
B. Uncertainty of outcomes
C. Profit guarantee
D. Competition
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

VALUE CREATION & MOTIVATION

Q22. Value creation means:
A. Profit only
B. Customer satisfaction only
C. Economic and social benefit
D. Cost reduction
Answer: C

Q23. Entrepreneurs are mainly driven by:
A. External pressure
B. Fixed salary
C. Opportunity
D. Authority
Answer: C

Q24. Motivation originating from internal satisfaction is called:

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

Answer: C

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

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

- 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?

- A. Traditional retail
- B. Technology
- C. Agriculture only
- D. Mining

Answer: B

Q48. Innovation helps firms gain:

- A. Monopoly
- B. Competitive advantage
- C. Regulation
- D. Stability only

Answer: B

Q49. Entrepreneurial success depends MOST on:

- A. Luck
- B. Government support
- C. Opportunity exploitation
- D. Family background

Answer: C

Q50. Entrepreneurship is important because it:

- A. Reduces innovation
- B. Encourages dependence
- C. Drives economic growth
- D. Limits creativity

Answer: C

Chapter 2: Entrepreneurial Traits & Motivation

ENTREPRENEURIAL TRAITS

Q1. The most important characteristic of an entrepreneur is:

- A. Authority
- B. Risk-taking ability
- C. Obedience
- D. Job security

Answer: B

Q2. Entrepreneurs are generally more comfortable with:

- A. Certainty
- B. Supervision
- C. Ambiguity
- D. Rules

Answer: C

Q3. Tolerance for ambiguity means the ability to:

- A. Avoid uncertainty
- B. Ignore risk
- C. Handle uncertainty effectively
- D. Depend on others

Answer: C

Q4. Which trait helps entrepreneurs foresee future opportunities?

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- A. Supervision
- B. Vision
- C. Compliance
- D. Delegation

Answer: B

Q5. Entrepreneurs usually prefer goals that are:

- A. Very easy
- B. Impossible
- C. Moderately challenging
- D. Assigned by others

Answer: C

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

- A. Creativity
- B. Initiative
- C. Dependence
- D. Leadership

Answer: C

Q7. Entrepreneurs generally show:

- A. Low confidence
- B. High self-confidence
- C. External dependence
- D. Fear of authority

Answer: B

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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

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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

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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

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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

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

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

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

Q45. High tolerance for ambiguity helps entrepreneurs to:

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

Answer: C

Q46. Entrepreneurs generally show which behaviour under uncertainty?

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

D. Withdrawal

Answer: C

Q47. Which trait helps entrepreneurs take initiative?

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

Answer: B

Q48. Which motivation encourages innovation?

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

Answer: B

Q49. Entrepreneurs are more likely to be motivated by:

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

Answer: B

Q50. Entrepreneurial success is MOST influenced by:

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

Answer: C

Chapter 3 :Types Of Entrepreneurship

BASIC CLASSIFICATION

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

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

D. Social entrepreneurship

Answer: C

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

- A. Small business
- B. Scalable startup

C. Social
D. Rural
Answer: B

Q3. Which entrepreneurship focuses on solving social problems?

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

Q4. Intrapreneurship refers to:

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

Answer: C

Q5. An intrapreneur is typically a/an:

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

Answer: B

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

Q7. Small business entrepreneurs usually aim for:

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

Answer: C

Q8. Scalable startups primarily focus on:

- A. Local markets

B. Innovation and growth

C. Stability

D. Risk avoidance

Answer: B

Q9. Venture capital is mostly associated with:

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

Answer: C

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

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

Answer: C

SOCIAL & GREEN ENTREPRENEURSHIP

Q11. Social entrepreneurship aims to create:

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

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

Q13. Microfinance institutions are examples of:

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

Answer: B

Q14. Green entrepreneurship is mainly concerned with:

- A. IT services
- B. Environmental sustainability
- C. Banking services
- D. Manufacturing only

Answer: B

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

- A. Coal mining company
- B. Plastic manufacturing unit
- C. Solar energy startup
- D. Tobacco industry

Answer: C

CORPORATE & INTRAPRENEURSHIP

Q16. Corporate entrepreneurship occurs within:

- A. Government offices
- B. NGOs
- C. Existing corporations
- D. Rural areas

Answer: C

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

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

Answer: B

Q18. Intrapreneurs differ from entrepreneurs because they:

- A. Take no risk
- B. Use company resources
- C. Avoid innovation
- D. Work independently

Answer: B

Q19. Which organisation benefits most from intrapreneurship?

