



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. 'The business of partnership firm can be carried on by all the partners or any one of them acting for all.' This statement indicates which of the following characteristic of partnership ?

- | | |
|-------------------|-----------------------|
| (A) Agreement | (B) Implied authority |
| (C) Mutual agency | (D) Utmost good faith |

2. Shivam is manufacturing hair straightening flat irons and supplying them to various beauty salons across the city. Over the last few months he observed that the sale of flat irons has decreased drastically. He tried to find out the reason. He found that the hair experts have started recommending ceramic irons which are now being sold by competitors in the market. So, he also started manufacturing ceramic irons based on new technology with added features like curling, crimping, etc.

Identify the source of idea field used by Shivam :

- | | |
|---------------------------|---|
| (A) Trading Related ideas | (B) Existing Products or Services-Based ideas |
| (C) Service Sector ideas | (D) Market Driven or Demand Driven ideas |

3. In this method of pricing, goods are sold at higher prices so that fewer sales are needed to break even. It also helps the company in recovering the research and development costs which are associated with the development of a new product.

This method of pricing is :

- | | |
|-------------------------|-----------------------|
| (A) Penetrating pricing | (B) Cost-plus pricing |
| (C) Variable pricing | (D) Creaming pricing |

4. Look at the given picture and state what it represents out of the following :



State Bank of India

- | | |
|----------------|-------------|
| (A) Logo | (B) Brand |
| (C) Brand name | (D) Tagline |

4. For Visually Impaired Candidates Only

Which of the following is **not** included in 'below-the-line' method of promotion ?

- | | |
|----------------------|----------------------|
| (A) Personal selling | (B) Direct marketing |
| (C) Sales promotion | (D) Advertising |

5. Sudershan has undergone skill development training for maintenance of electronic items, from an institute started under the 'Skill Development Mission' by the Government of India. He wants to start his own small business in his locality with ₹ 1,00,000 given by his father as capital. He himself wants to manage and control this business, employing some assistants, if required. Out of the following, suggest the form of business organisation he can adopt.

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

6. A business opportunity can be described as an economic idea which can be implemented to create _____ and earn profits.

- | | |
|---------------------------|-----------------------------|
| (A) customers | (B) competitors |
| (C) a business enterprise | (D) an economic environment |

7. Match the given components of a Business Plan in Column I and their meaning in Column II. Choose the correct option from the options given below :

Column I (Business Plan)	Column II (Meaning)
(1) Production Plan	(i) That part of the business plan that describes the proposed venture's form of ownership.
(2) Operational Plan	(ii) That part of the business plan where transformation of raw material into finished product takes place with the help of energy, capital, manpower and machinery.
(3) Organizational Plan	(iii) That part of the business plan which organises for the movement of material, performance of machines and operations of labour into a defined direction.
(4) Marketing Plan	(iv) That part of the business plan which provides guidelines regarding the marketing objectives, strategies and activities to be followed by the new enterprise.

Options :

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

8. 'Payal Ltd.' is the manufacturer of high end costly water purifiers. Their water purifiers are unique and different from the purifiers available in the market. For its marketing they appointed salespersons who will go door-to-door and explain the unique features of their product.

From the following, identify the channel of distribution adopted by 'Payal Ltd.' :

- (A) Three-Level Channel (B) Two-Level Channel
(C) One-Level Channel (D) Zero-Level Channel

9. Patents _____

(i) grant 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.

(ii) give the creator of the original work exclusive rights, usually for a limited period.

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

(iv) protect the visual design of objects that are not purely utilitarian. It can be a two or three dimensional pattern used to produce a product.

Choose the correct option from the following :

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

10. A brand or a part of a brand that is given legal protection against its use by other firms is called _____.

- (A) Brand name (B) Brand mark
(C) Trademark (D) Logo

11. 'Bharat Cars Ltd.' is the manufacturer of small cars in India and 'Swadeshi Ltd.' is the manufacturer and supplier of car parts. Both the companies decide to merge as such a merger would allow 'Bharat Cars Ltd.' to obtain better pricing on parts and have better control over the manufacturing process. 'Swadeshi Ltd.' would also be guaranteed a steady stream of business.

The type of merger is :

- (A) Market Extension Merger (B) Vertical Merger
(C) Horizontal Merger (D) Product Extension Merger

12. This is the title or cover page that provides a brief summary of a business plan's contents :

- | | |
|----------------------------|--------------------------|
| (A) Description of Venture | (B) General Introduction |
| (C) Production Plan | (D) Operational Plan |

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

Assertion (A) : It is not compulsory to register a partnership firm as there are no penalties for non-registration.

Reason (R) : An unregistered partnership firm can file a suit in any court against the firm or other partners for enforcement of any right arising from a contract or right conferred by the Partnership Act.

