

## PRE-BOARD EXAMINATION – (JANUARY – 2019)

CLASS: XII

ENTREPRENEURSHIP

Time: 3 hrs.

MAX. MARKS: 70

**General Instructions:**

- a) This paper contains 24 questions in 5 parts and all questions are compulsory.
- b) Internal choice is given in selected questions.
- c) There is no word limit for numerical questions.
- d) 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. Kumar belongs to a farmer's family. One day a team of officials from the local block development office visited his village for discussing additional opportunities related to agriculture. The team discussed with the villagers how to develop fishery. The team explained about the technique of construction of ponds and the modern technology of growing fishes. The team also informed that the 'State agriculture department' will provide loan at an interest rate of 2½ % per annum to the farmers who will engage themselves in the occupation and will also help the farmers in the marketing of fishes. Kumar, decided to engage himself in the fishery occupation. Identify the 'idea field' that helped Kumar to engage himself in fishery occupation. 1

2. What is meant by 'integrative negotiations'? 1

**Or**

Differentiate between Brand mark and Trademark.

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. 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. Rishabh lives in Vijay Nagar, a residential colony near Delhi University (DU). Being close to DU this area is a hub for students who come from outside Delhi to study here as they find good accommodation with Tiffin service readily available. Rishabh has a vacant residential building there. He found it to be an attractive economic idea to start a Paying Guest House. He knows that he has a good market because of the location of his building. State the other requirement he has to ensure before opting for this opportunity. 1
5. Deepak Industries is a sugar manufacturing unit in U.P. Due to various reasons it started running into losses and was declared a sick unit by the State Confederation of Industries. It had assets and probability to revive if financial assistance could be made available. Name the financial organisation that can help Deepak Industries in this situation knowing well that it cannot furnish any collateral security against the loan sanctioned. 1

### **Part B**

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

6. Gunjan has just passed her senior secondary examination from a CBSE affiliated school. She wanted to start her own business but was unable to decide about the nature of the business. One day during the morning walk her grandfather fell down in the park and was injured. She observed that her grandfather often forgets to take his medicines. She thought that the same problem may be faced by other old people. She thought to develop an instrument for old people that could be fitted with an electronic device connected to the mobile phones of the members of their family which could indicate the location of the old people when they go outside their homes. This device could be kept in their pockets. She also thought to fit a timer in the instrument that could remind the old persons about the time of taking their medicines. Identify and state the meaning of the concept described in the above para that helped Gunjan in structuring her idea for solving the problem. 2
7. Give any two points of distinction between 'Basic Idea' and 'Post Scanning Idea'. 2
8. Sanjiv was developing a business plan for his organization. While working on the financial plan he realised that his financial requirements will be for fixed assets and their installations, preliminary expenses, working capital, expenses on research and development and investment in short-term assets viz. raw material, level of cash, etc. To decide on the sources of funds for the venture, he tried to ensure the selection of the best overall mix of financing for the enterprise. 2
- (i) Identify the elements of financial plan discussed here.
  - (ii) Why is it important for an entrepreneur to ensure the selection of the best overall mix of financing for the enterprise?

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

- a. Interested individuals need to have Minimum 2000 feet area and are ready to invest around 10,00,000.
- b. Books and uniform to be procured from Kindercare headquarters only.
- c. Content, technical and accounting assistance would be provided.
- d. 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. State any four powers of Securities and Exchange Board of India. 2

**Or**

State the regulatory functions of NABARD.

### **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. Deepak and Gaurav joined the prestigious law university in Ahmedabad in the year 2010. During the course of study they became good friends and they both realized that their common interest lies in the field of corporate law. After completion of their degree they decided to start a firm of their own, namely 'Corpo Law Firm' wherein both of them will be co-owners dividing the profit and loss. After successfully running the firm for a year, they realized that there are certain rights which are denied to their firm as it is not registered. Explain the consequences of non-registration of their firm. 3

**Or**

Gopi, in order to promote local craftsmen of Gujarat, formed an organization where in the persons voluntarily associate themselves to promote common economic interest. The basic purpose of this organization was to help these craftsmen to find market for their products. It had a managing committee that was elected on the basis of 'one member one vote'.

- a. Identify the form of business organization set up by Gopi.
- b. Quoting the lines form the above para, state any two features of this form of organization.

13. Shilpi Ltd. started the manufacturing of herbal toothpaste. They researched that large number of established enterprises were also manufacturing the similar type of products. The company fixed the price of their toothpaste on 'cost plus method' of pricing. After some time the company realized that they were not getting good response regarding their toothpaste from the customers and the market share of their toothpaste was less than 0.5%. Since their product was new, they decide to change the pricing method so that initially they could get more customers. 3
- Identify the new pricing method that was adopted by Shilpi Ltd.
  - State any three advantages of the new pricing method identified in (a) above.
14. Why is 'customer relationship management' important for any business? Explain briefly 3
15. 'Golden Sweets' was a partnership firm, owned by Swati and Sushma. 'Asam Sweets' was another partnership firm owned by Vipin and Pranav. Swati and Sushma were sharing profits in 1:2 ratio and Vipin and Pranav were sharing profits in 2:3 ratio. Both the firms were situated in a famous market of Guwahati and were doing competitive business. Pranav the partner of 'Asam Sweets' observed that many of their customers were from far off areas and if branches of 'Asam Sweets' are opened in other parts of the city, the firm may earn huge profits. Similar was the situation of 'Golden Sweets'. One day in a function at a common friend's house, the partners of both the firms knew that the internal expansion of their respective firms will be costly. Hence, they decided about the merger of the two firms. For this purpose they decided to meet again to finalise the conditions of merger. Finally on 1.1.2016 their respective firms were merged and a new firm 'Asam Golden Sweets' was formed with all the four partners Swati, Sushma, Vipin and Pranav. Their new profit sharing ratio was 1:2:2:3. During the year ended 31.12.2016 the new firm opened four new branches in different parts of the city and earned a profit of 30% on sales. 3
- Identify the type of merger adopted by the two firms and also give its meaning.
  - Also give the names and meaning of two other types of mergers.

