

CBSE Class 12 Entrepreneurship 2026 - Set 98/7 - 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. Identify which of the following is an element of business opportunity :

- | | |
|----------------------------|--------------------------|
| (A) Assured Market Scope | (B) Creativity and Ideas |
| (C) Product and Innovation | (D) Business Project |

2. The component of a financial plan which relates to how an enterprise's funds are invested in different assets so that the enterprise is able to earn the highest possible return on investment is called a :

- | | |
|----------------------------------|-------------------------------|
| (A) Proforma Financing Decision | (B) Proforma Cash Flow |
| (C) Proforma Investment Decision | (D) Proforma Income Statement |

3. Private placement of shares means :

- | | |
|--|--|
| (A) raising additional finance from existing shareholders. | (B) direct sale of securities by a company to a limited number of sophisticated investors. |
| (C) raising capital directly from the public. | (D) offering shares to employees to enable them to become shareholders and share the profits of the company. |

4. Varad booked a flight from Vasik to Nabhik. Upon reaching the airport, he was informed that the flight had been cancelled due to operational reasons. Although the airline offered him another flight after 10 hours, Varad was not satisfied, as he would miss a very important meeting. He demanded a refund and compensation from the airline as per aviation regulations.

The macro-environmental factor under which Varad demanded refund and compensation for his cancelled flight is :

- | | |
|-------------------|----------------|
| (A) Economic | (B) Legal |
| (C) Technological | (D) Ecological |

5. The minimum number of members in a public limited company should be _____.

- | | |
|------------|-----------|
| (A) two | (B) seven |
| (C) twenty | (D) fifty |

6. Two statements labelled as Assertion (A) and Reason (R) are given below. Read both the statements carefully and choose the correct option :

Assertion (A) : Acquisitions are often made as a part of a company's growth strategy.

Reason (R) : It is more beneficial to take over an existing firm's operations and niche compared to expanding on one's own.

- | | |
|---|--|
| (A) Assertion (A) is true, but Reason (R) is false. | (B) Assertion (A) is false, but Reason (R) is true. |
| (C) Both Assertion (A) and Reason (R) are false. | (D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). |

7. Which of the following is **not** an objective of problem identification ?

- | | |
|--|--|
| (A) To state the problem clearly. | (B) To identify the target group facing the problem. |
| (C) To find the market acceptability of the solution to the problem. | (D) To be creative. |

8. Karan runs a company called Tride Foods. He sells biscuits, spices, ready-to-eat meals and fruit juices under the brand name 'Tride'.

Identify the policy adopted by Karan in choosing a brand name.

- (A) Individual brand name (B) Family brand name
(C) Corporate name (D) Alphanumeric name

9. Return on Investment (ROI) is calculated as :

- (A) $\frac{\text{Net Income} \times 100}{\text{Equity}}$ (B) $\frac{\text{Net Income} \times 100}{\text{Debt}}$
(C) $\frac{\text{Net Profit}}{\text{Total Capital Invested}} \times 100$ (D) $\frac{\text{Equity}}{\text{Net Income}} \times 100$

10. Refer to the given image carefully :



Identify which of the following is used by the company to promote their products in the picture given above :

- (A) Sales Promotion (B) Personal Selling
(C) Public Relations (D) Advertising

10. For Visually Impaired Candidates Only

Which of the following is **not** a consumer promotion activity ?

- (A) Seminars and workshops (B) Loyalty reward programmes
(C) Point of Purchase display material (D) On-pack offers

11. Shyam and Madhur are partners in a firm that prepares and sells sweets on a large scale. Madhur purchased 2000 kg of sugar for the preparation of sweets. It was later discovered that the sugar was adulterated. Shyam refused to make the payment to the supplier, stating that Madhur purchased the sugar without his approval. Which of the following characteristics of partnership will bind Shyam for the acts of Madhur done on behalf of the firm ?

- (A) Agreement (B) Unlimited Liability
(C) Mutual Agency (D) Utmost Good Faith

12. Gross working capital is the total of all _____ of the business.

- (A) assets (B) liabilities
(C) current assets (D) fixed assets

13. Match the main ingredients of a franchise agreement given in Column I with their meanings given in Column II :

Column I	Column II
a. Contract Explanation	i. It is the item outlined in the agreement that includes the types and time frames regarding various maintenance items and upgrades that must be made to the franchisee's location.
b. Operations Manual	ii. It is the part of the agreement that outlines how the franchise name is to be used, as well as the marketing and advertising procedures that the franchisee will be required to follow.
c. Proprietary Statements	iii. It is the section of the agreement that details the guidelines the franchisee must legally follow in operating the business, as outlined by the franchisor.
d. Ongoing site Maintenance	iv. It is the part of the agreement that outlines the type of relationship a franchisee is entering into with the franchisor.

