

CBSE Class 12 Entrepreneurship 2019 - Set 98 - Compartment



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 70

General Instructions

- (i) All questions are compulsory.
- (ii) There are 24 questions in all.
- (iii) Marks for each question are indicated against it.
- (iv) Questions No. 1 to 5 are Very Short Answer type questions, carrying 1 mark each.
- (v) Questions No. 6 to 10 are Short Answer type questions, carrying 2 marks each.
- (vi) Questions No. 11 to 17 are Long Answer type – I questions, carrying 3 marks each.
- (vii) Questions No. 18 to 21 are Long Answer type – II questions, carrying 4 marks each.
- (viii) Questions No. 22 to 24 are Essay type questions, carrying 6 marks each.
- (ix) Answers should be brief and to the point.

Part A

1. What is meant by 'environment analysis' ?

OR

1. What is meant by 'innovation' ?

2. Why is 'tagline' important for an organization ?

OR

2. Why should brand/brand name be given legal protection ?

3. 'FitNsure Ltd.' introduced an alternate to aerated drinks in the form of soya milk with different flavours in order to give a healthy option for soft drink.

Identify the type of added value by the company.

4. State any two objectives of financial management.

5. Identify this specialized financial institution that was established as a wholly owned subsidiary of the Reserve Bank of India and is regarded as the apex institution for term finance of industries in India.

6. Explain 'Service-sector-ideas' as a source of 'idea field'.

OR

6. Explain 'Market-driven ideas' as a source of 'idea field'.

7. Ramaya, a banana planter from Madurai, wanted to supplement his income. His friend, Shekhar, who is a weaver suggested him to think of the scope of ancillarisation in banana plantation. The State Government announced subsidies to those farmers and planters who minimise the waste production and promote sustainable development. One day while Ramaya was going through the local daily newspaper, he read about banana fiber extracting machine which can be easily operated by unskilled workers and gives maximum output of fibers. He decided to buy the machine for extracting fibers from banana stem which is generally thrown away after the fruits are reaped. This fiber has a ready market with weavers who are making eco-friendly fabrics as required by the young generation.

Identify the way in which Ramaya understood the need of the market and worked on it.

8. Why is 'follow-up' regarded as an important element of operational plan ?

OR

8. Why is it said that operational plan ensures 'work your plan' ?

9. How does 'Porter's value chain' create competitive advantage for an organization ?

10. Raghav is a very creative person and has always been working on innovating products and services that can make the living healthy and hygienic. He developed a design for an air-conditioner with an inbuilt air purifier. Since he did not get any financial support from any bank, he approached Nirvana Vent, a venture capitalist firm. Though Nirvana Vent liked the idea but it refused to help Raghav at the seeding stage and asked him to come again in case he needed funds during the second round financing.

Why was seed capital not given by Nirvana Vent whereas it was ready to fund the second round financing ? Explain.

11. "By keeping in touch with the change in the external environment, an enterprise can identify opportunities and find strategies to capitalize on the opportunities at the earliest and sensitize the entrepreneur and help him to build image of his business." Explain.

12. Yash was not too keen to take up his family run business-making bamboo baskets. As the business was not doing well, he did not want to take up his family business. He started searching for new market opportunities. One day while having food in a restaurant, he overheard the owner talking about the difficulty in disposing the plastic and thermocol crockery used in the restaurant. Being creative in his approach, Yash started looking into various options of making bamboo plates which can be used in restaurants. He discussed the idea with his father who advised him to go ahead as this idea will translate into an application which has commercial value.

(a) Identify the process which involves the translation of a useful idea into an application which has commercial value.

(b) State the elements involved in the process identified in (a) above.

13. Suman joined a catering college after finishing her schooling. She specialised in baking cakes. After finishing her course, she along with her two friends started a bakery shop in Lucknow. Her shop was an instant success as the cakes were produced with high quality ingredients.

In the month of November, Suman's sister's birthday approached and her mother requested her to bake a cake for the birthday. Suman baked a cake for her sister at their home for her sister's birthday.

Identify and state the nature of activity performed by Suman for her sister and at her shop.

14. State the rules for goal setting.

OR

14. What is meant by 'marketing mix' ? State its elements.

15. "Business adds value to goods and services by modifying them in a particular way to create a new product for greater value to customers." This added value is different from financial and marketing perspective. State how.

16. A speciality store sells 1000 insulated water bottles annually. Demand for the product is uniform. Purchase cost is ₹ 50 per bottle. Holding cost per annum is 10% of purchase cost. Ordering cost is ₹ 100 per order. Calculate the Economic Ordering Quantity of the bottles for the speciality store.

OR

16. Explain the process for developing a cash flow projection.

17. In addition to the benefits to going public, i.e. bringing public issue to generate funds for the organization, there are many additional obligations and reporting requirements. State any six such obligations and requirements for an organisation.

OR

17. State any three development functions and any three regulatory functions of National Bank for Agriculture and Rural Development.

18. 'Tastebuds Coffee' Company has grown to an international brand. As the world's biggest coffeehouse company, it continues to lead the industry in sustainable business and innovation. Now, the company wants to enter the Indian market. Quoting the lines from the following, evaluate favourable and unfavourable conditions in the country's political, economic, social, technological, legal and environmental setting that the company should consider to enter the Indian market.

