

**CLASS XII**  
**ENTREPRENEURSHIP (Code- 066)**  
**SAMPLE QUESTION PAPER 2018-19**

**Time allowed: 3 Hrs**

**Max Marks: 70**

**General instructions:**

- This paper contains 24 questions in 5 parts and all questions are compulsory.
- Internal choice is given in selected questions.
- There is no word limit for numerical questions.
- The instructions for each part are given separately. Read them carefully and follow.

**Part A**

This part contains 5 questions carrying 1 mark each. Answers to these questions should be from one word to one sentence.

- |   |                                                                                                                                                                                                                                                                                                                                                                                         |   |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 1 | What is idea germination?                                                                                                                                                                                                                                                                                                                                                               | 1 |
| 2 | Differentiate between Brand mark and Trademark.                                                                                                                                                                                                                                                                                                                                         | 1 |
| 3 | Victory Ltd., set up their small manufacturing unit producing bucket seat covers in the name of 'Comfy'. The product was a great hit. After sometime, SMW- market leaders in luxury car manufacturing planned to join hands with Victory Ltd. Such a deal will allow SMW to obtain better pricing and control over the manufacturing process.<br>Identify this type of growth strategy. | 1 |

**OR**

Fitness Ltd., a leading manufacturer of athletic shoes decided to join together with Fizz Up, an energy drink manufacturing company especially for sports people. The new company, Fitness Up, would help the existing companies to extend their markets as goodwill of both would be encashed.  
Identify this type of relationship.

- |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 4 | Name the two factors on which the accuracy of Cash Flow Projections depends upon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1 |
| 5 | Patamadai, a small town resides along the banks of the Tamaraparani river, 20Kms away from Tirunelveli in Tamilnadu. This place is world famous for its silken mats woven from grass. The majority of mats made in here have cotton warps and korai wefts. The process of mat weaving is time consuming and painstaking. This handicraft industry has gone through a cycle of transition from being most coveted to the most ignored. Producers had changed the method of production but off late many of them are reverting back to traditional methods of dyeing and processing the korai grass. Mass production now requires more finance. Which financial | 1 |

institution these producers should approach for help?

**OR**

Shillong is famous for its pristine beauty. Ariel Pvt. Ltd. wanted to build an ecofriendly amusement park which will not only be known for fun activities but will also educate the public about various sustainable development home projects. The company felt that it their duty to educate the present generation about Do-it-yourself projects. This will bring awareness about saving our environment for a better future. The company estimated the project to cost around 15 crore. Which financial institution should they approach?

### **Part B**

This part contains 5 questions carrying 2 marks each. Answers to these questions should be in 50 to 75 words.

- 6 Enlist the elements of Innovation process 2
- 7 Amish has the habit of reading newspaper on a daily basis. The latest headlines caught his attention. The headlines read as follows' "Government plans to offer subsidy to manufacturers of solar panels". He had also heard from his friend that individual house owners are preferring to install solar panels to save electricity. He started to make connections that led him to a business idea of establishing a small scale industry manufacturing solar panels. Identify and explain this way of identification by Amish which has helped him to understand the market and produce goods accordingly. 2

**OR**

Dristi Ltd. decided to manufacture mobile phones with a new feature. It will have an inbuilt button which when pressed will extend into a selfie stick enabling the customers to click selfies easily without the need to carry a separate selfie stick. Identify two PESTEL factors which enabled Dristi Ltd., to bring out this new feature.

- 8 Why is SWOT analysis important in preparing the marketing plan? 2
- 9 'Kindercare' is a successful brand name in the field of playschool across the country. They decided to increase the number of branches all throughout the country. For this purpose they decided to give exclusive rights to individuals in return for a regular payment. The various conditions included were: 2
- Interested individuals need to have Minimum 2000 feet area and are ready to invest around 10,00,000.
  - Books and uniform to be procured from Kindercare headquarters only.
  - Content, technical and accounting assistance would be provided.
  - Teacher training for a month.

Identify and explain this type business opportunity offered by 'Kindercare'.

