ENTREPRENEURSHIP (066)
CLASS XII (2026-27)
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 Sections B, C and D of question paper.

S. No.	SECTION A	Marks
1	Prakriti Packaging Ltd. is a company that provides eco-friendly packaging solutions. The establishment of the company was driven by the growing emphasis on sustainability and environmental responsibility. It was considered to be a promising idea to offer innovative, biodegradable packaging materials in the market. Identify the source that led to the emergence of the business idea. (Choose the correct option to fill up the blank) (A) Problem (B) Competition (C) Change (D) Innovation	**1**
2	Rohit wants to start a small venture but is unsure of what product or service to offer. His mentor explains him that business ideas may come from market trends, consumer needs, or even unexpected situations. Rohit begins observing problems around him, analysing what students need, and noting down ideas that occur to him randomly. He realises that this involves creating, developing, and communicating concepts and converting them into reality. Identify the phase of opportunity spotting Rohit is engaged in and choose the correct option. (A) Idea generation (B) Market segmentation (C) Problem identification (D) Product standardisation	**1**
3	Rohan, a young professional, found it difficult to compare and select suitable health insurance plans because different companies provided complex information, varied benefits, and confusing terms. Realising that many customers might be facing similar challenges, he developed “PolicySimplify.in”, a single platform that presents insurance options in a clear and organised manner. Identify the method of idea generation that Rohan’s initiative represents.	**1**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

	(Choose the correct option) (A) Environment scanning (B) Problem identification (C) Trend spotting (D) Innovation	
4	From the following idea fields in **Column-I** and the example of idea fields in **Column-II**, match the correct pair and choose the correct option: <table><tr><th></th><th>Column-I</th><th></th><th>Column-II</th></tr><tr><td>P</td><td>Natural resources ideas</td><td>(I)</td><td>“Teladoc Health” – Provides telemedicine facility, allowing patients to consult with doctors remotely.</td></tr><tr><td>Q</td><td>Trading related ideas</td><td>(II)</td><td>“QuickFix Home Services” – An app that connects customers with electricians, plumbers, and repair professionals on demand; developed due to the increasing need for convenient and reliable home maintenance services.</td></tr><tr><td>R</td><td>Service sector ideas</td><td>(III)</td><td>“Gotham Greens” – known for creating vertical farms and urban gardens.</td></tr><tr><td>S</td><td>Market driven or demand driven ideas</td><td>(IV)</td><td>“Etsy” – An e-commerce platform where people can buy and sell handmade crafts and vintage items.</td></tr></table> Options: (A) P - (III), Q - (I), R - (IV), S - (II) (B) P - (IV), Q - (II), R - (I), S - (III) (C) P - (III), Q - (I), R - (II), S - (IV) (D) P - (III), Q - (IV), R - (I), S - (II)	**1**
5	Read the following statements- Assertion (A) and Reason (R). Choose one of the correct options given below: **Assertion (A):** An idea that is innovative and socially relevant may still fail to qualify as a sound business opportunity. **Reason (R):** A business opportunity must also be assessed on market demand, feasibility, expected returns, and the entrepreneur’s competence. Choose the correct option: (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.	**1**
6	Roy and Tanzia are planning to start a financial advisory firm together. They want to ensure that their personal assets are protected from business liabilities and that their business is regulated by law.	**1**

	Identify the form of business organization would best meet Roy and Tanzia's requirements. (Choose the correct option) (A) Sole proprietorship (B) Public limited company (C) Partnership (D) Private limited company	
7	In preparing the _____, 'sales by month' must be calculated first, making use of forecasting techniques as the basis. (Choose the correct option to fill up the blank) (A) Proforma cash flow (B) Proforma financing decision (C) Proforma income statement (D) Proforma investment decision	**1**
8	Tech Solutions, a startup producing solar-powered appliances, is planning to launch a new product line 'Surya-Kiran'. The founder assesses the existing workforce and decides to recruit skilled engineers and marketing professionals to ensure that the right people are available at the right time and place. This reflects the concept of _____ planning in the business organisation. (Choose the correct option to fill up the blank) (A) Financial (B) Manpower (C) Operational (D) Organisational	**1**
9	Refer to the given image:  On the basis of the given image, recognize the media used for advertising and choose the correct option: (A) Outdoor (B) Ambient (C) Point of sale (D) Window display **Note : The following question is for the candidates with visual impairments only in lieu of Q. No. 9.** Product placement and promotion help in creating brand awareness through various marketing channels. From the following options, choose the effective way to increase brand awareness: (A) Using social media platforms regularly and engaging with the followers. (B) Promoting products without using any marketing channels. (C) Using customer testimonials only in product designing. (D) Communicating with the customers occasionally.	**1**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

10	The 'Skimming Pricing Strategy' delivers best results, when_____. (Choose the correct option to fill up the blank) (i) there are strict legal and government regulations regarding consumer rights (ii) the product is perceived as enhancing the customer's status in society (iii) the target market associates quality of the products with its price (iv) the firm uses it as an entry strategy Options: (A) (i) and (ii) (B) (ii) and (iii) (C) (ii) and (iv) (D) (i), (ii) and (iv)	**1**
11	Read the following statements- Assertion (A) and Reason (R). Choose one of the correct options given below: **Assertion (A):** A tagline helps a brand to communicate its message and improves brand recall among consumers. **Reason (R):** A tagline is the legal name of the brand that distinguishes one product from another in the market. Choose the correct option: (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.	**1**
12	Beta Ltd., a steel manufacturing company with its headquarters at Mumbai and ranked as the tenth largest steel manufacturer in the world, decided to purchase Gama Ltd., a steel company based in Chennai. Gama Ltd. was facing significant worker unrest and chose to sell its business to the highest bidder. Beta Ltd. made the highest bid of ₹10 lakh crore. Identify the type of external expansion indicated in the above scenario and choose the correct option. (A) Merger (B) Franchising (C) Acquisition (D) Internal Expansion	**1**
13	Read the following statements carefully: **Statement 1:** A merger is a combination of two companies into one larger company that involves stock swap or cash payment to the target. **Statement 2:** In any type of merger, at least one of the merging companies loses its entity. In the light of the given statements, choose the correct option from the following: (A) Statement 1 is true and Statement 2 is false. (B) Statement 1 is false and Statement 2 is true. (C) Both statements 1 and 2 are true. (D) Both statements 1 and 2 are false.	**1**
14	ABC Restaurant had 60 customers whose total billed amount stood at ₹ 18,000. The cost per unit was 65% of the sales price. The Gross Margin per unit is ₹____. (Choose the correct option to fill up the blank) (A) 105 (B) 175	**1**

	(C) 210 (D) 300	
15	_____ refers to the funds which an organisation must possess to finance its day-to-day operations. (Choose the correct option to fill up the blank) (A) Seed Capital (B) Working Capital (C) Fixed Capital (D) Retained earnings	**1**
16	Infotech Pvt. Ltd. wants to raise additional capital at a very short notice for expanding its AI-based product line. The Management decided not to raise funds from the general public. Instead, they decided to approach a small group of selected investors, including venture capitalists and high-net-worth individuals. Identify, which of the following is **NOT** a benefit of the method of floatation of new issue opted in the above case? (A) Results in lower costs compared to public offerings. (B) Provides access to sophisticated and institutional investors. (C) Enables fund-raising without detailed public disclosure. (D) Offered to the existing shareholders, who may either subscribe or renounce.	**1**
17	Nova Pvt. Ltd., a rapidly growing technology startup, decides to convert into a public company to raise funds from the stock market. After public listing, the management faces several new challenges: • They are required to submit detailed reports to shareholders and regulatory authorities regularly. • Media attention increases and every corporate decision is scrutinised publicly. • Dividend expectations of shareholders put pressure on consistent profit growth. • The company becomes potentially vulnerable to hostile takeovers. • Senior management feels that their control over strategic decisions has reduced. Based on the above situation, which of the following is **NOT** a drawback of going public? (A) Loss of privacy due to media attention. (B) Pressure to maintain dividend and profit growth trends. (C) Increased accountability to shareholders and regulatory bodies. (D) Ability to raise additional capital from a larger pool of investors.	**1**
18	When a company raises capital by issuing securities to the public for the first time, it is considered to be _____ market activity. (i) Primary Market (ii) Secondary Market (iii) Venture Capitalists Options: (A) Only (i) (B) Only (ii) (C) (i) and (iii) (D) (ii) and (iii)	**1**

