

Entrepreneurship

Class XII

Time- 3Hours

M.M.-60

General Instructions-

- The Question paper is divided into parts. There is no overall choice, though the internal choice is given in selected sections.
- Section A has 15 Objective questions carrying 1 mark each.
- Section B has 6 questions carrying 2 marks each. Answers may be with in 50 to 75 words
- Section C has 6 questions carrying 3 marks each answers may be about 100 words
- Section D has 3 questions carrying 5 marks each. Answer may be about 150 words.

Section – A

- Q1. (c) Sum total of all current assets (1)
- Q2. (a) Regarding the marketing, objectives, strategies and activities to be followed by the new enterprise. (1)
- Q3. (c) Natural Resources (1)
- Q4. (b) 3 (1)
- Q5. (d) Promotion (1)
- Q6. (b) Physical characteristics (1)
- Q7. Implied Authority / Innovation (1)
- Q8. Competency, Creativity (1)
- Q9. The securities contracts (Regulation) Act, 1956 (1)
- Q10. SWOT Analysis — SWOT (Strengths, weaknesses, opportunities and threats) analysis is a method for identifying and analyzing internal strengths and weaknesses and external opportunities and threats. (1)
- Q11. OPC — One Person company means a company with only one person as its member. (1)
- Q12. Marketing plan. (1)
- Q13. (B) Both A and R are true but R is not connect explanation of A (1)
- Q14. A (1)
- Q15. B (1)

Section – B

- Q16. Environment is a collection of such factors on which enterprise has no control. Entrepreneurial Opportunities exist in business environment. So, to grab the entrepreneurial opportunities, it is must to scan the business environment. (2)
- Q17. (i) Spotting of basic idea is random in nature whereas development of idea after scanning the environment is a more purposeful activity. (2)
- (ii) Spotting basic ideas is an experimental process where as scanning ideas is a strategic process.

Or

Market Research :— Market research is the research which is conducted to gather information regarding products or services which are already present in the market Research also helps the

entrepreneurs to get the new ideas regarding size, shape, quality and other features to be included in products according to the preferences of customers.

Q18. (2)

Sole – Trade	Partnership
1. One owner	Minimum – 2 Maximum – 50
2. Only owner gets all profit.	Profit is shared between partner according to agreement.

Q19. Skimming Pricing :— Under this strategy, a high introductory price is charged for an innovative product and later on the price is reduced when more marketers enter the market with the same type of product. (2)

Or

Types of Franchising :— (Explain any two)

1. Product Franchise business opportunity.
2. Manufacturing franchise opportunity.
3. Business franchise opportunity ventures.
4. Business format franchise opportunity.

Q20. Securities exchange Board of India (SEBI) was set up in 1988 to regulate the functions of securities market, in May 1992, SEBI was granted legal-status. SEBI is a body corporate having a separate legal existence and perpetual succession. (2)

Q21. Re-ordering Level :— It is the level of inventory at which purchase requisition should be issued and purchase order should be made (2)

Re-order level = Max. consumption during the period X max. period required for delivery

Section – C

Q22. Importance of Business Environment :— (Explain any three) (3)

1. Enables the firm to identify opportunities and getting first mover advantage.
2. Helps the firm to identify the threats and early warning signal.
3. Helpful in tapping and assembling resources.
4. Helps to adjust and adapt with the rapid changes.
5. Assisting in planning and policy making.
6. Improvement in Performance.

Q23. Features of Partnership :— (Explain any three, One mark for each point) (3)

1. Formation
2. Unlimited Liability
3. Risk Bearing
4. Decision Making
5. Number of Partners

Q24. Organizational- Plan :— Organization plan is the plan that gives complete idea about the set up of the organization. Organizational plan includes the following elements: — (3)

1. Forms of ownership
2. Identification and complete details about business associate
3. Administrative structure, level of Mgt. etc.
4. Identification of Management Team.

