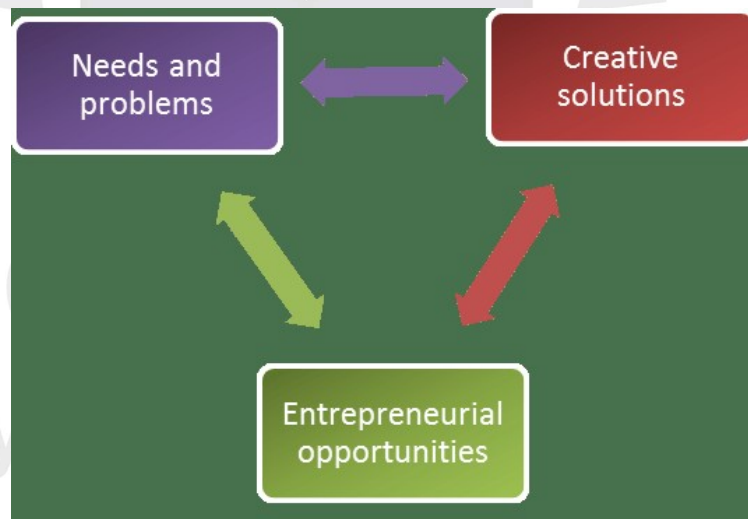


CHAPTER 1

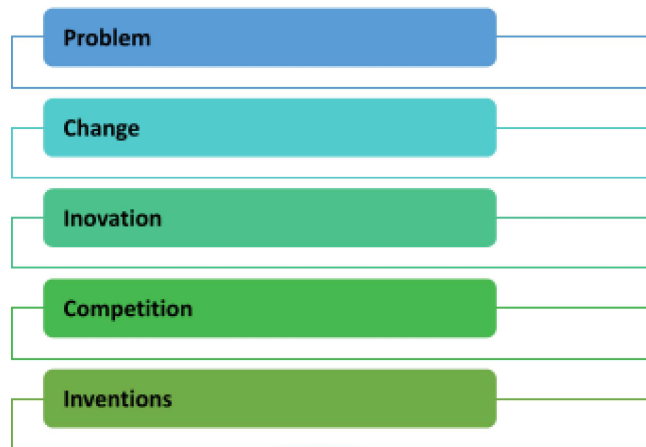
Entrepreneurial Opportunity

Chapter at a Glance

1. **Meaning of Business Opportunity:** Business opportunity can be described as an economic idea which can be implemented to create a business enterprise and earn profits.
2. **Elements of Business opportunity:**
 - Assured market scope,
 - An attractive and acceptable rate of return on investment,
 - Practicability of the entrepreneur to encash it,
 - Competence of the entrepreneur to encash it,
 - Potential of future growth.
3. **Exploring opportunities in the environment**
 - Opportunity spotting by analysing the needs and problems that exist in the environment,
 - Evaluating the ideas received from different sources to find a creative solution,
 - Identifying a product or service through innovation.



4. **Factors involved in securing opportunities**
 - Ability to perceive and preserve basic ideas which could be used commercially,
 - Ability to harness different sources of information,
 - Vision and creativity.
5. **Various sources which lead to the basic ideas**
 - Problem • Change • Inventions • Competition • Innovation



6. Importance of environment

- Identification of opportunities to get first move advantage
- Formulation of strategies and policies
- Tapping useful resources
- Better performance
- Sensitization of entrepreneurs to cope up with rapid changes
- Image building.

7. Analysis of environment

- Verbal information from customers, wholesalers, retailers, distribution consultants, etc.–
Record of companies,
- Government publications,
- Publications by various financial institutions,
- Formal studies conducted by strategic planners.

8. Environmental Factors

- Internal Factors (Micro environment),
- External Factors (Macro environment).

9. PESTEL Model

- Political
- Economic
- Social
- Technological
- Ecological
- Legal



10. Idea Generation:

The process of creating, developing and communicating ideas which are abstract, concrete or visual.

11. Sources of business ideas

- Examine your own skill set for business ideas,
- Keep up with current events and be ready to take advantage of business opportunities,
- Invent a new product or service,
- Add value to an existing product,
- Investigate other markets,
- Improve an existing product or service,
- Get on the band wagon.

