

ENTREPRENEURSHIP (066)
CLASS XII (2024-25)
SAMPLE QUESTION PAPER

TIME: 3 HOURS

M.M. – 70

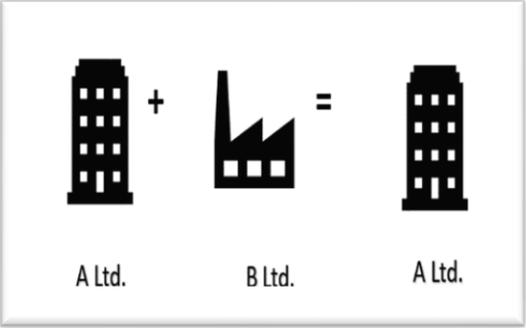
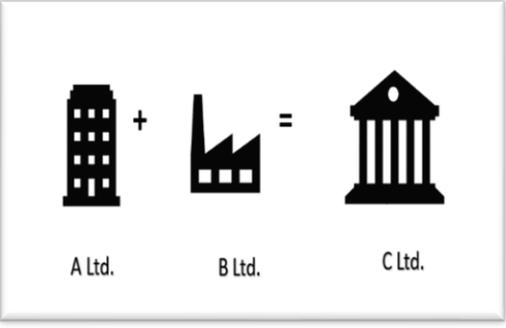
GENERAL INSTRUCTIONS:

- (i) This question paper contains **34** questions. **All** questions are compulsory.
- (ii) The question paper is divided into **four** sections – **Section A, B, C** and **D**.
- (iii) In **Section A**: Questions number **1** to **18** are Multiple Choice Questions carrying **1** mark each.
- (iv) In **Section B**: Questions number **19** to **24** are Short Answer type-I questions carrying **2** marks each.
- (v) In **Section C**: Questions number **25** to **29** are Short Answer type-II questions carrying **3** marks each.
- (vi) In **Section D**: Questions number **30** to **34** are Long Answer type questions carrying **5** marks each.
- (vii) There is no overall choice. However, an internal choice has been provided in Section B, C and D of question paper.

Q.NO.	QUESTIONS	MARKS
SECTION A		
1.	<p>“In a partnership form of business, each partner can bind the firm and other partners by his/her acts.”</p> <p>In the light of the given statement, identify the essential feature of partnership form of business organisation referred to and choose the correct option:</p> <p>A. implied authority B. utmost good faith C. mutual agency D. separate legal entity</p>	1
2.	<p>Fraggy is a restaurant aggregator and food delivery company. The customers can order food from listed food joints through the ‘Fraggy App’. It started when the founders noticed that people were unaware of the functional restaurants in their neighborhood and were searching for a variety of food options. The founders thought that it would be a great idea to list all the competing restaurants on the ‘Fraggy App’ and provide their menus as well.</p> <p>_____ is the source that led to the emergence of the business idea. (Choose the correct option to fill up the blank)</p> <p>A. Competition B. Change C. Problem D. Innovation</p>	1
3.	<p>_____ is a sophisticated positive sales approach where the salespersons compare the features of their product without mentioning the competition. (Choose the correct option to fill up the blank)</p> <p>A. Direct sales strategy B. Indirect sales strategy</p>	1

