

INDIAN SCHOOL AL WADI AL KABIR
SECOND PRELIMINARY EXAMINATION 2020-21

CLASS XII


SUB: ENTREPRENEURSHIP MAX. MARKS: 70
MARKING SCHEME/ANSWER KEY


Q. No.	QUESTIONS	Marks								
1.	<p>Kapil has decided to start his venture in manufacturing plastic toys. He wants to get a road map for himself as to how to proceed and also wants to avail loan from financial institution. This requires him to prepare a Business Plan. In order to prepare such plan Kapil needs advice from:</p> <p>A. Doctor B. Teacher C. Lawyer D. All of them.</p>	1								
2.	<p>In 2018, Delhi court directed Chattisgarh's Sun Cable Network and Rajasthan based Brij Network to pay ₹ 20 lakh each to S – Series Pvt Ltd. for unauthorized broadcast of its audio and video copies on their cable network. The court also directed both the Cable operators to handover the audio and video tapes to S-Series.</p> <p>What intellectual property rights of S – series has been infringed here?</p> <p>A. Patent B. Trademark C. Trade Secret D. Copyright</p>	1								
3.	<p>Mani Co. Ltd manufacturers has three products: Pen, Pencil and Sharpener.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">PEN</th> <th style="text-align: center;">PENCIL</th> <th style="text-align: center;">SHARPENER</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Total weighted average contribution per unit</td> <td style="text-align: center;">₹ 10</td> <td style="text-align: center;">₹ 12</td> <td style="text-align: center;">₹ 8</td> </tr> </tbody> </table> <p>Total fixed cost is ₹ 90,000. From the above given information Overall break even points in units will be: A. 4,000 B . 2,000 C. 3,000 D. 5,000</p>		PEN	PENCIL	SHARPENER	Total weighted average contribution per unit	₹ 10	₹ 12	₹ 8	1
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4.	<p>Gross profit per unit is calculated by using the formula_ SP/unit - CP/unit _____</p>	1								

5.	<p>The Research and Development department of 'Healthy You Products Ltd.' has decided to diversify from manufacturing health drinks to cereals made from millets. They are aware of the fact the company will have to communicate to the people the benefits of eating millets. To obtain favourable publicity and to build a good corporate image, they plan to sponsor talks by prominent nutritionists and doctors on the necessity of switching to healthy diets. Identify the promotional tool being discussed above.</p> <p>A. Advertisement B. Personal Selling C. Sales Promotion D. Public Relation</p>	1
6.	<p>It is an item that is outlined in the franchise agreement. Included are the types and timeframes regarding various maintenance items and upgrades that must be made to the location. Identify the ingredient of franchise agreement referred here.</p> <p>A. Contract explanation B. Proprietary statements C. Ongoing site maintenance D. Operations manual</p>	1
7.	<p>Harshit is the stock keeper of Sita Textiles Ltd. The company is into converting cotton yarn into fabric and then further printing on the same to add value to the fabric. He wants to know the ideal quantity of yarn to be ordered so that the production process does not stop. How can he know the correct time to place an order?</p> <p>A. By calculating Break-even point B. By calculating Re-order point C. By calculating Economic order quantity D. By calculating lead time</p>	1
8.	<p>Karan was working with Tiya as a production Manager. For smooth flow of work, he had to pay attention towards various elements and to ensure predetermined quality of products; he had to compare the performance with established standards. The component of business plan discussed above is :</p> <p>A. Operational Plan B. Manpower planning C. Organizational plan D. Appendix</p>	1