Choose the correct 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. 'Return on Investment' is a critical profitability ratio. It is calculated as follows :

$$\text{Return on Investment (ROI)} = \frac{\text{Net Profit}}{\text{Total Capital Invested}} \times 100$$

Choose the correct option from the following :

- | | |
|----------------------------|-----------------------------|
| (A) Equity | (B) Debt |
| (C) Total Capital Invested | (D) Debt + Interest on Debt |

15. Which of the following is **not** a current liability ?

- | | |
|----------------------|---------------------------|
| (A) Outstanding rent | (B) Short-term investment |
| (C) Trade creditors | (D) Short-term loans |

16. Which of the following methods of floatation of new issues is used by the company, when the company directly sells its securities to a limited number of sophisticated investors and at times does not want to disclose information to the open market ?

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

17. In _____ acquisition, a public company is taken over by a private company.

- | | |
|--------------|-------------|
| (A) Friendly | (B) Reverse |
| (C) Backflip | (D) Hostile |

18. 'Techworks' is a company selling electronic products. To keep track of inventory and manage sales efficiency each and every item in the inventory is assigned a unique code which signifies certain aspects of the item. Its unique code is a combination of alpha and numeric and is used not only for data collection, but also for further manipulation for deriving meaningful statistics and decision-making. However, over time, due to advancement in technology, certain items may not be used and their demand drops off. 'Techworks' faces a challenge of dealing with these products, particularly with technology evolving quickly.

Some of the items that make up the inventory of 'Techworks' as discussed above are _____ and _____.

- | | |
|---|---|
| (A) Stock Keeping Unit (SKU) code, Motley Crowd | (B) Motley Crowd, Demand not uniform or not predictable |
| (C) Obsolescence, Shelf life | (D) Stock Keeping Unit (SKU) code, Obsolescence |

Section B

19(a). What is a 'Business Opportunity'. List any two elements of Business Opportunity.

OR

19(b). Various factors are involved in sensing opportunities. 'Ability to perceive and preserve basic ideas' is one of them. Identify and state any four sources that lead to the emergence of basic ideas.

20. Manorama opened a retail outlet in Bengaluru selling readymade fashionable garments like t-shirts, skirts, kurtis, etc. for girls. Her decision was based on recent trends in clothing of young girls.

Since fashion changes very fast in the garments business, Manorama not only wanted to understand the business environment but also wanted to adapt it to succeed in the long run. So, she monitored fashion trends through social media and introduced sustainable clothing.

A keen watch on the trends in the environment had sensitized Manorama to the changing needs of customers.

By doing this, Manorama is concentrating on one of the points of importance of environment.

(a) Identify the point of importance of environment discussed above.

(b) Explain with the help of one more point how sensitivity to environmental factors is crucial for an entrepreneur.

21(a). Deepa, Guddi and Vani are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Deepa wants to transfer half of her share in favour of her son Deepak without the consent of Guddi and Vani. Can Deepa transfer her share ? Give reason in support of your answer. State the feature of partnership highlighted in the above case.

OR

21(b). Aruna, passionate about baking, opened a bakery shop. She borrowed ₹ 50,000 from her father and took a loan of ₹ 1,00,000 from a bank to start the business. To attract customers, she set the prices too low. Later on she noticed that the revenue earned by her was not enough to even cover the costs. When the loan amount became due, she was not in a position to pay. The bank recovered the loan from Aruna's personal assets, including her savings and property.

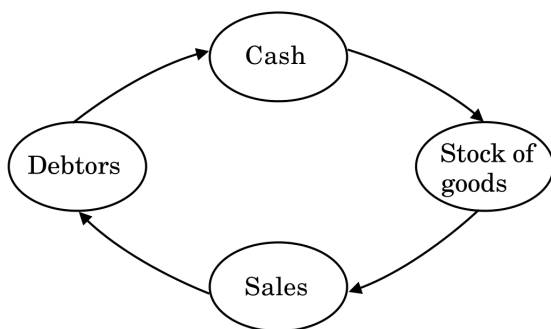
Can Aruna's personal property be called upon to pay her business debts ? Give reason in support of your answer. State the feature of sole proprietorship highlighted in the above case.

22. After completion of his training of cutting, tailoring and embroidery from a skill development institute, Sujit wanted to start his own business. He discussed this idea with his mother who advised him to identify the new trends in this area. She also advised him to take the help of professional trend spotters for this. When Sujit contacted some of the best professional trend spotters, he found that their fee was too high. So he decided to do this work himself, started reading the leading publications and visited websites related to the type of business he wanted to start. This way he was able to spot related trends.

Identify and explain the method used by Sujit to spot the trends. Also list two other ways in which trends can be spotted.

23. Explain 'A pitch deck with oral narrative' as a format of a business plan.

24(a). Given below is the 'Cash Conversion Cycle'.



(i) Identify the type of business to which the above cash conversion cycle belongs.

(ii) Draw a 'cash conversion cycle' for another type of business other than that identified in (i) above.

24(a). For Visually Impaired Candidates Only

Calculate 'Gross Working Capital' from the following information :

	₹
Cash	20,000
Creditors	2,00,000
Debtors	3,50,000
Short-term loans	75,000
Outstanding rent	15,000
Stock	80,000

OR

24(b). Give the meaning of ABC analysis technique of inventory control.