- A. Startups
- B. Government offices
- C. Large corporations

D. Sole proprietors

Answer: C

Q20. Intrapreneurship helps organisations by:

- A. Reducing innovation
- B. Maintaining status quo
- C. Encouraging innovation
- D. Increasing bureaucracy

Answer: C

RURAL & WOMEN ENTREPRENEURSHIP

Q21. Rural entrepreneurship is mainly promoted to:

- A. Increase urbanisation
- B. Reduce rural unemployment
- C. Encourage imports
- D. Increase migration

Answer: B

Q22. Rural entrepreneurs typically utilise:

- A. Imported resources
- B. Local resources
- C. Foreign capital only
- D. High-end technology only

Answer: B

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

- A. Men only
- B. Government
- C. Women
- D. Families only

Answer: C

Q24. Promotion of women entrepreneurship helps in:

- A. Gender equality
- B. Economic empowerment
- C. Social development
- D. All of the above

Answer: D

Q25. Self Help Groups (SHGs) mainly promote:

- A. 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

Q2. Innovation becomes meaningful only when it is:

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

Q3. Innovation differs from invention because innovation involves:

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

Q4. Which of the following is NOT innovation?
A. New product launch

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

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

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

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:

- A. Advertising
- B. International expansion
- C. Market segmentation
- D. Pricing strategy

Answer: B

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

- A. Product innovation
- B. Organisational innovation
- C. Schumpeterian innovation
- D. Incremental change

Answer: C

ENTREPRENEUR'S ROLE (SCHUMPETER)

Q16. According to Schumpeter, entrepreneurs disturb:

- A. Economic balance
- B. Labour supply
- C. Capital market
- D. Government policy

Answer: A

Q17. Entrepreneurs cause economic development by:

- A. Following routines
- B. Maintaining equilibrium
- C. Introducing innovation
- D. Avoiding competition

Answer: C

Q18. Schumpeterian entrepreneurs are different from managers because they:

- A. Manage operations
- B. Introduce new combinations
- C. Avoid risk
- D. Focus on routine work

Answer: B

Q19. Which function is NOT emphasised by Schumpeter?

- A. Innovation
- B. Creative destruction
- C. Risk bearing

D. New combinations

Answer: C

Q20. Schumpeter believed that entrepreneurs eventually:

- A. Remain permanent innovators
- B. Become managers
- C. Exit economy immediately
- D. Stop innovation permanently

Answer: B

PROFIT, CYCLES & CAPITALISM

Q21. According to Schumpeter, profits are:

- A. Permanent income
- B. Result of monopoly
- C. Temporary rewards
- D. Government incentives

Answer: C

Q22. Profits disappear when:

- A. Costs rise
- B. Competition imitates innovation
- C. Government intervenes
- D. Demand falls

Answer: B

Q23. Schumpeter linked innovation with:

- A. Inflation
- B. Unemployment
- C. Business cycles
- D. Fiscal policy

Answer: C

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

- A. Depression
- B. Recovery
- C. Boom
- D. Stagnation

Answer: C

Q25. According to Schumpeter, capitalism evolves due to:

- A. Government planning

- 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

Q37. Which entrepreneur introduces new combinations?
A. Fabian
B. Drone
C. Schumpeterian
D. Imitative
Answer: C

Q38. Schumpeter believed competition occurs mainly through:
A. Price wars
B. Advertising
C. Innovation
D. Regulation
Answer: C

Q39. Creative destruction is MOST beneficial for:
A. Inefficient firms
B. Consumers
C. Monopolies
D. Bureaucracies
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