9.	<p>Asmit Started a pottery unit employing differently abled people to make and sale sculpture made of clay. He also made sure that the material he used is easily decomposable. During the month if September and October he increased the scale of production as the festival of Diwali was around the corner. Identify the component of business environment at a macro level that is reflected in the above situation to anticipate the demand.</p> <p>A. Economic B. Political C. Social D. Ecological</p>	1
10.	<p>Soham has opened a grocery shop with an investment of ₹ 3 lakh. Out of this ₹ 1, 00,000 was his own and the rest he borrowed from friends and relatives. At the end of the year, he earned a net profit of ₹ 40,000. Which ratio will be higher?</p> <p>A. Return on Investment (ROI) B. Return on Equity (ROE) C. Both will be the same. D. None of these.</p> <p style="text-align: center;">OR</p> <p>The total bill in a restaurant during a week was ₹ 18,000. Though the food bill for individual customer was different but the average bill amount was ₹ 150. Based on this information, the number of customer who ate in that restaurant during the week is</p> <p>A.90 B.100 C.120 D.140</p>	1
11.	<p>Shreya started her small-scale business of making Pickles along with few of her neighbors using their free time at home. They named their venture ‘Home Sweet Home’. They were able to supply the entire district. One of the members suggested that they should expand and start selling to other states. When she discussed the same to her husband, he suggested that they have to properly look into the environment analysing the competition. The concept suggested to Shreya by her husband is:</p> <p>A. Prepare Business plan B. Idea Generation C. Environment scanning D. Problem Identification</p>	1
12.	<p>Arvind and Avinav together took over their family business of furniture. They understood that the present competitors were using online means to sell their products. They decided on a new idea of providing furniture on a rental basis to offices and households and to also start making furniture using the traditional</p>	1

	<p>method which caught the attention of the new generation. They opened stores in various cities and started selling through online mode also. They both are using the service-related idea field.</p> <p>State whether the idea field mentioned is True or False.</p>											
13.	<p>Fill in the blank.</p> <p>Sourav was always interested in technology driven products. After finishing his engineering degree, he started working on a new walking stick which will help blind people. The stick will be Bluetooth and Wi-Fi enabled which will be connected through an app on the phone which will guide the blind persons about the objects in front of their walking path. He has started testing the walking stick and found that the stakeholders were satisfied and it had a great value to the customers. Sourav is in commercial application stage of innovation process.</p>	1										
14.	<p>TATA sell automobiles, groceries, soaps, software under the company name. Select the definition which correctly explains the above example.</p> <p>A. Entrepreneur opts to use a common or successful family name for their several products. B. Entrepreneurs choose to utilise their corporate name or logo together with some brand names of individual products. C. Entrepreneur uses alpha-numeric names to signify physical characteristics of the product. D. Entrepreneur chooses distinct names for each of his offerings.</p> <p style="text-align: center;">OR</p> <p>Which of the following is the consumer sale promotion activity? A. Loyalty reward programmes B. Seminars and workshops C. Event Sponsorship D. Bonus Stock</p>	1										
15.	<p>Given below are types of mergers with examples of each. Match them correctly.</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Column A- Types of Mergers</th> <th style="width: 50%;">Column B- Examples</th> </tr> </thead> <tbody> <tr> <td>i. Vertical Merger</td> <td>a. A sweet manufacturer from Kolkata merged with another sweet manufacturer from Guwahati.</td> </tr> <tr> <td>ii. Market Extension merger</td> <td>b. YES Bank Ltd. merged with MobileCom Tele ltd.</td> </tr> <tr> <td>iii. Conglomerate</td> <td>c. Captain Tea planters merging with Flavour Tea planters.</td> </tr> <tr> <td>iv. Horizontal Merger</td> <td>d. Mahinder Motors merge with JISCO Iron & Steel Ltd</td> </tr> </tbody> </table>	Column A- Types of Mergers	Column B- Examples	i. Vertical Merger	a. A sweet manufacturer from Kolkata merged with another sweet manufacturer from Guwahati.	ii. Market Extension merger	b. YES Bank Ltd. merged with MobileCom Tele ltd.	iii. Conglomerate	c. Captain Tea planters merging with Flavour Tea planters.	iv. Horizontal Merger	d. Mahinder Motors merge with JISCO Iron & Steel Ltd	1
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	<p>A. i-a ,ii-b ,iii- c ,iv-d B. i-d ,ii-b,iii- a ,iv-c C. i-a ,ii-c ,iii- b ,iv-d D. i-d ,ii-a ,iii- b ,iv-c</p>	
16.	<p>Farhan sold a mobile hand set for ₹ 2,100. If the purchase price of the product is 80% of its selling price, the profit earned by Farhan is :</p> <p>A. ₹ 1,700 B. ₹ 1,680 C. ₹ 420 D. ₹ 400</p>	1
17.	<p>Fill in the blank.</p> <p>At times, we have people that have money that they don't want to spend rather save for the future use. On the other hand. There are people who want to spend money to undertake some economic activities but don't have the required amount of finance.</p> <p>Thus, the role of transferring financial resources from the surplus units to the deficit units is called as financial intermediation</p>	1
18.	 <p>Identify the promotion strategy shown in the image above.</p> <p>A. Above-the line B. Below -the-line C. Through-the-line D. None of these</p>	1
19.	<p>In the academic year 2020/21 due to COVID 19 all the schools started online classes. Many parents were worried about monitoring their children as they have to go to their workplace.</p> <p>Being a talented and an intelligent student Ritesh decided to develop an app that may help the parents to keep a watch on the children and their activity during the online class.</p> <p>From the following identify the “idea field” used by Ritesh to develop the app.</p> <p>A. Creative efforts B. Trading related ideas C. Market driven idea</p>	1

