



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 70

General Instructions

- (i) Read the following instructions carefully and follow them
- (ii) This question paper contains 34 questions. All questions are compulsory.
- (iii) This question paper is divided into four sections Section A, B, C and D.
- (iv) Section A : Questions number 1 to 18 are Multiple Choice Type Questions. Each question carries 1 mark.
- (v) Section B : Questions number 19 to 24 are Short Answer type-I questions. Each question carries 2 marks.
- (vi) Section C : Questions number 25 to 29 are Short Answer type-II questions. Each question carries 3 marks.
- (vii) Section D : Questions number 30 to 34 are Long Answer type questions. Each question carries 5 marks.
- (viii) There is no overall choice. However, an internal choice has been provided in Section B, C and D of question paper. A candidate has to attempt only one of the alternatives in such questions.

Section A

1. Given below are some of the elements of a business opportunity. Identify the correct combination of the elements :

- (i) Assured market scope
- (ii) Overcome adversity
- (iii) Practicability of the idea
- (iv) Potential of future growth

- (A) (i), (ii), (iv) (B) (i), (iii), (iv)
(C) (ii), (iii), (iv) (D) (i), (ii), (iii)

2. Which of the following statement is related to 'Below-the-Line' promotion approach that a company can use to promote its products ?

- (A) It targets mass audience. (B) It targets identified small groups.
(C) It helps in establishing brand identity. (D) It includes conventional media like print, online, television and cinema advertising.

3. Ramandeep is a technical entrepreneur who started developing interactive websites of businesses. Due to lot of competition in this field he is experiencing a decline in the demand. He wishes to understand his revenue position as compared to his investment. Which one of the following combinations would help him in assessing the profitability of his business ?

- (i) Economic Order Quantity
- (ii) Return on Investment
- (iii) Return on Equity
- (iv) Break-even analysis

- (A) (i) and (iii) (B) (iii) and (iv)
(C) (ii) and (iii) (D) (i) and (iv)

4. When two companies that may not compete with each other but exist in the same supply chain merge, it is known as :

- (A) Horizontal merger (B) Vertical merger
(C) Market extension merger (D) Product extension merger

5. From the following, identify the form of business organisation that generally has a limited area of operation due to limited finance availability and limited managerial abilities :

- (A) Sole Proprietorship (B) Partnership Firm
(C) Private Company (D) Public Company

6. Krishiv manufactures lamp shades in his cottage industry where labour intensive techniques are used. He is selling these lamp shades under the brand name 'U-lite'. They are in great demand as nowadays interior designers are using lamp shades to give an aesthetic look to the houses they design. For Krishiv, the per unit cost of each lamp shade is ₹ 450 and he sells it for ₹ 900. Similar lamp shades are available in the market and on online websites in the range of ₹ 1,000 – ₹ 1,100 per unit. The pricing strategy used by Krishiv is the one where the price of the product is initially set at a price lower than the eventual market price to attract new customers. His objective is to increase the sales volume, rather than to make profit in the short-run. The pricing strategy adopted by Krishiv is :

- (A) Cost plus pricing (B) Penetration pricing
(C) Skimming pricing (D) Variable pricing

7. From the information given below, calculate the circulating capital of a company :

Assets	(₹)	Liabilities	(₹)
Stock	60,000	Trade payables	20,000
Debtors	55,000	Short-term loans	10,000
Cash	65,000	Outstanding expenses	5,000
Short-term investments	20,000		

- (A) ₹ 35,000 (B) ₹ 1,65,000
(C) ₹ 2,00,000 (D) ₹ 2,35,000

8. Prabhas is the creative head of an advertising agency. His latest project is to design a campaign for super food for children in the age group of 6 months to 2 years. He developed a jingle in Hindi as well as in English language to reach out to the maximum audience of the market segment. By doing this, he is not only informing and selling the product but also improving the image of the business. When any advertising activity is planned, there are four rules to be considered. From the following, identify the rule/rules that are taken into consideration by Prabhas in the above case :

- (i) Aim
(ii) Target
(iii) Media
(iv) Competitors
(A) (i) (B) (i) and (ii)
(C) (i), (ii) and (iii) (D) (i), (ii) and (iv)

9. Sahiba has a boutique in Nagpur, which she started in 2020. She had invested ₹ 2,00,000 from her savings and borrowed ₹ 3,00,000 from the bank @ 10% per annum. She made a net profit of ₹ 50,000 in the year 2021 – 2022.