TRUE CONCEPT TEST

Q41. Schumpeter believed entrepreneurs maintain equilibrium.
A. True
B. False
Answer: B

Q42. Innovation creates temporary monopoly profits.
A. True
B. False
Answer: A

Q43. Creative destruction is harmful in the long run.
A. True
B. False
Answer: B

Q44. Entrepreneurs eventually lose monopoly due to imitation.
A. True
B. False
Answer: A

Q45. Schumpeter supported static economic growth.
A. True
B. False
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

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. 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

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

Q10. Which factor MOST influences opportunity recognition?

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

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

Q13. Technical feasibility focuses on:

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

Answer: B

Q14. Financial feasibility evaluates:

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

Answer: B

Q15. Which feasibility determines whether sufficient funds are available?

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

Answer: C

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

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

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

Q20. A good business plan should be:

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

Answer: C

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

Q34. Growth requires continuous:

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

Answer: A

Q35. Which challenge is common during growth stage?

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

Answer: B

EXIT & FAILURE

Q36. Exit strategy refers to:

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

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

Q38. Business failure occurs when:

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

Answer: B

Q39. The MOST common reason for startup failure is:

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

Answer: B

Q40. Entrepreneurs view failure as:

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

Answer: C

APPLICATION & CMAT-ORIENTED

Q41. Which stage tests viability before heavy investment?

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

Answer: C

Q42. Which stage requires maximum decision-making?

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

Answer: B

Q43. Which stage is MOST risky?

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

Answer: C

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?

- A. Opportunity identification
- B. Innovation and adaptation
- C. Risk avoidance
- D. Regulation

Answer: B

TRUE CONCEPT CHECK

Q46. Business planning comes before feasibility analysis.

- A. True
- B. False

Answer: B

Q47. Resource mobilisation occurs after idea validation.

- A. True

B. False

Answer: A

Q48. Exit always means failure.

- A. True
- B. False

Answer: B

Q49. Growth stage requires continuous innovation.

- A. True
- B. False

Answer: A

Q50. Entrepreneurial process ends permanently after exit.

- A. True
- B. False

Answer: B

Chapter 7: Idea Generation Techniques & Design Thinking

◆ IDEA GENERATION – BASICS

Q1. Idea generation refers to the process of:

- A. Executing business plans
- B. Creating new business ideas
- C. Managing employees
- D. Raising funds

Answer: B

Q2. Entrepreneurial ideas generally originate from:

- A. Market problems
- B. Customer needs
- C. Technological changes
- D. All of the above

Answer: D

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

- A. Customer feedback
- B. Market trends
- C. Government rules

D. Technological innovation

Answer: C

Q4. Idea generation is most closely related to:

- A. Creativity
- B. Routine work
- C. Supervision
- D. Control

Answer: A

Q5. Which factor MOST helps in opportunity spotting?

- A. Capital availability
- B. Entrepreneurial alertness
- C. Government subsidy
- D. Family background

Answer: B

◆ BRAINSTORMING

Q6. Brainstorming is a technique used to:

- A. Criticise ideas

B. Generate multiple ideas
C. Select final ideas
D. Implement ideas
Answer: B

Q7. Brainstorming encourages:
A. Immediate evaluation
B. Free flow of ideas
C. Individual thinking only
D. Risk avoidance
Answer: B

Q8. During brainstorming, criticism of ideas is:
A. Encouraged
B. Discouraged
C. Mandatory
D. Ignored completely
Answer: B

Q9. Brainstorming is MOST effective when done:
A. Individually
B. In a group
C. By managers only
D. After execution
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

◆ 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

Q12. In SCAMPER, 'S' stands for:
A. Simplify

B. Substitute
C. Scale
D. Select
Answer: B

Q13. In SCAMPER, 'C' stands for:
A. Create
B. Combine
C. Compare
D. Control
Answer: B