	C. Comparative sales approach D. Customer testimonials	
4.	<p>Refer to the logo of the coffee brand Del Coffee carefully:</p>  <p>Ⓜ in the given image represents:</p> <p>A. Brand Mark B. Brand Name C. Trade Mark D. Tagline</p> <p>For Visually Impaired Candidates: An entrepreneur is said to have used 'umbrella branding' when she _____</p> <p>A. opts to use a common or successful family name for her several products. B. chooses to utilize her corporate name or logo together with some brand names of individual products. C. uses alpha-numeric names to signify the physical characteristics of the product. D. chooses distinct names for each of her offerings.</p>	1 1
5.	<p>Anita, a tech entrepreneur, wants to start her automation consultancy business that will develop AI-based customized solutions for different service providers. She cannot do it all by herself so she has approached her friend Supriya, who is an IIT graduate. Together they plan to commence the business in a form where their liability is limited and the business is regulated by law.</p> <p>_____ form of business organisation meets the requirements of Anita and Supriya. (Choose the correct option to fill up the blank)</p> <p>A. Sole proprietor B. Partnership C. Private limited company D. Public limited company</p>	1
6.	<p>Innovation involves translation of a useful idea into an application which has _____.</p> <p>(Choose the correct option to fill up the blank)</p> <p>A. utility B. commercial value C. creative solution D. better performance</p>	1
7.	<p>From the given elements of operational plan in Column-I and the objectives given in Column-II, choose the correct pair:</p>	1

11.	<p>_____ is the ingredient of a franchise agreement which outlines the marketing and advertising procedures to be used by franchisee. (Choose the correct option to fill up the blank)</p> <p>A. Contract explanation B. Operations manual C. Ongoing site maintenance D. Proprietary statements</p>	1
12.	<p>_____ element of the financial plan describes how the enterprise funds will be dedicated to different assets so that the enterprise can earn the highest possible return. (Choose the correct option to fill up the blank)</p> <p>A. Investment decision B. Financing decision C. Income statements D. Cash flow statement</p>	1
13.	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): New companies (start-ups) find it difficult to go public. Reason (R): A new company needs to maintain dividend and profit growth trends. Options: 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
14.	<p>Given below are assumptions that are made by an entrepreneur in the breakeven-point analysis for a multi-product business.</p> <p>(i) The proportion of the sales mix must be predetermined. (ii) The sales mix must change within the relevant period. (iii) All costs can be categorized as variable or fixed. (iv) Sales price per unit, variable cost per unit, and total fixed cost are calculated as per the forces of demand and supply. (v) All units produced are not sold.</p> <p>Choose the option that depicts the correct pair of assumptions:</p> <p>A. (i) and (iii) B. (ii) and (iii) C. (iv) and (v) D. (i) and (iv)</p>	1
15.	<p>Identify, which of the following is not a current asset for a furniture manufacturing unit?</p> <p>A. debtors B. outstanding expenses C. stock of table and chairs D. short-term investment</p>	1

16.	<p>Identify, which of the following is an advantage of issuing shares through 'Rights issue.'</p> <p>A. It is an inexpensive method of issuing shares. B. It leads to higher employee motivation and lower labor turnover. C. It results in higher valuations of companies and better prestige. D. This method helps in maintaining confidentiality</p>	1
17.	<p>In _____ acquisition, the purchasing company becomes a subsidiary of the purchased company.</p> <p>A. friendly C. backflip</p> <p>B. reverse D. hostile</p>	1
18.	<p>Suvidha Store is a grocery store that retails fast-moving consumer goods. The store buys its supplies on credit and sells them on cash basis. With growing competition, it has also started selling goods on credit. The above step taken by Suvidha store may lead to _____ in its working capital requirement and its cash conversion cycle will be _____.</p> <p>A. increase, longer C. no change, longer</p> <p>B. decrease, longer D. increase, shorter</p>	1
SECTION B		
19(A)	<p>Explain 'product identification' as the first step in idea and opportunity assessment.</p> <p style="text-align: center;">OR</p>	2
19(B)	<p>Differentiate between a basic idea and post scanning idea.</p>	2
20.	<p>Read the following text carefully: Rohit is a trained plumber and has worked for a hardware shop for more than 3 years. He is very popular in the area and people generally request his employer to send Rohit for their repair and maintenance tasks. Rohit is planning to start a business of his own where he will directly reach his clients upon a phone call. He will provide services instantaneously within 15 minutes of the request received. His present clients may put in a positive word for him among their friends and neighbors which can help his business grow. On the basis of the given text identify, giving reasons, any two elements of business opportunity.</p>	2
21. (A)	<p>Refer to the images given below:</p> <p style="text-align: center;">(i) (ii)</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>A Ltd. B Ltd. A Ltd.</p> </div> <div style="text-align: center;">  <p>A Ltd. B Ltd. C Ltd.</p> </div> </div>	

