

Sample Question Paper (2022-23) (066)  
Subject: Entrepreneurship  
Class: XII

Time: 3 Hours

Max Marks: 70

General Instructions:

1. The question paper contains 4 sections - A, B, C and D

- 1.1. Section A contains Multiple choice questions
- 1.2. Section B - 2 marks
- 1.3. Section C - 3 marks
- 1.4. Section D - 5 marks

2. Internal choice is given in the paper, there is no overall choice.

S. No.	Question	Marks
<b>Section A</b>		
1	<p>Given below are the factors necessary for developing a successful idea. Identify the correct combinations from the given options.</p> <ul style="list-style-type: none"><li>a. Skills and Knowledge</li><li>b. Trends and demand</li><li>c. Skills, Knowledge and competencies</li><li>d. Trends, demand and change</li></ul>	1
2	<p>'Polymer Ltd' decided to diversify into manufacturing pipes and plastic household products apart from their water tanks business. Their finance and marketing department decided to adopt any of the two pricing strategies –</p> <ul style="list-style-type: none"><li>i. adding a certain percentage of profit to the cost of production</li><li>ii. selling at a lesser amount so as to capture a huge market. They put forward their funding strategy to the CEO.</li></ul> <p>The suggested pricing strategies are:</p> <ul style="list-style-type: none"><li>1. Cost-plus pricing</li><li>2. Skimming pricing</li><li>3. Penetration pricing</li><li>4. Competitive pricing</li></ul>	1

	<ul style="list-style-type: none"> <li>a. 1,2</li> <li>b. 2,3</li> <li>c. 3,4</li> <li>d. 1,3</li> </ul>	
3	<p>Which amongst the following values would help an entrepreneur to determine the Return on Investment?</p> <ul style="list-style-type: none"> <li>1. Net Profit</li> <li>2. Gross Profit</li> <li>3. Inventory carrying cost per unit.</li> <li>4. Total Capital Invested</li> <li>5. Weighted average contribution</li> </ul> <ul style="list-style-type: none"> <li>a. 2,3,5</li> <li>b. 1,4</li> <li>c. 1,2,3</li> <li>d. 2,3</li> </ul>	1
4	<p>In the year 2012, the social media application “Chowpal” acquired “Socialite” at a purchase value of \$1 billion. Both the entities operated in the social media industry and offered similar products as part of their photo-sharing services. However, Chowpal intended to further bolster its market position in the social media space, and the acquisition of Socialite exactly fitted in its scheme of the plan. The merger eventually helped Chowpal in increasing its market share, eliminating competition, and gaining access to a wider audience. Identify the type of merger:</p> <ul style="list-style-type: none"> <li>a. Vertical merger</li> <li>b. Horizontal merger</li> <li>c. Market extension merger</li> <li>d. Product extension merger</li> </ul>	1
5	<p>Ashwin was working as Director Finance in Ambur Metal Works. Managing Director of the Company Kailash asked Ashwin to draft a proforma investment decision plan enlisting the funds which should be invested in different assets so that the company can get the highest possible returns. From the following identify the reason(s) that would help Ambur Metal Works.</p> <ul style="list-style-type: none"> <li>i. It will help the company to understand the total amount of funds required.</li> </ul>	1

	<p>ii. It will also help the company to assess the situation as to whether they have excess or inadequate funds.</p> <p>iii. It helps the company to understand the various sources of funds</p> <p>iv. It helps the company to reflect the position of the business at the end of every year</p> <p>a. i only</p> <p>b. i and ii only</p> <p>c. i and iii only</p> <p>d. i, ii, and iii only</p>	
6	<p>Mayank, a small entrepreneur, is manufacturing LED lamps with the brand name 'Led-amps'. These lamps are in great demand. He finds that the cost of production per unit of the lamp is ₹ 800 and he can sell the same at ₹1000 per lamp. The competitors in the market are selling this type of lamp at the rate of 1200. Mayank's objective is not to earn profit in the short-run but to capture the largest market share. His expectation is that the customers will be attracted towards the new brand because of the lower price.</p> <p>Identify the method of pricing adopted by Mayank to capture the substantial portion of the market.</p> <p>a. Cost plus Pricing</p> <p>b. Penetration Pricing</p> <p>c. Skimming Pricing</p> <p>d. Variable pricing</p>	1
7	<p>Given below are information obtained from the balance sheet of PQR Ltd., What will be the gross working capital for PQR Ltd. for the year ending 31<sup>st</sup> March 2022?</p> <p>Assets: (in Rupees)</p> <p>i. Cash- 60,000</p> <p>ii. Stock- 50,000</p> <p>iii. Trade Debtors- 65,000</p> <p>iv. Short term investment- 15,000</p> <p>Liabilities: (in Rupees)</p> <p>i. Short term loans- 25,000</p> <p>ii. Trade creditors- 5,000</p> <p>iii. Outstanding expenses- 10,000</p> <p>a. 40,000</p>	1

