



INDIAN SCHOOL AL WADI AL KABIR

SAMPLE PAPER 3- 2020-21

CLASS XII


SUB: ENTREPRENEURSHIP

MAX. MARKS: 70

Instructions:

- (i) All the questions are compulsory. There is no overall choice, though internal choice is given.
- (ii) Read the questions carefully before attempting.
- (iii) Questions No. 1 to 21 are very short answer type questions, carrying 1 mark each consisting of MCQs, Fill in the blanks, One-word answer, True/False.
- (iv) Questions No. 22 to 26 are short answer type questions, carrying 2 marks each. Answer to each of these should not exceed 50 words.
- (v) Questions No. 27 to 29 are short answer type questions, carrying 3 marks each. Answer to each of these should not exceed 75 words.
- (vi) Questions No. 30 to 32 are short answer type questions, carrying 4 marks each. Answer to each of these should not exceed 150 words.
- (vii) Questions No. 33 to 35 are long answer type questions, carrying 6 marks each. Answer to each of these should not exceed 250 words.

Q. No.	QUESTIONS	Marks
1.	Choose the correct option Marketing plan is a document: (a) regarding the marketing objectives, strategies and activities to be followed by the new Enterprise. (b) which describes the flow of goods/services from production point to the customers. (c) which determines how many units must be sold or how much sales volume must be achieved in order to have break-even-point. (d) which reflects the projected cash available with the Enterprise.	1
2.	Growing orchids, roses and tulip and selling to floral decorators is an example of the following source of idea field: (a) Service sector ideas (b) Trading related ideas (c) Natural resources (d) Market driven ideas	1
3.	Following are the details of current assets and liabilities of ABC Co. Stock- ₹1,00,000 Debtor- ₹50,000 Cash- ₹20,000 Short-term investment- ₹1,00,000 Current liabilities- ₹20,000 Trade creditors- ₹10,000 Outstanding expenses- ₹5,000	1

	Calculate Gross Working Capital from the above given details. OR Calculate Net Working Capital from the details above.	
4.	Market driven idea uses market research to yield valuable data about trends of supply, demand and customer preferences. State true or false	1
5.	Parth along with his friends had a brilliant idea to manufacture an Eco-friendly generator. The idea was new and the market did not have such a successful product. For starting the unit, they needed huge funds, so they decided to approach Shawn, a successful businessman and who is also a venture capitalist. However, Shawn said that he was very busy and if they could pitch their idea to his friend Michel. Parth showed Michel a detailed well written, pleasing formatted plan Which format of Business plan did Parth and his friends use? A. Elevator Pitch B. A pitch deck with oral narrative C. A written presentation for external stakeholders D. An internal operational plan	1
6.	Harish was not too keen to take up his family run business of making bamboo baskets. But due to the bad condition of the family business he had no option except to take up this business. He started thinking about the new ways of using bamboo. One day while having lunch in a restaurant he overheard the owner talking about the difficulty in disposing the plastic and thermacol crockery that was being used in the restaurant. This provided him the stimulus for a new venture. Harish started looking into various options of making bamboo plates which could be used in the restaurants. He discussed the idea with his father who advised Yash that ideas should lead to commercially viable forms in order to survive and grow. Identify the concept discussed in the above situation.	1
7.	This form of business generally has a limited area of operation due to limited finance availability and _____.	1
8.	_____ is the second step involved in the creative process.	1
9.	From the images given below, Identify the commonly used advertisement media by Gucci for promoting their product. 	1