Q14. 'A' in SCAMPER represents:
A. Apply
B. Adapt
C. Add
D. Analyse
Answer: B

Q15. SCAMPER helps entrepreneurs to:
A. Create completely new inventions
B. Improve existing products
C. Avoid competition
D. Eliminate risk
Answer: B

◆ MARKET & CUSTOMER-BASED IDEA GENERATION

Q16. Which method focuses on unmet customer needs?
A. Trend analysis
B. Market gap analysis
C. Brainstorming
D. SCAMPER
Answer: B

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

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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

Q33. Creativity in entrepreneurship helps in:

- A. Cost control
- B. Problem solving
- C. Routine management
- D. Regulation

Answer: B

Q34. Which thinking challenges conventional patterns?

- A. Vertical thinking
- B. Analytical thinking
- C. Lateral thinking
- D. Critical thinking

Answer: C

Q35. Creative ideas become innovations when they are:

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

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

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

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

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

Q3. Startup ecosystem supports startups by providing:

A. Regulation only

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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

◆ STARTUP INDIA & GOVERNMENT INITIATIVES

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

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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

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

- Q27. Which crowdfunding model offers ownership to investors?
- A. Donation-based
 - B. Reward-based
 - C. Equity-based
 - D. Charity-based
- Answer: C

- Q28. Bank loans for startups usually require:
- A. Innovation
 - B. Collateral
 - C. Mentorship
 - D. Equity
- Answer: B

- Q29. Which funding source provides mentorship along with capital?
- A. Banks
 - B. Angel investors
 - C. Customers
 - D. Suppliers
- Answer: B

- Q30. IPO is suitable for startups at:
- A. Idea stage
 - B. Early stage
 - C. Mature stage
 - D. Decline stage
- Answer: C

◆ 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

- Q32. Valuation refers to:
- A. Profit earned
 - B. Cost incurred
 - C. Estimated worth of a startup
 - D. Market share
- Answer: C

- Q33. Which factor MOST affects startup valuation?
- A. Office location
 - B. Growth potential
 - C. Number of employees
 - D. Registration type
- Answer: B

- Q34. Decacorn startups are valued at:
- A. \$1 billion
 - B. \$5 billion
 - C. \$10 billion or more
 - D. \$100 billion
- Answer: C

- Q35. Which Indian startup ecosystem produces most unicorns?
- A. Manufacturing
 - B. Agriculture
 - C. Technology & digital services
 - D. Handicrafts
- 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

- 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:

- A. Controls startups
- B. Eliminates competition

C. Supports innovation and growth

D. Reduces entrepreneurship

Answer: C

Chapter 9: MSMEs & Government Schemes

50 MCQs (CMAT Focused)

MSME BASICS

Q1. MSMEs are considered important because they promote:

- A. Capital-intensive growth
- B. Inclusive economic development
- C. Import dependency
- D. Monopoly power

Answer: B

Q2. MSMEs are generally characterised by:

- A. Large capital investment
- B. High employment generation
- C. High automation
- D. Monopoly structure

Answer: B

Q3. Which factor differentiates MSMEs from large enterprises?

- A. Ownership
- B. Scale of operation
- C. Profit motive
- D. Legal status

Answer: B

Q4. MSMEs are particularly important for:

- A. Urban employment only
- B. Rural and semi-urban development
- C. High-tech industries
- D. Defence production

Answer: B

Q5. MSMEs contribute significantly to India's:

- A. Fiscal deficit
- B. Trade imbalance
- C. Exports and employment
- D. Inflation

Answer: C

MSME CLASSIFICATION (UPDATED CRITERIA)

Q6. MSME classification in India is based on:

- A. Number of workers
- B. Investment and turnover
- C. Location of unit
- D. Nature of ownership

Answer: B

Q7. A micro enterprise has investment up to:

- A. ₹50 lakh
- B. ₹1 crore
- C. ₹5 crore
- D. ₹10 crore

Answer: B

Q8. Maximum turnover limit for a small enterprise is:

- A. ₹25 crore
- B. ₹50 crore
- C. ₹100 crore
- D. ₹250 crore

Answer: B

Q9. Medium enterprises can have turnover up to:

- A. ₹100 crore
- B. ₹150 crore
- C. ₹200 crore
- D. ₹250 crore

Answer: D

Q10. MSME classification is applicable to:

- A. Manufacturing only
- B. Services only
- C. Both manufacturing and services
- D. 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

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

- 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

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

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

Q3. Intellectual Property Rights grant creators:

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

Answer: B

Q4. IPR is MOST relevant in which economy?

