

CBSE Class 12 Entrepreneurship 2024 - Set 98/S - Compartment



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 70

General Instructions

- (i) This question paper contains 34 questions. All questions are compulsory.
- (ii) This question paper is divided into four sections – Section A, B, C and D.
- (iii) Section A : Questions number 1 to 18 are Multiple Choice Type Questions. Each question carries 1 mark.
- (iv) Section B : Questions number 19 to 24 are Short Answer type-I questions. Each question carries 2 marks. Write answer to each question in 30 to 40 words.
- (v) Section C : Questions number 25 to 29 are Short Answer type-II questions. Each question carries 3 marks. Write answer to each question in 50 to 70 words.
- (vi) Section D : Questions number 30 to 34 are Long Answer type questions. Each question carries 5 marks. Write answer to each question in 120 to 150 words.
- (vii) 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. Identify the sequence of the given steps of an 'Enterprise Process Diagram' in correct order :

- (I) Identifying the needs and problems that exist in the environment.
- (II) Identifying a product or service through innovation.
- (III) Opportunity spotting by analysing the needs and problems that exist in the environment.
- (IV) Setting up a project and nurturing it to success.
- (V) Evaluating the ideas received from different sources to find a creative solution.

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|------------------------------------|------------------------------------|
| (A) (III), (V), (II), (IV),
(I) | (B) (IV), (I), (III), (V),
(II) |
| (C) (I), (III), (V), (II),
(IV) | (D) (II), (IV), (I), (III),
(V) |

2. Which among the following are the sales promotion activities carried out by any business for customer promotions ?

- (I) Bonus stock
- (II) Trade show displays
- (III) Competitions, coupons, sweepstakes and games
- (IV) On-pack offers, multipacks and bonuses
- (V) Loyalty reward programmes

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|-------------------------|--------------------------|
| (A) (I), (II) and (III) | (B) (III), (IV) and (V) |
| (C) (I), (IV) and (V) | (D) (II), (III) and (IV) |

3. Which among the following are the advantages of going public for any company ?

- (I) Increasing accountability to public shareholders
 - (II) Need to maintain dividend and profit growth trends
 - (III) Added prestige and visibility with customers, suppliers as well as the financial community
 - (IV) Less dilution of ownership control
 - (V) Capital required does not have to be repaid and does not involve an interest charge
- | | |
|-------------------------|--------------------------|
| (A) (I), (II) and (III) | (B) (III), (IV) and (V) |
| (C) (II), (IV) and (V) | (D) (II), (III) and (IV) |

4. The price of a soft drink bottle of 500 ml of MSD Ltd. is placed at ₹ 20, while a 2000 ml/2 litre bottle is placed at ₹ 50. This variable pricing strategy is adopted by MSD Ltd. because of the :

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| (A) Difference in the ability of the consumers to pay. | (B) Difference in the anticipated business from different customers. |
| (C) Difference in the bargaining power of the customers. | (D) Difference in the order size by the customers. |

5. 'Environment Analysis is the process of monitoring the economic and non-economic environment to determine the opportunities and threats to an organisation.'

Which of the following is **not** involved in the above analysis ?

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|-----------------------------------|---|
| (A) Data collection | (B) Information processing and forecasting |
| (C) Form of business organisation | (D) A rational basis for developing goals and strategies for business survival and growth |

6. Ramnath is running a sweet shop in a small town. His son Angad completed his studies but is reluctant to join his father's business. He came to know about franchising, which is an arrangement, whereby the manufacturer of a trademarked product gives exclusive rights of local distribution to individual retailers in return for their payment of royalties and conformance to standardised operating procedures. Since a proven business formula is in place, he contacted 'JaldiRam Sweets' to have his franchise and grow his father's business.

This arrangement will help Angad in :

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|--|---|
| (A) Losing the freedom to innovate to some extent. | (B) Building credibility and a reputation in the market which requires significant efforts. |
| (C) Sharing the cost for the services (advertising and training) provided by the franchisor. | (D) Sharing the risk of franchisor getting bought by other company. |

7. Rupal is a certified radiologist and running a chain of 'Dr. M.R. Path Lab'. He notices the uneasiness of the patients during MRI tests. He finds that patients are afraid of going into closed MRI machines for testing. He is an entrepreneur having creative and innovative ideas. He got an idea of developing an open MRI machine. But this proposal involves new or relatively untried technology, having high risk factors, which may fail to attract investments from public. So, to give shape to his idea he approached a venture capitalist, as he has to conduct research at pre-commercialisation stage for which he requires finance.

The stage of business development at which Rupal is seeking assistance from the Venture Capitalist is :

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|----------------------------|-----------------------------|
| (A) Seed Capital | (B) Pre-Startup and Startup |
| (C) Second-round financing | (D) Last-stage financing |

8. The products are not sold by the marketers in their generic names because :

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| (A) They will not be able to pack the product. | (B) They will not be able to distinguish their products from those of the competitors. |
| (C) Fixing a price for the product will be a problem. | (D) They will not be able to decide the channel of distribution to be adopted for their product. |

9. Super Industries Pvt. Ltd. is running its operations successfully since 2005. The company is in need of funds for its expansion plans and for this it has decided to sell its securities to a limited number of sophisticated investors. The source of finance used by the company is :

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|-----------------------|------------------------|
| (A) Public Issue | (B) Rights Issue |
| (C) Private Placement | (D) Offer to Employees |

10. Assertion (A) : In partnership 'the firm stands bound by the acts of partners.'

Reason (R) : There is an implied authority that any partner can act on behalf of the firm.

