CBSE Class 12th ENTREPRENEURSHIP
Outside Delhi 2016 (Set 1)

General Instructions :

(i) All questions are compulsory.

(ii) Please check that this Question Paper contains 24 Questions.

(iii) Marks for each question are indicated against it.

(iv) Questions 1 to 5 are Very Short Answer type carrying 1 mark each.

(v) Questions 6 to 10 are Short Answer Type questions carrying 2 marks each.

(vi) Questions 11 to 17 are Long Answer-I Type questions carrying 3 marks each.

(vii) Questions 18 to 21 are Long Answer-II Type questions carrying 4 marks each.

(viii) Questions 22 to 24 are Essay Answer Type questions carrying 6 marks each.

(ix) Answer should be brief and to the point.

(x) Please write down the serial number of the Question before attempting it.

1. What is meant by 'Environmental Scanning'? [1]

ANS. Careful monitoring of an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans.

2. Define a 'Co-operative Organisation'. [1]

ANS. Co-operative Societies Act 1912 defines it as a 'Society which has its objectives as the portion of economic interests of its members in accordance with co-operative principles7.

3. Differentiate between 'Value-Added-Tax' and 'Sales tax'. [1]

ANS. Value added tax is a multi- point destination based system of taxation with tax being levied on value addition at each stage of transaction in the production / distribution chain. Whereas Sales tax is levied on the sale of a commodity, which is produced or imported and sold for the first time.

(1 Mark to be awarded for the correct difference only)

4. Vishal was working with Abhinav, a new entrepreneur, as a production Manager. For smooth and co - ordinated flow of work he had to pay attention towards various elements. To ensure predetermined quality of products he had to compare the

performance with established standards.

Identify and state the elements being discussed above which is related to one of the components of a 'Business Plan'. [1]

ANS. Inspection

5. Define 'Marketing - Mix'. [1]

ANS. Marketing mix is the mixture of controllable marketing variables that the firm uses to pursue the sought level of sales in the target market.

6. State any two points of importance of Stock-Exchange from the view point of entrepreneurs. [1]

ANS. Importance of stock-exchange from the point of view of entrepreneur - (any two)

(i) Recognition: reputation of company is enhanced when the market value is published in important dailies.

(ii) Wide market: market for the securities of such companies is considerably widened.

(iii) Higher share values: demand for shares which have a premium value is aiways on an increase.

7. Explain any two rules for goal-setting. [1+1=2]

ANS. Rules for goal setting (Any two) (to be briefly explained)

(i) Business goals need to be relevant: should be profitable, but should also possess a clear advantage to the specific business.

(ii) Business goals need to be actionable: they should not be vague, but should be those which can be performed and evaluated.

(iii) Business goals need to be achievable stretches: should be able to move the business forward.

8. State any four items of physical infrastructure that should be mentioned in the description of a business plan. [$1/2 \times 4 = 2$]

ANS. Briefly explain in a sentence any four points.

(i) Raw material

(ii) Labour

(iii) Utilities

(iv) Pollution control

(v) transport and communication

(vi) production process, etc.

9. Pankaj an entrepreneur started a new website 'Save Electricity' to sell LED bulbs. In the first year he sold 2400 bulbs at the rate of 100 each. His cost of placing an order and receiving the bulbs is 500 per order. If the Economic Order Quantity is 200 bulbs, find out the inventory holding cost per year. [2]

ANS. EOQ $= \dfrac{\sqrt{2pd}}{c}$ D-annual demand; P-ordering cost; C-holding cost.

Or EOQ $= \sqrt{\dfrac{2 \times 2400 \times 500}{c}}$ Or $200 = \dfrac{2400000}{c}$

Or $(200)^2 = \dfrac{2400000}{c}$ Or $c = \dfrac{2400000}{40000} = 60/-$

10. A Young man, Vipul wants to start a business. He is not sure of the type of business he should start. His friends suggested him to seek the help of professionals. He contacted a professional who asked Vipul to pay a big amount for providing the reports and industry updates. Therefore he decided to search for the reports and industry updates himself. He started looking for the required information and reports on different web-sites regularly. He also interacted with people for the type of products they would like to use in future. In addition to this he visited trade fairs, malls, exhibitions etc. to assess the on - going trends.
Identify and state the way Vipul is using for spotting the trend. Also state one more way which will help Vipul in starting his business. [2]

ANS. Think trend (Explain in one sentence)

Anyone of the trends to explain in one sentence - Read Trend, Talk Trend, Watch Trend

11. Give the meaning of 'Innovation'. State the elements in the innovation process. [3]

ANS. Innovation is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.