	(I) Identify the type of enterprise growth strategy adopted in the two scenarios indicated in the aforesaid image.	1
	(II) List the two forms of the growth strategy indicated.	1
	For Visually Impaired Candidates in lieu of 21. (A): Refer to the text below: Jiya, a full-time dietician having a branch in New Delhi has opened another clinic in the same city. She will juggle between two branches on alternate days of the week. Additionally, she has decided to merge her business with a firm manufacturing protein shakes in different flavors. These shakes are effective in weight management for adults. The cans for all the flavors are displayed and sold in both the clinics. Giving reasons, identify the two types of expansion strategies used by Jiya.	2
	OR	
21(B)	Discuss briefly the two forms of 'synergy' that accrue to the merging firms.	2
22.	Zakir is keen on giving up his job and starting a new fitness industry business. He has to choose among fitness drinks, gym equipment & fitness gear. Zakir decided to spend more time in the gym inside his apartment complex and in nearby localities, especially on weekends and late evenings, to observe the people and understand their requirements. He took the membership of Gym Community Trade Association through which he got the advantage of their social networking tools like Instagram page, gym websites and community Whatsapp groups. He conducted an online survey to ascertain the viable product for his business idea. The response so collected gave him the clarity that he should go with fitness gear. By quoting lines from the above passage, identify the ways of trend spotting used by Zakir.	2
23.	Describe the 'elevator pitch' format of business plan used by entrepreneurs. How is it different from an 'internal operational' plan?	2
24. (A)	Tic Tac Electricals Ltd. manufactures switches and plugs in an industrial area in the state of Haryana. On an average, they manufacture 2500 switches per day. Their raw material supplier is based in Punjab and takes 5 days to deliver the requirement once the order is received. Estimate the reorder level for Tic Tac Electricals Ltd.	2
	OR	
24. (B)	The following information relates to the newly established Boutique – 'The Pearl': <ul style="list-style-type: none"> ● Total capital invested - ₹ 40,00,000 out of which ₹ 20,00,000 is a bank loan at 15% per annum ● Net Profit after Tax is ₹ 6,00,000 Calculate Return on Equity for The Pearl Boutique.	2
SECTION C		
25.	Prudent Pharma has been a well-established manufacturer of curative medicines in India for the past 15 years. The company is planning to enter a new line of products known as 'nutraceuticals' which has both nutritional and medicinal	3