Choose the correct option from the following :

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

11. 'Many industries have their unique thumb rules for the relationship between Unit Price and Unit Cost.'

In Fast Moving Consumer Goods Industry, the relationship of cost as percentage of selling price is :

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|----------------|----------------|
| (A) 30% or 35% | (B) 50% or 55% |
| (C) 70% or 75% | (D) 80% or 85% |
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12. Assertion (A) : A brand or part of a brand that is given legal protection against its use by other firms is called trade mark.

Reason (R) : Trade mark is essentially a legal term, protecting the seller's exclusive right to use the brand name/mark.

Choose the correct option from the following :

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|---|---|
| (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). | (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A). |
| (C) Assertion (A) is correct, but Reason (R) is incorrect | (D) Assertion (A) is incorrect, but Reason (R) is correct. |
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13. F.A. Auto Ltd. had launched its new Electric SUV car for the middle income market segment.

From the following, identify the 'Ecological Factor' affecting the macro environment of business which inspired the company to launch this car :

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| (A) An increase in the literacy rate that made people aware about the environment and its protection. | (B) The government is supporting the companies which are bringing out fuel-efficient vehicles. |
| (C) Now the focus of the company is on transfer of technology. | (D) The company is more concerned about the impact of carbon and smoke emission from the vehicle. |
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14. Assertion (A) : Money invested in fixed assets results in direct cash inflow for the business.

Reason (R) : Fixed assets are placed in service for carrying out the main activity of the business and are not traded or sold to receive money.

Choose the correct option from the following :

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|---|---|
| (A) Assertion (A) is correct, but Reason (R) is incorrect. | (B) Assertion (A) is incorrect, but Reason (R) is correct. |
| (C) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A). | (D) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). |
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15. After completing his MBA, Rajeev was not interested in going for a job, rather he wanted to contribute towards national income by generating employment. He noticed that now-a-days people are more career oriented. They do not have time to cook food. He researched and found that a variety of instant food products is a solution to this.

In this way, Rajeev has not only clearly stated the problem but also identified the target group facing the problem. By doing this Rajeev has fulfilled the objectives of which of the following :

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|--------------------------|----------------------------|
| (A) Environment scanning | (B) Problem identification |
| (C) Market assessment | (D) Trend spotting |

16. In India, there are many states which have sulphur-enriched hot water springs. The locals are using these springs to cure many diseases. Arnav, an entrepreneur got an idea of developing 'Naturopathic Wellness Centres' at these places. For this, he contacted the concerned government authorities and finalised the deal. In the name of 'Rajshree Centre for Wellness' he started paid wellness tourist packages for tourists all over India.

The source of idea field used by Arnav is :

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|-----------------------------------|--------------------------|
| (A) Existing product related idea | (B) Market-driven idea |
| (C) Natural resource related idea | (D) Service related idea |

17. Harshit is working as a hardware engineer in a multinational IT company. Everyday he finds that his one or the other subordinate loses his pendrive having important data. He has the knowledge, skill, ideas, competence and creative thinking. And when all these are strategically applied, a viable venture is born. He spots an idea to develop a watch pendrive, which would minimise the problem of losing it. But all ideas need not necessarily become sound business opportunities. These are to be assessed in terms of the potentiality of the opportunity. In this process of investigation various steps are involved.

The step taken by Harshit in the above referred case is known as :

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|----------------------------|--------------------------|
| (A) Product identification | (B) Market assessment |
| (C) Generating basic ideas | (D) Technical complexity |

18. Raghav and his three friends want to start an Import-Export business. For this they need huge capital. They do not want to invite the public to subscribe to any shares or debentures of the company or accept any deposits from persons other than its directors, members or relatives. They also want that all the members have limited liability and members have no right to transfer shares.

The form of business organisation which Raghav and his three friends can opt for is :

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|-------------------------|--------------------|
| (A) Sole proprietorship | (B) Partnership |
| (C) Private company | (D) Public company |

Section B

19(a). Give the meaning of 'Business opportunity'. State the two things that an entrepreneur has to ensure before selecting an opportunity.

OR

19(b). Give the meaning of 'Business Plan'. State any two points how a business plan helps the entrepreneur.

20. VRSP Cinema, operating 1293 screens in 98 cities of India merged with its smaller counterpart NOXI owning 230 screens in 21 cities. It created the largest multiplex chain in the country with over 1500 screens. The reason for this merger is synergy which would result in cost saving and revenue enhancement. This is the direct result of factors like better use of idle cash and higher debt capacity.

Now they not only gained market share but also eliminated competition between each other.

(a) Give the meaning of 'Synergy.'

(b) Identify the form of the synergy discussed above.

