

CBSE Class 12 Entrepreneurship 2025 - 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) Read the instructions carefully.
- (ii) This question paper contains 34 questions. All questions are compulsory.
- (iii) The question paper is divided into four sections: A, B, C and D.
- (iv) Section A: Questions 1–18 are multiple choice questions, carrying 1 mark each.
- (v) Section B: Questions 19–24 are short answer type-I questions, carrying 2 marks each. Write answers in 30–40 words.
- (vi) Section C: Questions 25–29 are short answer type-II questions, carrying 3 marks each. Write answers in 50–70 words.
- (vii) Section D: Questions 30–34 are long answer questions, carrying 5 marks each. Write answers in 120–150 words.
- (viii) There is no overall choice. Internal choices are provided in Sections B, C and D; attempt only one of the alternatives in such questions.

Section A

1. 'In case the business assets are insufficient to pay off liabilities, the personal property of the sole proprietor can be called upon to pay his business debts.'

The essential feature of sole proprietorship form of business organisation which is referred to in the above lines is :

- | | |
|-------------------------------|--------------------------|
| (A) Limited area of operation | (B) Sole beneficiary |
| (C) Unlimited liability | (D) Individual financing |

2. 'G Ltd.' launched a new smart watch having unique features of measuring blood sugar levels, blood pressure, etc. Ravinder, the production manager, thought of adding another additional feature of giving various types of commands and getting answers of these commands in the same smart watch.

Identify the source which led to the emergence of the basic idea ?

- | | |
|-----------------|----------------|
| (A) Problem | (B) Change |
| (C) Competition | (D) Innovation |

3. 'It grants an inventor the right to exclude others from making, using, selling, offering to sell and importing an invention for a limited period of time in exchange for the public disclosure of the invention.'

The concept discussed above is :

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

4. "Wah ! Peekar mazaa aa gaya" is a small amount of text which serves to clarify a thought designed with a dramatic effect.

This is known as :



- | | |
|-------------|----------------|
| (A) Logo | (B) Trade Mark |
| (C) Tagline | (D) Brand Mark |

4. For Visually Impaired Candidates Only

'A graphic mark or emblem commonly used by commercial enterprises, organisations and even individuals to aid and promote instant public recognition' is known as :

- | | |
|-------------|----------------|
| (A) Logo | (B) Trade Mark |
| (C) Tagline | (D) Brand Mark |

5. 'XY Ltd.' is a garment manufacturing company. Its garments are high in demand. So for the expansion of its business it took a loan of ₹ 50 lakhs from a bank. But due to change in fashion the demand of its garments started declining. The company was unable to repay the amount of loan due to heavy losses. The management of the company asked its shareholders to contribute as per their number of shares for repayment of loan. The shareholders refused as they had already paid the full amount due on their shares. The company filed a case against the shareholders in court. But the court protected the shareholders.

From the following, identify the characteristic of the company form of organisation which protected the shareholders :

- | | |
|---------------------------|-------------------------------|
| (A) Separate Legal Entity | (B) Transferability of shares |
| (C) Artificial person | (D) Common seal |

6. _____ is the fourth step in the process of creativity.

- (A) Idea germination (B) Incubation
(C) Illumination (D) Verification

7. Match the components of a financial plan given in Column I with their meanings given in Column II :

Column I (Components)	Column II (Meaning)
(1) Proforma Investment Decision	(i) Summarises all the projected sources of funds available to the venture to raise finance.
(2) Proforma Financing Decision	(ii) Summarises all the profit data during the first year of operations of new enterprises.
(3) Proforma Income Statement	(iii) Summarises how the enterprise's funds are invested in different assets so the enterprise is able to earn the highest possible returns on investments.
(4) Proforma Balance Sheet	(iv) Summarises the projected assets, liabilities and net worth of the entrepreneurs.

Choose the correct option from the following :

- (A) (1)-(i), (2)-(ii), (3)-(iv), (4)-(iii) (B) (1)-(iii), (2)-(i), (3)-(ii), (4)-(iv)
(C) (1)-(iii), (2)-(iv), (3)-(i), (4)-(ii) (D) (1)-(iv), (2)-(iii), (3)-(ii), (4)-(i)

8. 'AN Ltd.' a soap manufacturing company, developed a new brand of soap in which the content of palm oil is reduced from its soaps as a wider strategy. The use of less palm oil allows huge amount of savings which can be re-invested in other ingredients that make the product superior. For pricing this soap the company is adopting the pricing strategy where the price of the soap is initially set at a price lower than the eventual market price to attract customers. They expect that the customers will switch to this new brand because of the lower price.