**OR**

TCW is a leading cool drink manufacturing company headquartered in Delhi. They decided to allow various vendors the opportunity to manufacture and sell their products in various parts of the country. The company will provide the raw materials for manufacturing the cool drink. Identify and explain this type of

business opportunity offered by 'TCW'.

- 10 The agarbatti market in India is estimated at whopping Rs.3,500 crore annually and growing. Indian-made agarbattis are also making rapid inroads into foreign countries. 2
- Agarbatti manufacturing is one of the small scale manufacturing businesses that show promise of exponential growth over coming years. Karnataka has been famous for Agarbatti manufacturing due to easy availability of raw materials. Identify and state any two objectives of the financial institution which will provide financial aid to this sector.

### Part C

This part contains 7 questions carrying 3 marks each. Answers to these questions should be in about 100 words.

- 11 "All ideas need not necessarily become sound business opportunities". In reference to this statement explain the first three steps in idea and opportunity assessment. 3
- 12 Shobha is a small scale entrepreneur manufacturing chocolates in the name 'Yummilicious'. She had started this venture in the year 2012. She attended various start-up meeting where several Angel Investors and Venture Capitalists shared their success story and mentored the new budding entrepreneurs. 3
- In one of these sessions she heard a mentor say that every entrepreneur should constantly and consistently aim to improve the products and services already existing in the market.
- Taking this cue, Shobha decided to introduce wafers, lollipop and hard candy under the same brand name.
- Explain the benefits as to why Shobha is doing so?
- OR**
- Harish, after finishing his degree wanted to start his own business. He was confused as to the kind of business he should start. He attended a start-up session. One of the speakers stated that 'Creativity can be used to spot and harness opportunities, as well as be applied to develop new products and services'. State any three ways in which creative ideas can be generated.
- 13 Subeer, a tech-entrepreneur and his friend Harish, an investment banker planned to start a business organization where they can exercise control over the business, manage it with limited liability and that its continuity is not affected by entry or exit of members. They intend to maintain the confidentiality of the business operations as well. 3
- Identify the form of business organization best suited for them giving reasons for the choice?
- 14 Explain any three types of Intellectual property rights. 3
- 15 The villagers of Jamawar have been known for ages for rearing cows. Farmers have been selling milk to nearby villages. Renu studied up to grade XII in the 3

village school and when she passed her exams with flying colours her parents sent her to the nearby city for undergraduate course. While studying there she noticed that the food habits of people were changing and cheese was used in many products.

After finishing her degree she went back to her village and met the sarpanch. She explained to him the demand for cheese and if a small scale unit is established in the village to convert milk into cheese, it might benefit the entire community. Taking her advice the sarpanch found out the process of turning milk into cheese. Accordingly, they set up a unit in the village with help from the Government authorities. The farmers together decided to run the unit and use eco friendly methods of production and packaging. They decided to brand their product by the name, "Organica Cheese". They also thought of setting aside 2% of the profits for the establishing health centers for villagers.

Keeping in mind the above facts, state the sentence from the case study and explain the types of added value.

**OR**

Business add values to goods and services by modifying them in a particular way to create a new product for greater value to customers. Comment on the concept of value addition from financial and marketing perspective.

- 16 Iqbal runs an electrical shop in Lucknow. The most sold product in his shop is ceiling fans. The annual demand for fans is 32,000. The annual holding cost per unit is Rs.192. The cost incurred in placing an order is Rs.3000. Calculate the Economic Ordering Quantity of Ceiling fans. 3

**OR**

The following figures are extracted from the balance sheet of Swadesha Ltd.

Net profit after tax: Rs. 2,00,000

Net profit before tax: Rs. 2,80,000

Total Investment(Owned + Borrowed): Rs. 4,00,000

Own funds: Rs.1,00,000

Calculate Return on Equity for Swadesha Ltd.

- 17 State the regulatory functions of NABARD. 3

**Part D**

This part contains 4 questions carrying 4 marks each. Answers to these questions should be in about 150 words.