	<p>b. 1,90,000  c. 1,50,000  d. 2,30,000</p>	
8	<p>The entrepreneurs have an option to brand their product alpha-numerically, as it signifies:</p> <p>a. Chemical characteristics  b. Physical characteristics  c. Neutral characteristics  d. Mathematical characteristics</p>	1
9	<p>A grocery owner has an equity stake of ₹ 40,000/- in the business. He has borrowed ₹ 60,000/- at the interest rate of 10% per annum. He made a net profit of ₹ 20,000/- in one year.</p> <p>What will be the Return on Equity for the grocery owner?</p> <p>a. 20%  b. 30%  c. 35%  d. 50%</p>	1
10	<p>Assertion(A): Customers are part of the micro environment.  Reason(R): Micro environment does not operate in isolation and is one of the levels of business environment.</p> <p>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.</p>	1
11	<p>Who plays a very vital role as a financial intermediary?</p> <p>a. Primary Market  b. Capital Market  c. Stock Market  d. Securities and Exchange Board of India.</p>	1
12	<p>Assertion (A): In franchising there is usually a much higher likelihood of</p>	1

	<p>success when an individual opens a franchise as opposed to a mom-and-pop business.</p> <p>Reason (R): It runs on a proven business formula that is already in place.</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)</p> <p>c. Assertion (A) is true but Reason (R) is false.</p> <p>d. Assertion (A) is false but Reason (R) is true.</p>	
13	<p>Assertion(A): For a trading organization, the operating cycle will be shorter.</p> <p>Reasoning(R): There is no manufacturing in a trading organization.</p> <p>a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)</p> <p>c. Assertion (A) is true but Reason (R) is false.</p> <p>d. Assertion (A) is false but Reason (R) is true.</p>	1
	<p><b>Read the following article written on the basis of reopening of economy world wide in various sectors and answer the from question 14- question 18</b></p> <p>E-Commerce –The pandemic has given rise to a “homebody economy”, as households make more use of online orders to avoid crowds. Across Europe’s largest e-commerce markets - France, Germany, and the UK - purchase behavior has evolved. According to a May study by Kantar, 9% of shoppers make more online purchases than before; 60% say they will continue to shop online after the outbreak; and 80% say they will shop online again for non-essential items.</p> <p>Gaming - The pandemic has accelerated existing trends within the gaming industry, such as the way gamers purchase and consume, moving from packaged games to downloadable content. Another indicator of this shift, mobile apps in general have skyrocketed during the crisis and are expected to account for 48% of the global games market this year, according to Newzoo’s</p>	

	<p>April study.</p> <p>Automotive industry - As consumers regain the ability to travel in a post-lockdown world, they'll also be more concerned with how to commute safely. Despite being caught in the grip of the Covid-19 pandemic, the automotive industry has been a surprising early riser post-confinement. Marketers have quickly realised that more consumers are exploring car ownership now that they want to reduce their use of public transport.</p> <p>Blogging - Confined to their homes, most people have resorted to creating their own blogging services related to every field. Home cooks have emerged successfully creating their own reels. Many ready to cook food companies have resorted to advertising their products through these influential bloggers.</p> <p>Finance - In the early stages of Covid-19, finance, and especially insurance services, saw a huge spike in page views as consumers wanted to ensure the safety and health of their families. Following the global financial uncertainty, consumer behaviour has shifted from a “now” mindset to one that prioritises the future - thinking more about how to invest and protect savings. As this crisis continues to evolve, finance will likely continue to be a high priority, and brands have started to identify the current mood and concerns of their customers through feedback, observations and are deciding as to how best to address them.</p> <p>Source: Trendspotting-exchange4media.com; June, 2020.</p>	
14	<p>‘Cook-it-fast’ - a growing ready to cook product manufacturing company was looking into various means of advertising their products. The marketing team suggested approaching an influential food blogger who can use their products in their recipes. Which way of trend spotting does this indicate?</p> <ul style="list-style-type: none"> <li>a. Read Trends</li> <li>b. Talk Trends</li> <li>c. Watch Trends</li> <li>d. Think Trends</li> </ul>	1
15	<p>“Play your way” a leading game developer company realised that they have to redevelop and enhance their app experience after reading the above article and listening to customer reviews as well observing the pattern of people downloading and using the “In Purchase Facilities” within the app. Which way of trend spotting does this indicate?</p> <ul style="list-style-type: none"> <li>a. Read Trends</li> </ul>	1