	SECTION B	
19 A	Explain any two elements in the innovation process.	**2**
	OR	
19 B	Explain the concept of 'idea germination'.	**2**
20	Ritika runs a small pottery unit where different teams work on sourcing materials, designing products, and finishing the end products. Recently, she noticed delays in production and an increasing number of defects in the finished goods. To understand the situation better, Ritika begins regularly reviewing the status of raw materials, checking the progress of work-in-process, and identifying departments that are lagging behind. She also starts suggesting corrective steps to remove obstacles in production. (I) Identify the element of one of the components of a business plan that Ritika is performing in this situation. (II) State how this element helps entrepreneurs.	 **1** **1**
21 A	In a partnership firm, the business of partnership can be carried on by all the partners or any one of them acting for all. (I) Identify the feature of partnership firm highlighted in the aforesaid statement. (II) State the applicability of the identified feature in a partnership firm.	 **1** **1**
	OR	
21 B	"Public Company and Private Company has varied criterion in terms of number of members and transferability of shares." Justify the given statement with valid arguments.	**2**
22	Shoreal, a global leader in the cosmetics industry, has long been known for its innovative marketing strategies. In 2024, Shoreal decided to enhance its engagement with Indian consumers by launching a series of beauty workshops and makeup tutorials across major shopping malls in India. By offering a tangible and interactive experience, Shoreal not only showcased the value of its products but also fostered a deeper connection with its target audience. (I) Identify the promotional approach used by 'Shoreal' to reach its customers. (II) Explain any one important feature of this approach.	 **1** **1**
23	Refer to the given image carefully:  	 **1** **1**

<table>
<tr><td></td><td>On the basis of the given image:
(I) Identify the pricing strategy used by the company.
(II) State one advantage of this pricing strategy to the enterprise.

Note : The following questions are for the Candidates with visual impairments only in lieu of Q. No. 23.
(I) State the meaning of cost-plus pricing strategy for a company.
(II) Give one advantage of the cost-plus pricing strategy to the company.</td><td>1
1</td></tr>
<tr><td>24 A

24 B</td><td>The quantity of jackets sold by a shopkeeper is 1,200 per month at ₹ 1,100 each. The cost of placing an order and receiving goods is ₹ 1,500 per order. The inventory holding cost is ₹ 40 per annum.
Calculate the economic order quantity for the shopkeeper.
OR
The following information is taken from the Balance Sheet of XYZ Enterprises:
<table>
<tr><th>Current Assets</th><th>₹</th><th>Current Liabilities</th><th>₹</th></tr>
<tr><td>Cash</td><td>30,000</td><td>Creditors</td><td>35,000</td></tr>
<tr><td>Trade Debtors</td><td>50,000</td><td>Short-term Loans</td><td>10,000</td></tr>
<tr><td>Inventory</td><td>40,000</td><td>Outstanding Expenses</td><td>5,000</td></tr>
</table>
Calculate the Working Capital of XYZ enterprise.</td><td>2</td></tr>
<tr><td></td><td>SECTION C</td><td></td></tr>
<tr><td>25</td><td>In 2025, Ashima Mehta, a young entrepreneur in Pune, noticed a growing demand for personalised online learning tools among students. She studied market reports and social media discussions to understand changing learning patterns and technological adoption. She also observed competitors and educational platforms to see what services were popular and which gaps existed. Additionally, she conducted surveys and interacted with students and teachers to understand their needs and challenges.

Using these insights, Ashima launched “Learn Smart”, an AI-based platform offering customised study plans, practice tests, and performance analytics. Her venture quickly gained popularity among school and college students.

Quoting the lines, identify the three ways of trend spotting Ashima used.</td><td>3</td></tr>
<tr><td>26</td><td>Urban Ride Cabs is a growing app-based taxi service operating in major Indian cities. Over the past year, the company has noticed rapid changes in fuel prices, customer expectations for safety features, and increasing competition from new low-cost cab aggregators.
To stay competitive, Urban Ride’s management team began regularly scanning the business environment. They studied customer feedback, analysed competitor offerings, and monitored technological developments such as AI-enabled routing and in-car safety systems.
As a result, the company introduced GPS-enabled safety alerts, adopted fuel-efficient hybrid cars, partnered with banks to secure cheaper finance, and launched new features like live driver rating updates. These steps improved their</td><td>3</td></tr>
</table>

	reputation, attracted more users, and helped them respond quickly to market changes. On the basis of the given text and common understanding, identify and explain three benefits Urban Ride gained by scanning the business environment.	
27 A	Explain any three Product-related considerations for selecting the channel of distribution by an entrepreneur.	**3**
	OR	
27 B	Explain the indirect distribution channels available to an entrepreneur.	**3**
28 A	(I) Give the meaning of a franchise agreement. (II) State the main ingredients of a franchise agreement.	**1** **2**
	OR	
28 B	Differentiate between internal and external expansion.	**3**
29	Neha runs a small start-up called CleanRide Services, which offers doorstep car washing and detailing services using water-saving techniques. After one year of operations, she notices that although sales are increasing, she needs to know whether the money invested in her business is generating adequate profits. Total Capital employed – ₹ 50,00,000 Equity – ₹ 25,00,000 Gross Profit – ₹ 6,00,000 Tax Rate – 20 % (I) Identify the yardstick that can help Neha to ascertain the efficiency of her operations. (II) Calculate the profitability of CleanRide Services from the details given above.	 **1** **2**
	SECTION D	
30	"Qudrat" is a Trivandrum, Kerala-based startup founded by Rohan Suri and Rishabh Suri that upcycles agricultural waste into sustainable disposable tableware products, focusing on eco-friendly solutions to reduce plastic waste. Their production process begins with sourcing agricultural waste and residue from nearby mills and farms. By working closely with the local community, Qudrat ensures a steady supply of raw materials, benefiting both the environment and the farmers. Once a batch of raw materials is collected, it undergoes various processes including grinding, mixing, crushing, and compression molding. Leveraging advanced technology at a macro level - such as automated compression molding machines, precision mixers, and innovative material processing systems - Qudrat ensures high-quality, uniform products at scale, making the production process both efficient and sustainable. Using this technology-driven approach, Qudrat transforms agri-waste into a variety of products such as plates, tumblers, spoons, bowls, takeaway containers, trays, cup lids, and even edible straws. What started as a deep-rooted concern for the environment has evolved into a thriving business, with Qudrat eyeing a revenue of ₹3 crore in their second year of operations.	

	(I) Identify the idea field that streamlined the launch of "Qudrat". (II) State the two elements of the PESTEL model emphasized in the given case. (III) Identify and explain the component of the financial plan illustrated in the given case.	**1** **2** **2**
31	Urban Harvest Farms Pvt. Ltd. is preparing to raise funds for its hydroponic urban farming venture. To appeal to different stakeholders, the company's Chief Strategy Executive, Ms. Raina, presents the business plan in three separate meetings, each customised to the audience. **Meeting 1:** Ms. Raina attends a networking event where she meets a group of potential angel investors. She gives them a quick, three-minute overview of the company's idea, highlighting the product concept, customer pain points, and the opportunity for scalable growth. **Meeting 2:** The following week, Ms. Raina is invited by a venture capital firm. Here, she arrives with a visually engaging slide deck, supported by an energetic oral narrative. She walks the investors through key financial trend graphs, early traction data, and benchmark indicators. **Meeting 3:** Later, she meets with a consortium of formal institutional investors. For this session, she presents a comprehensive, professionally written business plan that includes market analysis, operational design, financial projections, and risk management details. (I) Identify the format of business plan being used in Meeting 1 and Meeting 2. (II) Describe the objective of format that is being used in Meeting 3. (III) State the format of the business plan that has not been used as yet by the company.	 **2** **2** **1**
32	Aurora Enterprises Ltd., a diversified Indian conglomerate, has been planning to strengthen its position in the fast-growing digital healthcare sector. Instead of developing its own online platform from scratch, Aurora chose to expand through its wholly owned subsidiary, Aurora Wellness Ventures Pvt. Ltd. Through this subsidiary, Aurora purchased a controlling stake in Heal Kart Digital, a well-established e-pharmacy known for its doorstep delivery of medicines and wellness products. Industry analysts observed that this move resembles how a leading Indian corporation in the past acquired an online pharmacy via its subsidiary to quickly gain a foothold in the digital healthcare market. The acquisition instantly gave Aurora access to Heal Kart's technology, logistics network, and existing customer base, while HealKart benefited from Aurora's financial strength, wider reach, and improved supply chain. On the basis of the given text and common understanding answer the following questions: (I) Identify the expansion strategy used by Aurora. (II) State any four reasons behind the expansion strategy adopted by Aurora Enterprises Ltd.	 **1** **4**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