The method of pricing used by 'AN Ltd.' in its pricing decision is :

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

9. Trade Mark of a company is :

(i) a recognizable sign, design or expression which distinguishes products or services of a particular trade from similar products or services of other traders.

(ii) the right to exclude others from making, using, selling, offering to sell, and importing an invention for a limited period of time for the public disclosure of the invention.

(iii) gives exclusive right to the creator of original work for a limited time.

(iv) a graphic mark or emblem commonly used by commercial enterprises to aid and promote instant public recognition.

Choose the correct answer from the options given below :

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

10. Identify which of the following is **not** an advantage of skimming pricing method :

- | | |
|---|---|
| (A) This strategy can backfire if these are close competitors and they also introduce the same products at lower price. | (B) If the company caters to consumers who are quality conscious rather than price, then this type of strategy can work in a great way. |
| (C) It is not a viable option when there are strict legal and government regulations regarding consumer rights. | (D) If the company has history of price skimming, then consumers will never buy the product at lower price. |

11. In a _____ franchise business opportunity, the manufacturers grant a store owner the authority to distribute goods produced by the manufacturer and allow the owner to use the name and trade mark owned by the manufacturer.

- | | |
|-------------------|---------------------|
| (A) Manufacturing | (B) Business |
| (C) Product | (D) Business format |

12. From the following, identify the element of operational plan that helps the entrepreneurs in evolving ways to expedite the performance of those departments which lag behind and removing obstacles in the way of production by suggesting remedial measures :

- | | |
|----------------|----------------|
| (A) Routing | (B) Scheduling |
| (C) Inspection | (D) Follow-up |

13. Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : The method of raising additional finance from existing shareholders by offering securities to them which is considered to be inexpensive is Rights Issue.

Reason (R) : It does not require any brokerage, agents, prospectus, etc.

Choose the alternative option from the options given below :

Options :

- | | |
|--|--|
| (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. |

14. Given below is the usefulness of Break-Even Analysis, both for a single product and multiple products business :

- (i) It helps in setting profit goals and sales targets.
- (ii) It helps in ensuring that there is 'no-stock' situation.
- (iii) It helps in determining the products that are not contributing to meet the fixed expenses.
- (iv) It helps in determining when to place an order and how much to order.

From the following, choose the option that depicts the correct pair of usefulness :

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

15. Which of the following is **not** considered as a Current Liability ?

- | | |
|----------------------------|--------------------------|
| (A) Short Term Investments | (B) Short Term Loans |
| (C) Trade Creditors | (D) Outstanding Expenses |

16. Identify which of the following is **not** a feature of 'venture capital' :

- | | |
|---|--|
| (A) It is basically equity finance in relatively new companies. | (B) It is long-term investment in growth-oriented small or medium firms. |
| (C) It is a subset of private equity. | (D) The capital has to be repaid and involves an interest charge. |

17. A merger between firms that are involved in totally unrelated business activities is known as _____ merger.

- | | |
|----------------|-----------------------|
| (A) Horizontal | (B) Conglomerate |
| (C) Vertical | (D) Product Extension |

18. Return on Equity is (i) divided by (ii) multiplied by 100.

- | | |
|--|--|
| (A) (i) Gross Profit (ii) Total Capital Employed | (B) (i) Net Income (ii) Equity |
| (C) (i) Total Profit (ii) Equity | (D) (i) Net Profit (ii) Total Capital Employed |

Section B

19(a). Explain how 'Cost and Price of a product' affects the market assessment of a product or service.

OR

19(b). Explain why an entrepreneur needs to scan the environment.