	<p>benefits. With rising awareness levels and easy access to information, people are keen to try nutraceuticals as these health supplements claim to delay or reduce the impact of chronic diseases.</p> <p>As income levels of the population have improved, nutraceuticals promise to emerge as a growing niche market in the country. It is governed by health and safety regulations and the company needs to acquire the required licenses to venture into this field. Though the concept is new to India, internationally it is already a growing market with multiple international brands. Prudent Pharma is in talks for a potential international tie-up for research and development.</p> <p>On the basis of the given text, identify by quoting lines, any three macroenvironment factors that may affect the future of Prudent Pharma.</p>	
26. (A)	<p>“An entrepreneur must pay attention to the quantity and quality of the manpower for his business as it directly impacts the performance and resulting productivity of the organization.”</p> <p>(I) In the light of the aforesaid statement, identify the component of a business plan that helps an entrepreneur fulfill the stated purpose.</p> <p>(II) State the objective and importance of the identified component.</p>	1 2
26. (B)	<p>OR</p> <p>“One of the components of a business plan effectively establishes how the entrepreneur will compete and operate in the marketplace. It acts as a guideline regarding the marketing objectives, strategies, and activities to be followed by any new enterprise.”</p> <p>(I) Identify the component of the business plan discussed above.</p> <p>(II) Explain the steps described in the plan that help an entrepreneur find the group of customers whose needs the enterprise aims to fulfil.</p>	1 2
27.	<p>In 2022, a popular snacking brand ‘Pom-Pom’ completed 25 years in India. They were one of the first such brands in the country and wanted to start a campaign that allowed the brand to connect with the consumers directly. The marketing team created the idea of ‘Me and Mera Pom-Pom’ where people were encouraged to share their stories woven around their experiences with the product. Such a campaign enabled the consumers to send their message to the company rather than receiving it from them. People shared some of the most poignant and private moments of their lives. Some uploaded their viral films too.</p> <p>(I) Identify the Promotional approach used by ‘Pom-Pom’ to reach its customers.</p> <p>(II) Explain any two important features of this approach.</p>	1 2
28(A)	<p>Explain any three market-related considerations to be used by an entrepreneur while selecting the channel for distribution.</p>	3
28(B)	<p>OR</p> <p>‘A channel of distribution consists of three types of flows.’ Explain the three flows.</p>	3
29.	<p>Tutu Pump Co. uses about 7500 valves per year, which is constant throughout the year. The valve costs ₹15 per unit and the carrying cost is estimated to be ₹ 3 per unit. The cost of placing an order and its processing is ₹ 18.</p> <p>Calculate the Economic Order quantity (EOQ). Give any one benefit that Tutu Pump Co. derives after calculating the EOQ.</p>	3

SECTION D

30.	<p>Read the extract below: As the world is drowned in the rubble of plastic it has become a now or never situation to protect the world. Indian entrepreneurs, Mrs. and Mr. Smith launched 'Green India' in 2021 with the aim to provide a simple replacement for harmful plastic with bamboo-based products. Using technology for processing of the bamboo plant, the brand has developed around 22 products, with manufacturing around 30 lakh Bamboo toothbrushes which have been delivered across India and 18 countries in the world. "India is the second-largest bamboo grower in the world and also one of the biggest bamboo importers. It made me think about how we are underutilising our bamboo resources," comments Mr. Smith. This agripreneur has since engaged 4,000 farmers from villages of Nanded in Maharashtra to manufacture products. After completing his masters degree from the University of Maharashtra, he joined the IT industry in France. It was there that the idea of starting a sustainable business struck him. He was supported by his wife who helps with human resources and accounts. He gives credit to social media platforms for the boost to sales and growing popularity of eco-friendly products. Green India is now looking to add another 1,000 families to completely depend on their products. Their major aim is to reduce 1 million kilogram of plastic waste every year from next year onwards. On the basis of the given text and common understanding, answer the following questions:</p> <p>(I) Identify the idea field used by Mr. Smith to launch the business. (II) Explain any two more idea fields, other than the one identified above. (III) Giving reasons, mention any two socio-economic benefits that the above business has.</p>	<p align="right">1 2 2</p>
31(A)	<p>Elaborate the advantages of a franchise form of business to a franchisee.</p> <p align="center">OR</p>	5
31(B)	<p>'Pricing can also be used as a demarcation, to differentiate and enhance the image of a product'</p> <p>(I) In the light of the above statement, explain Penetration and Skimming as two important pricing strategies that can be used by an entrepreneur. (II) Give any two advantages of both Penetration and Skimming strategies.</p>	<p align="right">1 4</p>
32.	<p>Read the following text carefully: Mr. Prasad started a cakes and confectionery business in 2010 by the name of 'Happiness to Order'. In no time his bakery became the talk of the town for customized cakes as per the occasion. He used high-quality liquid glucose and icing sugar to make the fondants for his cakes. Seeing the popularity, he opened 4 more outlets in different localities. Over the years people have become cautious of what they eat and are cutting down on sugar. The fondants that were once the USP of his bakery were now losing market to the competitors as they introduced a healthier version of bakery products, especially cakes without gluten or sugar but almond flour, oats flour, etc. His cooks advised him to experiment with healthier options which Mr. Prasad was reluctant to try. He could not adapt to the changing environment and all 5</p>	