Elements: (explanation in a statement form)

(i) Analytical planning

(ii) Organising resources

(iii) Implementation

(iv) Commercial application (steps to be in order)

12. Before operationalisation of a Hindu Undivided Family Business, its Karta has to fulfill certain legal formalities. Explain any three such legal formalities. [3]

ANS. Legal formalities before operationalization of HUF (Briefly explain any three) [1/2 mark each for the heading and explanation]

(i) Capital and members

(ii) Select a suitable name

(iii) Form a Deed

(iv) Bank account

(v) PAN

13. Bigul Chaturvedi started a School bag business with his brother. Both were very excited about the new venture. With meticulous planning and a lot of hard work they were able to sell 1,000 bags in the first year. But they did not earn any profit. Both were happy because they were not at loss and revenue generated was equal to the cost. Now they were moving towards earning profit in the second year.

(a) Identify the component of financial plan discussed above.

(b) By giving any four points state how this component is useful for the entrepreneur. [3]

ANS. (a) Break-even-point

(b) Importance

(i) Minimum level of output to be produced

(ii) Effect of change in quality of output upon the profits

(iii) Selling price of the product

(iv) Profitable options in line of production

14. Lalit a small Entrepreneur is manufacturing portable fans with the brand name 'P - FAN'. These fans are in great demand. He finds that the cost of production of per unit of the fan is 800 and he can sell the same at l,000per fan. The competitors in the market are selling this type of fan at the rate of 1,200. Lalit's objective is not to earn profit in the short - run but to capture the largest market share. His expectation is that the customers will be attracted towards the new brand because of lower price.

Identity the method of pricing adopted by Lalit to capture the substantial portion of the market. Also state any two advantage of this method of pricing. [3]

ANS. Pricing method - Penetration Pricing Advantages (any two)

(i) Result in fast diffusion and adoption

(ii) Create goodwill among the early adopters

(I) Helps in cost control

(II) Discourages the entry of competitors

(III) Leads to high stock turn over

(IV) Create critically important enthusiasm

15. Following information is related to sales - mix of pen. Sketch Pen and Geometry box. [3]

Product	Pen	Sketch pen	Geometry
Sales Price Per unit (in Rs)	**40**	**45**	**75**
Variable cost per unit (in Rs)	**22**	**30**	**40**
Sales – Mix percentage	**20%**	**20%**	**60%**

ANS.

STEP 1	Pen	Sketch Pen	Geometry box
S.P per unit	40	45	75
(-) V.C. per unit	22	30	40
GROSS Margin	18	15	35
STEP 2			
WACM	$18 \times 20/100 = 3.6$	$15 \times 20/100 = 3$	$35 \times 60/100 = 21$
STEP 3 SUMMATION	27.6		

16. "All business planned for sales volumes and revenues, resource quantities, costs and expenses etc". Identify the concept involved in the above planning and state any two benefits of this concept. [3]

ANS. Budgeting

(Any two benefits of budgeting)

(i) It is like a roadmap that can help entrepreneurs in setting goals and assessing the validity of their business concept

(ii) Determining how the business is performing through the years and helping identifying possible future investments.

(iii) Helps in comparing actual figures and identifying shortfalls or problems

(iv) Instrumental in winning over investors and convincing banks

17. Ankit is into the business of manufacturing low - cost diesel - cars in Germany. He is earning good profits and ambitiously considering overseas expansion. He scans the environment for finding out the opportunities and threats that may influence his current and future plans. He zeroes down on India as a potential place for his business expansion as Indian Government has announced favourable trade regulations. On selling the first lot of cars were above the permissible limit. The government asked him to make necessary modifications in his cars if he wanted to continue business in India. He readily agreed to meet the emission norms set by the Indian Government.

(a) Quoting the lines from the above para identify any two environmental factors.

(b) Also state any two values which Ankit tried to communicate to the Indian society.

[3]

ANS. Environmental factors (any two) (quoting the line for ½ mark + Vi for identifying)

Political – Indian Government has announced favourable trade regulations

Ecological – Emissions from these cars were above the permissible limit

Legal – Ready to meet the emission norms set by the Indian Government

Values – Sensitivity towards environment

- Fulfilling social responsibility

- Or any other suitable value

18. State any four benefits of understanding the business environment relevant to an enterprise. [4]

ANS. Any four benefits of understanding business environment (each point to be explained in a sentence)

(i) Identification of opportunities to get first mover advantage

(ii) Formulation of strategies and policies

(iii) Tapping useful resources

(iv) Better performance etc.