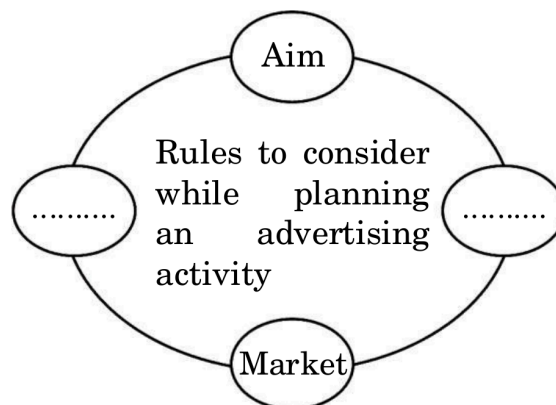
20. Rethym had just completed her baking course from a reputed culinary institution. She wanted to be an entrepreneur and thus started searching for a good startup. She observed that nowadays many people were looking for healthy dessert options, especially those that were gluten-free and sugar-free. She spotted an idea and did an extensive research to find out whether it can be implemented to create a business enterprise and earn profits or not. After being fully satisfied with her research, she decided to open a home-based bakery offering healthy customised desserts. She ensured the use of organic ingredients and experimented with recipes to maintain taste without compromising on health. She also planned to introduce vegan options, foreseeing their growing popularity.

(a) Identify and explain the concept of entrepreneurship discussed in the above para.

(b) State the two things which Rethym has to ensure before selecting the concept identified in (a) above.

21(a). Refer to the image given below :

Identify and state the missing rules while planning an advertising activity.



21. For Visually Impaired Candidates Only

Refer to the text below :

Anu is doing the business of selling hair wigs. Her wigs are so natural that day-by-day demand from different states of India is increasing. So she decided to gradually increase the activities of the business. For this she started two new branches. To finance these branches she decided to generate funds from old profits. After the successful launching of the two branches, she decided to expand her business further by combining with beauty salons offering wig-related services like hair styling, cutting and maintenance.

The above case explains the different types of 'expansion'. Explain these types by quoting lines from the para.

OR

21(b). Explain 'Improved profitability' as a form of synergy.

22. Neerav, a young entrepreneur, noticed a growing interest in sustainable living. While brainstorming for business ideas, he began observing people's shopping behaviour at local markets, and local malls and noticing which stores draw crowds and which sit empty. He saw that many people were actively searching for eco-friendly products like reusable bags, bamboo toothbrushes and biodegradable packaging, etc. Neerav also spent time visiting community events, watching how customers interacted with these products and what they prioritized ? To gather more insights, Neerav used tech tools like email newsletters, sustainability-focused websites, and online forums to stay updated on the latest trends in eco-friendly products.

Based on his observations and research, Neerav decided to launch a business offering a wide range of eco-friendly daily use products.

By quoting lines from the above para, identify the two ways of 'trend spotting' adopted by Neerav.

23. State any two points that highlight the importance of a business plan.

24(a). 'Alpha Electricals Ltd.' manufactures spark plugs for automobiles. Their raw material supplier is in another city and takes 6 days to deliver the required raw material once the order is received. The demand during this period is expected to be 600 spark plugs per day.

Calculate the Re-order level for 'Alpha Electricals Ltd.'

OR

24(b). Reena started a small business selling handmade candles. She invested a total of ₹ 50,000 to purchase raw materials, tools, etc. and set up her business. During the year she earned a net profit of ₹ 5,000.

Calculate Reena's 'Return on Investment'.

25. Reyansh is planning to start a renewable energy solutions company, focusing on solar power panel installation for residential and commercial buildings. While conducting market research, Reyansh finds that the government is offering tax incentives and subsidies for renewable energy projects. He also noticed that environmental concerns like climate change, carbon emissions are becoming more prevalent and increasing the demand for eco-friendly solutions. However, he is concerned about the high initial cost of solar panels and the lack of awareness about renewable energy in certain regions. Reyansh is also monitoring the fluctuating prices of raw materials required for manufacturing solar panels and the disposable income of people, as they have to install these panels.

By quoting lines, identify and explain any three macro-environmental factors discussed above that may impact Reyansh's business.

26(a). 'Picturising ahead every step in a long series of separate operations, each step to be taken in the right place of the right degree, and at the right time and each operation to be done at maximum efficiency is the objective of one of the components of a business plan.'

(i) Name the component of business plan discussed above.

(ii) Give any four points stating how this component helps to plan the work.

OR

26(b). 'It is a comprehensive project report which not only encompasses the entire range of activities which are being planned in the business but also helps, facilitates and discusses various other aspects.'

(i) Name the concept discussed above.

(ii) State the other aspects being helped, facilitated and discussed in the concept identified in (i) above.

