

Question Paper 2011 Delhi
CBSE Class 12th Entrepreneurship

General Instructions:

- All the questions are compulsory.
 - Marks are indicated against each question.
 - Questions Nos. 1 to 5 are very short answer questions carrying 1 mark each. Answer to each of these should not exceed 15 words.
 - Questions Nos. 6 to 10 are short answer questions carrying 2 marks each. Answer to each of these should not exceed 50 words.
 - Questions Nos. 11 to 17 are short answer questions carrying 3 marks each. Answer to each of these should not exceed 75 words.
 - Questions Nos. 18 to 21 are short answer questions carrying 4 marks each. Answer to each of these should not exceed 150 words.
 - Questions Nos. 22 to 24 are long answer questions carrying 6 marks each. Answer to each of these should not exceed 250 words.
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1. What is meant by marketing mix? (1)

Ans. Marketing mix is a combination of the four elements, i.e. product, price, promotion and place, in order to achieve the desired goals in marketing:

2. Why an 'Application for Permanent Registration' is required while setting up a small scale enterprise? (1)

Ans. Application for permanent registration is useful in getting incentives as well as in clearing excise and other regulatory requirements.

3. List the two basic roles of an entrepreneur. (1)

Ans. Two basic roles of an entrepreneur are:

- (i) Entrepreneur as an opportunity spotter
- (ii) Entrepreneur as a project champion

4. Give one example stating how the 'nature of products' affect the channels of

distribution. (1)

Ans. The nature of product affects the channels of distributions for perishable goods, Bulky goods, capital goods, low shelf value and consumer goods

5. What is meant by 'Idea fields'? (1)

Ans. The sources of generating ideas are termed as idea fields. These are convenient frames of references for implementing process of idea generation.

6. What is meant by inventory control? (2)

Ans. Inventory control involves (i) what to store, (ii) how much to store so that storing and purchasing costs are minimum without adversely affecting the production or sales process.

7. Gargya Ltd. decided to sell ceiling fans and air-conditioners at a discount during Diwali season to clear the stock. Name and explain the environmental factor which helped them in taking this decision. (2)

Ans. Economic Factor demand increases due to discount offer.

8. In an 'Enterprise-Process-Model' when an entrepreneur achieves the effective strategic position? (2)

Ans. An entrepreneur achieves the effective strategic position in an Entrepreneur Process Model, when he is capable of achieving objectives and fulfilling purpose of the organization through the overlapping area of knowledge and skills and market dynamics.

9. Explain 'Market-survey and analysis' as a feature of a feasibility plan. (2)

Ans. The entrepreneur must conduct a detailed survey and research in the market to find the viability of the project. He should know the market characteristics. He must find out in detail about costumer needs, level of consumption, likes and dislikes etc. The feasibility report must give a detailed analysis about the trend, fashion and demand in the market.

10. State any two points that should be taken into consideration while leasing an equipment under the head 'Management of Equipments'. (2)

Ans. The two points that should he taken into consideration while leasing an equipment under the head 'Management of Equipment' are:

(a) The requirement of equipments for a short time period or during a particular season or for limited operations

(b) The concerned assets may be expensive and their maintenance and depreciation is also very high.

11. Name the 'Element of a Project Report' that deals with the manufacturing process, product design and drawings. Also state the other 'areas which find a place in this element. (3)

Ans. The element of a Project Report that deals with the manufacturing process, product design and drawing is called 'Technical Feasibility'.

The other areas which find a place in this element are method of production to be used, machinery required, raw material and input required skilled and unskilled manpower etc.

12. State the important considerations that an entrepreneur should keep in mind while purchasing the right quality and quantity of material at a right time and price. (3)

Ans. The important considerations that an entrepreneur should keep in mind while purchasing the right quality and quantity of material at the right time and price are:

- a) Develop good relation with the supplier.
- b) Prepare detailed specification of the purchases
- c) find out current market price
- d) Calculate correct inventory level arrangement of finance.
- e) build up goodwill and credit worthiness
- f) Avoid dependence on single supplier

Or any other appropriate points

13. Explain 'Propensity for Risk-taking' and 'Faith and commitment to a planning paradigm' as entrepreneurial competencies. (3)

Ans. The entrepreneur takes risk according to the economic conditions, market, research, financial and human resource mobilization etc. it provides the entrepreneur with asset or control to monitor the venture.

The Planning Paradigm refers to a general pattern which suggests how to progress from an

abstract idea to achieving sustained stability growth and value added service.

14. Explain any three points to be taken into consideration while 'Assessing the Market'. (3)

Ans. The points to be considered while assessing the market are:

1. Target market
2. Demand analysis point
3. Understanding the competition in the market
4. Understanding the existing trade practices

[explain briefly any three points]

15. 'The soft drink bottle of 300 ml of a company is placed at Rs. 7, while the 1000 ml bottle is placed at Rs. 15.' Name and explain the method of pricing involved in the above example. (3)

Ans. Method: Variable Pricing In this method different prices are kept for different customers but for the same product.

The minimum price is usually decided by the total cost of the product and the maximum price is determined by the ability of the customer to pay.

Bargaining plays a critical role in determining the price.

16. Why 'Technical Resources' are important for an entrepreneur? Explain. (3)

Ans. The 'Technical Resources' are important for an entrepreneur to ensure quality of a product and to increase the productivity. It also gives a deep insight into the production process and is essential for effective handling of the enterprise. Points to be considered are- technical know-how, prototypes, designs, technical training, production processes, quality control systems.