25. 'Chai Cart', an Indian company, was set up in 2021 near a prime office hub in Nurgaon. The company aimed to fulfil the high demand for tea among office goers. Within a few months, the demand picked up and the business started earning good profits. In response to the rising demand, the company decided to expand its operations. Expansion of its business could be based on activities or on acquisition of ownership and control of other business concerns.

'Chai Cart' expanded its present production capacity by adding more machines. Furthermore, it opened its branches in shopping malls, airports and suburban locations, allowing it to reach more customers and to increase brand visibility. They also introduced new products, including a wider range of food items, coffee and other beverages to attract more customers. In this way, the company increased its business activities and broadened its present capital structure.

(a) Identify and explain the type of expansion discussed in the above paragraph.

(b) Also explain one other type of expansion.

26(a). 'Carefully identifying the product or service features, design, as well as the resources that will be needed' is an element in the innovation process. Explain its other three elements.

OR

26(b). The process of creativity involves various steps. One of the steps is related to transition period, 'where the entrepreneur starts thinking about the idea and implementation in his subconscious mind'. Explain the next three steps followed by this.

27. 'Golden Ice Cream Limited' is a manufacturer and supplier of ice creams. They set the price of their various ice cream varieties based on manufacturing estimates. The company had been earning good profits over the last many years as there were no competitors in the market for their ice creams. However, during the last year, the company incurred heavy losses. On investigation they noticed that while setting the prices, they did not take into account the actions of competitors, which may have led to these losses. Additionally, the pricing method used by the company includes sunk cost and ignores opportunity costs.

(a) Identify the pricing method used by the company.

(b) Explain any two advantages of the pricing method identified in (a) above.

28(a). Explain any three product-related considerations to be used by an entrepreneur while selecting the channel of distribution.

OR

28(b). Explain 'above-the-line' promotion strategy used by a company to promote its products.

29. 'Kwality Book Store' sells 40,000 chart papers per year. The demand is constant throughout the year. The purchase cost is ₹ 10 per chart paper. Holding cost per annum is 20% of purchase cost, ordering cost is ₹ 100 per order.

Calculate the Economic Order Quantity.

30. 'Bharat Ltd.' is a manufacturer of electronic items. In 2022 – 23, the company decided to enter into manufacturing Artificial Intelligence-based computers. Being highly complex and tedious, the manufacturing process of these computers needed to be thoroughly planned.

- (a) Identify the component of business plan discussed in the above paragraph.
- (b) State the objective of the component identified in (a) above.
- (c) List five points that are needed to be described in this component of business plan, if the manufacturing is to be carried out in whole by 'Bharat Ltd.'.

31(a). What is meant by 'franchising' ? Explain the main components of a franchise agreement.

OR

31(b). Explain any five forms of 'Synergy'.

32. 'Good Air Ltd.' is the manufacturer of different types of electric fans like ceiling fans, table fans, exhaust fans, etc. It wanted to start its operations in the recently electrified rural areas ahead of its competitors. It invested in research and development to adopt new technology so that it could produce energy efficient fans at lower cost.

The government was stable for the last many years and was focusing on electrification of rural areas. 'Good Air Ltd.' took advantage of this and started its operations. The company complied with health and safety regulations, as well as environmental protection laws, to ensure customer safety. As its policy, the company also assures compensation to its customers in case of an injury or accident due to its fans.

Since the disposable income of the people in rural areas was low, the company offered an instalment scheme, making its products more accessible to them. Committed to sustainability, the company ensures that its production causes minimum environmental damage. For this, it focuses on reducing waste by recycling production by-products and using biodegradable packaging materials whenever possible.

Quoting lines from the above text, identify five macro environmental factors that the company took into consideration while operating its business.

33. 'Royal Fruit Juice Ltd.' are the manufacturers of different types of fruit juices. They do not use any artificial flavours in their products. The fixed cost of the production process is ₹ 1,76,000. Given below is information about Mango, Orange and Guava fruit juices.

Type of Juice →	Mango (Per Litre)	Orange (Per Litre)	Guava (Per Litre)
Selling Price (₹)	150	135	100
Variable Cost (₹)	80	65	60
Sales Mix Percentage	20%	40%	40%

From the above data, calculate the following :

- Total weighted average contribution margin per unit.
- Break-even point in units of sales mix.
- Break-even point (in ₹) for each type of juice.

34(a). 'It is an equity-based investment in a growth-oriented small to medium business to enable the investor to accomplish objectives in return for minority shareholding in the business.'

This investment has to be carefully evaluated and analysed by an entrepreneur to find out the stage at which he/she requires this investment to assist in.

- Identify the type of capital discussed in the above lines.
- Explain the three stages included in 'Early Stage Financing' if the capital identified in (i) above is required at this stage.

OR

34(b). 'An affluent individual who provides capital for a business start-up and early stage companies having a high-risk, high-return matrix usually in exchange for convertible debt or ownership equity.'

- Identify the source to raise finance available to an entrepreneur discussed in the above lines.
- State any four features of the source of raising finance discussed in (i) above.

- End of Question Paper -