27. Naisha is the founder of a startup company 'EcoWave', which produces eco-friendly, biodegradable household products such as plates, cups and straws made from plant-based materials. Naisha's products are marketed as sustainable alternatives to plastic, catering to the growing demand for environmentally-conscious products.

After launching her product line, Naisha realizes that her products have great potential in the market, but they are not getting the attention they deserve. To address this issue, she decides to adopt a promotional strategy which will increase brand awareness, reach a wider audience, and ultimately boost sales. Naisha decides to use mass media advertising such as TV commercials, radio spots and print media (newspapers and magazines). She also used online banner advertisements and her website to meet the needs of the customers.

(a) Identify and explain the promotional approach used by Naisha to reach her customers.

(b) Also, explain how the promotional approach identified in (a) above is different from the other promotional approach which focuses on targeted groups of consumers, on the basis of :

- (i) Promotions
- (ii) Measurability
- (iii) Target

28(a). 'An entrepreneur has a number of alternative channels available to him for distributing his products. These channels vary in the number and type of middlemen involved.'

Explain any three types of these channels of distribution.

OR

28(b). Explain any three manufacturer/company-related considerations to be used by an entrepreneur while selecting the channel of distribution.

29. 'Ananta Ltd.' is a small business that manufactures and sells readymade shirts. The company is analysing its inventory management and wants to calculate the Economic Order Quantity for the raw material required for production. The following details are provided :

Annual quantity of shirts sold = 40,000 shirts.
Demand is uniform.

Ordering cost per order is = ₹ 160

Holding cost per unit per year is = ₹ 20

Calculate the Economic Order Quantity for 'Ananta Ltd.'

OR

30. Vikram, a young entrepreneur, has always been passionate about protecting the environment. He recently came across a vast land in his local area which was abundant in bamboo, medicinal plants and herbal trees. After conducting market research, Vikram got valuable data about trends of demand, supply and consumer preferences. The local community was unaware of the potential of these resources for sustainable business practices. He identified an opportunity to create a business that would not only be environmentally sustainable but also socially beneficial by empowering the local community. Vikram's plan involves establishing a sustainable bamboo farming business for producing eco-friendly products, and processing medicinal plants into herbal medicines. With increasing consumerism, he realised that the scope and nature of trade is now changing from local to import and export and also to e-business, making trading a very wide area of business enterprise.

(a) Identify and explain three 'idea fields' stating the product/service discussed in the above case.

(b) Explain any two idea fields other than those identified in (a) above.

31(a). Give the meaning of 'Franchising'. Explain any four disadvantages of franchising to the franchisee.

31(b). Give the meaning of 'Merger'. Explain the following types of mergers :

- (i) Horizontal merger
- (ii) Market extension merger
- (iii) Product extension merger
- (iv) Vertical merger

32. Kirti and Neha decided to start a business of selling handmade jewellery. They started a business under the name 'Kirti and Neha Creations'. According to their agreement, both will share profits equally and would contribute equally in terms of capital, efforts and skills. Kirti was responsible for creating the designs, while Neha was incharge of managing the sales and marketing.

During the business operations, Kirti made a decision to collaborate with a supplier for raw materials without consulting Neha, believing it would save time and improve the business's efficiency. However, the supplier's delivery was delayed, and this resulted in a temporary halt in production, causing a loss for the company. Neha was upset that Kirti had made a decision without her consent and she was bound by her acts.

(a) Identify and state the form of business organisation discussed in the above case.

(b) Quoting lines from the above, identify and explain any four features of the form of business organisation identified in (a) above.

33. 'AK Enterprises' is a company that manufactures and sells three stationery items. The company is evaluating its Break-Even Point for these products and wants to determine how many units of each product must be sold to cover its total fixed cost.

The fixed cost for the company amounts to ₹ 1,00,000.

The selling price and variable costs for each product are given below :

Product	Selling Price Per unit (₹)	Variable Cost Per unit (₹)	Sales mix %
Pencil Pouch	50	30	30
Pen set	80	50	30
Diary	100	60	25

Calculate :

- (a) Total weighted average contribution margin.
- (b) Break-Even Quantity for each product.
- (c) Break-Even Point (in ₹) for a pencil pouch.

34(a). Explain 'Public Issue' as a method of floatation of new issues in the capital market. Also state its primary advantage and any six other advantages.

OR

34(b). Who is an 'Angel Investor' ? State any four features of angel investors.

- End of Question Paper -