12. Ideas fields

- Natural resources • Existing products • Market driven ideas • Funds related ideas
 - Service sector ideas • Creative effort of the entrepreneur
- Steps involved in idea and opportunity assessment:
- Product identification,
 - Application and use,
 - Level of operation,
 - Cost,
 - Competition,
 - Technical complexity,
 - Annual turnover and profit margin.

13. Factors to be kept in mind while assessing the market

- Demand
- Supply and nature of competition
- Cost and price of product
- Project innovation and change



14. Ways to spot trends

- Read trends
- Talk trends
- Watch trends
- Think trends

15. Creative process

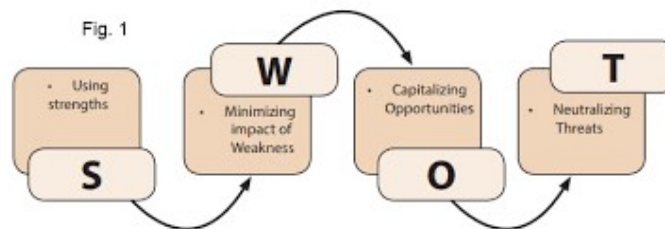
- Idea germination
- Preparation
- Incubation
- Illumination
- Verification Innovation process
 - > Analytical planning,
 - > Organising resources,
 - > Implementation,
 - > Commercial application.

Words That Matter

1. **Entrepreneur** is one who always searches for an opportunity.
2. **Cost advantage:** Some entrepreneurs reduce the price using resources and capabilities to achieve either a lower cost like cheaper inputs, efficient processes, favourable location, skilled workforce, superior technology and waste reduction.
3. **Resources:** Anything that helps in the raising of goods and services.
4. **Types of resources:** Materials, technological, human or capital resources.
5. **Business opportunity:** Any economic idea which can be implemented to create a business enterprise and earn profits.
6. **Scan literally** means 'to examine closely'.
7. **Sensing entrepreneurial opportunities** is a process of converting an idea into an opportunity and then into an enterprise.

8. **Sources of information** like magazines, journals, books, seminars, trade shows, family members, customers, friends, etc.
9. **Creativity** is defined as “the ability to bring something new into existence”.
10. **Innovation** refers to the process of doing new things.
11. **Environment scanning:** Careful monitoring of an organization’s internal and external environment.
12. **The PESTEL Model**—Political, Economic, Social, Technological, Ecological, Legal
Competencies: Entrepreneurial competencies are the skills and ability necessary for an entrepreneur to venture into an enterprise organize, and manage an enterprise ably and competently realize the goal for which the enterprise is established.
13. **Strategic Thinking:** The entrepreneur understands and values the planning process, thinking and planning over a significant timescale; recognises external trends and opportunities; and is able to think through any complex implications for the business.
14. **A problem** is a roadblock in a situation.
15. **Idea Fields** means ‘Convenient frames of reference for streamlining the process of generation of ideas.’
16. **Market research** is any organized effort to gather information about target markets or customers.
17. **Target markets:** Trade in simple terms is buying goods and services and selling them to consumers at a profit.
18. **Annual turnover:** Total sales of a year
19. **margin:** It indicates the market share of the product or service.
20. **SWOT:** Strengths, Weaknesses, Opportunities and Threats.

Fig. 1



21. **Stakeholders:** A person, group or organization that has interest or concern in an organization’s investors, employees, customers and suppliers.
22. **Trader:** A person who is engaged in buying and selling of goods.
23. **Business environment:** Implies aggregate of all forces, factors and institutions, which are external to and beyond the control of business organizations and their management, size of the market, banking and credit facilities, transport and communication systems, Niche Blogging is the act of creating a blog with the intent of using it to market to a particular
24. **Niche market:** Niche marketing is a marketing strategy, which can be intelligently used by a small entrepreneur. He can try and identify his own USP (Own Selling Proposition), which can be targeted towards some very specific market segments called a niche.
By providing personal service, convenience and value to the customers.
25. **Consumerism:** It involves protecting and informing consumers or an obsession with buying material goods or items.

26. **Code Division Multiple Access (CDMA)** is a channel access method used by various radio communication technologies. CDMA is an example of multiple access, which is where several transmitters can send information simultaneously over a single communication channel.
27. **WhatsApp** is one of a number of messaging apps that have taken advantage of data plans on smartphones to provide a practically free alternative to texting, letting users swap text, pictures and audio clips, as well as set up group chats.
28. **Solar Water Heating (SWH) or Solar Hot Water (SHW)** systems comprise several innovations in renewable energy.
29. **Karaoke:** A music entertainment system providing pre-recorded accompaniment to popular songs that a performer sings live, usually by following the lyrics (words) on a video screen.

