1. What is a characteristic of small enterprises?
a) High level of bureaucracy
b) Extensive market reach
c) Limited scale of operations
d) Large ownership structures

Answer: c) Limited scale of operations
Explanation: Small enterprises typically operate on a smaller scale compared to large corporations, often with fewer resources and a narrower market focus.

2. Which ownership structure is commonly associated with small enterprises?
a) Public limited company
b) Partnership
c) Conglomerate
d) State-owned enterprise

Answer: b) Partnership
Explanation: Small enterprises often begin as partnerships, where ownership and decision-making are shared among a small group of individuals.

3. What is the first step in setting up a business?
a) Conducting market research
b) Obtaining funding
c) Identifying a good business opportunity
d) Hiring employees

Answer: c) Identifying a good business opportunity

Explanation: The initial step in setting up a business involves identifying a viable opportunity that aligns with market demand and personal interests or skills.

4. Which assessment evaluates the economic viability of a business venture?
a) Market survey
b) Techno-economic feasibility assessment
c) Environmental impact assessment
d) Risk analysis

Answer: b) Techno-economic feasibility assessment
Explanation: This assessment evaluates the technical feasibility as well as the economic viability of a business venture, considering factors such as production costs, market demand, and potential profitability.

5. What is the purpose of preparing a Preliminary Project Report (PPR)?
a) To secure funding from investors
b) To conduct market research
c) To assess the feasibility of the project
d) To register the business with government authorities

Answer: c) To assess the feasibility of the project
Explanation: A Preliminary Project Report (PPR) is prepared to evaluate the feasibility of a project, including its technical, financial, and market viability, before proceeding with full-scale implementation.

6. Which process evaluates the potential risks and returns of a business project?
a) Project formulation

b) Project appraisal
c) Market research
d) Business registration

Answer: b) Project appraisal
Explanation: Project appraisal involves evaluating the potential risks and returns associated with a business project, considering factors such as market conditions, financial projections, and regulatory requirements.

7. Where can entrepreneurs find sources of information for setting up a business?
a) Business schools only
b) Government agencies, libraries, and online resources
c) Private consulting firms only
d) Social media platforms

Answer: b) Government agencies, libraries, and online resources
Explanation: Entrepreneurs can access valuable information for setting up a business from various sources, including government agencies, libraries, and online resources such as industry reports and market studies.

8. Which need classification helps in understanding the requirements of a business project?
a) Personal needs
b) Social needs
c) Business needs
d) Environmental needs

Answer: c) Business needs

Explanation: Understanding the business needs is essential for identifying the specific requirements and resources necessary for the successful implementation of a business project.

9. What is the primary function of market survey and research in business setup?
a) To finalize business ownership structure
b) To identify potential customers and market trends
c) To secure funding from investors
d) To register the business with government authorities

Answer: b) To identify potential customers and market trends
Explanation: Market survey and research help entrepreneurs gather information about potential customers, market trends, competitors, and demand for products or services, which is crucial for making informed business decisions.

10. Which agency assists entrepreneurs in obtaining funding for their business ventures?
a) Environmental Protection Agency (EPA)
b) Small Business Administration (SBA)
c) Federal Bureau of Investigation (FBI)
d) Food and Drug Administration (FDA)

Answer: b) Small Business Administration (SBA)
Explanation: The Small Business Administration (SBA) is a government agency that provides support to small businesses, including assistance in obtaining funding through loans, grants, and other financial programs.