	<p>outlets started running into loss. Eventually, he decided to close the business. He owes ₹ 15,00,000 to his supplier firm whom he had taken goods on credit in the past year.</p> <p>On the basis of the given text and common understanding, answer the following questions:</p> <p>(I) Mr. Prasad's business funds are insufficient to repay the debts, can the supplier claim Mr. Prasad's assets? Give valid reasons in support of your answer.</p> <p>(II) "Environment scanning is important for an entrepreneur." Justify the statement, giving valid reasons in support of your answer.</p>	<p>2</p> <p>3</p>																
33.	<p>Zoke Ltd. manufactures eco-friendly furnishing and upholstery products. The fixed cost for the production process is ₹ 22,56,000.</p> <p>The following information is available about its range of products:</p> <table border="1"> <thead> <tr> <th>Variety</th> <th>Cushion covers (per pair)</th> <th>Curtains (set of two pairs)</th> <th>Bed covers (Standard King size)</th> </tr> </thead> <tbody> <tr> <td>Selling Price (in ₹)</td> <td>555</td> <td>1150</td> <td>1550</td> </tr> <tr> <td>Variable Cost (in ₹)</td> <td>275</td> <td>550</td> <td>750</td> </tr> <tr> <td>Sales Mix</td> <td>30%</td> <td>40%</td> <td>30%</td> </tr> </tbody> </table> <p>From the given data, calculate the following;</p> <p>(I) Total weighted average contribution margin.</p> <p>(II) Breakeven Quantity for each product.</p> <p>(III) Break-even point (in ₹) for a pair of cushion covers.</p>	Variety	Cushion covers (per pair)	Curtains (set of two pairs)	Bed covers (Standard King size)	Selling Price (in ₹)	555	1150	1550	Variable Cost (in ₹)	275	550	750	Sales Mix	30%	40%	30%	<p>1</p> <p>3</p> <p>1</p>
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Sales Mix	30%	40%	30%															
34. (A)	<p>(I) 'The highly anticipated Initial Public Offer (IPO) of Life Insurance Corporation of India (LIC), emerged as the largest turnout in terms of public participation in the nation's history.'</p> <p>Identify the type of capital market LIC of India has approached.</p> <p>(II) Distinguish between the two types of capital markets.</p> <p>(III) 'Capital markets are an important source of raising finance for entrepreneurs.'</p> <p>Justify the statement, giving valid reasons in support of your answer.</p>	<p>1</p> <p>2</p> <p>2</p>																
34. (B)	<p style="text-align: center;">OR</p> <p>(I) Distinguish between angel investors and venture capitalists.</p> <p>(II) Describe the role of an angel investor in an entrepreneurial venture.</p>	<p>2</p> <p>3</p>																

ENTREPRENEURSHIP (066)
CLASS XII (2024-25)
MARKING SCHEME

Q.NO.	ANSWER	MARKS
1.	C. mutual agency	1
2.	C. Problem	1
3.	B. Indirect sales strategy	1
4.	C. Trade Mark For Visually Impaired Candidates: A. opts to use a common or successful family name for her several products.	1 1
5.	C. Private limited company	1
6.	B. commercial value	1
7.	D. (d) – (iv)	1
8.	C. It does not take into account the competitor's pricing and actions	1
9.	D. (i), (ii) and (iv)	1
10.	C. designs or patterns used for manufacturing	1
11.	D. Proprietary statements	1
12.	A. Investment decision	1
13.	B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
14.	A. (i) and (iii)	1
15.	B. outstanding expenses	1
16.	A. It is an inexpensive method of issuing shares.	1
17.	C. backflip	1
18.	A. increase, longer	1