Choose the correct option from the following :

- (A) a-iv, b-iii, c-ii, d-i (B) a-i, b-ii, c-iii, d-iv
(C) a-ii, b-iii, c-iv, d-i (D) a-iii, b-iv, c-i, d-ii

14. 'It is the display of information about a product on its container, packaging, or the product itself.' Identify the concept.

- (A) Labelling (B) Patent
(C) Copyright (D) Trade mark

15. Which of the following, is **not** included in 'Proforma Investment Decision' as a component of financial plan ?

- (A) Land and Building (B) Plant and Machinery
(C) Outsider's Funds (D) Installation Cost

16. Identify which of the following is not a feature of Angel Investors :

- (A) These are current or retired executives, business owners or high-net-worth individuals who have the knowledge, expertise and funds that help start-ups match industry standards.
(B) Their objective is to create great companies by providing value creation and helping investors realize high return on investment.
(C) Most of them provide proactive advice and guidance to start-ups in their early days.
(D) They look for an 'exit' in the time frame of typically 3 – 7 years.

17. If procurement or manufacturing lead time is three months and the demand during this period is expected to be 250 units per month, then the reorder level will be :

- (A) 750 units (B) 500 units
(C) 250 units (D) 1000 units

18. Rohit, a young entrepreneur established an early-stage start-up and developed a smart home energy-saving device that has the potential to reduce the electricity bill by 50%. In the beginning, he arranged some funds from friends and family, but it was not enough to start production to match industry standards. At this stage, Rohit contacted Barua, a retired person from a well-established energy-saving device manufacturing company, who had knowledge and expertise in this field. Barua was a high-net-worth individual with enough funds to invest in Rohit's start-up. In exchange, Barua acquired 20% ownership equity and agreed to guide Rohit.

The investment made by Barua in Rohit's start-up represents which type of financing ?

- (A) Angel Investment (B) Venture Capital
(C) Private Placement (D) Offer to Employees

Section B

19. Pulin Ltd. is a pharmaceutical company. The company observed that the doctors find monitoring the dosage of medicines to be administered to the patients on a regular basis using traditional methods like using a syringe cumbersome. So, it developed a new process of implanting the required medicine in the patients for constant discharge of regulated and required dosage into the bloodstream.

- (i) Identify the type of idea field used by the company.
- (ii) State any two ways in which such type of ideas can be generated.

20(a). What is meant by 'Idea Germination' ?

OR

20(b). State 'Analytical Planning' and 'Resource Organisation' as elements of innovation process.

21. Modern Crafts Ltd. had an existing share capital of ₹ 80 lakhs. It wants to increase its production capacity from 100 units per day to 200 units by adding more machines. For this, it invited applications from the public for issuing 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share.

Identify and explain the type of expansion used by the company.

22. A channel of distribution consists of three types of flows. One of them is downward flow of goods. State the other two types of flows.

23(a). From the following details about the sales made by a stationery shop on a Sunday, calculate the unit price per customer :

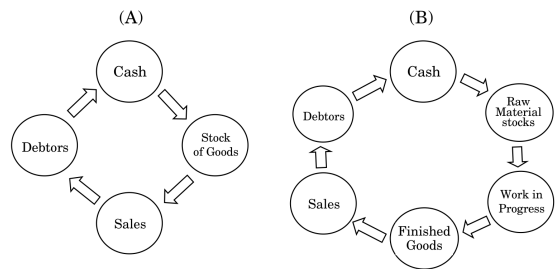
Number of Customers	Per customer Billed Amount (₹)
10	200
15	150
20	300
4	900
6	400
16	100
20	250
9	120

OR

23(b). A readymade garment seller sells two types of shirts – ‘Premium’ and ‘Luxury’ – in the ratio of 7 : 3. From the following information, calculate weighted average contribution margin per unit.

