



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 70

General Instructions

- (i) This question paper comprises five sections: A, B, C, D and E. All questions are compulsory.
- (ii) Section A: Questions 1–17 are very short answer questions, carrying 1 mark each.
- (iii) Section B: Questions 18–24 are short answer type-I questions, carrying 2 marks each.
- (iv) Section C: Questions 25–29 are short answer type-II questions, carrying 3 marks each.
- (v) Section D: Questions 30–32 are long answer type-I questions, carrying 4 marks each.
- (vi) Section E: Questions 33–34 are long answer type-II questions, carrying 6 marks each.
- (vii) Answers should be brief and to the point.
- (viii) There is no overall choice. Internal choices are provided in two questions of 1 mark, two of 2 marks, two of 3 marks, one of 4 marks and one of 6 marks. Attempt only one of the alternatives in each such question.
- (ix) In addition to this, separate instructions are given with each section and question, wherever necessary.

Section A

1. Samar is a budding rural entrepreneur who is working on improving the health index of the women in rural areas. Samar needs to understand various health issues confronted by women in order to create a socially committed organization. For this, he wants to gather information about the target market or customers in an organized manner. This organized effort of Samar is known as _____.

2. 'Welsa Moto Corp's' electric vehicles with zero tail pipe emission are emerging as a good alternative to two major problems; (i) climatic change due to auto exhaust and (ii) increasing pollution leading to ill health.

This Act of 'Welsa Moto Corp's' has taken care of _____ and _____ elements of macro environment.

3. Amit, an Entrepreneur, is always in touch with the changes taking place in the environment. He identifies opportunities and finds strategies to capitalise on these opportunities at the earliest. Sensing the requirement of providing reasonably priced food at their own place within no time with multiple options, he started the first online food network in India. Because of _____ advantage, he was able to capture more than 85% of the market share in no time.

4. _____ feature of partnership states that any partner can act on behalf of the firm.

OR

4. _____ process of entrepreneurship involves the translation of a useful idea into an application which has commercial value.

5. _____ and _____ are the components of a Brand shown in the figure.



6. _____ is an affluent individual, who provides capital for a business start-up having a high-risk, high-return matrix usually in exchange for convertible debt or ownership equity.

7. A financial plan is a projection of key financial data about the potential investment commitment needed for the new venture.

8. SWOT Analysis means to consider (a) Strengths (b) Weaknesses (c) Opportunities and (d) Tenure of Business.

9. Primary Market facilitates transfer of resources from the savers to the entrepreneurs seeking funds for setting new enterprises.

10. Gupta is the owner of KYC stores dealing in grocery items. He has an equity stake of ₹ 4,00,000 in the business. He has borrowed ₹ 6,00,000 from State Bank of India. His net profit for the year is ₹ 1,40,000. The Return on Equity for Gupta will be 23.33%.

11. In a Reverse acquisition a public company takes over a private company.

OR

11. Sales promotions initiatives are often referred to as 'above the line' activities.

12. The secondary market enhances the marketability of securities and provides liquidity to investments.

13. Gross working capital means :

- | | |
|--------------------------------------|---|
| (A) sum total of all assets. | (B) sum total of all fixed assets. |
| (C) sum total of all current assets. | (D) current assets minus current liabilities. |

14. Marketing Plan is a document :

- | | |
|---|--|
| (A) regarding the marketing objectives, strategies and activities to be followed by the new Enterprise. | (B) which describes the flow of goods/services from production point to the customers. |
| (C) which determines how many units must be sold or how much sales volume must be achieved in order to have break-even-point. | (D) which reflects the projected cash available with the Enterprise. |

15. Growing flowers and selling to floral decorators is an example of the following source of idea field :

- | | |
|--------------------------|---------------------------|
| (A) Service sector ideas | (B) Trading related ideas |
| (C) Natural resources | (D) Market driven ideas |

16. Rushan devised an apparatus to measure the quality of air at home which can be fitted in any Air conditioner and the air conditioner can become an air purifier as well. His product is still in the pre-commercialization stage. Rushan wants to exclude others from making, using, selling and importing this apparatus. The intellectual property right which Rushan will have to obtain is :

- | | |
|-----------------------|----------------|
| (A) Copyright | (B) Patent |
| (C) Industrial design | (D) Trade mark |

17. How many whole time members are nominated by the Union Government of India to Securities and Exchange Board of India ?

- | | |
|-------|-------|
| (A) 2 | (B) 3 |
| (C) 4 | (D) 6 |

Section B

18. Sanjana graduated from National Institute of Fashion Studies and wants to start her own boutique. She wants to understand the feasibility and viability of the proposed venture. This will also facilitate her in assessing and making provisions for the bottlenecks in the progress and implementation of the idea. She also wants to know about the success of the project along with the risk factors involved.

Identify and give the meaning of the document which is required by Sanjana on the basis of the above para.