The Indian economy has been subjected to a series of positive economic reforms since 1991 which had created a better working environment for foreign companies and has made it possible for foreign investors to operate in the country more easily. Taking into consideration the polity in India as a whole, the bureaucracy complications and the regulatory FDI controls and regulations, it is safer for it to enter India only via a joint venture or a strategic alliance with an Indian company that can provide a buffer from possible political tension. Furthermore, it can face some opposition from the existing competitors like CCD, Barista, etc. It has opportunity to increase its revenues based on increasing demand for speciality coffee, which is due to a growing coffee culture and a growing middle class around the world. Also, the company has the opportunity to widen its array of more healthful products to attract health-conscious consumers to its cafés. The company also has the opportunity to improve its supply chain efficiency based on new technologies used by coffee farmers. However, the rising availability of home-use speciality coffee machines is a threat to the company because it increases the availability of substitutes to its products. The company also has planned to offer most of its products in recyclable packaging. However, increasing employment regulation, especially in developing countries, threatens its access to the labour market.

19. "A company is an artificial person with separate legal entity and common seal but with a limited scope of action." Explain.

20. Explain the main ingredients of a franchise agreement.

OR

20. Explain any four reasons for mergers and acquisition.

21. Explain 'early stage financing' with respect to 'Venture Capital Finance'.

OR

21. Explain any four features of 'Angel Investors'.

22. Arvind Mallu, a brass artisan from Moradabad had a stall in the 'Trade Fair' showcasing his range of products made of brass. He manufactures and sells from saree pins to big flower-vases and lamp-shades. He got good response from the public and even enquires from foreign businessmen. He wants to switch from an unorganized unit to a well-planned unit which would be called 'Peetalkari'. For this he needs to know the feasibility of the enterprise and the potential financial commitments for the new venture.

He approached Dena Bank for financial assistance. The manager asked him for two documents.

I. A comprehensive document that describes the external and internal elements involved in starting his enterprise.

II. A sub-part of the above document that will satisfy the following queries of the manager :

- (i) How will the funds of the enterprise be invested in different assets ?
- (ii) Apart from bank loan, what are the other sources of finance that Arvind Mallu would use ?
- (iii) What is the projected profit for the new unit ?
- (iv) How will Arvind Mallu determine the volume of sale required to cover the total variable and fixed expenses of his unit ?

Arvind Mallu had to draft the two documents clearly stating the answers for the query raised.

- (a) By what name is the comprehensive document known as ?
- (b) Which sub-part of the comprehensive document is to be prepared by Arvind Mallu ?
- (c) Identify and explain the different components of the sub-part that Arvind Mallu is required to write in his comprehensive statement to satisfy the queries of the manager.

23. This is a paid form of communication designed to persuade potential customers to choose a product or service of the firm over that of a competitor. The desired responses will only be elicited when the rules for its planning are considered.

- (a) State any two objectives of the above mentioned concept.
- (b) What are the responses that this form of communication elicits ?
- (c) Explain the rules that are to be followed while planning any communication through this mode.

OR

23. Vikas owned a fruit juice bar by the name of 'Tammy Juice' where he sold only organic range of vegetable and fruit juices. As these juices were extracted by state-of-the-art machinery with hygienic methods therefore, they were expensive. Such juices had a specific clientele. For expansion of the business, Vikas opened five more outlets within a radius of three km. All the outlets were in rented premises. Vikas was not in a position to measure the quality and quantity of production. Thus, he could not create the confidence in the customers with the quality offered. The fruits and vegetables were not being properly used leading to wastage. Sale in all the outlets reduced and slipped even below the breakeven level. His competitor 'Juice-Up' introduced the same range of juices as offered by Vikas at a lower price. In spite of this fact, Vikas did not make any attempt to improve his customer base.

As a result within a year, he had to shut all the six outlets with huge losses.

Quoting lines from the above para, identify and explain any four reasons for failure of Vikas's business.

24. Mohan started his business of manufacturing leather belts and wallets in Kanpur in the name of 'Essentials' by spending ₹ 15,00,000. He invested ₹ 8,00,000 of his own money and took a loan of ₹ 7,00,000 from Dena Bank @ 7% per annum. His monthly sales revenue is ₹ 6,00,000 and monthly cost of goods sold is ₹ 2,50,000. He pays a monthly salary of ₹ 50,000 to his employees. Monthly maintenance of machinery is ₹ 15,000. Electricity and miscellaneous charges per month are ₹ 10,000. The tax rate on profit is 12%.

Calculate the following :

(a) Return on Investment

(b) Return on Equity

OR

24. 'Breezolit Pvt. Ltd.' started a business of making three varieties of designer fans – Vitara, Grand, Quadraflow. From the following information, calculate Breakeven point in units for the company and state which variety is most revenue generating.

Fixed costs are ₹ 15,20,000.

Details	Vitara	Grand	Quadraflow
Sale Price (₹)	800	450	600
Variable Cost (₹)	400	150	200
Sales Mix	50%	20%	30%

- End of Question Paper -