<p>19. (A)</p>	<p>An idea should lead the entrepreneur to a definite product/service which he/she can sell. So, the first step is to obtain a concept of the product or service suggested by one idea. If the product is already available in the market, then this assessment should identify the reason for re-introducing the same.</p> <p style="text-align: center;">OR</p> <p>19. (B) The initial spotting of ideas i.e. basic idea is of a random nature, whereas, the development of ideas after scanning the environment i.e. post scanning idea is a more purposeful activity. The former is an experiential process while the latter is a strategic process.</p>	<p style="text-align: center;">2</p>
<p>20.</p>	<p>Two elements of business opportunity are:</p> <ul style="list-style-type: none"> • Assured market scope: He is very popular in the area and people generally request his employer to send Rohit for their repair and maintenance tasks. • Practicability of idea: He will provide services instantaneously within 15 minutes of the request received. 	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p>
<p>21. (A)</p>	<p>(I) Merger is the type of enterprise growth strategy adopted in the two scenarios.</p> <p>(II) Two forms of the growth strategy indicated are:</p> <p>(i) Absorption</p> <p>(ii) Amalgamation</p> <p>For Visually Impaired Candidates in lieu of 21. (A): Opened a new branch: Internal expansion Merged with protein manufacturing business: External expansion</p> <p style="text-align: center;">OR</p> <p>21. (B) Synergy can take the following forms:</p> <ul style="list-style-type: none"> • Operating synergy: The cost savings that come through economies of scale or increased sales and profits. It leads to the overall growth of the firm. • Financial synergy: This is the result of financial factors such as lower taxes, higher debt capacity or better use of idle cash. 	<p style="text-align: center;">1</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2}$</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>
<p>22.</p>	<p>The ways of trend spotting used by Zakir are:</p> <ul style="list-style-type: none"> • Watch trends: 'Zakir decided to spend more time in the gym inside his apartment complex and in nearby localities. He simply observed the people.' • Talk trends: 'He conducted an online survey to ascertain the viable product for his business idea.' 	<p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$</p> <p style="text-align: center;">$\frac{1}{2} + \frac{1}{2}$</p>
<p>23.</p>	<p>Elevator pitch is a three-minute summary of the business plan's executive summary. This is often used as a teaser to awaken the interest of potential funders, customers, or strategic partners.</p> <p>Internal operational plan is used by the management for detailed planning and may not be of any interest to funders or customers.</p>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p>

<p>24. (A)</p>	<p>Reorder level = Lead time x Daily requirement = 5 X 2500 = 12500 units</p> <p style="text-align: center;">OR</p>	<p>1 $\frac{1}{2}$ $\frac{1}{2}$</p>
<p>24. (B)</p>	<p>Return on Equity = $\frac{\text{Net Profit after Tax}}{\text{Total Equity}} \times 100$ = $\frac{6,00,000}{20,00,000} \times 100$ = 30%</p>	<p>1 $\frac{1}{2}$ $\frac{1}{2}$</p>
<p>25.</p>	<p>Macroenvironment factors that may affect the future of Prudent Pharma are:</p> <ul style="list-style-type: none"> • 'governed by health and safety regulations and the company needs to acquire the required licenses - Legal factor • 'rising awareness levels and easy access to information of people' - Social factor • 'As income levels of the population have improved'- Economic factor 	<p>$\frac{1}{2} + \frac{1}{2}$ $\frac{1}{2} + \frac{1}{2}$ $\frac{1}{2} + \frac{1}{2}$</p>
<p>26. (A)</p>	<p>(I) Manpower Plan (II) Objective: Right person, at the right job, at right time. Importance: To build up loyal, efficient and dedicated personnel, an entrepreneur needs to pay adequate and proper attention to human resource planning.</p> <p style="text-align: center;">OR</p>	<p>1 1 1</p>
<p>26. (B)</p>	<p>(I) Marketing plan (II) Steps in identification of the "target market" are: (i) Deciding what the entrepreneur wishes to pursue is based on market research or industry analysis done and complied with by competent people or the entrepreneurs. (ii) Divide the market into smaller groups based on:</p> <ul style="list-style-type: none"> • Consumer's characteristics viz. Geographic (State, Country etc.) Demographic (Sex, age, etc.), Psychographics (Personality, life style, etc.) • Buying situations viz. Buying conditions (time available etc.), Usage, Desired benefits (features of product). 	<p>1 1 $\frac{1}{2}$ $\frac{1}{2}$</p>
<p>27.</p>	<p>(I) Below-the-line approach is the approach used by 'Pom-Pom' to reach its customers. (II) Features of Below-the-line approach are:</p> <ul style="list-style-type: none"> • The purpose of the activities is to develop the brand by creating awareness and building a brand profile. • It can lead to an actual sale which is easy to measure. 	<p>1 1 1</p>