19. Mahesh, an entrepreneur is planning to enter into a new business of manufacturing laptop bags with an inbuilt lock facility. Being highly complex and tedious, its manufacturing operations need to be well planned. He decides that the complete bag will be manufactured at his own factory i.e. no part of its manufacturing process will be outsourced.

Identify the important component of business plan that is discussed above. Also, state what needs to be described in the above stated manufacturing situation.

20. State any four ways in which creative ideas can be generated.

OR

20. State any four sources which lead to the emergence of basic ideas.

21. State any four advantages of 'penetration pricing' method to the firm.

OR

21. State any four purposes of 'Logo'.

22. Government banned the use of polythene bags and single use plastic material in order to curb the increasing pollution level by dumping of plastics. Harjot took this as an opportunity and is planning to manufacture biodegradable bags of different sizes by processing the sugarcane bagasse. Create a logo and a tagline for the bags manufactured by Harjot.

23. Give the meaning of 'Cash Conversion Cycle'. How is Cash Conversion Cycle of a trading concern different from a manufacturing concern ?

24. 'Pipro Ltd.' is a software company based in Bengaluru, India. It is already listed at National Stock Exchange. In order to expand its business in north-east, under the 'Look East Policy' of the government, it needs financial resources.

State any two methods through which she can fulfill her financial requirements through Primary Market other than Public issue.

Section C

25. With the help of any three points, explain why is it important for a business to understand the environment in which it operates.

OR

25. Explain proforma investment decisions and proforma financing decisions as components of a financial plan.

26. Rohit is working on designing of a unique face mask which would not only filter the air inhaled but also send alert messages on the registered mobile number if the user is in a zone of high pollution. This idea is germinated because of the interest and curiosity of Rohit as he is always interested in finding out the specific current problems and their solutions. Before launching his idea he also analysed the pros and cons of the product. Now he has to complete two more steps of an important process.

Identify the process. Explain the steps to be completed by Rohit in the process identified.

27. The footwear industry in India is dominated by 'B-relax Footwear'. 'B-relax Footwear' procures 70% of its raw material from 'Polymers Ltd.' The major production of 'Polymers Ltd.' is plastic chips, PU foam and elastic which is used by 'B-relax Footwear' in its manufacturing processes. After due diligence, they decide to merge with each other. If they merge, 'B-relax Footwear' doesn't need to look for a vendor and sourcing raw materials would be seamless. On the other hand, as a result of the merger, 'Polymers Ltd.' doesn't need to worry about the sales and marketing. All they need to do is to improve their processes to produce better raw materials for 'B-relax Footwear'. After the merger the combined entity will be known as 'B-relax Inc'.

- (i) Identify and explain the type of merger between 'B-relax Footwear' and 'Polymers Ltd.'
- (ii) Why is due diligence required before merger ?
- (iii) Which is the most dominant reason for this merger ? Explain.

28. Calculate the Economic Order Quantity from the following information :

- (a) Annual consumption – 120 units.
- (b) Cost of placing and receiving an order – ₹ 20
- (c) Price per unit – ₹ 100
- (d) Storage cost as percentage of average inventory – 12%

OR

28. State any six features of Venture Capital Finance.

29. From the given situations, identify and explain the method of floatation of new issues :

- (i) ICICI is in need of additional capital for its new venture. It decides to raise funds by selling the issues mainly to General Insurance Corporation of India and Life-Insurance Corporation of India.
- (ii) Jay is holding 100 shares of a company. He has been given a privilege offer to subscribe to a new issue of the same company in proportion of his current shareholding with the company. Jay was unwilling to subscribe, so he renounced the offer in favour of Veeru who bought the shares.
- (iii) Gopal is working as the Regional Chairman in a well reputed Non-Banking Finance Company which is listed in Stock Exchange. As performance bonus, the company gave 25 equity shares to Gopal.

Section D

30. There are various ways in which an entrepreneur can spot trends. Describe the four ways of identifying the trends with the help of examples.

31. Explain with the help of any four points the advantages of franchising to the franchisee.

OR

31. Explain Internal expansion and External expansion as part of growth and development of an Enterprise.

32. 'Flavouright Foods Ltd.' started a business of making nachos (corn chips) in three variants, Classic Cheese, Toasted Corn and Tangy Tomato. To start with, all the three variants will be sold in a standard packing of 100 gms each, the selling price would differ due to the ingredients used. Fixed costs are ₹ 38,000

Sales price and variable costs per unit are as follows :

Particulars	Classic Cheese	Toasted Corn	Tangy Tomato
Sales Price ₹	80	45	60
Variable Cost ₹	40	15	20
Packets sold	100	40	60

From the above information calculate :

- (a) Weighted contribution margin per unit.
- (b) Breakeven point – total and per product.

Section E

33. While preparing an operational plan, an entrepreneur has to pay attention towards various elements. Explain these elements.

OR

33. Explain the steps for idea and opportunity assessment after the product identification has been done by the entrepreneur.

34. Explain any six reasons for the failure of mergers and acquisitions.

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