Q25. Importance of Sales Promotion :— Sales promotion techniques are very useful because they bring :- (3)

- (a) Short and immediate effect on sale

- (b) Stock clearance is possible with sales promotion
- (c) Sales promotion techniques help to win over the competitor.

Or

Vendor Management :— Vendor management means managing third party who are supplying various resources including human resources to organization. Vendor managers make sure that third parties meet the goal of service, quality and cost optimization.

Few consideration of vendor management are :-

- (i) Establishing goals.
- (ii) Selecting vendors.
- (iii) Managing vendors.
- (iv) Consistently meet goals.

Q26. Types of Acquisition :— (Explain any three types) (3)

1. Friendly acquisition.
2. Reverse acquisition.
3. Basic flip acquisition.
4. Hostile acquisition.

Q27. EOQ :— Economic order quantity of an item which is most economic to order when fresh supplies are required. At such level of reorder, the total ordering cost and inventory carrying cost would be minimum. (3)

$$EOQ = \sqrt{\frac{2X \text{ Annual usage of unit} \times \text{cost of placing order}}{\text{Price of Material per unit} \times \text{cost of storage}}}$$

Or

Angel Investor :— Angel investors are wealthy investors who invest in entrepreneurial firms, usually during start up. They provide cash to young investors and take equity in return.

Angles can be classified into two groups :-

- (a) Affiliated
- (b) Non-affiliated.

Q28. The importance of Business plan is as follow :— (Explain any five) (5)

1. Helps in determining the viability of venture in a designated market .
2. Helps in providing guidance to the entrepreneur.
3. Helps in satisfying the concerns, queries and issues of each group of people interested to venture.
4. Provides room for self assessment and self-evaluation.
5. Helps to realize the obstacles.
6. Reflects the entrepreneur's credit history.

Or

Components of Financial Plan :— (Explain any five) (5)

1. Performa investment decisions.
2. Performa financing decisions.
3. Performa income statement.
4. Performa cash flow.
5. Performa balance sheet.
6. Break even point.
7. Economic & Social variables.

Q29. Difference :— (5)

Basis	Skimming	Penetration
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1. Strategy	Higher price at launch	Lower price at launch
2. Target audience	Early adopters	Price sensitive customers
3. Cons	Encourages new competition	Can devalue product
4. Best for	Innovative products	Mass market products

Usefulness — Penetration pricing strategy is put into practice when the demand for product is relatively elastic. On the other hand, skimming pricing is used when demand for product is inelastic.

Disadvantages of penetration Pricing :—

- (i) Establishes long term expectations
- (ii) Low profit margin

Disadvantages of Skimming Pricing :—

1. Strategy can backfire if there are clone competition.
2. It is not a viable option when there are strict legal and government regulations.

Or

Reasons for failure of Merger and acquisition :— (Explain any five)

1. Unrealistic price paid for target.
2. Difficulties in cultural integration.
3. Overstated synergies
4. Integration difficulties
5. Poor Business fit
6. Inadequate due diligence.
7. High leverage
8. Regulatory issues

$$\text{Q30. Reorder Level} = \text{Max. Consumption} \times \text{Max. delivery period} \quad (5)$$

$$= 900 \times 5 = 4500 \text{ units}$$

$$\text{Minimum stock} = \text{Reorder Level} - (\text{Normal usages per week} \times \text{AV. Delivery time})$$

$$= 4500 - (600 \times 4) = 4500 - 2400$$

$$= 2100 \text{ units}$$

$$\text{Maximum Stock} = (\text{Reorder level} + \text{Reorder Qty.})$$

$$= (\text{Min. Consumption} \times \text{Min. reorder period})$$

$$= (4500 + 3600) - (300 \times 3) = 7200 \text{ units}$$

Or

Stock Exchange :- An organization or body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling of business in buying, selling and dealing in securities.

Functions :— (Explain any five)

1. Economic barometer
2. Pricing of securities
3. Safety of transactions
4. Contributes to economic growth
5. Providing scope for specialization
6. Liquidity
7. Better allocation of Capital