In the above case the 'Return on Equity' is :

- (A) 10% (B) 20%
(C) 25% (D) 40%

10. Assertion (A) : A problem is a road block in a situation that forces the entrepreneur to find its solution.

Reason (R) : One of the objectives of problem identification is to identify the target group facing the problem.

Evaluate the statements given above and choose the most appropriate option from the following :

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.

11. Assertion (A) : Offer to employees means sale of its securities by a company to a limited number of sophisticated investors.

Reason (R) : Offer to employees enables employees to become shareholders and share the profits of the company.

Evaluate the statements given above and choose the most appropriate option from the following :

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is true, but Reason (R) is false. (D) Assertion (A) is false, but Reason (R) is true.

12. Assertion (A) : Backflip acquisition is a rare case of acquisition in which the purchasing company becomes a subsidiary of the purchased company.

Reason (R) : Both the companies approve of the acquisition but the entire process is done by force.

Evaluate the statements given above and choose the most appropriate option from the following :

- | | |
|--|---|
| (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). | (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). |
| (C) Assertion (A) is true, but Reason (R) is false. | (D) Assertion (A) is false, but Reason (R) is true. |

13. Break-Even Point is the level where :

- | | |
|--|--|
| (A) the revenue generated is equal to all the expenses required for generating the revenue. | (B) the revenue generated is less than all the expenses required for generating the revenue. |
| (C) the revenue generated is more than all the expenses required for generating the revenue. | (D) Both (a) and (b) |

14. Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

The future malls will integrate virtual and augmented reality, will provide highly immersive retail experience to consumers in the days to come. Deliveries will be carried out using drones and virtual reality will be used as a sales channel.

Identify the prominent idea field from the following sentence :

'Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall.'

- | | |
|-----------------------|----------------------|
| (A) Natural resources | (B) Service-related |
| (C) Market-driven | (D) Creative efforts |

15. Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

The future malls will integrate virtual and augmented reality, will provide highly immersive retail experience to consumers in the days to come. Deliveries will be carried out using drones and virtual reality will be used as a sales channel.

'A plethora of restaurants serving luscious delicacies has seen massive footfall in many malls.' The idea field reflected in the given statement is :

- | | |
|-----------------------|----------------------|
| (A) Natural resources | (B) Service-related |
| (C) Market-driven | (D) Creative efforts |
-

16. Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

The future malls will integrate virtual and augmented reality, will provide highly immersive retail experience to consumers in the days to come. Deliveries will be carried out using drones and virtual reality will be used as a sales channel.

The idea field which is depicted in the sentence 'Deliveries will be carried out using drones and virtual reality will be used as a sales channel' is :

- | | |
|-----------------------|----------------------|
| (A) Natural resources | (B) Service-related |
| (C) Market-driven | (D) Creative efforts |
-

17. Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

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From the following, which form of business organisation is best suited for owning and managing shopping malls ?

- (A) Sole proprietorship (B) Partnership firm
(C) Joint stock company (D) Both (a) and (c)
-

18. Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

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From the following, identify the element of macro environment that would play a dominant role in the transformation of shopping malls in future.

- (A) Economic (B) Social
(C) Technological (D) Legal
-

Section B

19(a). Give the meaning of 'Implied Authority' and 'Mutual Agency' as characteristics of a partnership form of business organisation.

OR

19(b). State any two characteristics of partnership which overcome the inherent limitations of sole proprietorship form of business organisation.

20. Merger between 'Larsen and Toubro (L & T)' with key business area in construction engineering and manufacturing critical equipments and 'Voltas Limited', an Indian multinational electronics company specialized in manufacturing home appliances, whose business fields are totally unrelated, has taken place. Identify and explain the type of merger between 'Larsen and Toubro (L & T)' and 'Voltas Limited'.

21. Read the following newspaper article and identify and explain the two elements of PESTEL model which have been presented in this article :

A popular brand of mobile phones has used repurposed fishing nets in its latest model of smartphones. Fishing nets are made of Nylon which has the basic property of adsorbing moisture and water. Use of this material would make the phones waterproof and dust resistant. Every year around 6,40,000 tonnes fishing nets end up in oceans, posing a serious threat to the marine ecosystem.