	<ul style="list-style-type: none"> <li>b. Talk Trends</li> <li>c. Watch Trends</li> <li>d. Think Trends</li> </ul>	
16	<p>“According to a May study by Kantar, 9% of shoppers make more online purchases than before; 60% say they will continue to shop online after the outbreak; and 80% say they will shop online again for non-essential items. ”</p> <p>Which way of trend spotting does this indicate?</p> <ul style="list-style-type: none"> <li>a. Read Trends</li> <li>b. Talk Trends</li> <li>c. Watch Trends</li> <li>d. Think Trends</li> </ul>	1
17	<p>“Marketers have quickly realised that more consumers are exploring car ownership now that they want to reduce their use of public transport.” Which way of trend spotting does this indicate?</p> <ul style="list-style-type: none"> <li>a. Read Trends</li> <li>b. Talk Trends</li> <li>c. Watch Trends</li> <li>d. Think Trends</li> </ul>	1
18	<p>“As this crisis continues to evolve, finance will likely continue to be a high priority, and brands have started to identify the current mood and concerns of their customers through feedback, observations and are deciding as to how best to address them.” Which way of trend spotting does this indicate?</p> <ul style="list-style-type: none"> <li>a. Read Trends</li> <li>b. Talk Trends</li> <li>c. Watch Trends</li> <li>d. Think Trends</li> </ul>	1
<b>Section B</b>		
19	State any two characteristics of partnership form of business organization.	2
<b>OR</b>		
	Why is a private company more desirable than a public company. Give any two reasons.	2
20	The merger of Techno Fit and Let’s Konnect was due to the rising competition with Arihant Tech . The market was slowly captured by Arihant Tech, due to	2

	<p>its policy of providing free service in the first 6 months. Both Techno Fit and Let’s Konnect couldn't stand the price war between the companies in the telecom sector and decided to come together so as to increase their market share. This strategy helped them in cost saving through economies of scale as they could cover more areas now. It led to the overall growth of both the companies.</p> <p>Identify and explain the growth strategy adopted above by the telecom operators, Techno Fit and Let’s Konnect.</p>	
21	<p><b>Read the following newspaper article and identify and explain the elements in the PESTEL model which is present in this article.</b></p> <p>India will ban the use of single use plastics from July 1 in order to prevent its harmful effects on environment and in pursuance of its global climate goals. The production, importation, stocking, distribution, sale, and use of certain single-use plastic items that have a low utility and a high potential for littering will henceforth be banned.</p> <p>The items that face ban are plastic stirrers, plastic plates, plastic cups, plastic glasses, plastic cutlery like forks, spoons, and knives, plastic trays, wrapping or packaging films around candy boxes, balloon sticks made of plastic, flags made of plastic, candy sticks, ice-cream sticks, and polystyrene (Thermocol) for decorations.</p> <p>The ministry announcement further stated that control rooms at the national and state levels must be established in order to monitor the unauthorized production, importation, stocking, distribution, sale, and use of items made of single-use plastic that are forbidden.</p> <p>Plastic carry bags with a thickness of less than 75 microns are currently illegal to manufacture, import, stock, distribute, sell, and use, according to the Plastic Waste Management Amendment Rules, 2021. Plastic carry bags with a thickness of less than 120 microns will be forbidden as of December 31, 2022.</p> <p>Source: Economic Times, June 28, 2022</p>	2
22	<p>“Successful launch of a product depends upon various factors. Entrepreneurs have to keep in mind the various ways of reaching the customers and persuade them to buy their products.”</p> <p>Comment on any two such methods used by an entrepreneur in attracting the customer to buy their product.</p>	2