10.	Mahindra & Mahindra Ltd. a part of the India industrial conglomerate Mahindra Group, has adopted the strategy of appointing distributors to expand their business and gives exclusive rights of local distribution to those distributors in return for their payment of royalties and conformance to standardized operating procedures. Mahindra First Choice, a multi brand car-servicing company. The company is planning to take the count of its outlets to 450 in the next four years. The new outlets will be a mix of both company-owned and distributors outlets. Identify the strategy adopted by Mahindra & Mahindra Ltd for expansion and growth of their business.	1
11.	_____ grants 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	1
12.	_____ is the section of the agreement that details the guidelines that the franchisee must legally follow in operating the business as outlined by the franchisor. a) Contract Explanation b) Operations Manual c) Proprietary Statements d) Ongoing Site Maintenance	1
13.	_____ Pricing is typically based on a manufacturing estimate.	1
14.	A merger between firms that are involved in totally unrelated business activities is known as horizontal merger. State true or false	3
15.	It can result in fast diffusion and adoption. This can achieve high market rates quickly identify the pricing strategy. a) Variable pricing b) Skimming c) Cost plus pricing d) Penetration pricing <p style="text-align: center;">OR</p> This strategy can backfire if there are close competitors and they also introduce same products at lower price then consumers will think that the company always sells the products at higher prices which will result in consumers abandoning other products of the company also. Identify the pricing strategy a) Variable pricing b) Skimming c) Cost plus pricing d) Penetration pricing	1

16.	A _____ may be defined as an organized mechanism meant for effective and smooth transfer of money capital or financial resources from the investors to the entrepreneurs.	1	
17.	If total billed amount is ₹2,50,000 and if the number of customers is the unit of sale. Calculate unit price per customer, if the total number of customers is 100.	1	
18.	If net profit after tax is ₹1,50,000 and if the investment made by the owner is ₹10,00,000 and the loan component is ₹5,00,000. Calculate ROE using the details given above. OR Using the above given information, Calculate ROI	1	
19.	_____ facilitates transfer of resources from the savers to entrepreneurs seeking funds for setting up new business, expansion and diversification.	1	
20.	COLUMN A – Terms	COLUMN B- Meaning	1
	i. Proforma investment decisions	(a) It is the projected net profit calculated from projected revenue minus projected costs and expenses.	
	ii. Proforma income statements	(b) Reflects the cash available with the enterprise	
	iii. Proforma financing decisions	(c) Estimation of fixed assets and of working capital should be clearly mentioned in this part of business plan.	
	iv. Proforma cash flow	(d) summarizes all the projected sources of funds available to the venture to raise finance from.	
	Identify the correct option to match the above columns: A. i– b; ii – d; iii – a; iv – c B. i– c; ii – a; iii – d; iv - b C. i– a; ii – c; iii – d; iv - b D. i– c; ii – a; iii – b; iv - d		
21.	What is Operating Cycle?	1	
22.	"Partnership is a relationship between persons who have agreed to share the profits of a business carried on by all, or any of them acting for all. "This is the definition of partnership as per Indian Partnership Act, 1932. Partnership form of a business is an ideal choice for starting a new venture, if the entrepreneur's– capital and managerial requirements are higher as compared to that of sole proprietorship. State any other suitability of partnership. [two points]	2	

23.	Why should an entrepreneur carefully monitor an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans?	2
24.	<p>It refers to the difference between the value of the combined firm and the value of the sum of the participants. It accrues in the form of revenue enhancement and cost savings. For example, if firms A and B merge and the value of the combined entity—$V(AB)$—is expected to be greater than (V_A+V_B), the sum of the independent values of A and B, the combined entity is said to be benefitting. Identify the concept stated in the above-mentioned details. What are the different types of the above identified concept?</p> <p style="text-align: center;">OR</p> <p>How does franchising help start-up?</p>	2
25.	<p>Source based- Groww: https://groww.in</p> <p>In the capital market, transactions go through three phases – trading, clearing, and settlement. SEBI has designed processes to ensure that at every stage there is a minimal chance of a fraud or a scam by including the above-mentioned intermediaries to increase transparency and reduce risk. While the process flow is not very complex, the role of intermediaries in the capital market is defined to make investors feel secure and boost the securities market in India. Capital Markets play a very vital role of a financial intermediary.</p> <p>a) Explain the role of capital market as an intermediary. b) list the classification of capital market.</p>	2
26.	<p>Shahida, a student of School of Rug Weaving Institute, Turkey, visited her grandparents in Kashmir for the first time. Breathtaking mountain scenery, clear lakes, lush vegetation and magnificent forests mesmerized her. The valley is home to a rich biodiversity including a large number of bird species, many of which are unique to Kashmir. It is home to Yak and sheep that are taken care of by nomads. Kashmiri lifestyle is essentially slow paced and reflects religious diversity. Kashmiris are known to enjoy their music in its various local forms, and the traditional dress of both genders is often quite colorful. Tulip, Saffron, dry fruits and artistic woodwork are its hallmark. She also observed that the government was stable and all the tourist places were well guarded by the army. She found it to be an ideal place to start a unit for carpet weaving and employ local people to preserve the ethnic touch. After the devastating floods a considerable population was rendered jobless, her unit would help to revive their economic condition. She started scanning and screening the environment and collected the following information.</p> <p>a. Help her categorize the information making use of PESTEL MODEL. (Any three)</p>	2
27.	<p>Sanjay was developing a business plan for his organization. While working with the business plan he realized that the business plan generally begins with the "mission statement" by the entrepreneur describing the size, scope and nature of the enterprise.</p> <p>a. Identify the component of Business plan discussed here. b. Explain the items of infrastructure that should be included in the business plan</p>	3