	D. Natural resources	
20.	<p>UCL Ltd., has been manufacturing cycles since 2010. Their market share in this field is 35%. They decided to introduce new cycles with advanced gear systems in 2015. For the same they estimated their financial requirements to be ₹ 20 crore. They decided to raise the same through a limited number of sophisticated investor ₹</p> <p>Identify this kind of issue?</p> <p>A. Public issue B. Private placement C. Offer to employees D. Right issue</p>	1
21.	 <p>Identify the type of Advertising media depicted in the above image.</p> <p>A. Point of Sale B. Ambient C. Outdoors D. Cinema</p>	1
22.	<p>Balwant Rai always introduce something new in the market, he is very creative person. He always takes care about safety of security of customers as well as his employees. He developed a design of a balcony garden “MERA KHET” with the training of how to produce fruits, vegetables etc. in own balcony. Since he did not get any financial support from any bank, he approached Nirvana Vent (VC), a venture capitalist firm. Though VC liked the idea but it refused to help Balwant Rai at the seeding stage and asked him to come again if needed during second round financing.</p>	2

	<p>Why was seed capital not given by venture capital (VC) while it was ready to fund the second round financing?</p> <p>There is some sort of prototype of the idea/product that is not fully developed or tested. As the risk element at this stage is very high, investor (VC) may deny to assist if he does not see any potential in the idea.</p> <p>At second round financing, we presume that the idea has been transformed into a product and is being produced and sold. The entrepreneur, at this stage, needs assistance from the Venture Capitalist for expansion, modernization, diversification</p>	
23.	<p>Source based question Source - Entrepreneur magazine - August, 2020</p> <p>A recent survey conducted jointly by FICCI and Indian Angel Network revealed that 70 percent of startups across the country have been impacted by COVID-19 while as many as 12 per cent have had to halt operations altogether. These are difficult times that no one was prepared to deal with. The prolonged lockdown had a massive impact on the startup ecosystem. Given that they rely largely on a constant flow of capital and investments, which due to the pandemic came to a complete standstill. With the ongoing crisis, to keep startups afloat has become quite a challenge.</p> <p>However, this challenge can be eliminated if entrepreneurs adapt to the current times, adopt new strategies, and are open to experiments and pivot their business plans. That’s because the pandemic has not only affected our present but also our future.</p> <p>Keeping in mind this article, state any two things which should be written by startup companies in their manpower planning component of business plan?</p> <p>Manpower planning contains answer to these questions: 1) What kind of people are required? 2) How many people are required? 3) How will they be selected?</p> <p>(Any 2)</p>	2
24.	<p>Nippo Ltd. was into manufacturing security cameras for household and commercial buildings. Their Research and development team came up with a new idea of manufacturing drones as security cameras which will give a 360-degree view of the entire building. They needed huge finance for the same. The company MD Sharad heard of this group of venture capitalists who are ready to invest in new ideas. He seeks an appointment with them and started preparation of a business plan to be presented before them. His plan was to make an informative power point presentation showing key graphs of financial trends. It was meant to trigger discussion among the members.</p> <p>(i) Which format of business plan is Sharad using?</p> <p>(ii) State and define one more format of business plan other than the format identified in part (i).</p> <p>(i) A pitch deck with oral narrative</p> <p>(ii) Elevator pitch: It is a three minute summary of the business plan's executive summary. This is often used as a teaser to</p>	2