- 18 Entrepreneurship does not emerge and grow spontaneously. Rather, it is dependent upon several economic, social, political, legal and other factors. An entrepreneur has to carefully monitor the organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans. Identifying the concept, justify its importance for an entrepreneur. 4

**OR**

An entrepreneur identifies problems as roadblocks. They understand that they need

to bring creative solutions to it. For this he needs to completely understand the problem, identify the target group and find an acceptable solution. Justify as to how identifying a problem will help an entrepreneur.

- 19 What are the different types of acquisition? 4
- 20 “Writing a good business plan can’t guarantee success, but it can go a long way towards reducing the odds of failure”. Elucidate the importance of a business plan in this context. 4

**OR**

There is no fixed format for business plan presentation. It varies according to the entrepreneur’s goals and audience, especially for start-ups there are four formats that are followed for business plan presentation. Comment.

- 21 Explain any four importance of stock market from the viewpoint of investors. 4

### Part E

This part contains 3 questions carrying 6 marks each. Answers to these questions should be in about 200 words.

- 22 Writing Instruments Ltd. is engaged in manufacturing and distribution of Ballpoint Pen, Sketch Pen and Gel Pen. 6

| Product            | Ballpoint Pen | Sketch Pen | Gel Pen |
|--------------------|---------------|------------|---------|
| Sales price/unit   | 40            | 45         | 75      |
| Variable cost/unit | 20            | 30         | 40      |

The total fixed cost is Rs.75,000 per month. For the coming month, it expects the sale of three products in the ratio – 2:1:2.

Compute the break-even point of the company in Rupees for the coming month.

- 23 Arushi finished her graduation course on designing from a reputed university. She wanted to pursue higher studies from a foreign university. Her father felt that she should work for some time, gain some experience and then proceed to further study. Taking his advice she joined a top advertising firm ‘Crypton Ltd’. 6
- The company was very famous and they had several important clients. As her first assignment, Arushi had to design an advertisement for print media for one of their major clients ‘Amoridilla Soaps’. They were introducing new ayurvedic soap and they wanted Crypton to design an advertisement which was unique.
- Arushi started researching on the various rules of designing advertisement. She learnt that all good advertisements should elicit responses.
- a. State the responses and rules to be followed while designing an advertisement.
- b. Also, Identify and explain the promotion strategy followed by ‘Amoridilla Soaps’.

**OR**

‘Blessy Ltd., decided to diversify into manufacturing vitamin enriched water apart

from their original business of cold drinks. The finance and marketing department sat and decided to adopt either of these two pricing techniques - adding a certain percentage of profit to the cost of production or to sell at a lesser amount so as to capture huge market. They put forth their finding to the CEO.

Identify the technique and state one advantage and one disadvantage for each pricing method.

- 24 Latha started her business of making dosa batter from her home during her free time and started selling the same to households in her area. The batter was a huge success as the quality was good and according to the taste of the target market. She decided to make it into a full time business. Her entire family supported the venture. She approached few family members and friends who lent her around Rs.2 lakh. With that money she purchased some machinery and took a small space on rent to start producing the batter. Her batter in the name of 'Home Taste' was a huge hit in the market. Within a span of few years her business grew double fold. 6

She was talking about her successful venture to her brother who is also a chartered accountant. He suggested her that she should improve her business model so that it will enable mass production. They analysed that they will have to make a list of all pros and cons of increasing the business. Keeping this in mind, her brother prepared a document which described formally the relevant external and internal elements involved in starting the venture on a large scale. This document comprised of various components. Explain in detail any six items which should be included in the component which gives a projection about the economic feasibility of the enterprise.

**OR**

Gauri started her business of manufacturing designer furniture in Lonavala. Her business was a huge success and she thought of starting a designer studio involving huge capital in Mumbai as well as in Pune. Her friends wanted to join hands with her and open the same. They approached a chartered accountant and he suggested them to form a private company as according to him this form of company is more desirable.

- a. State any six privileges of a private company that make it a more desirable than a public company.
- b. Why a company is called 'an artificial person having perpetual succession and a common seal'?