21. Rohit started a leather shoe 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 7000 pairs of shoes in the first year. While calculating the profit they came to know that revenue generated was equal to cost. They were happy as they were not at loss and could move towards earning profit in the second year.

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

(b) Give any two points stating the usefulness of this component for an entrepreneur.

22(a). State any two reasons how a successful sales strategy can help the sales representatives.

OR

22(b). Give the meaning of 'Below the line' approach of Promotion Strategy. Also state its purpose.

23. Explain how 'Level of operation' and 'Cost' help an entrepreneur to assess the potentiality of an opportunity.

24. The Current Assets and Current Liabilities of Aniket Ltd. as on 31st March, 2023 were as follows :

		₹
Current Assets —	Cash	10,000
	Inventory	60,000
	Accounts Receivables	20,000
Current Liabilities —	Trade Creditors	15,000
	Short Term Loans	20,000
	Outstanding Expenses	5,000

Calculate Gross Working Capital of Aniket Ltd.

Section C

25. Daksh, an automobile engineer with an MBA from a reputed college, launched 'Captain', a model electric car. He initially priced the model at a premium so that fewer sales were needed to break even. He used this strategy to target early adopters and environmentally conscious consumers who were willing to pay a higher price for an electric vehicle.

As the demand from the higher-end market saturated and he was able to recover most of the investment made to build the car, he gradually lowered its prices and introduced more affordable models expanding the customer base.

- (a) Identify the method of pricing initially adopted by Daksh for launching the electric cars.
- (b) State any one advantage and any one disadvantage of the strategy identified in (a) above.

26(a). State by giving any three points how 'Follow-up' as an element of operational plan helps an entrepreneur.

OR

26(b). Explain the three formats of a business plan for Start-ups where audience is the external stakeholders.

27. Sunil completed his studies and decided to start his own business. His father advised him to start any enterprise through the franchise route. Sunil approached 'My School', a leading playschool chain and agreed to their terms and conditions. It was agreed that Sunil would be provided significant amount of assistance in starting and managing the school. He would use the name and trademark of 'My School' and would pay a fee or royalty in return.

- (a) Identify and explain the type of franchising.
- (b) Also explain one more type of franchising other than the one identified in (a) above.

28. Supreet inherited a big mansion on the outskirts of the city. He decided to convert it into a vacation home — 'Sukoon' a getaway from the hectic lifestyle. He observed that there is an increasing willingness in the people to go out on short breaks. The location of the vacation home is just perfect for a two to three days staycation. The bookings for the same could be made online by logging on to the website or on the online portal of State Tourism Department. The room rent was fixed keeping in mind the disposable income of the prospective guests. This venture would facilitate development of the surrounding areas; creating new employment opportunities for the people living around that area.

Quoting the lines, identify three factors of macro business environment being referred to in the above case.

29(a). Explain the concept of 'Cash Conversion Cycle'. Draw a diagram showing the 'Cash Conversion Cycle' for a trading business and for a manufacturing business.

OR

29(b). What is meant by 'Financial Intermediation'? Why is financial intermediation required? Name and explain the market which plays the important role of a financial intermediary.

Section D

30(a). Explain the following reasons for mergers and acquisitions :

- (i) Acquiring new technology
- (ii) Improved profitability
- (iii) Access to funds
- (iv) Acquiring a competency
- (v) Entry into new markets

OR

30(b). Explain 'Logo' as an important feature of branding. State any four reasons of using 'Logo' by the organisations.

31. Explain 'Angel Investors' as a source available to an entrepreneur to raise finance. State any four features of angel investors.

32(a). Explain any five points of difference between a 'Public Company' and a 'Private Company'.

OR

32(b). What is 'Trend Spotting' ? How does trend spotting help an entrepreneur ? Explain any four ways in which an entrepreneur can spot trends.

33. Mampur Sugar Mills processes cane juice to make a healthy variant of refined sugar, Desi Khand. It also does ancillarisation of the husk of sugarcane by using it for medicinal purposes and biodegradable packing paper.

There is separate plant for each product and the information regarding selling price, variable cost and fixed cost for each product is given below :

Variety	Desi Khand	Liquid for Medicines	Packing Paper
Selling Price (₹)	155/kg	100/litre	20/meter
Variable Cost (₹)	75/kg	25/litre	10/meter
Fixed Cost (₹)	8,00,000	1,50,000	80,000

(a) From the given data, calculate the break-even quantity for each product.

(b) How is the calculation of break-even quantity helpful for an entrepreneur ?

34. Surveen is a manager at XPL Ltd, a renowned name in manufacturing allopathic medicines. The business is expanding and the owners of the company are planning to add ayurvedic medicines as an additional product line. Surveen is given the responsibility of preparing the business plan for the new venture.

He outlined the introductory cover page and completed the steps sequentially in the business plan before deciding about the proposed venture's form of ownership. Each type of business differs in terms of commencement procedures, legal constraints, financial requirements etc. That is why it is important to categorise the business first and then choose a legal structure for it.

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

(b) State eight points that must be mentioned about this component of the proposed business plan while describing the proposed venture's opted form of ownership.

- End of Question Paper -