MULTIPLE CHOICE QUESTIONS

1. Market demand is known as
(a) Demand forecasting (b) Real demand
(c) Supply (d) None of those
2. Which of the following is a problem connected with Business?
(a) Profit (b) Money
(c) Sales (d) Risk Management
3. On which out of the following the formulating of the general plan of business depends?
(a) Project report (b) Plant & production planning
(c) Marketing planning (d) Financial planning
4. Which of the following is to be consider at the time of selection of enterprise?
(a) Situation (b) Capability
(c) Nature of Product (d) All of the above
5. Entrepreneurs discover an idea to seize on an opportunity, mobilize money, generate resources, and take calculated risks in order to expand the market or start a new business for _____.
(a) Products (b) Processes
(c) Services (d) All of the above
6. Entrepreneurship development refers to the process of enhancing entrepreneurial skills and knowledge through _____ programmes.
(a) Structured training (b) Institution building
(c) Both (a) and (b) (d) None of the above
7. What is the Economic policies determined?
(a) Direction of Business (b) Volume of Business
(c) Direction & Volume of Business (d) None of the above
8. Short-term forecast involve a period of how many months?
(a) Twelve months (b) Twenty-four months
(c) Eighteen months (d) Thirty-six months
9. The word 'entrepreneur' is derived from the _____ entrepreneur.
(a) French word (b) Austrian Word
(c) Greek Word (d) None of the above

10. The word 'entrepreneur' is derived from the French word *entreprendre*, which means 'to undertake'.
 - (a) Undergoing
 - (b) Undertaking
 - (c) Underworking
 - (d) All of the above
11. Demand forecasting is termed as what out of the following?
 - (a) Marketing
 - (b) Market demand
 - (c) Demand and supply
 - (d) All of the above
12. Characteristics of entrepreneurship?
 - (a) It is an economic activity done to create, develop and maintain a profit – oriented organization.
 - (b) It begins with identifying an opportunity as a potential to sell and make profit in the market.
 - (c) It deals with optimization in utilization of resources.
 - (d) All of the above
13. High potential venture _____
 - (a) Has the same growth potential as a life-style firm
 - (b) Starts out like life-style firm+
 - (c) Drawing interest of private investors only
 - (d) None of these
14. Qualities of a successful entrepreneur?
 - (a) Initiative & Self-confidence
 - (b) Willingness to take risks & Hard work
 - (c) Ability to learn from experience & Decision-making ability
 - (d) All of the above
15. Business is a game of
 - (a) Competition
 - (b) Challenge
 - (c) Skill
 - (d) None of these
16. What are the different types of entrepreneurs?
 - (a) Service entrepreneurs & Agricultural entrepreneurs
 - (b) Business entrepreneurs & Non-technical entrepreneurs
 - (c) Industrial entrepreneurs & Technical entrepreneurs
 - (d) All of the above
17. The following are myths related to entrepreneurs....
 - (a) Entrepreneurs are born not made
 - (b) Entrepreneurs are doers and not thinkers
 - (c) Entrepreneurs are gamblers
 - (d) All of the above
19. It is necessary to give due consideration on internal resources before initiating a particular decision
 - (a) Yes, it is necessary
 - (b) No, not necessary
 - (c) Necessary for External Resources
 - (d) None of the above
20. Entrepreneurship involves
 - (a) Creations of a business unit
 - (b) Use of skill to earn profits
 - (c) Decision to accept risks
 - (d) All of the above
21. Which of the following is a factor affecting identification of business opportunities?
 - (a) Volume of Internal demand
 - (b) Created opportunity
 - (c) Existing opportunity in the Environment
 - (d) None of the above