Particulars	Premium Shirts	Luxury Shirts
Sale Price per unit (₹)	600	800
Variable Cost per unit (₹)	400	600

24(a). Refer to the figures given below :



(i) Two cash conversion cycles are shown in Figures (A) and (B). Identify the type of business for each figure.

(ii) State what is meant by Cash Conversion Cycle.

24(a). For Visually Impaired Candidates Only

State why working capital is required.

OR

24(b). State any two points on how Break-even Analysis is helpful for an entrepreneur.

Section C

25(a). 'Selection of a product or service will depend upon many factors.' While assessing the market, an entrepreneur has to prepare details based on these factors. Explain any three such factors.

OR

25(b). 'All ideas need not necessarily become sound business opportunities. One has to assess it in terms of potentiality of the opportunity.' Various steps are involved in this type of investigation. Explain the following three steps :

- (i) Product identification
- (ii) Application and use
- (iii) Level of operation

26. Fimiko Airlines planned to expand its operations by starting international flights to some new countries. However, in many of these countries where Fimiko wanted to operate, the government had strict foreign trade regulations and issues related to landing rights. In addition, a sharp rise in fuel prices increased the operating costs and a fall in consumer spending, due to rising inflation, reduced the demand for air travel. As a result, Fimiko Airlines decided to postpone its expansion plans.

Identify and explain two macro-environmental factors because of which Fimiko Airlines had to postpone its expansion plans.

27(a). Explain the following characteristics of a partnership firm :

- (i) Unlimited Liability
- (ii) Continuity
- (iii) Utmost Good Faith

OR

27(b). Explain the following characteristics of a joint-stock company :

- (i) Separate Legal Entity
- (ii) Voluntary Association
- (iii) Artificial Person

28. Explain the components of the comprehensive term that is used to denote a name, term, sign, symbol, design, or combination of them, to identify the products of one firm and differentiate them from those of the competitors.

29. 'Pure Drinks India Ltd.' is a start-up that has launched protein-rich and fibre-rich drinks in the market. The company has fixed a low price for its drinks, expecting that the customers will switch to the new brand because of lower price. The company has adopted this pricing policy with the marketing objective of increasing its market share or sales volume rather than to make profit in the short run.

- (i) Identify the pricing strategy adopted by 'Pure Drinks India Ltd.'.
- (ii) State any four advantages of the pricing strategy identified in (i) above.

Section D

30(a). Explain any five points of importance of a business plan.

OR

30(b). Besides 'routing', there are five other elements of an operational plan. Explain them.

31. Sudha is a software engineer. She wants to start her own software development business. She wishes to manage and control all affairs of the business by herself, such as, what is to be done, how it is to be done and when it is to be done. She knows that secrecy is very important in this type of business. To meet the financial requirements, she plans to take loans.

(i) Identify the form of business organisation that is suitable for Sudha in the above situation.

(ii) Explain any four characteristics of the form of the business organisation identified in (i) above.

32. Kinra Ltd., a well known clothing brand in North India, wanted to enter the South Indian market. The management knew that if the company entered this market on its own, it would have to face stiff competition from already established companies and would have to struggle hard to gain market share.

To avoid this tough competition and to enter the South Indian market with greater ease, Kinra Ltd. decided to merge with Suvern Ltd., another clothing brand that was already well established in that region with its own stores, suppliers and customer base.

(i) Identify the reason for the merger of Kinra Ltd. with Suvern Ltd.

(ii) Explain any four other reasons why companies prefer to grow through mergers instead of expanding internally.

33. (a) A stationery shop sells 5,000 notebooks per year. The demand is uniform. The purchase cost is ₹ 10 per notebook. The holding cost per annum is 25% of the purchase cost and the ordering cost is ₹ 1,000 per order. Calculate the Economic Order Quantity for the shopkeeper.

(b) Amit invested ₹ 60,000 of his own money and borrowed ₹ 90,000 at 12% p.a. to start a bakery. The total investment in the business was ₹ 1,50,000. At the end of the year, the business earned a net profit of ₹ 36,000. Calculate Return on Equity (ROE).

34(a). Give the meaning of 'Public Issue' as a method of raising capital. State any four of its advantages and four drawbacks.

OR

34(b). 'Entrepreneurs can typically seek venture capital to assist at various stages in the company's development.' Explain 'Seed Capital Financing' and 'Pre-startup and Startup Financing' as part of 'Early-stage Financing'.

- End of Question Paper -