33 A Blew Brew Pvt. Ltd. manufactures three varieties of coffee, namely Classic Roast, Mocha Blend and Herbal Coffee. Each variety is sold in standard packs. The details relating to sales price, variable cost, and sales mix are given below: **5**

Particulars	Classic Roast	Mocha Blend	Herbal Coffee
Sales Price per unit (₹)	100	80	50
Variable cost per unit (₹)	50	40	20
Sales Mix (%)	20	30	50

The Total Fixed Cost of the company is ₹ 14,80,000.
Calculate the Break-even Point (BEP) in units for each variety of coffee.

OR

33 B Anaya runs a small venture called GlowVibe Candles, where she manufactures two products: Aura Lite (a basic scented candle) and Zen Glow (a premium scented candle). Both products contribute differently to the overall profits of the business because they have different selling prices and different variable costs. Recently, Anaya noticed that although the sales volume has increased, profits did not increase in the same proportion. She also realised that the two products do not contribute equally—Zen Glow offers a higher profit per unit, while Aura Lite sells in larger quantities. This made it difficult for her to understand how the combination of both products is affecting her total profitability.
(I) Identify and explain the analytical tool Anaya should use in this situation. **2**
(II) Anaya can use this analysis to effectively manage her multi-product business. Justify the given statement, giving three advantages. **3**

34 A (I) Give the meaning of an Angel Investor. **2**
(II) Explain the role of an Angel Investor in building an enterprise. **3**

OR

34 B (I) State any two features of Venture Capital Finance. **2**
(II) Explain how Venture Capital supports startups during the early stage of their business. **3**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

ENTREPRENEURSHIP (066)
CLASS XII (2026-27)
Marking Scheme

Q.No.	ANSWER	MARKS
	SECTION - A	
1	(C) Change	**1**
2	(A) Idea generation	**1**
3	(B) Problem Identification	**1**
4	(D) P - (III), Q - (IV), R - (I), S - (II)	**1**
5	(A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	**1**
6	(D) Private limited company	**1**
7	(C) Proforma income statement	**1**
8	(B) Manpower	**1**
9	(B) Ambient **Note : The following question is for the Visually Impaired Candidates only in lieu of Ans. 9.** (A) Using social media platforms regularly and engaging with the followers.	**1** **1**
10	(B) (ii) and (iii)	**1**
11	(C) Assertion (A) is true, but Reason (R) is false.	**1**
12	(C) Acquisition	**1**
13	(C) Both statements 1 and 2 are true.	**1**
14	(A) ₹105 Solution: Step 1: Calculate Sales Price per Unit $\text{Sales price per unit} = \frac{18{,}000}{60} = ₹300$ Step 2: Calculate Cost per Unit $\text{Cost per unit} = 65\% \text{ of } 300 = 0.65 \times 300 = ₹195$ Step 3: Calculate Gross Margin per Unit $\text{Gross Margin} = \text{Sales Price} - \text{Cost Price}$ $= 300 - 195 = ₹105$	**1**
15	(B) Working Capital	**1**
16	(D) Offered to the existing shareholders, who may either subscribe or renounce.	**1**
17	(D) Ability to raise additional capital from a larger pool of investors.	**1**
18	(A) Only (i)	**1**

Note: There is no change in the Question Paper Design and Assessment Pattern for Academic Session 2026-27.

SECTION B		
19 A	Analytical planning: Carefully identifying the product or service features, design as well as the resources that will be needed. Resource organization: Obtaining the required resources, materials, technology, human or capital resources.	**1** **1**
	OR	
19 B	Idea germination: This is the seeding stage of a new idea. It is the stage where the entrepreneur recognises that an opportunity exists. The idea germination takes place according to interest, curiosity of the entrepreneur according to which opportunity is explored and exploited to its best potential. Creative idea germinates besides the interest, the need of a specific problem or area of study.	**2**
20	(I) The element of the business plan being performed by Ritika is Production Planning and Control, which is a part of the Production Plan. (II) This element helps entrepreneurs by monitoring the flow of production, controlling quality, identifying delays or bottlenecks, and taking corrective measures to ensure that goods are produced efficiently, on time, and with minimum defects.	**1** **1**
21 A	(I) 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. (II) The applicability of the mutual agency feature in a partnership firm: • Each partner is liable for acts performed by other partners. • Each partner can bind other partners and the firm by his acts done in the ordinary course of business.	**1** **½** **½**
	OR	
21 B	Number of members: A private company has a minimum of two and a maximum of fifty members, whereas a public company has a minimum of seven members with no maximum limit. Transferability of shares: In a private company, the right to transfer shares is restricted, whereas in a public company, shares are freely transferable.	**1** **1**
22	(I) The promotional approach used by Shoreal is Below-the-Line Promotion. (II) Personalised Communication: Below-the-line promotion allows direct and personal contact with customers, helping the firm communicate product features more effectively. (Any other relevant feature to be awarded marks)	**1** **1**
23	(I) The pricing strategy used by the company is Variable Pricing. (II) Under variable pricing, the same product is sold at different prices on the basis of quantity or size offered. This strategy helps the enterprise attract different categories of customers and increase overall sales, as buyers can choose a pack size according to their needs and paying capacity. **Note: The following questions are for the Visually Impaired Candidates only in lieu of Ans. 23.** (I) Cost-plus pricing strategy: Under the cost-plus pricing strategy, a company first calculates the total cost of production of a product, including all costs, and then adds a fixed margin of profit to determine the selling price. (II) One advantage of cost-plus pricing strategy: This pricing strategy ensures recovery of all costs along with a guaranteed margin of profit, making it simple and safe for the company to use.	**1** **1** **1** **1**

24	Economic Order Quantity (EOQ)= $\sqrt{\frac{2PD}{C}}$ $= \sqrt{\frac{2 \times 1,500 \times 1,200}{40}}$ = 300 units **OR** Working Capital = Current Assets − Current Liabilities = (₹30,000 + ₹50,000 + ₹40,000) − (₹35,000 + ₹15,000) = ₹ 70,000	**1** **½** **½** **1** **½** **½**
	SECTION C	
25	Read Trend: "She studied market reports and social media posts to understand their needs and challenges." Watch Trend: "She also observed competitors and local supermarkets to see what products were in demand and which gaps existed." Talk Trend: "Additionally, she conducted surveys and talked to potential customers and nutrition experts to understand their preferences and challenges."	**1** **1** **1**
26	Benefits Urban Ride gained by scanning the business environment: • Identification of Opportunities: Keeping track of external changes helps a business spot opportunity early. • Formulation of Strategies: Understanding market threats and opportunities aids in crafting strategies to address threats and seize opportunities. • Tapping Useful Resources: Knowledge of the external environment enables a company to acquire raw materials, technology, and financial resources efficiently.	**1** **1** **1**
27 A	While selecting a channel of distribution, an entrepreneur should consider the following product-related factors: • Nature of the Product: Perishable, fragile, or technical products require shorter and more direct channels, whereas durable goods can be distributed through longer channels. • Unit Value of the Product: High-value products generally use direct channels to reduce costs and maintain control, while low-value products are distributed through indirect channels. • Standardised vs Customised Product: Standardised products are suitable for indirect distribution, whereas customised or made-to-order products require direct contact with customers. (Any other relevant point to be awarded marks) **OR**	**1** **1** **1**
27 B	Indirect distribution channels involve intermediaries between the producer and the consumer. The main indirect channels available to an entrepreneur are: Producer → Retailer → Consumer: Used when retailers purchase goods directly from producers and sell them to consumers. Producer → Wholesaler → Retailer → Consumer: Suitable for large-scale distribution where wholesalers buy in bulk and supply to retailers. Producer → Agent → Wholesaler → Retailer → Consumer: Agents act as intermediaries who help in selling goods on behalf of the producer.	**1** **1** **1**