**Or**

Unicon Ltd. and Nahata Communications provide Cable T.V network in adjacent areas of Delhi. After sometime the market was slowly taken over by big cable companies. Both Unicon Ltd. And Nahata communications understood the competition and decided to come together so as to increase their markets 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.

- Identify the enterprise growth strategy adopted by the two.
  - State any two benefits that the companies have after this arrangement.
16. Paramveer Singh runs an online business for gym equipment. Annual demand for the Waist Flexers is 16,000. The annual holding cost per unit is Rs.48 and the cost to place an order is Rs. 1,500. Calculate the Economic order quantity of Waist Flexers. 3

**OR**

‘Janata Foods Ltd.’ is a restaurant situated on a national highway near Hyderabad.

The following figures have been extracted from the books of Janata Foods Ltd. :

	(Rs.)
Stock of Raw Material	1,50,000
Short-Term Loans	1,83,000
Trade Creditors	96,000
Trade Debtors	2,25,000
Dividend Payable	1,50,000
Tax Payable	1,32,000
Short-Term Investments	2,28,000

From the above information, calculate the following :

(a) Gross Working Capital

(b) Net Working Capital

17. Bhushan and Vinay were pursuing Electrical Engineering from a prestigious engineering college. During their third year they developed a solar LED bulb which can be used indoors. The bulb had a small panel which had to be charged at a stretch for 10 hours in the sun and it would last for 200 hours of usage. 3

The idea was risky as there was a possibility that the market might not accept such a product, but if they do so, then, there would be a revolution in the power industry as it would lead to saving of power in every household.

The prototype was made but to manufacture and distribute the same, they required around 5 crores. Both Bhushan and Vinay approached some affluent individuals who were ready to invest in their business in exchange for a convertible debt.

Identify the type of investors and state any two features of the same.

#### Part D

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

18. “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.

19. State any four primary activities that are essential for a firm to have a competitive advantage as given by Porter. 4

20. Industrial finance is a very complicated problem. To meet the growing needs of the industries and entrepreneurs, heavy flow of finance is required. For this, various financial institutions have been established at the National and State levels. These institutions provide developmental finance. 4
- (a) Give the name of the group of financial institutions  
(b) Also, give any six points stating the need for such institutions.

21. Describe briefly the ways in which the entrepreneur spots trends. 4

**Or**

Explain the different types of brand names?

**Part E**

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

22. Kavita has observed that there can be a good market for hand – knitted cotton and woollen trendy garments for small kids up to the age of three years. She thought of starting a small enterprise for the same. She also ensured that the enterprise will require 10 – 15 trained workers and an investment of rupees two lakhs. This will give 40% annual return on investment. 6
- (a) Quoting lines from the above para, identify and give the meaning of the entrepreneurship concept being stated in the above para.  
(b) Also, state the elements of the concept identified in (a) above

**Or**

“It is an organized mechanism meant for effective and smooth transfer of financial resources from the investors to the entrepreneurs”.

- (a) Identify the mechanism and list its different types.  
(b) Name the association of persons established under the mechanism identified in (a) above. Also, explain any four points of its importance to investors.
23. Dr. Bhim is a senior cardiologist and is concerned about the depleting health index. He researched and found that proper eating habits can improve the quality of life. He initiated ‘MediBytes’ a unique canteen, where the food is provided as per one’s health needs. The food served at ‘MediBytes’ has no fast food and no aerated drinks. It provides zero oil food with all the basic nutrients required for the body. Initially these canteen were started in Hospitals but since people are becoming health conscious ‘MediBytes’ is planning to open their branches in other locations also. 6
- a. Identify and explain the idea field that was explored by Dr. Bhim?  
b. State any two idea fields with examples other than the one identified in (a) above.

**Or**

Jaishree started a readymade garments shop for ladies in a residential area where mostly government servants live. Suggest her the ways to make her business a successful one.

24. Raman is a potential investor who wishes to be a part of Equity Linked Saving Scheme (ELSS). 6

He has given the particulars of two companies to seek your advice on investment. Compare the Return on Equity of the two companies and suggest Raman where should he invest.

<b>Particulars</b>	<b>Alpha Ltd. (Rupees)</b>	<b>Beta Ltd.(Rupees)</b>
Total Capital Invested	20,00,000	20,00,000
Owned Funds	10,00,000	10,00,000
Interest on Borrowings from Bank	60,000	50,000
Cost of goods sold per month	7,00,000	8,50,000
Monthly Sales Revenue	10,00,000	15,00,000
Salaries	2,40,000	3,60,000
Utilities	75,000	1,00,000
Depreciation	5,500	6,000
Tax Rate	20%	25%

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