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

Answer: C

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

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

- A. Useful, novel and non-obvious
- B. Cheap and marketable
- C. Famous and popular
- D. Registered internationally

Answer: A

Q8. Patent protection prevents others from:

- A. Using the idea for study
- B. Manufacturing without permission
- C. Learning the invention
- D. Discussing the invention

Answer: B

Q9. Patent rights are valid in India for:

- A. 10 years
- B. 15 years
- C. 20 years
- D. Lifetime

Answer: C

Q10. Which invention is NOT patentable in India?

- A. New machine
- B. Software with technical application
- C. Scientific theory
- D. Industrial process

Answer: C

TRADEMARKS

Q11. A trademark primarily identifies:

- A. Product quality
- B. Source of goods/services
- C. Manufacturing process
- D. Technology used

Answer: B

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

- A. Generic word
- B. Descriptive term
- C. Distinctive logo
- D. Common name

Answer: C

Q13. Trademark protection helps businesses by:

- A. Increasing tax benefits
- B. Building brand identity
- C. Reducing production cost
- D. Avoiding regulation

Answer: B

Q14. Trademark registration in India is valid for:

- A. 5 years
- B. 10 years
- C. 15 years
- D. 20 years

Answer: B

Q15. Trademark infringement occurs when:

- A. Brand is advertised
- B. Similar mark causes confusion
- C. Product price is high
- D. Brand expands internationally

Answer: B

COPYRIGHT

Q16. Copyright protects:

- A. Industrial designs
- B. Literary and artistic works
- C. Business ideas
- D. Trade names

Answer: B

Q17. Copyright protection is automatic once a work is:

- A. Registered
- B. Published
- C. Created and expressed
- D. Sold

Answer: C

Q18. Copyright does NOT protect:

- A. Books
- B. Music
- C. Ideas
- D. Films

Answer: C

Q19. Copyright duration in India generally lasts for:

- A. 20 years
- B. 40 years
- C. 60 years after author's death
- D. Lifetime only

Answer: C

Q20. Copyright helps creators by:

- A. Preventing innovation
- B. Ensuring economic rewards
- C. Reducing creativity
- D. Eliminating competition

Answer: B

GEOGRAPHICAL INDICATIONS (GI)

Q21. A Geographical Indication links a product to:

- A. Company
- B. Individual inventor
- C. Specific region
- D. Technology

Answer: C

Q22. GI protection is mainly provided to:

- A. Corporations
- B. Communities
- C. Individual entrepreneurs
- D. Foreign firms

Answer: B

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

- A. Apple iPhone
- B. Darjeeling Tea
- C. Coca-Cola
- D. Nike Shoes

Answer: B

Q24. GI protection helps in:

- A. Mass production
- B. Regional economic development
- C. Cost reduction
- D. Global monopoly

Answer: B

Q25. GI rights cannot be transferred because they are:

- A. Temporary
- B. Community-based
- C. Low value
- D. International

Answer: B

INDUSTRIAL DESIGNS & TRADE SECRETS

Q26. Industrial design protection covers:

- A. Functional features
- B. Aesthetic appearance
- C. Brand name
- D. Manufacturing process

Answer: B

Q27. Trade secrets protect:

- A. Public information
- B. Confidential business information
- C. Registered inventions
- D. Artistic works

Answer: B

Q28. Trade secret protection requires:

- A. Registration
- B. Disclosure
- C. Secrecy
- D. Publication

Answer: C

Q29. Which is an example of a trade secret?