Entrepreneurial Opportunity

22. actions by an entrepreneur most likely to contribute to creative destruction.
- (a) Development of a new product (b) Take-over of a competitor
(c) Issuing shares (d) Development of an organization
23. Business regulatory frame work is concerned with what?
- (a) Direction of business (b) Volume of business
(c) Regulation (d) None of the above
24. Bankers say that most businesses fail because of the _____ inability to plan properly.
- (a) Investors (b) Marketers (c) Entrepreneurs (d) Consultants
25. Learning processes involves
- (a) Drive (b) Cue
(c) Response (d) Drive, Cue and Response
26. _____ shows the process of creating something new.
- (a) Innovation (b) Business model
(c) Modeling (d) Creative flexibility
27. The success of an entrepreneur lies mainly in his ability to
- (a) Collect resources (b) Appoint staff
(c) Sell products (d) None of these
29. An entrepreneurship primary motivation for starting a business is _____
- (a) To make money (b) To be independent
(c) To be famous (d) To be powerful
30. Which of the following factors is to be considered while selecting a product or service?
- (a) Competition (b) Cost of production
(c) Profit possibility (d) All of the above
31. Out of the following what is essential to study in feasibility study?
- (a) Cost (b) Price
(c) Operation (d) All of the above
32. Market demand is also known as
- (a) Supply (b) Real demand
(c) Demand forecasting (d) None of the above
33. Entrepreneurs typically form _____
- (a) Service businesses (b) Manufacturing companies
(c) Constructive companies (d) A variety of ventures
32. A successful entrepreneur must possess the quality of
- (a) Leadership (b) Control
(c) Innovation (d) All of the above
33. The major achievement of an entrepreneur is
- (a) Profit (b) Growth (c) Quality (d) Market
34. An entrepreneur
- (a) Serves as an economic man
(b) Applies problem solving for projects
(c) Undertakes to act as an intermedia between labour and capital
(d) All of the above

35. Entrepreneurship can be defined as _____
- (a) The act of initiating, creating, building, expanding and sustaining a venture and gathering The necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
 - (b) The act of creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
 - (c) The act of initiating, creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
 - (d) None of the Above
36. Which factors affects market assessment?
- (a) Demand
 - (b) Supply
 - (c) Demand supply
 - (d) Micro environment
37. EDP (Entrepreneurship Development(Programmes) is required to help –
- (a) Existing entrepreneurs
 - (b) First generations entrepreneurs
 - (c) Future generation entrepreneurs
 - (d) None of the above
38. Which of the following factor is to be considered while selecting a product or service?
- (a) Competition
 - (b) Cost of production
 - (c) Profit possibility
 - (d) All of the above
39. What is the most common reason given for why people choose to become entrepreneurs?
- (a) To make a lot of money.
 - (b) To escape the long hours associated with corporate jobs.
 - (c) To be their own boss.
 - (d) To be able to retire early.
40. Subsidy is
- (a) Concession
 - (b) Discount
 - (c) Repayment
 - (d) None of these
41. Entrepreneurs are.....
- (a) Moderate risk taker
 - (b) High risk taker
 - (c) Avoidance
 - (d) Both (b) & (c)
42. An entrepreneur is both a worker and
- (a) Manager
 - (b) Owner
 - (c) Investor
 - (d) All of the above
43. Individuals influencing an entrepreneur’s career choice and style are known as which of the following?
- (a) Role model
 - (b) Moral-support network
 - (c) Professional support network
 - (d) Support system
44. A Micro Entrepreneurs are _____
- (a) A formal-sector entrepreneur with zero to 10 employees
 - (b) A formal-sector entrepreneur with 1 to 10 employees
 - (c) A formal-sector entrepreneur with zero to 15 employees
 - (d) A formal-sector entrepreneur with 1 to 15 employees
45. From the following which one is not classification of entrepreneurs according to the types of business?
- (a) Wholesale trade
 - (b) Retail trade
 - (c) Exporter
 - (d) Rural entrepreneur

