

CBSE Class 12 Entrepreneurship 2019 - Set 98

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.

1. What is meant by a 'business opportunity' ?

OR

1. What is meant by 'idea fields' ?

2. Differentiate between a 'logo' and a 'tagline'.

3. 'First School Ltd.' is an acclaimed infrastructure development company. It designs the buildings for educational institutions in a unique way to give the maximum benefits of nature to the different stakeholders in the institution. Generally, the buildings have been designed by them in such a way that during the day maximum sunlight is utilized and solar panels conserve solar energy for the rest of the day. This helps to conserve electricity and reduce the electricity bill.

Identify the type of value added by 'First School Ltd.'.

4. Name any two key aspects of financial decision-making.

OR

4. Give the two forms of budgeting process.

5. Name the specialized financial institution that was incorporated by a special Act of Parliament to provide medium and long term credit to eligible industrial enterprises in the corporate sector, particularly to those industries to which banking facilities are not available. Also state any one of its objectives, other than the one mentioned above.

6. Apart from verbal information from the customers, wholesalers, retailers, distributors and consultants, state any other four sources of collecting information for scanning the environment.

OR

6. State the two basic qualities of a successful entrepreneur.

7. Yash was not too keen to take up his family run business of making bamboo baskets. But due to the bad condition of the family business he had no option except to take up this business. He started thinking about the new ways of using bamboo. One day while having lunch in a restaurant he overheard the owner talking about the difficulty in disposing the plastic and thermacol crockery that was being used in the restaurant. This provided him the stimulus for a new venture creation. Yash started looking into various options of making bamboo plates which could be used in the restaurants. He discussed the idea with his father who advised Yash that ideas should lead to commercially viable forms in order to survive and grow.

Identify and explain the concept discussed in the above situation.

8. Why is it important for an entrepreneur to do break-even analysis ?

OR

8. Why is a company called an 'artificial person' ?

9. Kamal Ltd. are manufacturers of textiles, having their plant in Surat, a city of Gujarat. Vastra Ltd. are the manufacturers of readymade garments and sell their products throughout the country. They also export their products to America and European countries. Vastra Ltd. source their textiles from Kamal Ltd. The management of the two companies decided to merge to have economies of large scale production.

(a) Identify the type of merger entered into by Kamal Ltd. and Vastra Ltd.

(b) Also, explain a type of merger other than the one identified in (a) above.

10. Abhiraj Ltd., an Indian company, started functioning in 1999 and was registered under the Companies Act, 1956. The Securities and Exchange Board of India performed one of its functions and conducted investigations against Abhiraj Ltd. The investigations resulted into the fact that the company did not follow the proper procedure. Therefore the Securities and Exchange Board of India imposed penalty upon the company.

(a) Identify the function being performed by the Securities and Exchange Board of India (SEBI).

(b) Can Abhiraj Ltd. appeal against SEBI's decision ? If yes, where ?

11. Explain the process of transformation of an idea into a viable opportunity with the help of a diagram.

OR

11. Explain the first three steps in the process of idea and opportunity assessment.

12. What is meant by 'Analysis of Environment' ? State any four sources of collection of information for environmental scanning.

13. Prerna is a sole proprietor. Over the past decade, her business has grown from operating a neighbourhood corner shop, selling accessories such as artificial jewellery, bags, hair clips and nail art to a retail chain with three branches in the city. Although she looks after the varied functions in all the branches, for better management of the business she is thinking to convert her sole proprietorship into some other form of business. She also has plans to open branches countrywide. However, she is afraid of the fact that in case the business incurs losses, her personal property may be called upon to pay the business debts. She is also feeling that she may not be able to effectively manage a large business because of her deteriorating health.

(a) Identify and explain the features of sole proprietor business highlighted in the above case.

(b) Also suggest to her the form of business organisation which will help her in continuing her business, stating reason in support of your answer.

14. What is meant by 'goal setting' ? S.M.A.R.T goals help the businesses to go beyond the realm of goal setting into an actionable plan for results. What do A and S stand for ? Describe the two.

OR

14. What is meant by 'skimming pricing method' ? State any two advantages and any two disadvantages of skimming pricing method.

15. Beta Ltd. is a steel manufacturing company having its headquarters at Mumbai. It is the tenth largest steel manufacturing company of the world. Gama Ltd. are also steel manufacturers with their headquarters in Rangoon, the capital of Myanmar. For a long period the company (Gama Ltd.) had been facing workers unrest and it decided to sell its business to an international bidder. The highest bid for this was made by Beta Ltd. for ₹ 10 lakh crores. Afterwards Beta Ltd. realised that the assets of Gama Ltd. were overvalued and liabilities were under-assessed and hence the price paid by them was higher. The employees of the two entities have different corporate cultures and styles of leadership which led to the problem of co-ordination. Ultimately Beta Ltd. had to close its business.

(a) Identify the growth strategy adopted by Beta Ltd.

(b) Quoting lines from the above paragraph, explain any two reasons for the failure of Beta Ltd. after it took over the business of Gama Ltd.

16. Aditya Bearings Ltd. are the manufacturers and suppliers of ball bearings to fan manufacturing companies. The company requires 900 kg of wrought iron for its production process. The cost of placing each order is ₹ 50 and carrying cost is ₹ 100. Calculate Economic Order Quantity.