- A. Patent document
- B. Logo
- C. Formula of a soft drink
- D. Copyrighted book

Answer: C

Q30. Trade secrets lose protection when they:

- A. Become outdated
- B. Are disclosed publicly
- C. Are sold
- D. 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:

- A. Trade in services
- B. Intellectual property rights
- C. Labour laws
- D. Environmental protection

Answer: B

Q44. TRIPS agreement is administered by:

- A. IMF
- B. World Bank
- C. WTO
- D. WIPO

Answer: C

Q45. Strong IPR regime encourages:

- A. Innovation and investment
- B. Piracy
- C. Market failure
- D. Informality

Answer: A

FINAL APPLICATION (CMAT STYLE)

Q46. Which IPR protects software source code?

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

Answer: C

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

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

Answer: C

Q48. Which IPR cannot be renewed indefinitely?

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

Answer: C

Q49. IPR protection balances:

- A. Monopoly and innovation
- B. Competition and creativity
- C. Public interest and private rights
- D. Risk and return

Answer: C

Q50. IPR is important for entrepreneurship because it:

- A. Eliminates imitation
- B. Encourages innovation-led growth
- C. Reduces business risk completely
- D. Guarantees profits

Answer: B

Chapter 11: Social & Green Entrepreneurship

50 MCQs

♦ SOCIAL ENTREPRENEURSHIP – BASICS

Q1. Social entrepreneurship primarily focuses on:

- A. Profit maximisation
- B. Social value creation
- C. Government welfare only
- D. Charity without sustainability

Answer: B

Q2. A social entrepreneur aims to address:

- A. Personal financial goals

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B. Market inefficiencies

C. Social and community problems

D. Corporate expansion

Answer: C

Q3. Which feature distinguishes social entrepreneurship from charity?

- A. Voluntary work
- B. Sustainability of operations
- C. No profit motive
- D. Donor dependency

Answer: B

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

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

Q2. Business model focuses primarily on:

- A. Operational efficiency
- B. Value creation logic
- C. Legal compliance
- D. Financial accounting

Answer: B

Q3. Which of the following BEST defines a business model?

- A. Marketing plan
- B. Financial statement
- C. Blueprint of how business works
- D. Production schedule

Answer: C

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

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

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

Q24. Which industry commonly uses pay-per-use model?

A. Telecom
B. Insurance
C. Manufacturing
D. Education
Answer: A

Q25. Licensing revenue model involves:

A. Selling ownership
B. Allowing use of IP for a fee
C. Advertising
D. Donations
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

Q27. Royalty is paid for:

A. Employment
B. Brand usage
C. Raw materials
D. Services only
Answer: B

Q28. Which revenue model is MOST predictable?

A. Advertising
B. Subscription
C. Transaction-based
D. Commission-based
Answer: B

Q29. Commission-based revenue is earned by:

A. Selling products
B. Facilitating transactions

C. Manufacturing goods
D. Licensing technology
Answer: B

Q30. Which platform uses commission-based revenue?

A. Amazon Marketplace
B. Netflix
C. Spotify Free
D. Tata Motors
Answer: A

◆ PRICING & MONETISATION

Q31. Monetisation refers to:

A. Increasing cost
B. Converting users into revenue
C. Reducing price
D. Increasing losses
Answer: B

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

Q33. Dynamic pricing adjusts prices based on:

A. Fixed cost
B. Demand and supply
C. Employee salary
D. Brand value
Answer: B

Q34. Surge pricing is an example of:

A. Fixed pricing
B. Dynamic pricing
C. Cost-plus pricing
D. Skimming pricing
Answer: B

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

Q37. Digital business models are scalable because they have:

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

Q38. Which model is MOST scalable?

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

Q39. Sustainability of business model depends on:

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

Q40. Which factor threatens business model sustainability?

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

◆ 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

Q42. Which model is MOST suitable for SaaS startups?

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

Q43. A company charging per transaction follows:

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

Q44. Which business model relies heavily on data?

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

Q45. Which revenue model is MOST volatile?

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

◆ TRUE / FALSE (CMAT STYLE)

Q46. Business model and revenue model are identical.