	<p>awaken the interest of potential funders, customers, or strategic partners.</p> <p>A written presentation for external stakeholders: A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.</p> <p>An internal operational plan: A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders. (any 1 point with explanation)</p>	
25.	<p>State any two factors involved in the process of sensing opportunities.</p> <p>Ability to perceive and preserve basic ideas which could be used commercially</p> <p>Ability to harness different sources of information</p> <p>Vision and creativity</p> <p style="text-align: center;">OR</p> <p>State any two elements of business opportunity.</p> <p>Assured market scope</p> <p>An attractive and acceptable rate of return on investment</p> <p>Practicability of the idea</p> <p>Competence of the entrepreneur to encash it</p> <p>Potential of future growth</p>	2
26.	<p>Calculate EOQ from the following information: Annual quantity demanded 240 units, cost of placing an order ₹50, and inventory holding cost ₹6.</p> <p>EOQ = $\sqrt{2 \times 5 \times 240 / 6}$ = $\sqrt{400} = 20$ units</p> <p style="text-align: center;">OR</p> <p>Calculate net working capital from the following information: Stock ₹1,00,000 ,Trade creditors ₹64,000, Cash ₹2,00,000, Bills payable ₹ 1,00,000, Short term loan ₹ 30,000.</p> <p>CA = Rs.3,00,000. CL = Rs.194,000 NWC = 3,00,000 – 1,94,000 = Rs.1,06,000</p>	2
27.	<div style="text-align: center;">  </div> <p>(i) Name the component of product depicted in above image. (ii) State any two purpose of the component identified in part (i)</p>	3

	<p>(i) Logo</p> <p>(ii) Logos are a critical aspect of business marketing. As the company's major graphical representation, a logo anchors company's brand.</p> <p>Corporate Logo are intended to be the "Identity" of an enterprise because of displaying graphically enterprise's uniqueness.</p> <p>Through a set color combination, fonts, images, impression and/or pattern, logos provide essential information about a company that allows customers to relate with the enterprise's core brand.</p> <p>Enterprises normally resort to logos' as a short path for advertising and other marketing materials.</p> <p>Logos act as the key visual component of an enterprise's overall brand identify.</p> <p>(Any 2)</p>	
28.	<p>Sachin, a third year, electronics Engineering student, designed a smart biometric doorbell that analyses the fingerprint of a person and matches it with the store fingerprint database to categorize the person as a home member or known guest or unknown guest. When it detects a home member, the entrance door automatically opens, while it alerts the people within with voice messages. Sachin is convinced that his prototype can prevent crimes but is unsure of its market acceptance.</p> <p>He also realised that it would require ₹5 crores to manufacture and distribute it commercially. He approached some affluent individuals who were ready to provide capital for this business start-up in exchange for convertible debt.</p> <p>Identify the type of investors and state any two features of the same.</p> <p>Angel Investors.</p> <p>Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards.</p> <p>As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment.</p> <p>Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments.</p> <p>They have a sharp inclination to keep abreast of current developments in a particular business arena, mentoring another generation of entrepreneurs by making use of their vast experience.</p> <p>(Any 2 features)</p>	3
29.	<p>Briefly explain the last three steps of the Creative Process.</p> <p>Illumination: In this period of illumination the idea re-surfaces in realistic way and entrepreneur comes out with viable plan to give practical shape by collecting raw-material, arranging funds, policy-making for the implementation of idea.</p>	3