17. State any three functions of a stock exchange.

OR

17. State any three points of importance of stock exchange from the viewpoint of investors.

18. 'Dhanwantri Ayurveda Ltd. (DAL)' are the manufacturers of soaps, detergents, dental care products, cosmetics, grocery products and even medicines based on Ayurveda. It has grown since its inception. The reasons for the growth and popularity of DAL can be attributed to the fact that it started its operations at a time when the Government in the country is moving towards making the country self-reliant. DAL is following government initiatives like 'Make in India' campaign. Government is promoting Ayurveda through the "Ayush Ministry" that promotes Yoga, Ayurveda and other traditional and complementary medicines. This gives DAL a huge boost as it itself claims to be an Ayurvedic company. DAL's input cost increases or decreases based on the taxation policies of the government. Implementation of Goods and Services Tax (GST) has benefited DAL as the genre of DAL is not taxable. With inflation rate increasing continuously, people are looking for cheaper and effective substitutes which are provided by the extensive range of products provided by DAL. The people of India are becoming more health conscious and want to consume organic products. The company focuses only on retailing in India through its own retail chain stores and also through online mode through its E-commerce website AyurPro. The detergent products of the company are non-polluting. The packing material used for the products is also biodegradable. DAL has a separate department to prosecute and get penalized those who misrepresent its brand and its name.

Quoting lines from the paragraph, analyse the success of Dhanwantri Ayurveda Ltd. (DAL) on the basis any four points of the PESTEL Model.

19. "In spite of certain restrictions imposed on a private company, it enjoys certain privileges under the Companies Act and a substantial number of entrepreneurs prefer to form a private company." Comment.

20. Explain any four advantages of franchising to a franchisee ?

OR

20. Explain the different types of franchising.

21. Explain the following as methods of new issues :

- (a) Public issue; and
- (b) Rights issue

OR

21. What is meant by Capital Market ? Why is it considered as the most important source of raising finance ?

22. Abhimanyu Industries Ltd. had a team of professionals and experts to draft a comprehensive yearly document with all the relevant details of internal and external elements in managing the venture. This document acts as a decision-making tool for the management.

The Chief Executive Officer of the company always pays special focus on one element of this document that ensures the orderly flow of materials from raw state to finished product with a proper system of quality control, as according to him 'work your plan' is more important than 'plan your work'.

- (a) Identify the 'comprehensive yearly document' being prepared by Abhimanyu Industries.
 - (b) How is this plan a 'decision-making tool' for the management ?
 - (c) Identify the element that is the priority of the CEO of the company.
 - (d) Why is the element as identified in (c) important ?
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23. Aryan started a Super Specialty Store, 'Sampada'. Its products are sourced from hand-picked suppliers. These products are sold under Sampada's own brand. Its promotion strategy is very specific and focuses on targeted groups of customers. The purpose of this promotions strategy is to develop the brand 'Sampada' by creating awareness among the customers. To do this, Sampada's Facebook and Twitter pages encourage two-way communication with customers. These social media channels provide a platform through which Sampada can interact with customers. It can then assess their opinions about the brand.

- (a) Identify the promotion strategy adopted by Sampada.
 - (b) List the activities that are included in the strategy identified in (a) above for creating brand awareness.
 - (c) Also, explain the promotion strategies other than the one identified in (a) above.
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OR

23. 'Handiwala' is a biryani delivery chain having franchisee outlets all over the country. They started their operations in the country in the year 2012. Since Biryani is not a new item for Indian kitchens, they knew that they had to face a lot of challenge from the competitors. Therefore, they decided to maintain highest quality standard to add new customers and retain the old. Their idea was to collect, manage and link customer information with the goal of marketing the products effectively. For this purpose they started offering lot of discounts when customers ordered online. They offered free home delivery in case the order exceeded ₹ 500. They also offered to supply free-of-cost, the ordered items of biryani in case of a complaint. The company also spent a substantial amount in maintaining the database of all the customers. They were sure that through these initiatives they will be able to gain more market share.

- (a) Identify and explain this concept.
- (b) How is this concept used in the present day ?
- (c) What is the impact of technology on this concept ?
- (d) Enlist two benefits of this concept.

24. Parvesh has started a restaurant in a small town by the name of 'Spices of India' by spending ₹ 50,00,000. He invested ₹ 10,00,000 of his own and took a loan of ₹ 40,00,000 from State Bank of India @ 6% per annum. His monthly sales revenue is ₹ 20,00,000 and monthly cost of goods sold is ₹ 10,00,000. He pays a monthly salary of ₹ 2,00,000 to his employees. The GST rate is 18%.

Calculate (a) Return on Investment, and (b) Return on Equity.

OR

24. A hotel had varying number of guests during five weeks. The information regarding the number of guests and the average weekly billing is presented in the following table :

Week	No. of Guests	Average Billed Amount ₹
1	240	300
2	120	410
3	140	292
4	160	442
5	180	480

(a) What is the 'Unit of Sale' and 'Unit Price' in this case ?

(b) If the cost of goods sold or variable cost is 60% of the sales price, calculate the 'unit cost' and the 'gross profit'.

- End of Question Paper -