	<b>OR</b>	
	Varied reasons are cited by firms for joining hands with another company to enhance their growth. Analyse any two reasons for the same.	
23	To be successful an entrepreneur needs to work on various areas. One such area is generation of ideas which is very crucial for the ultimate success of the firm. In order to streamline the generation of the ideas the entrepreneurs will have to use various convenient frames of reference. Comment on any two such frames.	2
24	State any one advantage each for a company that opts for private placement and rights issue as a source to raise funds.	2
	<b>OR</b>	
	State the role of an angel investor in an entrepreneurial pursuit.	2
<b>Section C</b>		
25	Arpit, an entrepreneur, was short of capital. He was worried about the fact as to how he will reach out to his customers. He met his friend who is at present working in a start-up firm. He explained to Arpit a way to reach customers without any middlemen which will help him overcome the shortage of cash. So, Arpit decided to keep his channel of distribution simple as advised by his friend.  <ol style="list-style-type: none"> <li>1. Identify the channel of distribution adopted by Arpit.</li> <li>2. Explain the channel of distribution mentioned above.</li> <li>3. Give any two of advantages of this type of channel.</li> </ol>	3
26	What does the manpower plan help to assess?	3
	<b>OR</b>	
	Explain the first three steps involved in preparing the marketing plan	3

27	<p>Kavita started a boutique named ‘Stylo queens’. She replaced old sewing machines with the new one’s during the pandemic to manufacture masks and PPE kits. Gradually her boutique became popular and seeing the swelled up demand for her products she further installed extra machines to cater to the growing demand of the increasing customers. From the profits earned, she decided to further expand the business by starting a new business of cushion covers and bed sheets .</p> <ol style="list-style-type: none"> <li>1. Identify the type of expansion mentioned above.</li> <li>2. What is the net result of such an expansion?</li> <li>3. Explain the expansion discussed above.</li> </ol>	3
28	<p>The entrepreneur should develop a sound financial plan as timely availability of funds in the right volume is key to entrepreneurial success.</p> <p>In the light of the given statement, examine the relevance of a financial plan for an entrepreneur.</p>	3
29	<p>The level of sales to the level of revenue generated is a useful parameter for mapping an organization's present and future course of action. Justify.</p>	3
	<b>OR</b>	
	<p>An entrepreneur may need the venture capitalist in the second stage of financing or as a source of bridge financing but he should always go in for a due diligence before opting venture capital as a source of finance.</p> <p>Comment on the given statement from the perspective of an entrepreneur.</p>	3
<b>Section D</b>		
30	<p>Franchising is advantageous for both franchisor and franchisee. Explain five advantages of franchising for the franchisee.</p>	5
	<b>OR</b>	
	<p>Explain five common types of Intellectual Property Rights.</p>	5
31	<p>‘While there are benefits of going public as a source of finance for a company, it also means additional obligations’.</p> <p>Analyse and justify the statement.</p>	5
32	<p>Explain the steps of creative process.</p>	5
	<b>OR</b>	
	<p>What is the need for a business plan? Elaborate on various formats in presenting a business plan to prospective investors?</p>	5

33	<p>VG Ltd. uses EOQ logic to determine the order quantity for its various components and plan its orders. The Annual consumption is 80,000 units, Cost to place one order is ₹ 1,200; Cost per unit is ₹ 50 and carrying cost is 6% of Unit cost.</p> <p>What is the EOQ for VG Ltd.? How will the calculation of EOQ benefit VG ltd.?</p>	5
34	<p>Aarushi finished her Bachelors degree in Management and decided to join Paras Pharmaceuticals. She was placed under the department which oversaw the exact route of each individual item. Her supervisor Kumar explained that their department plays a very important function of looking into the movement of material, performance of machines and operations of labour. She was surprised and asked Kumar the reason and he further explained that the department makes a plan for every item which will ensure the orderly flow of materials from raw material stage to the finished product stage and this will enable continuous production always.</p> <p>He further elaborated on various systems used for quality control. Kumar showed her an existing plan and asked Aarushi to devise a plan incorporating all that he had explained.</p> <p>Explain the first five elements involved in this plan.</p>	5