	<p>Verification: Also called the validation or testing stage. This is where the idea is verified to prove that it has value. This is the most difficult phase of creativity as obstacles begin to appear.</p> <p>Innovation: It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.</p> <p style="text-align: center;">OR</p> <p>Briefly explain the first three elements of the Innovation Process.</p> <p>Analytical planning: Carefully identifying the product or service features, design as well as the resources that will be needed.</p> <p>Resource organization: Obtaining the required resources, materials, technology, human or capital resources.</p> <p>Implementation: Applying the resources in order to accomplish the plans and delivering results.</p>	
30.	<p>Sikandar & Sons started manufacturing oximeters which has a great demand in this time of Covid 19 for domestic use and otherwise also it is an equipment in demand by the medical professionals. While fixing the selling price for the same Sikandar want to adopt a method where he can just cover the cost and earn a nominal amount of profit. His sons advised him to fix the price initially at a higher rate and then reduce the price when the demand has reduced. According to them this method would help them earn a good profit. He hired an agent, Satish, who advised him to initially keep the prices low to attract the market and then he can slowly and gradually increase the price.</p> <p>In the given context answer the following questions;</p> <ol style="list-style-type: none"> Identify pricing method that Sikandar is planning to adopt. State one advantage of the method identified in (a). Identify the pricing technique suggested by Sikandar’s son. State one disadvantage of the pricing technique identified in (c). <p>a. Cost plus pricing.</p> <p>b. Biggest advantage of this is that company knows exactly the amount of expenditure that has incurred on making a product and therefore they can add profit margin accordingly which helps in achieving the desired revenue for a firm. It is the simplest method to decide the price for a product because one has just to add up all the cost and then add profit which you want to earn which will give the price for a product.</p> <p>Since the company is using its own data for deciding cost which makes it easier for a company to evaluate the reasons for escalations in expenses and therefore it can take corrective action immediately. (Any one)</p> <p>c. Skimming.</p> <p>d. 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. Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights.</p>	4

	If the company has history of price skimming then consumers will never buy a product when it is newly launched, they would rather wait for a few months and buy the product at lower price. (Any one)	
31.	<p>In addition to ‘number of persons’, ‘profit sharing’ and ‘agreement’, there are various other features of partnership. Explain any four such features.</p> <p>Unlimited liability: Mostly, the liability of the partners of a firm is unlimited. Their personal properties can be disposed off to pay the debts of the firm if required.</p> <p>Implied authority: There is an implied authority that any partner can act on behalf of the firm. The firm stands bound by the acts of partners.</p> <p>Mutual agency: The business of partnership can be carried on by all the partners or any one of them acting for all. Thus, every partner is principal as well as agent of other partners and of the firm.</p> <p>Utmost good faith: Every partner is supposed to act honestly and give proper accounts to other partners.</p> <p>Restriction on transfer of shares: No partner can sell or transfer his share to anybody else without the consent of the other partners.</p> <p>Continuity: A partnership continues up to the time that all partners desire to continue it. Legally, a firm dissolves on the retirement, death, bankruptcy lunacy, or disability of a partner. (Any 4 points explained)</p>	4
32.	<p>Ritesh Aggarwal is working as a CEO in a reputed company having head office in Bhuvaneshwar. The company is following a dynamic approach and thus keeps launching innovative products in the market. He knows that the shares of his company are not freely transferable. The company is also concerned about its employees and is offering them good working conditions along with other non-financial benefits. As the company was able to earn a good profit it has declared a dividend of 10% for its shareholders and transferred residual profits in reserve.</p> <p>On the basis of the given information, answer the following questions: (a) Name the type of company mentioned in the above case. (b) State any three differences between the type of company identified and the other type of company.</p> <p>(a) Private Limited Company. (b) Private company A private company: 1) has a minimum of two and a maximum of 200 members excluding its past and present employees. 2) restricts the right of its members to transfer shares. 3) prohibits an invitation to the public to subscribe for any shares or debentures of the company, or accept any deposits from persons other than its directors, members or relatives. 4) has a minimum paid up capital of one lakh rupees (subject to change) 5) uses the word 'Pvt. Ltd.' at the end of its name.</p> <p>Public company Under Section 3(i) (ii) of the Companies Act, a public company is a company which is not a private company. By implication, a</p>	4