Entrepreneurial Opportunity

46. How will you formulate general plan of Business?
(a) By production planning (b) By cost planning
(c) By financial planning (d) By doing all the above
47. Which of the following is NOT a common myth about entrepreneurs?
(a) Everyone has the potential to be an entrepreneur.
(b) Entrepreneurs are born, not made.
(c) Entrepreneurs are gamblers.
(d) Entrepreneurs love the spotlight.
48. A small-scale entrepreneur is _____
(a) A formal-sector entrepreneur with 11 to 50 employees
(b) A formal-sector entrepreneur with 11 to 49 employees
(c) A formal-sector entrepreneur with 16 to 49 employees
(d) A formal-sector entrepreneur with 16 to 50 employees
49. An entrepreneur's primary motivation for starting a business is _____
(a) To make money (b) To be independent
(c) To be famous (d) To be powerful
50. Who are the 5th generation entrepreneurs?
(a) Different age group without any entrepreneurship background
(b) An individual who starts at the age of 50 years without any entrepreneurship background
(c) Both a) and b)
(d) None of the above
51. What are the roles and functions of an entrepreneur?
(a) Identifying entrepreneurial opportunity
(b) Turning ideas into action & setting up an enterprise
(c) Feasibility Study & Resourcing
(d) All of the above
52. What creates imperfection in the market which ultimately increases the volumes of sales and profit
(a) Innovation (b) Promotion (c) Marketing (d) None of the above
53. What motivates an entrepreneur?
(a) Standard of excellence
(b) Uniqueness & Need to influence
(c) Focus on long – term goals
(d) All of the above
54. Which of these is not a type of entrepreneurship?
(a) Small business entrepreneurship
(b) Scalable entrepreneurship
(c) Large scale entrepreneurship
(d) Intrapreneurship
55. Which of these actions of an entrepreneur will most likely result in creative destruction?
(a) Developing a new product
(b) Taking over a competitor's business
(c) Issuing shares to individuals and institutions
(d) Lowering prices of your product or service

56. According to Schumpeter, innovative entrepreneurs would:
- (a) Thrive in the market
 - (b) Not survive and disappear from the market.
 - (c) Get absorbed within larger innovative businesses
 - (d) Get absorbed within non-innovative businesses
57. Which of these is not a challenge for the entrepreneur?
- (a) Managing the cash flow of their business
 - (b) Recruiting new employees
 - (c) Choosing the product or service to sell in the market
 - (d) Formulating rules and regulations relating to conducting entrepreneurship in their country
58. Which of these theories involve taking a moderate amount of risk as a function of skill and not chance?
- (a) Need for achievement
 - (b) Need for affiliation
 - (c) Need for authority
 - (d) Need for independence
59. Entrepreneurship Development Program is helpful for:
- (a) First-generation entrepreneurs
 - (b) Future generation entrepreneurs
 - (c) Existing Entrepreneurs
 - (d) None of the above
60. Which of the following sentence is inconsistent in the context of entrepreneur:
- (a) He is owner of the business
 - (b) He is risk taker
 - (c) He operates production activities
 - (d) He searches out business opportunities
61. In India entrepreneurial development program is :
- (a) Necessary
 - (b) Unnecessary
 - (c) Wastage of time
 - (d) Wastage of money
62. Entrepreneurial Development Institute of India was established by:
- (a) Maharashtra Government
 - (b) Gujarat Government
 - (c) Madhya Pradesh Government
 - (d) Tamilnadu Government
63. An entrepreneur is said to be:
- (a) Promotor of economic development
 - (b) Motivator of economic development
 - (c) Both the above
 - (d) None of the (a) and (b)
64. Entrepreneurial Development Program provides:
- (a) Self-employment
 - (b) Education & training
 - (c) Skill increment
 - (d) All of these
65. Entrepreneurship is ensured by:
- (a) Subsidiaries
 - (b) Larger Firm
 - (c) Medium Firm
 - (d) Small Firm
66. The future of entrepreneurial in India is:
- (a) In dark
 - (b) Bright
 - (c) In difficulty
 - (d) None of these
67. What is an entrepreneur?
- (a) Someone who invests time and money to start a business.
 - (b) Someone who makes a lot of money
 - (c) Someone who takes a risk to make a Profit .
 - (d) Both (a) and (c)