28 A	(I) A franchise agreement is the legal document that binds the franchisor and franchisee together. This document explains what the franchisor expects from the franchisee in running the business. (II) Main ingredients of a Franchise Agreement are: • Contract Explanation • Operations Manual • Proprietary Statements • Ongoing Site Maintenance	**1** **½** **½** **½** **½**
	OR	
28 B	Internal expansion refers to the growth of a business through gradual increase in its own activities, such as adding new machines, increasing production capacity, or entering new fields of production and marketing. It is carried out within the existing organisation by using its own resources such as issue of shares, retained profits or long-term securities. Whereas; External expansion takes place when two or more existing concerns combine their operations to expand business activities and pursue common objectives. It involves business combination where separate units merge, cooperate or integrate for mutual benefit or maximum profits.	**1 ½** **1 ½**
29	(I) The appropriate yardstick to ascertain the efficiency of operations and profitability of CleanRide Services is Return on Investment (ROI). (II) Calculation of Profitability Given, Gross Profit = ₹ 6,00,000 Tax @ 20% = ₹ 1,20,000 Net Profit = ₹6,00,000 − ₹1,20,000 = ₹4,80,000 $\text{ROI} = \frac{\text{Net Profit}}{\text{Total Capital Employed}} \times 100$ $= \frac{4,80,000}{50,00,000} \times 100 = 9.6\%$	**1** **1** **½** **½**
	SECTION D	
30	(I) The idea field that streamlined the launch of Qudrat is natural resources. (II) The two elements of the PESTEL model highlighted in the case are: • Environmental factor, reflected through the use of eco-friendly raw materials and focus on reducing pollution. • Technological factor, evident from the use of advanced and automated production processes to ensure quality and efficiency. (III) The component of the financial plan illustrated is the sales forecast or revenue projection, as the enterprise estimates a revenue of ₹3 crore in its second year, indicating expected future sales and economic feasibility of the venture.	**1** **1** **1** **2**

31

(I) Format of Business Plan:
Meeting I: Elevator Pitch — **1**
Meeting 2: Presentation Business Plan — **1**
(II) Objective of Format used in Meeting 3: A detailed business plan is a comprehensive written document containing information related to market analysis, operations, financial projections, and risk factors. Its objective is to provide complete and detailed information to formal investors for thorough evaluation of the business proposal. — **2**
(III) The format of business plan not used by the company is the Internal Operational Plan. — **1**

32

(I) Aurora Enterprises Ltd. has adopted the Acquisition strategy for expansion. — **1**
(II) Reasons behind adopting the Acquisition strategy for expansion:

- Quick entry into a new market helps an enterprise enter a new business or market quickly without starting operations from scratch. — **1**
- Access to existing resources and capabilities provides immediate access to technology, infrastructure, skilled manpower and established systems. — **1**
- Reduction of risk and uncertainty reduces business risk as the enterprise already has a proven market presence. — **1**
- Synergy and economies of scale leads to synergistic benefits where the combined strengths of enterprises result in better efficiency and cost advantages. — **1**

33 A

Product	**Classic Roast**	**Mocha Blend**	**Herbal Coffee**
Selling price per unit (₹) (a)	100	80	50
Variable cost per unit (₹) (b)	50	40	20
Contribution margin per unit (a) – (b)	**50**	**40**	**30**
Sales Mix %	20%	30%	50%
Step 1: Weighted Average Contribution per unit	50 x $\frac{20}{100}$ = 10	40 x $\frac{30}{100}$ = 12	30 x $\frac{50}{100}$ = 15

1 ½

Step 2:
Total Weighted-average contribution margin per unit (WACM) = 10 + 12 + 15
= ₹37 — **½**

Step 3:

Overall Break-even point = $\frac{\text{Total Fixed Cost}}{\text{Weighted average contribution margin per unit}}$ — **1**

= $\frac{14,80,000}{37}$ — **½**

= 40,000 units. — **½**

Step 4: Product wise Break-even point
Break-even point of Classic Roast = 40,000 x 20% = 8,000 units — **½**
Break-even point of Mocha Blend = 40,000 x 30% = 12,000 units — **½**
Break-even point of Herbal Coffee = 40,000 x 50% = 20,000 units — **½**

OR

33 B	(I) The analytical tool that Anaya should use is Break-even Analysis. Break-even analysis is a technique used to determine the level of sales (or revenue generated) that equals all the expenses required for generating that revenue. It is not more than the expenses (i.e. no profit) nor is it less than the expenses (i.e. no loss). In other words, there is neither loss nor profit. (II) Anaya can use this analysis to effectively manage her multi-product business as break-even analysis: • determines the minimum level of output to be produced, setting profit goal and sales target. • determines the products that are not contributing to meet the fixed expenses and thus brings up the item for discussion in management meetings about its continuity. • Identifies the effect of change in quantity of output upon the profits.	**2** **1** **1** **1**
34 A	(I) An Angel Investor is an individual who provides financial support to start-ups or early-stage enterprises, usually in exchange for ownership equity, and often offers guidance and mentoring based on personal business experience. (II) Role of an Angel Investor in building an enterprise: 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. 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.	**2** **3**
	OR	
34 B	(I) Features of Venture Capital Finance: • Provides long-term capital to high-risk, high-growth businesses. • Investment is made in the form of equity or convertible securities, not loans. (Any other relevant feature to be awarded marks) (II) Venture Capital support startups during early stage of their business through: • Seed capital finance - It refers to the capital required by an entrepreneur for conducting research at pre-commercialization stage. During this stage, the entrepreneur has to convince the investor (VC) why his idea/product is worthwhile. • Startup finance - This is also called the start-up stage. A business plan is presented by the entrepreneur to the VC firm. A management team is being formed to run the venture. While the organisation is being set up, the idea/product gets its form. The management-team establishes a feasible production line to produce the product. • Second-round financing - At this stage, 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 so that the economies of scale and stability could be attained.	**1** **1** **1** **1** **1**

SAMPLE QUESTION PAPER
ENTREPRENEURSHIP (066)
CLASS 12 (2025-26)

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.

S.No.	Question	Marks
	SECTION – A	
1	Identify, which of the following is NOT an element of a business opportunity. (Choose the correct option) A. Assured market scope B. Attractive and acceptable rate of Return on Investment (ROI) C. Practicability of the idea D. Existing competition in the market	**1**
2	Proforma _____is the component of the financial plan that summarizes all the projected sources of funds available to the venture to raise finance from. (Choose the correct option to fill up the blank) A. investment decisions B. financing decisions C. income statements D. cash flow	**1**
3	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A)**: Sensitivity to environmental factors is crucial for an entrepreneur. **Reason (R)**: Scanning the environment helps in identifying threats and opportunities in the market. 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.	**1**