According to the Managing Director, Research and Development Department, they are working to replace fossil-based raw materials with bio-based raw materials which are renewable. The company has been researching and developing sustainable materials.

22(a). Explain 'SWOT analysis' as a step in preparing a marketing plan.

OR

22(b). 'Preparing a good business plan can't guarantee success, but it can go a long way towards reducing the odds of failure.' Justify this statement by giving any two points.

23. Identify the term that is used to identify the products of one firm and differentiate them from those of the competitors. Also, explain the term.

24(a). The decision of 'going public' by a company is considered to be a complex decision that requires careful consideration and planning as it requires additional obligations and reporting requirements. State any two such obligations and reporting requirements.

OR

24(b). Why are capital markets regarded as 'financial intermediaries' ? State.

Section C

25. Kartik works as a production analyst at 'Shree Tyres'. During the board meeting for the financial year 2022 – 23, the target production of tyres for the year was decided at 6 lakh units. The Managing Director of the company asked Kartik to prepare a blueprint in advance and 'work your plan'. He also added that this blueprint will ensure orderly flow of materials in the manufacturing process from the beginning to the end.

Identify and explain the component of 'Business Plan' being discussed by the Managing Director.

26(a). State by giving any three points how direct channel of distribution is helpful to producers.

OR

26(b). What is meant by a 'Sales Strategy'? State how a successful sales strategy helps the sales force?

27. 'Pretty You' is an established brand in the salon and makeover industry. It is currently operating in Delhi with a network of 5 branches.

It now wants to make its presence known in different cities of North India and gradually would be establishing its identity throughout the country.

For this, the company decides to give exclusive rights to independent retailers to take advantage of the brand "Pretty You" in return for their payment of royalties and conformance to standardized operating procedures.

Identify and explain the form of expansion discussed above.

28. 'Ability to perceive and preserve basic ideas' is an important factor involved in the process of sensing opportunities.

Identify and state any three sources that lead to emergence of these basic ideas.

29(a). Give the meaning of 'cash conversion cycle'. How does the nature of business influence its cash conversion cycle? Explain with the help of a diagram.

OR

29(b). 'Angel Investment' not only brings in funds but also an invaluable mentor to the business.

In the light of this statement state any three features of angel investors.

Section D

30(a). 'Mergers and Aquisitions' are inspired by a desire to diversify or achieve higher growth rate due to varied reasons. Explain any five such reasons of mergers and aquisitions.

OR

30(b). Give the meaning of 'Skimming method of pricing'. State any two advantages and two disadvantages of this method of pricing.

31. Give the meaning of 'Venture Capital'. Entrepreneurs can seek venture capital to assist various stages in the company's development. Explain 'Seed Capital stage' and 'Pre-start-up and Start-up stage' of financing by venture capitalists.

32(a). What is meant by innovation ? Explain the elements in the innovation process.

OR

32(b). Why is trendspotting important for the success of any business ? Explain the four ways in which an entrepreneur spots trends.

33. The Covid-19 pandemic has ushered an era of new business opportunities for many businesses.

Rajat, an entrepreneur, designed a unique N-95 face mask which would not only filter the air inhaled but also change its colour when the mask is no longer good for use. Not only this, it would also send an alert in case the user of the mask comes in contact with any virus in the air. The idea sounds good and marketable, but Rajat needs to impress the investors to fund his idea. Rajat prepared a three-minute summary of the business plan executive summary to awaken the interest of the potential funders, customers or strategic partners.

(a) Give the meaning of 'business plan' and identify the format of business plan used by Rajat.

(b) Explain three formats of business plan other than the one identified in (a) above.

34. 'Baked Delight Ltd.' is a well known name in breads and bakery products. It has diversified into flavoured fox nuts and popcorn. The two were introduced as smart snacking options for health and diet conscious people. To start with, both will be sold in a standard packing of 50 gm each. Fixed cost for these will be ₹ 1,00,000. Sale price and variable cost per unit is as follows :

Particulars	Classic salted Fox nuts	Caramel salted Popcorn
Sale price per unit (₹)	120	80
Variable cost per unit (₹)	70	30
Sales mix percentage (%)	40	60

From the given information calculate Break-Even Point in units and rupees.

- End of Question Paper -