17. One of the essential objectives of managing the market is "Securing Goodwill".

Explain. (3)

Ans. Every business firm wants to create a better reputation and goodwill in the market. The goodwill can be created by adopting multifaceted strategies like continuous market survey, quality, assurance, customer satisfaction, redressal mechanism, selling quality products at reasonable price, advertising, high quality, caring for customers satisfaction, after sale service, smooth supply etc.

18. Explain any four major objectives of preparing a 'Project Report'. (4)

Ans. The major objectives of preparing a Project Report are:

1. Assessing the requirement of an the resources i.e. technical, financial, physical and human.
 2. Assess the future prospects of project on venture by finding out scope point of success of the enterprise.
 3. Obtain the opinion of experts.
 4. To obtain the required licenses, approval or permission from the government.
 - 5 To get financial assistance from financial institutions, banks, insurance companies etc.
 6. To calculate the profitability of the idea and to find out the critical component of the idea.
- {any four points}

19. What is a feasibility plan? Why does the entrepreneur need a feasibility plan? (4)

Ans. Feasibility plan is a comprehensive plan that encompasses the entire range of activities being planned in the business. It helps to understand the feasibility of the project, the bottlenecks in the progress and implementation.

The feasibility plan will help to assess the periodic requirements of these resources and to raise them.

Helps to give the clear picture on the project to financiers to the market and the clients.

It also helps them to execute the project in an organized and systematic manner so that he does not falter at any stage of his development.

20. Illustrate how an entrepreneur assess the working capital requirements of an enterprise taking into consideration the operating cycle. (4)

Ans. Any appropriate example explaining the following points to assess the requirement of working capital:

1. Leng.th of operating cycle
2. Realization of cash from debtors

21. Explain' Ability to perceive and preserve basic ideas' as an important factor involved in the process of sensing opportunities. (4)

Ans. Spotting of a basic idea often triggers a process of sensing an opportunity.

However, every idea is not an opportunity but it is based on what consumers want. Basic ideas emerge from different sources as:

1. Problems
2. Change
3. Inventions
4. Competitions

Basically an entrepreneur is open to receive ideas from different sources. This expects the entrepreneur to be a net-worker besides having the ability to recognize and nurture the potential ideas into a venture. An entrepreneur needs to collect inputs from different sources like magazines, journals, books, seminars, trade show etc., as well as from family, friends and customers.

[or any other appropriate answer with example.]

22. What is meant by venture capital? State any five features of venture capital. (6)

OR

What is meant by Retained Profit? Explain any five advantages of Retained Profit.

Ans. Venture Capital means committing capital to an enterprise that has risk and adventure. Features of venture capital are (Any five) marks

1. It is a risk capital
2. It is a non working capital
3. Investors of venture capital are sleeping partners and obtain many times of the return for the investments they have made.
4. The investor provides the seed money for startup entrepreneur for capital investment, business development, market establishment etc.
5. The investor of such capital has a deep insight of the fields in which they make their investment.
6. The investor of such capital does not interfere in the management of the business.
7. The investors of venture capital keep their focus exclusively on the increasing credibility of profits.

[Or any other relevant point]

OR

'Retained profits' refers to undistributed profits after payment of dividend and taxes. It provides the basis of expansion and growth of enterprise. marks

Five advantages of retained profits are:- Any Five

1. Most dependable internal source of finance
2. Raising of retained earnings does not involve any cost
3. There is no fixed commitment to pay dividend or interest on this source of funds.
4. It does not involve any risk of dilution of control or interference of stake Holders
5. No security is required to raise funds from this source
6. It adds to financial strength and improved credibility of the company

23. Describe any three methods adopted by entrepreneurs to generate ideas with at least one example for each. (6)

OR

Describe any three fields of ideas with suitable examples.

- Ans.** Three methods to generate ideas: (i) brainstorming
(ii) doing market research
(iii) gathering information from publications
(iv) seeking assistance from entrepreneurs
(v) hobbies
(vi) talking and listening to people
(vii) day dreaming and fantasizing

OR

- Idea Fields: (i) natural resources
(ii) existing products or services
(iii) market, driven ideas or demand driven ideas
(iv) trading related ideas
(v) service sector ideas.

[Brief explanation with examples of any three points]

24. Name and explain the type of capital which is known as risk capital of an enterprise. State any two advantages and any two limitations of this capital. (6)

OR

Name and explain the type of capital which does not provide any right of control over management of the enterprise. State any two advantages and any two limitations of this capital.

Ans. Risk capital: equity shares (owner's capital) owner's fund provides risk capital to enterprise.

it provides permanent capital and is non refundable.

It provides basis of control over management of the enterprise.

Advantages: (i) permanent capital

(ii) right of control over the management

Limitations (i) difficult to raise

(ii) depends upon number of persons ready to take the risk of investing their personal savings

OR

Borrowed capital - debentures

It is the amount of capital borrowed by the entrepreneurs. Interest is payable as a charge and the principal amount is payable as and when due cannot be used as permanent capital

Advantages (i) No risk of control over management of the enterprise

(ii) Interest is tax deductible expense.

Limitations: (i) Difficult to utilize this source of finance if adequate security is not available.

(ii) Fixed obligation to pay interest and the principal amount of loan.