4	Following is a list of external factors that affect the macro environment of the business. Identify the elements that are part of the economic environment. (i) level of education of the population (ii) interest rates on loans (iii) unemployment rates (iv) efficiency of the existing available machines (Choose the correct option) Options: A. (i) and (ii) B. (ii) and (iii) C. (iii) and (iv) D. (i) and (iv)	**1**
5	Identify, which of the following type of business organization has the maximum number of members. (Choose the correct option) A. Sole Proprietorship B. Partnership C. Public Limited Company D. Private Limited Company	**1**
6	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: **Assertion (A)**: Acquisition helps companies to expand their market share and gain access to new customer base. **Reason (R)**: In an acquisition, one company purchases another enterprise to create synergies and enhance operational efficiency. 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.	**1**
7	Opportunity can be spotted by analysing the ___that exist in the environment. (Choose the correct option to fill up the blank) A. vision and creativity B. entrepreneurial intuitions C. creative solutions D. needs and problems	**1**
8	Identify the pricing strategy used by real estate market where prospective home–owners often submit bids for properties that are less than the posted asking prices leading to a series of offers and counteroffers that sometimes results in a sale taking place. (Choose the correct option) A. Creaming Pricing Method B. Variable Pricing Method C. Cost Plus Pricing Method D. Penetration Pricing Method	**1**
9	Read the following statements. Choose the correct option from those given below: **Statement 1**: The net result of internal expansion is the increase in business activities and broadening the present capital structure.	**1**

	Statement 2: A business may buy more machines or merge with another business which has the latest technology, if it wants to expand internally. Options: A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both statements 1 and 2 are true. D. Both statements 1 and 2 are false.	
10	Refer to the given image carefully:  Source:https://www.postermywall.com/index.php/art/template/e8ff61d3887b02dc 46445b1811fde88e/special-discount-offer-sale-poster-design-template Identify the promotion tool depicted and choose the correct option. A. Advertising B. Direct selling C. Public relation D. Sales promotion **Note: The following question is for the Visually impaired Candidates only, in lieu of Q. No.10** Identify, which of the following is NOT a primary objective of advertisement. (Choose the correct option) A. To inform potential customers about a product or service. B. To persuade customers to prefer one brand over another. C. To create goodwill and a positive brand image. D. To reduce production costs.	**1** **1**
11	Refer to the given text carefully: Hemant, Zoya and Radhika are the founding directors of Wintech Pvt. Ltd., a Bhopal-based business enterprise that manufactures and sells commercial lifts for the past 20 years. Today the company has 45 members. Hemant was handling the finance department of the business since the inception of the company. The banks who have lent money to the company have filed a case against Hemant for fraud and he will soon be arrested. Jaydeep, one of the members, has raised this issue in the board meeting. His argument is that since the case involves founding members, the company will be held liable for their actions and hence he wants legal protection from any action against the company. On the basis of the given text, identify which of the following characteristics of a joint stock company helps us to arrive at the conclusion that the argument made by Jaydeep is inaccurate. (Choose the correct option)	**1**

A. Artificial person
B. Separate legal entity
C. Voluntary association
D. Common seal

12 Operating Cycle is the duration between _____. (Choose the option to fill up the blank) **1**

A. purchase of raw material and packaging of the finished product
B. receiving an order and its final shipment
C. buying the raw material and receiving the cash from the customer
D. purchase of machine and selling it in scrap due to obsolescence

13 From the given 'type of merger' in Column I and related examples in Column II, identify the matching pair and choose the correct option. **1**

	Column I		**Column II**
a)	Horizontal Merger	1	A car manufacturer acquiring a tire supplier
b)	Vertical Merger	2	A beverage company acquiring another beverage company
c)	Product extension merger	3	A telecom company acquiring a regional telecom provider
d)	Market extension merger	4	A cosmetic company acquiring a skincare brand

A. a)-1, b)-2, c)-3, d)-4
B. a)-2, b)-1, c)-4, d)-3
C. a)-3, b)-4, c)-2, d)-1
D. a)-4, b)-3, c)-1, d)-2

14 Ambika is a venture capitalist based in Mumbai. She has been approached by Dharmesh with a unique business idea of an innovative security camera, which is a highly competitive market. Before investing, Ambika requires significant detail with respect to the company's business plan. Dharmesh is in a dilemma as he doesn't want to share his confidential information. **1**

From the following options, choose the correct piece of advice to guide Dharmesh in the right decision making.

A. Not disclose any information and wait to generate funds on his own.
B. Share complete information with Ambika as it is part of the due diligence.
C. Protect the proprietary intellectual property and then share the required information.
D. Share the information with a non-disclosure agreement between Dharmesh and Ambika.

15 Joseph is in the process of developing his business plan for a new venture of manufacturing and selling ball pens. He is required to estimate the funds required and classify them as fixed capital and working capital. Identify which of the following will be included while estimating working capital requirement for his venture. (Choose the correct option) **1**

	A. Rent to be paid for the premises B. Purchase cost of the machine C. Money spent on renovation of an existing office building. D. Purchase cost of computer licenses for running software on computer	
16	From the following list of features of business investors, identify the correct option to describe the angel investors accurately. Features: (i) Individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards (ii) Investors who provide proactive advice, guidance, industry connections and mentoring start-ups (iii) Investors who have a continuous involvement in the business after making the investment (iv) Investors who have a legal right to repayment of the capital, irrespective of the success or failure of a business. Options: A. (i) and (ii) B. (i), (ii) and (iii) C. (iii) and (iv) D. (ii), (iii) and (iv)	**1**
17	Identify which of the following is NOT a benefit of estimating breakeven point for a multi-product business. A. Setting profit goal. B. Setting sales target. C. Determining the sales mix ratio. D. Determining the products that are not contributing to meet the fixed expenses.	**1**
18	_____ is the type of capital market where the existing investors can participate in buying and selling of securities. (Choose the correct option) A. Primary market B. Secondary market C. Joint market D. Public market	**1**
	SECTION - B	
19	Raj, a recent graduate with a passion for technology, has noticed that many local grocery stores in his neighborhood face challenges with inventory management. He realized that digital inventory control and tracking systems are currently catering only to large retailers. He saw a potential opportunity to help smaller stores streamline their processes by automating stock tracking, generating real-time updates, and reducing errors in stock management. Raj's system will be tailored to the specific needs of small businesses that have limited technological expertise. Raj uses his knowledge of software development to build a prototype and starts reaching out to local store owners to introduce the product. (I) Mention the element of the macro environment reflected in the above case. (II) Identify the way of idea generation used by Raj.	**1** **1**
20 (A)	State any two objectives of problem identification.	**2**
	OR	
20 (B)	State any four sources of business ideas that can be used by an entrepreneur.	**2**

21 Kripa has recently opened a franchise outlet of a popular ice cream. She thoroughly reads and follows the franchise agreement before taking any decisions.
In the month of April, she was planning for all the expenses in the financial year. Kripa wants to understand the amount she is expected to contribute towards national advertising efforts of the franchisor.

(I) Identify the ingredient of the franchise agreement she should check. **1**

(II) Also mention one more information that is available in this ingredient identified in part (I). **1**

22 State the four types of responses that a good advertisement may elicit. **2**

23 (A) Joginder is a fruit seller. The following information relates to his weekly sales: **2**

Fruit	Price (per kg)	Units sold (in kgs)
Apple	200	50
Mango	350	40
Water melon	300	20
Leechi	250	40

40 customers visited his shop last week.
If unit cost is 60% of the unit price, calculate unit price and unit cost.

OR

23 (B) A furniture shop sells two types of beds, king and queen size, which are sold in the ratio of 2:3 respectively. Following data relates to the two products: **2**

	King Size	Queen Size
Sales price (in ₹)	20,000	15,000
Variable cost (in ₹)	17,000	13,000

Calculate the Weighted Average Contribution Margin.

24 State the two types of costs associated with the estimation of Economic Order Quantity (EOQ). **2**

SECTION - C

25 Explain any three factors to be considered by an entrepreneur while assessing the market. **3**

26 Sarah, an entrepreneur in the food industry, regularly reads news articles, listens to podcasts, and observes customer behaviors to gather valuable insights. One day, she notices the demand for high-protein seafood like shrimp, is rising. She also hears about the growing popularity of Asian-fusion restaurants, and recalls a customer's comment about wanting more unique menu options. As Sarah processes this information, she connects the dots and comes up with the idea of introducing a new range of cuisine based on sea food with Asian fusion flavors to meet the growing demand.