28.	<p>Shiela after graduating from college went back to her home town in Meghalaya. It was a small town with very few job opportunities. The Karbi tribal women in that area were uneducated but still practiced the method of obtaining traditional colors from natural wild herbs. Their most popular dye was indigo obtained from the leave called 'sibu'. Using these colors, they added variety to their textiles. The women were mainly confined to their homes and they did not know how to make a living out of their talent. Shiela went from door to door to analyzed the problem that existed. She thought of setting up a voluntary association of rural women who would be able to join and leave the organisation at their own will without any coercion or intimidation.</p> <p>a. Name the process which helped Shiela in converting an idea into an opportunity.</p> <p>b. Mention any two factors involved in the above identified process.</p> <p style="text-align: center;">OR</p> <p>It as an attractive economic idea which could be implemented to create a business, earn profits and ensure further growth.</p> <p>a. The above given details are related to entrepreneurial opportunity-identify</p> <p>b. State any two elements of the identified concept</p>	3
29.	<p>Aditya Bearings Ltd. are the manufacturers and suppliers of ball bearings to fan manufacturing companies. The company requires 900 kg of wrought iron for its production process. The cost of placing each order is ₹50 and carrying cost is ₹100. Calculate Economic Order Quantity.</p>	3
30.	<p>David, a graduate of Botany, Manipal University came across a barren land near Solan, when he visited this place during his summer break. David was fond of strawberries and was inquisitive to understand the reason why strawberries could not be grown there. He was informed by the local authorities that the land was infertile for raising strawberries. He took this as a challenge and believed in its success. Best quality strawberries now mark the beauty of that barren piece of land. He also sells preserved fruits for supermarkets. He is planning to process these fruits to make jam and toppings for cake.</p> <p>(a) Identify and explain the 'idea field' from where the idea has been generated.</p> <p>(b) Also explain and give one example each for three other idea fields which may generate useful product ideas.</p>	4
31.	<p>Rajiv has started a restaurant in a small town by the name of 'Spices of India' by spending ₹50,00,000. He invested ₹10,00,000 of his own and took a loan of ₹40,00,000 from Bank of Baroda @ 6% per annum. His monthly sales revenue is ₹20,00,000 and monthly cost of goods sold is ₹10,00,000. He pays a monthly salary of ₹200,000 to his employees. The GST rate is 18% Calculate (a) Return on Investment, and (b) Return on Equity.</p>	4
32.	<p>Instant food is a fast food chain selling burgers, sandwich, rolls, pizzas with an Indian touch. Now, they want to sell ice creams with flavours like Rasmalai, Gulab jamun in their outlets. Ice-cream has been an item in their menu earlier also but was withdrawn because of higher price as compared to the price of established brands. Therefore, this time they decided to initially price the ice-</p>	4