19. Explain any four factors to be taken into consideration for selecting channels of distribution related to a market [4]

ANS. Factors for selecting market channels of distribution (any four) [1/2 mark for heading and 1/2 mark for explanation)

(i) Number of buyers

(ii) Type of buyers

(iii) Buying habits

(iv) Buying quantity

(v) Size of the market

20. Swati and Divya are professional fashion designers and are friends also. Swati lives in Calcutta whereas Divya lives in a village in Bihar. The young girls of the village used to get their clothes stitched as per the prevailing fashion from the near - by town. This gave Divya an idea to start a boutique in the village. She discussed about it with Swati who was already running a boutique in Calcutta and earning good profits. Swati guided Divya for setting the boutique. Before starting the boutique Divya trained young girls of her village who were sitting idle at their homes to help the young girls in cutting, hamming, putting buttons and other small related activities. All the women if e village were happy as they started earning and were economically helping their families. Divya also started earning good profits. The goodwill of Swati was also increasing because of her good work and customer satisfaction. For earning more profits she opened four new boutiques in the near - by areas. The teams who were managing these boutiques were not efficient. Many customers complained about the quality of stitching and the material used for designing etc. Swati was very busy and could not control the activities of the new boutiques. It also damaged the image of the old boutique and resulted into declining of her profit. After few months her business failed and she had to shut - down all the boutiques.

Based on the above paragraph, identify and explain any two causes of failure of Swati's boutiques. State any two values which Divya communicated to the society. [4]

ANS. Causes of failure of Swati's boutique based on the question (any two)

(i) Uncontrolled growth

(ii) Poor system of control

(iii) Inefficient management

Values (i) sensitivity towards environment

(ii) Development of the village Or any other relevant value

21. Neeraj an entrepreneur is living in a beautiful village of Himachal Pradesh. This village was very famous for its natural beauty but very few people knew about it. Due to his entrepreneurial inclination he always tried to find out the opportunities. People of the village are poor as they are mostly dependent on farming. Neeraj thought of starting a 'Holiday Resort' with cultural centre, restaurant and other facilities in the village. All the villagers agreed and supported Neeraj for this project. They agreed to co - operate to make this project a success. Neeraj needed capital of 3 crores for this Projects.

(a) Name the specialized financial institution, which Neeraj should approach to meet his requirements.

(b) When was this institution incorporated as a public limited company and became operational?

(c) What is the main function of this institution?

(d) State any one value which Neeraj wants to communicate to the society. [4]

ANS. (i) Tourism finance corporation of India

(ii) On 27 January, 1989 and because operational w.e.f 1st Feb, 1989

(iii) Main function is to provide financial assistance to enterprises for setting up or development of tourism related projects.

(iv) Values - providing job opportunities to villagers (or any other suitable value)

22. Rajeev has just completed his B.Tech and wants to start his own business. He knew that the demand of electricity in India was increasing day by day, whereas its generation was not sufficient. Rajeev shared his views with some of his friends and they all decided to start the business of electricity generation. They experimented various methods and ultimately succeeded in electricity generation through garbage. They all were very unhappy as India is also facing the problem of garbage disposal.

(a) Identify and explain the source of 'Idea-field' from where the idea had been generated by Rajeev and his friends.

(b) Also explain two other sources of Idea fields with the help of example. [6]

ANS. (a) Creative efforts. Briefly explain the idea field

(b) (i) natural resources

(ii) Existing Products and services,

(iii) Market driven or demand driven ideas,

(iv) trading related ideas,

(v) service related ideas. (Explain any two with suitable examples)

23. 'Sun-Cars Ltd' is a manufacturer of cars. It is famous for adding new and unique features in every new model. This time the company launched a car 'Solaro' which does not require hydro - carbon fuel. It is run by solar energy and takes less time in charging. Besides saving fuel it saves electricity also. Because of these qualities the car was a big hit in the market.
(a) Quoting the lines from the above para identify and explain the two types of 'added value' in the business - growth strategy.
(b) Also explain two more types of added value other than discussed in part (a) [6]

ANS. a) (i) Quality added values - Solar car, No fuel, less charging time

(ii)Environmental added value - saves electricity

(1/2 for quoting + 1/2 for identifying + 1 mark for explanation)

b) Two more types of added value

(i) Cultural-related added value

(ii) Cause related added value

24. Explain the steps for the development of the tool of cash management that helps an entrepreneur in knowing how much cash generation and expenditure is anticipated over a chosen period of time in future. [6]

ANS. Steps for Cash Flow Projection -

(i) Decide on the frequency and Period

(ii) Develop the format with appropriate items

(iii) Begins with existing cash balance, lists the sources of inflow and the anticipated payment dates

(iv) Forth coming expenditure

(v) Payments to suppliers and receipts from customers

(vi) Arrive at surplus or deficit for the period