(I) Identify and explain the process Sarah is using to develop her business idea. **2**

(II) Mention the way in which Sarah spotted the opportunity. **1**

27 (A) 'Two heads are better than one.'
Justify the above statement with the help of advantages of partnership form of business over sole proprietorship. **3**

OR

27 (B) Differentiate between public and private form of joint stock company on the basis of:

(I) Transferability of shares **3**

Please note that the assessment scheme of the academic session 2024-25 will continue in the current session i.e. 2025-26.

	(II) Public subscription of shares (III) Minimum paid-up capital	
28	Identify and explain the promotional approach that aims to engage with the targeted consumers. Give any two examples of such customer engagement tools.	**3**
29	ABC Electronics, a company that manufactures high-quality consumer electronics, has been operating with a traditional distribution system. This system involves selling products to wholesalers, who in turn distribute them to retailers, who finally sell to the end customers. While this distribution model has worked for many years, ABC Electronics has faced several challenges. To address the issues, ABC Electronics decides to sell the products to consumers through their own retail outlets and online store. (I) Identify the two channels of distribution used by ABC Electronics. (II) State two advantages of the shift in the type of distribution channel.	 **1** **2**
	SECTION - D	
30 (A)	Analyze how the stages of the creative process contribute to generating innovative ideas.	**5**
	OR	
30 (B)	Explain the key elements of an operation plan that help an entrepreneur streamline the production and manufacturing process.	**5**
31	Green Tech Solutions, a startup focused on developing sustainable energy products, is preparing to present its new solar panel technology to a group of potential investors. The presentation includes key graphs showing financial trends and decision-making benchmarks. The team opts for a hopeful and entertaining slide show while explaining company's mission to address climate change, the market opportunity, and its competitive advantages. (I) Identify the business plan presentation format used by Green Tech Solutions. Give valid reason for using the format. (II) "The Business Plan is considered to be a valuable document for a start-up such as Green Tech solutions." Justify the statement, giving three valid reasons.	 **2** **3**
32	Read the following text carefully: Riya, a young entrepreneur, wanted to start her own fast-food business but lacked experience in managing a large-scale operation. She approached Burger Bliss, a well-known fast-food chain, to become a franchisee. After signing the franchise agreement, Riya gained the right to use the brand name, trademark, and recipes of Burger Bliss. The agreement also outlined specific conditions: ● Riya had to purchase ingredients from approved suppliers. ● She had to follow the standard layout and design of the outlets as specified by Burger Bliss. ● A percentage of her monthly sales revenue was to be paid as royalty. Within a year, Riya's outlet was successful, but she began facing issues with the high royalty payments and restricted creative freedom in adding new menu items. She decided to introduce a local dish without informing Burger Bliss, which resulted in a warning notice from the franchisor. On the basis of the given text and common understanding, answer the following	

	questions: (I) State the key features of franchising as indicated in the above text. (II) Identify two obligations Riya had towards Burger Bliss under the franchise agreement. (III) Evaluate whether Riya's decision to introduce a local dish was justified. Give valid reasons in support of your answer.	 **1** **2** **2**
33	A company sells 2,000 units of a product annually. The ordering cost per order is ₹ 400, and the holding cost per unit per year is ₹ 10. The lead time for delivery is 10 days, and the daily demand for the product is 40 units. (I) Calculate the Economic Order Quantity (EOQ). (II) Calculate the Re-order Level for the company. (III) State the importance of calculating Re-order Level by the company.	 **2** **2** **1**
34 (A)	A company needs to raise capital and has decided to offer shares to both its existing shareholders and the general public. (I) Identify and explain the methods the company has exercised to issue shares in the given scenario. (II) State one advantage of each of the methods identified in Part (I). **OR**	 **3** **2**
34 (B)	(I) State the meaning of the term 'Seed Capital'. (II) Giving reasons, explain the importance of stage of 'Seed Funding' for an entrepreneur. (III) Describe any two factors that influence the decision of a Venture Capitalist (VC) to invest in the idea or product.	**1** **2** **2**

MARKING SCHEME

ENTREPRENEURSHIP (066)

CLASS 12 (2025-26)

Q.No.	ANSWER	MARKS
	SECTION – A	
1	D. Existing competition in the market	1
2	B. financing decisions	1
3	A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
4	B. (ii) and (iii)	1
5	C. Public Limited Company	1
6	B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
7	D. needs and problems	1
8	B. Variable Pricing Method	1
9	A. Statement 1 is true and Statement 2 is false.	1
10	D. Sales promotion **Note: The following question is for the Visually impaired Candidates only, in lieu of Ans. No.10** D. To reduce production costs	1 1
11	B. Separate legal entity	1
12	C. buying the raw material and receiving the cash from the customer	1
13	B. a)-2, b)-1, c)-4, d)-3	1
14	C. Protect the proprietary intellectual property and then share the required information.	1
15	A. Rent to be paid for the premises	1
16	A. (i) and (ii)	1
17	C. Determining the sales mix ratio	1
18	B. Secondary market	1
	SECTION - B	
19	(I) Technological environment	1

<table>
<tr><td></td><td>(II) Existing product or service.</td><td>1</td></tr>
<tr><td>20 (A)

20 (B)</td><td>Objectives of problem identification:
• It should clearly state the problem
• Identify target group facing the problem
• Find the market acceptability of the solution to the problem (any two)
OR
Sources of business ideas:
• Problems
• Change
• Inventions
• Competition
• Innovation (any four)</td><td>1 x 2

½ x 4</td></tr>
<tr><td>21.</td><td>(I) Kripa should check Proprietary Statement given in franchise agreement.
(II) Another information available in the proprietary statement:
• how the franchise name is to be used, or,
• the marketing and advertising procedures in place that the franchisee will be required to follow. (any one)</td><td>1

1</td></tr>
<tr><td>22.</td><td>Good advertising generally elicits the following four responses:
• Attention
• Interest
• Desire
• Action</td><td>½ x 4</td></tr>
<tr><td>23.</td><td>
<table>
<tr><th>Fruit</th><th>Price (per kg)</th><th>Units sold (in Kgs)</th><th>Price x Units</th></tr>
<tr><td>Apple</td><td>200</td><td>50</td><td>10,000</td></tr>
<tr><td>Mango</td><td>350</td><td>40</td><td>14,000</td></tr>
<tr><td>Water melon</td><td>300</td><td>20</td><td>6,000</td></tr>
<tr><td>Leechi</td><td>250</td><td>40</td><td>10,000</td></tr>
<tr><td></td><td></td><td></td><td>40,000</td></tr>
</table>
Unit Price = 40000/40 = ₹ 1,000
Unit Cost = 60% of 1,000 = ₹ 600
OR
<table>
<tr><td></td><td>King Size</td><td>Queen Size</td></tr>
<tr><td>Sales price (in ₹)</td><td>20,000</td><td>15,000</td></tr>
<tr><td>Variable cost (in ₹)</td><td>17,000</td><td>13,000</td></tr>
<tr><td>Gross Profit</td><td>3,000</td><td>2,000</td></tr>
<tr><td>Sales mix</td><td>⅖ X 3,000 = 1,200</td><td>⅗ X 2,000 = 1,200</td></tr>
</table>
Weighted Average Contribution Margin = 1,200 + 1,200 = 2,400</td><td>1
½
½

1

1</td></tr>
<tr><td>24.</td><td>The two types of cost associated with the estimation of Economic Order Quantity (EOQ) are:</td><td></td></tr>
</table>

	• Ordering Cost • Carrying Cost	1 1
	SECTION - C	
25.	Factors to be considered by an entrepreneur while assessing the market: • **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. • **Supply and nature of competition**- While assessing market, supply position is also studied by entrepreneurs. It 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. • **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. • **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. (any three)	1 x 3
26.	(I) The process used by Sarah to develop her business idea is Trendspotting. It means the identification of new trends. This will help the entrepreneur to understand the market and produce goods or provide services in sync with the market trends. (II) The way in which the trend is spotted- Think Trend.	1 1 1
27 (A)	Partnership form of business overcomes the inherent limitations of sole proprietorship: 1) Limited capital - All investments are made by the proprietor. Though, if required he/she has access to loans and debts to procure funds for business 2) Limited managerial ability - What is to be done? how it is to be done? and when it is to be done? All affairs are managed and controlled by the sole proprietor. 3) Limited continuity - A sole proprietorship may face discontinuity in the event of the proprietor's death or incapacity. A partnership can continue with the remaining partners, ensuring greater stability and continuity. **OR**	 1 1 1
27 (B)		1