	public company: 1) has minimum seven people to commence with no upper limit to membership 2) does not restrict any transfer of shares 3) invites public to subscribe for its shares, debentures and public deposits. 4) has a minimum paid up capital of five lakh rupees. 5) uses the word 'Ltd.' at the end of its name.	
33.	<p>Akash India Ltd.' is the manufacturers of water purifiers. The company has developed a new water purifier that not only converts the hard water into soft water but also kills the bacteria and other harmful microorganisms present in it. The company has named this water purifier as 'Patal Neer' and for its marketing, appointed salesmen throughout the country. The company also trained the salesmen to provide information about the usefulness of the 'Patal Neer' water purifiers to the customers and motivate them to buy the same. The company is also trying to build good relation with the stakeholders building a good corporate image. Akash India Ltd. has also opened their own retail store in Delhi to distribute the product.</p> <p>(i) Quote the lines and identify the types of promotion mix adopted by the company.</p> <p>(ii) Identify the type of distribution channel used by the company.</p> <p>(iii) Discuss any three advantages of using such channel of distribution.</p> <p>(i) The company has named this water purifier as 'Patal Neer' and for its marketing, appointed salesmen throughout the country. The company also trained the salesmen to provide information about the usefulness of the 'Patal Neer' water purifiers to the customers and motivate them to buy the same.- Personal selling. The company is also trying to build good relation with the stakeholders building a good corporate image.- Public Relation.</p> <p>(ii) Direct/Zero-level channel.</p> <p>(ii) Under it, the producer or entrepreneur performs all the marketing activities himself and has full control over distribution. A producer may sell directly to consumers through door-to-door sales persons, direct mail or through his own retail stores. Big firms adopt this channel to cut distribution costs and to sell industrial products of high value. Small producers and producers of perishable commodities also sell directly to local consumers</p>	6 (2+1+3)
34.	<p>Explain the relevance of scanning the environment for a business enterprise.</p> <p>Identification of opportunities to get first mover advantage: By keeping in touch with the changes in the external environment, an enterprise can identify opportunities and find strategies to capitalise on the opportunities at the earliest. F</p> <p>Formulation of strategies and policies: It helps in identifying threats and opportunities in the market. These can serve as the basis of formulation of strategies to counter threats and capitalise on opportunities in the market.</p>	6

	<p>Tapping useful resources: If the company has a thorough knowledge of the external environment, it can tap raw materials, technology and even financial resources from the market at economical prices, at the right time.</p> <p>Better performance: Proper understanding of the various elements of the external environment is necessary to take timely action to deal with threats and avail opportunities for the purpose of improvement in the performance of the firm.</p> <p>Sensitisation of entrepreneurs to cope up with rapid changes: A keen watch on the trends in the environment would help sensitise the entrepreneur to changing technology, competition, government policies and changing needs of the customers. For example, trends in clothing.</p> <p>Image building: If a company is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers. This would build the image or reputation of the firm in the eyes of the general public.</p> <p style="text-align: center;">OR</p> <p>Explain the various factors involved in assessing the market while selecting a product or service?</p> <p>Demand: The demand assessment will be based on the size of market being targeted, i.e., local markets, market at state level or national/international market. It will also involve a study of the target groups of consumers, their preferences, tastes and other related variables.</p> <p>Supply and nature of competition: While assessing market, supply position is also studied by entrepreneurs. By supply position what is meant is the complete picture of quantities of the product made available in the market by all the existing players. It should take into account future supplies from possible entrants in the field.</p> <p>Cost and price of product: It is important to determine the cost of the product and its comparison with available products in the market. Cost variable of competitors in terms of transportation delays, wastage, storage etc., have to be studied to spot cost advantage. This will influence the delivery mechanism of the identified product or service.</p> <p>Project innovation and change: Market assessment will require a study of prevailing innovations and changes being carried out by existing entrepreneurs. Technological advancements in the field have to be analysed because they may change the quality and influence the cost and price ultimately.</p>	
35.	<p>Varsha started her herbal beauty products shop in Chandigarh with a capital of ₹ 9,00,000. She took a loan of ₹ 5,00,000 from the State Bank of India at 9% p.a. interest. During the year ended 31st March, 2020 her sales were ₹ 20,90,000 and the cost of goods sold was ₹ 15,30,000. She paid monthly rent of the shop ₹ 11,000 and a monthly salary of ₹ 25,000 to the employees. The tax rate is 30%.</p> <p>Calculate the Return on Equity and Return on Investment.</p>	6

Sales	20,90,000	
-COGS	(15,30,000)	
GP	5,60,000	
Rent	1,32,000	
Salary	3,00,000	
Interest	45,000	
	(4,77,000)	
NPBT	83,000	
-Tax	(24,900)	
NPAT	58,100	
ROE = 58,100/4,00,000 x 100 = 14.52%		
ROI = 58,100/9,00,000 x 100 = 6.46%		