Entrepreneurial Opportunity

68. Entrepreneurs undertake
(a) Calculated risk (b) Low risk
(c) High risk (d) Moderate and calculate risk both
69. Capital is
(a) Money available to invest
(b) Prohibitive cost of entry
(c) A guarantee that a company will be successful
(d) Both 'a' and 'b'
70. Which of the following shows the process of creating something new?
(a) Business model (b) Innovation (c) Modelling (d) Creative flexibility
71. In economics, which of the following is not a function of an entrepreneur?
(a) Risk-taking (b) Innovation
(c) Day-to-day conduct of business (d) None of the above
72. What is the process by which individuals pursue opportunities without regard to resources they currently control?
(a) Start-up management (b) Feasibility planning
(c) Financial analysis (d) Entrepreneurship
73. If an entrepreneur has an internal locus of control, this means that he/she
(a) Has a high need for achievement
(b) Believes that success or failure depends on his/her action
(c) Feels easy in an unstructured situation
(d) None of the above
74. Entrepreneurs would be best described as risk
(a) Taker (b) Averse (c) Loving (d) Manager
75. The opposite word for opportunity thinking would be
(a) Think about self-leadership (b) Obstacle thinking
(c) Self-efficacy (d) None of the above
76. Which of the following factors would not be included in a PESTLE analysis?
(a) Government re-cycling policy. (b) Proposed reduction in interest rates.
(c) Competitor activity. (d) Demographic changes.
77. Which of the following is the reason for business failure _____.
(a) Lack of market research. (b) Poor financial control.
(c) Poor management. (d) All the above.
78. A new venture's business plan is important because _____.
(a) It helps to persuade others to commit funding to the venture.
(b) Can help demonstrate the viability of the venture.
(c) Provides a guide for business activities by defining objectives.
(d) All the above.
79. Which of these statements best describes the context for entrepreneurship?
(a) Entrepreneurship takes place in small businesses.
(b) Entrepreneurship takes place in large businesses.
(c) Entrepreneurship takes place in a wide variety of contexts.
(d) Entrepreneurship does not take place in social enterprises.

80. Entrepreneurs are motivated by _____.
(a) Money. (b) Personal values.
(c) Pull influences. (d) All the above.
81. Which of the following factors does the macro-environment not include?
(a) Political and regulatory factors. (b) Customer needs in a given market.
(c) Social and demographic factors. (d) Technological changes.
82. An entrepreneur who owns more than one business at a time is called _____.
(a) An intrapreneur (b) A corporate entrepreneur
(c) A portfolio entrepreneur (d) None of the above
83. Which of the following is a characteristic typical of _____? Most entrepreneurs
(a) Choose high-risk ventures.
(b) Choose low-risk ventures.
(c) Choose moderate (or calculated) risk ventures.
(d) Choose no risk ventures.
84. Entrepreneurship can best be described as _____.
(a) A process that requires setting up a business.
(b) Taking a significant risk in a business context.
(c) Having a strong vision.
(d) A process involving innovation, new products or services, and value creation.
85. Entrepreneurial development is the key to achieve all-round _____ through acceleration of industrial and entrepreneurial activities.
(a) Increase in profits (b) Economic development
(c) Shareholders value (d) Business development
86. SWOT Analysis is a _____ tool
(a) Conceptual (b) Modern
(c) Scientific (d) Traditional
87. The term "Entrepreneur" has been derived from the word "entreprendre" which means:
(a) To give (b) To undertake
(c) To choose (d) To decide
88. Entrepreneurship is a creative activity – Said by:
(a) Frederick Harbison (b) B. F. Hoselitz
(c) B. Higgins (d) Joseph
89. What is the hallmark of a successful entrepreneur?
(a) Risk bearing capacity (b) Persistence
(c) Flexibility (d) Self-confidence
90. Which type of entrepreneurs utilizes a chance to introduce a new technique or new product?
(a) Innovative entrepreneur (b) Instigated entrepreneur
(c) Initiative entrepreneur (d) Fabian entrepreneur
91. ____ says that entrepreneurship is a ____ activity.
(a) Fredrick Harbison & creative
(b) Fredrick Harbison & innovative
(c) Schumpeter & creative
(d) Schumpeter & innovative

92. Which of the following is not a quality of a successful entrepreneur as specified by Mc Clelland?
- (a) He is endowed with unusual creativeness
 - (b) He has a high degree of ambition
 - (c) He is enriched by a high propensity
 - (d) He has also a strong need for achievement.
93. ___ is a person responsible for setting up a business.
- (a) Entrepreneur
 - (b) Businessman
 - (c) Manager
 - (d) Planner

Practice Paper

MAX. MARKS: 20

TIME ALLOWED: 25 MNTS

General Instructions:

1. All questions carry equal marks.
2. Read the instructions and question very carefully.
3. Five for Each Correct Answers (+5.00)
4. -One for every Wrong answer. (Negative Marking) (-1.00)
5. Attempt 20 Questions.

1. Entrepreneurial Development Program provides:
 - (a) Self-employment
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 - (c) Skill increment
 - (d) All of these
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 - a) Moderate risk taker
 - b) High risk taker
 - c) Avoidance
 - d) Both b & c
4. Which of these theories involve taking a moderate amount of risk as a function of skill and not chance?
 - a. Need for achievement
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 - B. Proposed reduction in interest rates.
 - C. Competitor activity.
 - D. Demographic changes.
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