<p>28. (A)</p>	<p>The following market-related considerations to be used by an entrepreneur while selecting the channel for distribution:</p> <ul style="list-style-type: none"> • Number of buyers: If the number of buyers is large then it is better to take the services of middlemen for the distribution of the goods. On the contrary, the distribution should be done by the manufacturer directly if the number of buyers is less. • Buying habits: A manufacturer should take the services of middlemen if his/her financial position does not permit him/her to sell goods on credit to those consumers who are in the habit of purchasing goods on credit. • Buying quantity: It is useful for the manufacturer to rely on the services of middlemen if the goods are bought in smaller quantity. <p style="text-align: center;">OR</p> <p>28. (B) A channel of distribution consists of three types of flows:</p> <ul style="list-style-type: none"> • Downward flow of goods from producers to consumers. • Upward flow of cash payments for goods from consumers to producers. • Both downward and upward direction Flow of marketing information on new products, new uses of existing products, etc from producers to consumers. Also, flow of information in the form of feedback on the wants, suggestions, complaints, etc from consumers/users to producers. 	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
<p>29.</p>	<p>C= ₹ 3 P= ₹ 18 D= 7500 EOQ = $\sqrt{2 \times P \times D / 3}$ = $\sqrt{2 \times 7500 \times 18 / 3}$ = 300 units</p> <p>Benefits of calculating EOQ: Ensures that there is no stock-out situation and the cost of carrying and placing the order is minimised.</p>	<p>1</p> <p>1/2</p> <p>1/2</p> <p>1</p>
<p>30.</p>	<p>(I) Natural</p> <p>(II) Existing product: A business will improve or change its existing products by modifying the ingredients or expanding the offering. This is done to keep up with competition and increase sales.</p> <p>Market driven: Market research provides important information to identify and analyze the market need, market size, competition and general environment. This helps in idea generation and better decision making.</p> <p>(III) Socio- economic benefits are:</p> <ul style="list-style-type: none"> • Better utilisation of local resources- using locally grown bamboo which was underutilised. • Supporting environment/sustainability - provide a simple replacement for harmful plastic with bamboo-based products 	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>