- A. True
- B. False

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

Q2. Entrepreneurs differ from gamblers because they take:

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

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

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

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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

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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

B. Labour ethics
C. Environmental ethics
D. Innovation ethics
Answer: A

Q32. Bribery is an example of:
A. Ethical conduct
B. Corporate governance
C. Unethical practice
D. Legal compliance
Answer: C

Q33. Data privacy violations relate to:
A. Financial ethics
B. Consumer ethics
C. Environmental ethics
D. Operational ethics
Answer: B

Q34. Environmental pollution by firms violates:
A. Financial ethics
B. Social ethics
C. Environmental ethics
D. Legal ethics only
Answer: C

Q35. Which ethical principle focuses on fairness?
A. Integrity
B. Justice
C. Transparency
D. Accountability
Answer: B

◆ 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

Q37. Good corporate governance ensures:
A. Higher risk
B. Transparency and accountability

C. Monopoly
D. Reduced compliance
Answer: B

Q38. CSR refers to:
A. Corporate Social Responsibility
B. Consumer Sales Ratio
C. Capital Structure Regulation
D. Cost Saving Rule
Answer: A

Q39. CSR initiatives mainly focus on:
A. Shareholders only
B. Society and environment
C. Profit only
D. Market share
Answer: B

Q40. CSR is mandatory in India for companies meeting:
A. Startup criteria
B. Certain financial thresholds
C. Export conditions
D. MSME status
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

Q42. Ethical entrepreneurship supports:
A. Short-term profit
B. Long-term sustainability
C. Risk elimination
D. Market dominance
Answer: B

Q43. Risk-taking without analysis leads to:
A. Calculated decisions
B. Gambling behaviour

C. Risk management
D. Innovation
Answer: B

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

Q2. This opportunity recognition reflects:
A. Risk avoidance
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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.

Q4. This startup follows which business model?

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

Answer: C

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

C. Decline stage

D. IPO stage

Answer: B

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

- 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 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

- Q37. This approach aligns with:
- A. Waterfall model
 - B. Design thinking
 - C. Bureaucratic planning
 - D. Risk avoidance
- Answer: B

CASE 18: IMPACT MEASUREMENT

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

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

- 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

- Q42. Strong ecosystems help startups mainly by:
- A. Eliminating risk
 - B. Providing support and networks
 - C. Controlling innovation
 - D. Increasing compliance
- Answer: B

Q43. Sustainable entrepreneurship balances:

- A. Cost and price
- B. Profit, people and planet
- C. Risk and return
- D. Growth and control

Answer: B

Q44. Ethical startups gain advantage through:

- A. Speed
- B. Trust
- C. Monopoly
- D. Secrecy

Answer: B

Q45. Innovation without market need leads to:

- A. Success
- B. Market failure
- C. Monopoly
- D. Scalability

Answer: B

TRUE / FALSE (CASE STYLE)

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

- A. True

B. False

Answer: B

Q47. Case-based questions test application of concepts.

- A. True

- B. False

Answer: A

Q48. Ethical behaviour can be a competitive advantage.

- A. True

- B. False

Answer: A

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

Q2. An entrepreneur differs from a manager mainly because an entrepreneur:

- A. Avoids responsibility
- B. Works under supervision
- C. Takes ownership of risk

D. Focuses only on execution

Answer: C

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

♦ SECTION I: RISK & FAILURE

Q41. Entrepreneurs take risk that is:
A. Blind
B. Calculated
C. Avoided
D. Extreme
Answer: B

Q42. Market failure occurs due to:
A. Cash shortage
B. Poor customer acceptance
C. Poor leadership
D. Legal issues
Answer: B

Q43. Financial failure is mainly due to:
A. Technology change
B. Cash flow problems
C. Competition
D. Innovation
Answer: B

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

B. False
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

Q49. Strong ecosystems reduce startup failure risk.
A. True
B. False
Answer: A

Q50. CMAT frequently tests application-based entrepreneurship questions.
A. True
B. False
Answer: A