	<p>cream at cost. It was done with the objective of increasing market share. Management of Instant food is of view that once their ice-cream is established in the market they will increase the price to a level that will help them in earning reasonable profit on their product. Identify and explain the pricing strategies adopted by Instant food earlier at present. Explain three advantages of the pricing strategy adopted by them.</p> <p style="text-align: center;">OR</p> <p>Pureminds Ltd was a company into manufacturing of water purifiers, water dispensers, packaged drinking water and hand sanitizers. They do a lot of research and development and would update their products on a regular basis. They also encouraged feedback and suggestions from the customers. Acting on one such suggestion, they decided to manufacture a water bottle with a built-in water purifier called 'Wonderpure'. They spent a lot of money on promoting the product with the tagline 'Your child is secure with Wonderpure'. The target segment was- quality conscious consumers. It was priced in such a way that the cost of investment of the original research gets recovered from the customer. The product was an instant hit.</p> <p>(a) Identify and explain the pricing strategy to be used by Pureminds Ltd. (b) State two advantages and two disadvantages of the pricing strategy identified in part.</p>	
33.	<p>Brian, a fitness freak NRI, had done his masters in nutritional sciences from U.K., during his vacations, he was disappointed to see that no Gymnasium in Delhi had a workout module to suit his requirement. Anyhow, Fitness Fine Gymnasium of his friend offered him freedom to exercise the way he wanted. In short time, Brian became popular amongst the other members because of his knowledge, experience, competency, tactics and tips on exercising. He now explored deeply his curiosity of starting a Gymnasium in Greater Kailash-2, having a fusion of both diet and exercise under one roof. He conducted a market research and subconsciously assimilated a whole data bank of information pertaining to lifestyle, interests, etc. of people in and around the area. He approached his father for financial help of ₹25 lacs as he had ₹20 lacs only. The ground floor of his flat was to be converted into a Gymnasium. He started networking and negotiating with the manufacturers who could provide him with customized machines of his choice. He is in the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value. Identify and explain the steps involved in this process being initiated by Brian.</p> <p style="text-align: center;">OR</p> <p>Aditi started her boutique business near an industrial area and she was not getting clients as she had expected. What are the factors which have been ignored before starting the boutique? Suggest the various factors that she has to look into before venturing into business.</p>	6

34.	<p>In 2015 Jaya Ltd, started an online teaching unit using latest technology. The online teaching services provided by the company became popular amongst children. But since the cost of the service was high, the company could not earn good profit. The business is of high risk along with higher expected returns. The company wants to increase production so that they can reduce cost per unit. For this the company wants additional investment of Rs. 50 lakhs. The company approached Ashok who has just retired as a director of a well-known IT service provider and is an influential person. They know that Ashok has connections and he will provide advice, guidance and mentoring. Ashok agreed to give the loan to the company provided that his loan is converted into equity shares after two years. The company agreed to Ashok's proposal.</p> <ol style="list-style-type: none"> What type of investor is Ashok? State any two features of the same 	6
35.	<p>Source based question- https://en.wikipedia.org/wiki/Tata_family.</p>  <p>The Tata Group is an Indian multinational conglomerate headquartered in Mumbai, Maharashtra, India. Founded in 1868 by Jamsetji Tata, the company gained international recognition after purchasing several global companies. It is one of the biggest and oldest industrial groups in India. Each Tata company operates independently under the guidance and supervision of its own board of directors and shareholders.</p> <p>Significant Tata affiliates include Tata Chemicals, Tata Communications, Tata Consultancy Services, Tata Consumer Products, Tata Elxsi, Tata Motors, Tata Power, Tata Steel, Jamshedpur FC, Sonata, Tata Salt, Tanishq, Voltas, Tata Cliq, Tata Projects Limited, Tata Capital, Titan, Trent, Indian Hotels Company Limited, Taj Sats, Vistara, Cromā and Tata Starbucks.</p> <p>In 1991, Ratan Tata became chairman of Tata Group. This was also the year of economic liberalization in India, opening up the market to foreign competitors. During this time, Tata Group began to acquire a number of companies,</p>	6

	<p>including Tetley (2000), Corus Group (2007), and Jaguar and Land Rover (2008). In 2017, Natarajan Chandrasekaran was appointed chairman.</p> <ol style="list-style-type: none">a. Identify the brand name adopted by Tatas from the above given picture.b. What are the various other types of brand names?c. What are the qualities of a good brand-Tata?d. Why is it important for Tatas to have a Trade mark?	
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