<p>31. (A)</p>	<p>Advantages of franchising to franchisee:</p> <ul style="list-style-type: none"> • Franchisors share market knowledge and conduct market surveys • The start-ups can grow fast without having to increase labor, operating costs and blocking running expenses because normally buyers straight walk up to them. • Franchisors provide training to franchisees that can help them to be successful. • Franchisor can support the franchisees financially, help in investing capital • Franchisors use standard procedures which are tried and tested techniques and share with franchisees. Standardization in the supplies, products and services provided helps ensure that the entrepreneur will maintain quality standards that are so important. <p style="text-align: center;">OR</p> <p>(I) Penetration pricing is a pricing strategy where the price of a product is initially set at a price lower than the eventual market price to attract new customers. Skimming Pricing Strategy is used when goods are sold at higher prices so that fewer sales are needed to break even.</p> <p>(II) Advantages of Penetration pricing strategy:</p> <ul style="list-style-type: none"> • It can result in fast diffusion and adoption. This can achieve high market rates quickly. This can take the competitors by surprise, not giving them time to react. • It discourages the entry of competitors. Low prices act as a barrier to entry. <p>Advantages of Price Skimming strategy:</p> <ul style="list-style-type: none"> • Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product. • If the company caters to consumers who are quality conscious rather than price conscious, then this type of strategy can work in a great way for a company. 	<p style="text-align: right;">1 1 1 1 1</p>
<p>31. (B)</p>	<p>(I) Penetration pricing is a pricing strategy where the price of a product is initially set at a price lower than the eventual market price to attract new customers. Skimming Pricing Strategy is used when goods are sold at higher prices so that fewer sales are needed to break even.</p> <p>(II) Advantages of Penetration pricing strategy:</p> <ul style="list-style-type: none"> • It can result in fast diffusion and adoption. This can achieve high market rates quickly. This can take the competitors by surprise, not giving them time to react. • It discourages the entry of competitors. Low prices act as a barrier to entry. <p>Advantages of Price Skimming strategy:</p> <ul style="list-style-type: none"> • Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product. • If the company caters to consumers who are quality conscious rather than price conscious, then this type of strategy can work in a great way for a company. 	<p style="text-align: right;">½ ½ 1 1 1</p>
<p>32.</p>	<p>(I) Yes, as Mr. Prasad has unlimited liability. The proprietor is liable/responsible for all losses arising from business. In case the business assets are insufficient to pay off liabilities, his/her personal property can be called upon to pay his business debts.</p> <p>(II) Environment scanning is important for an entrepreneur as it helps in:</p> <ul style="list-style-type: none"> • identification of opportunities • getting first mover advantage • formulation of strategies and policies 	<p style="text-align: right;">2 1 1 1</p>

33.	Variety	Cushion covers (per pair)	Curtains (set of two pairs)	Bed covers (Standard King size)	
	Selling Price (in ₹)	555	1150	1550	
	Variable Cost (in ₹)	275	550	750	
	Contribution	280	600	800	
	Sales Mix	30%	40%	30%	
	Weighted Contribution	84	240	240	
	<p>(I) Total Weighted Contribution margin = 84+240+240 = ₹ 564</p> <p>(II) Break-even quantity for each variety</p> $\text{Break Even Point} = \frac{\text{Total Fixed Cost}}{\text{Weighted Contribution Margin}}$ $= \frac{22,56,000}{564} = 4,000 \text{ units}$ <p>Cushion covers= 4000 x 30% = 1,200 units</p> <p>Curtains = 4000 x 40% = 1,600 units</p> <p>Bed covers= 4000 x 30% = 1200 units</p> <p>(III) Breakeven in Rupees for cushion covers=Break even quantity x SP per unit = 1200 x 555 = ₹ 6,66,000</p>				
34. (A)	(I) LIC of India has approached the Primary Market.				1
	(II) Primary market is the 'new issues' market that facilitates transfer of resources from the savers to the entrepreneurs.				1
34. (B)	Whereas;				
	<p>Secondary market is the 'old securities' market that deals in buying and selling of the market securities issued earlier which are sold by existing investors.</p> <p>(III) Capital markets are the most important source of raising finance for the entrepreneurs as this market can:</p> <ul style="list-style-type: none"> Mobilize the financial resources on a nation-wide scale. Secure the required foreign capital and know-how to promote economic growth at a faster rate. 				1 1
OR					
(I) Angel Investors: Informal investors in the startup in its early stages. They are ready to invest when even the venture capitalist are least interested to make investments. Most angels are expected to dilute after the first few rounds of investment.				1	
Whereas;					
<p>Venture Capitalists: Professionally managed pool of equity capital who undertake long-term investment, usually occurring over five years and have continuous involvement in the management of business.</p>				1	
(II) Role of an angel investor:					
<ul style="list-style-type: none"> Most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. 				1	
					1

	<ul style="list-style-type: none">• Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments.• 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.	1
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