	(I) Private limited company restricts any transfer of shares but it is not restricted in case of public limited company. (II) Private limited company does not invite the public to subscribe for its shares, debentures and public deposits, unlike public limited companies. (III) Private limited company has a minimum paid-up capital of two lakh rupees whereas it is five lakh rupees for public limited company.	1 1
28.	The promotional approach that aims to engage with the targeted consumers is Below-the-line approach. This approach includes methods which are very specific, memorable activities focused on targeted groups of consumers. They are under the control of the organisation. The purpose of these activities has been to develop the brand by creating awareness and building a brand profile. Tools of this approach includes: • sponsorship • sales promotions • public relations • personal selling • direct marketing (any two)	1 1 ½ x 2
29.	(I) Two Channels of Distribution used by ABC Electronics are: • Traditional Distribution Channel (Two-Level Distribution) • Direct Distribution Channel (Zero-Level Distribution) (II) Two advantages of the shift in the type of distribution channel: • Cost Reduction: By cutting out intermediaries (wholesalers and retailers), ABC Electronics reduces distribution costs, allowing for better pricing or increased profit margins. • Improved Customer Satisfaction: The direct connection with consumers allows ABC Electronics to better understand their needs and preferences, leading to improved customer service and faster response times.	½ ½ 1 1
SECTION - D		
30 (A)	Stages of Creative Process are: Stage 1: Idea germination: This is the seeding stage of a new idea. It is the stage where the entrepreneur recognises that an opportunity exists. The idea germination takes place according to interest, curiosity of the entrepreneur according to which opportunity is explored and exploited to its best potential. Stage 2: Preparation: This stage involves gathering information, identifying problems, and setting goals. It lays the foundation by equipping the individual with knowledge and context. Stage 3: Incubation: During this phase, the subconscious mind processes the information collected. This step allows for connections and ideas to form without active effort.	1 x 5

	Stage 4: 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. Stage 5: Verification: In this final stage, the idea is critically evaluated, refined, and tested to ensure its feasibility and effectiveness.	
	OR	
30 (B)	Key elements of an operation plan that help an entrepreneur streamline the production and manufacturing process are: • Routing: Routing is a process concerned with determining the exact route or path a product/ service has to follow right from raw material till its transformation into finished product. • Scheduling: Scheduling simply means fixation of time, day, and date when each operation is to be commenced and completed. In general, it's the determination of the time that should be required to perform each operation. • Dispatching: The process of initiating production in accordance with the pre-conceived production plan is said to be dispatching. This includes issuing necessary orders instructions, guidelines and/or information to work pertaining to giving practical shape to the production plan. • Follow-Up: Follow-up or expediting function relates to evaluation and appraisal of work performed. A properly planned follow-up procedure is helpful in dispatching errors and defects in the work. • Inspection: Inspection is the art of comparing materials, product or performance with established standards. This element helps the entrepreneur to set up laboratories or evolve strategies/methods to ensure predetermined quality of product/service.	1 x 5
31	(I) Format of business plan- A pitch deck with oral narrative Reason- It is meant to trigger discussion and interest potential investors in reading the written presentation, i.e. the executive summary and a few key graphs showing financial trends and key decision-making benchmarks. (II) The Business Plan is considered to be a valuable document for a start-up such as Green Tech Solutions because it: • helps in determining the viability of the venture in a designated market. • helps in guiding the entrepreneur in organizing his/her planning activities such as identifying the resources required, working out with legal requirements as desired by the government, enabling obtaining of licenses if required etc. • helps in satisfying the concerns, queries, and issues of each group of people interested in the venture.	1 1 1 x 3

	• provides room for self-assessment and self-evaluation, requiring entrepreneurs to think through various scenarios and plan ways to avoid obstacles. • helps to realize the obstacles that cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. (any three)	
32	(I) Key features of franchising from the case are: • The franchisee (Riya) operates under the franchisor's brand (Burger Bliss). • The franchise agreement includes conditions like purchasing from approved suppliers and following the outlet's standard design. • Royalties are paid to the franchisor based on sales revenue. (any two) (II) Two obligations Riya has towards Burger Bliss under the franchise agreement are: i. Purchasing Supplies: She had to buy ingredients from approved suppliers to maintain product quality. ii. Adherence to Rules: She was required to follow the outlet's design and operational guidelines. (III) Riya's decision was not justified because: i. It violated the franchise agreement, which required adherence to Burger Bliss's menu standards. ii. Such actions could harm the brand's consistency and reputation. However, her concerns about creative freedom could be valid, and she should have sought the franchisor's approval before introducing new items.	½ x 2 1 1 1 1
33	Given, Annual Demand (D) = 2,000 units Ordering Cost (P) = ₹ 400 per order Holding Cost (C) = ₹10 per unit per year Lead Time = 10 days Daily Demand = 40 units (I) Economic Order Quantity (EOQ)= $\sqrt{\frac{2PD}{C}}$ $= \sqrt{\frac{2 \times 400 \times 2000}{10}}$ = 400 units (II) Re-order Level (ROL) = Lead Time (in days) × Daily Demand = 10 × 40 = 400 units	1 ½ ½ 1 ½ ½

	(III) The Re-order Level ensures that the company places an order before its inventory runs out. In this case, once the inventory falls to 400 units, the company should place a new order to avoid stockouts.	1
34 (A)	(I) The methods of issue of shares used by the company are: • Public issue/going public: Public issue is the most popular method of raising capital these days by the entrepreneurs. This involves raising of funds directly from the public through the issue of prospectus. An enterprise organizing itself as a public limited company can raise the required funds commonly by preparing a prospectus. • Rights issue: Rights issue is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding. (II) Advantage of going public: The primary advantage an entrepreneur stands to gain by going public is access to capital. Advantage of rights issue: This method of issuing securities is considered to be inexpensive as it does not require any brokers, agents, underwriters, prospectus or enlistment, etc.	½ + 1 ½ + 1 1 1
	OR	
34 (B)	(I) Seed Capital is the term used to refer to the capital required by an entrepreneur for conducting research at the pre-commercialization stage. (II) At the stage of Seed Funding, the entrepreneur must convince the Venture Capitalist (VC) that the idea or product is worth investing in. The investor will investigate the technical and economic feasibility of the idea. (III) Several factors influence the VC's decision to invest, including: • Feasibility of the Idea: The VC will assess both the technical and economic feasibility of the idea. The entrepreneur must provide a compelling case that the product can be developed and is economically viable. • Prototype Development: In some cases, a prototype of the product may be available. While it may not be fully developed or tested, the presence of a prototype can help demonstrate the potential of the product. • Risk Assessment: Given the high-risk nature of investments at this stage, VCs are cautious and may reject ideas if they do not see a clear potential for success. • Entrepreneur's Capabilities: The entrepreneur's skills, technological expertise, and ability to match market opportunities play a crucial role in convincing the VC of the product's feasibility. (any two)	1 1 1 1 x 2

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

TIME: 3 HOURS **M.M. – 70**

GENERAL INSTRUCTIONS:

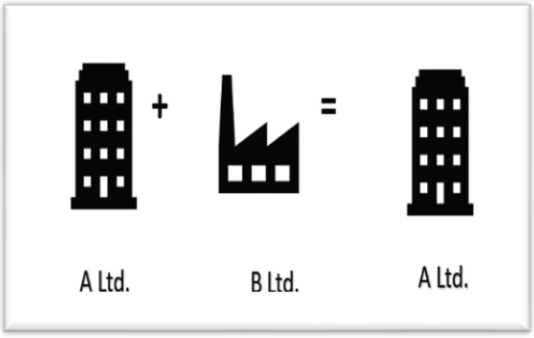
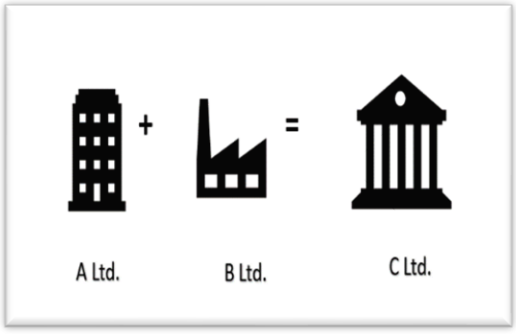
(i) This question paper contains **34** questions. **All** questions are compulsory.
(ii) The question paper is divided into **four** sections – **Section A, B, C** and **D.**
(iii) In **Section A:** Questions number **1** to **18** are Multiple Choice Questions carrying **1** mark each.
(iv) In **Section 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.	"In a partnership form of business, each partner can bind the firm and other partners by his/her acts." In the light of the given statement, identify the essential feature of partnership form of business organisation referred to and choose the correct option: A. implied authority B. utmost good faith C. mutual agency D. separate legal entity	1
2.	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. _____ is the source that led to the emergence of the business idea. (Choose the correct option to fill up the blank) A. Competition B. Change C. Problem D. Innovation	1
3.	_____ 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) A. Direct sales strategy B. Indirect sales strategy	1

	C. Comparative sales approach D. Customer testimonials	
4.	Refer to the logo of the coffee brand Del Coffee carefully:  (R) in the given image represents: A. Brand Mark B. Brand Name C. Trade Mark D. Tagline **For Visually Impaired Candidates:** An entrepreneur is said to have used 'umbrella branding' when she _____ 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.	1 1
5.	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. _____ form of business organisation meets the requirements of Anita and Supriya. (Choose the correct option to fill up the blank) A. Sole proprietor B. Partnership C. Private limited company D. Public limited company	1
6.	Innovation involves translation of a useful idea into an application which has _____. (Choose the correct option to fill up the blank) A. utility B. commercial value C. creative solution D. better performance	1
7.	From the given elements of operational plan in Column-I and the objectives given in Column-II, choose the correct pair:	1

	<table><tr><th>Column I</th><th>Column II</th></tr><tr><td>(a) Routing</td><td>i) comparing materials, product or performance with established standards.</td></tr><tr><td>(b) Dispatching</td><td>ii) determining exact path a product/ service has to follow right from raw material to finished good</td></tr><tr><td>(c) Inspection</td><td>iii) initiating production as per the pre-conceived production plan.</td></tr><tr><td>(d) Follow-up</td><td>iv) expediting function that relates to evaluation and appraisal of work performed</td></tr></table> Options: A. (a) – (i) B. (b) – (ii) C. (c) – (iii) D. (d) – (iv)	
8.	Nirmala dairy farms have been in the business of processing pure ghee using the 'Bilona technique'. The cost per kilo of ghee comes out to be ₹ 2000. The owners have estimated that a reasonable profit margin will be 25%. So they have decided to sell the product at ₹ 2500 per kilo. On the basis of the given text, identify which of the following is the drawback of the indicated pricing strategy and choose the correct option: A. It attracts only the bargain hunters who switch to other brands if the price rises. B. Is not a viable option if there are strict legal and government regulations. C. It does not take into account the competitor's pricing and actions. D. It leads to a series of counteroffers that sometimes result in no sale.	1
9.	Logo of a company _____ (i) is the key visual component of an enterprise's overall brand identity. (ii) provides essential information about the company through a set color combination, fonts, images, and impressions. (iii) is a memorable dramatic phrase that will sum up the product. (iv) can be a graphic mark or emblem used to promote instant public recognition. (Choose the correct option to fill up the blank) Options: A. (ii) and (iii) B. (i) and (v) C. (iii), (iv) and (v) D. (i), (ii) and (iv)	1
10.	Identify, which of the following intellectual property is **not** patentable? (Choose the correct option) A. process of manufacturing B. machine used for manufacturing C. designs or patterns used for manufacturing D. substances used for manufacturing	1

11.	_____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) A. Contract explanation B. Operations manual C. Ongoing site maintenance D. Proprietary statements	1
12.	_____ 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) A. Investment decision B. Financing decision C. Income statements D. Cash flow statement	1
13.	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.	1
14.	Given below are assumptions that are made by an entrepreneur in the breakeven-point analysis for a multi-product business. (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. Choose the option that depicts the correct pair of assumptions: A. (i) and (iii) B. (ii) and (iii) C. (iv) and (v) D. (i) and (iv)	1
15.	Identify, which of the following is **not** a current asset for a furniture manufacturing unit? A. debtors B. outstanding expenses C. stock of table and chairs D. short-term investment	1

16.	Identify, which of the following is an advantage of issuing shares through 'Rights issue.' 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	1
17.	In _____ acquisition, the purchasing company becomes a subsidiary of the purchased company. A. friendly B. reverse C. backflip D. hostile	1
18.	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 _____. A. increase, longer B. decrease, longer C. no change, longer D. increase, shorter	1
	SECTION B	
19(A)	Explain 'product identification' as the first step in idea and opportunity assessment. **OR**	2
19(B)	Differentiate between a basic idea and post scanning idea.	2
20.	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.	2
21. (A)	Refer to the images given below: (i) (ii)   	

	(I) Identify the type of enterprise growth strategy adopted in the two scenarios indicated in the aforesaid image. (II) List the two forms of the growth strategy indicated. **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. **OR**	1 1 2
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. **OR**	2
24. (B)	The following information relates to the newly established Boutique – 'The Pearl': ● 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

	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. 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. On the basis of the given text, identify by quoting lines, any three macroenvironment factors that may affect the future of Prudent Pharma.	
26. (A)	"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." (I) In the light of the aforesaid statement, identify the component of a business plan that helps an entrepreneur fulfill the stated purpose. (II) State the objective and importance of the identified component. **OR**	1 2
26. (B)	"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." (I) Identify the component of the business plan discussed above. (II) Explain the steps described in the plan that help an entrepreneur find the group of customers whose needs the enterprise aims to fulfil.	1 2
27.	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. (I) Identify the Promotional approach used by 'Pom-Pom' to reach its customers. (II) Explain any two important features of this approach.	1 2
28(A)	Explain any three market-related considerations to be used by an entrepreneur while selecting the channel for distribution. **OR**	3
28(B)	'A channel of distribution consists of three types of flows.' Explain the three flows.	3
29.	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. Calculate the Economic Order quantity (EOQ). Give any one benefit that Tutu Pump Co. derives after calculating the EOQ.	3

SECTION D		
30.	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: (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.	 1 2 2
31(A)	Elaborate the advantages of a franchise form of business to a franchisee.	5
	OR	
31(B)	'Pricing can also be used as a demarcation, to differentiate and enhance the image of a product' (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.	 1 4
32.	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	

	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. On the basis of the given text and common understanding, answer the following questions: (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. (II) "Environment scanning is important for an entrepreneur." Justify the statement, giving valid reasons in support of your answer.	2 3
33.	Zoke Ltd. manufactures eco-friendly furnishing and upholstery products. The fixed cost for the production process is ₹ 22,56,000. The following information is available about its range of products: From the given data, calculate the following; (I) Total weighted average contribution margin. (II) Breakeven Quantity for each product. (III) Break-even point (in ₹) for a pair of cushion covers.	1 3 1
34. (A)	(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.' Identify the type of capital market LIC of India has approached. (II) Distinguish between the two types of capital markets. (III) 'Capital markets are an important source of raising finance for entrepreneurs.' Justify the statement, giving valid reasons in support of your answer. **OR**	1 2 2
34. (B)	(I) Distinguish between angel investors and venture capitalists. (II) Describe the role of an angel investor in an entrepreneurial venture.	2 3

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%

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**

19. (A)	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. **OR**	**2**
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.	**2**
20.	Two elements of business opportunity are: • 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.	**1** **1**
21. (A)	(I) Merger is the type of enterprise growth strategy adopted in the two scenarios. (II) Two forms of the growth strategy indicated are: (i) Absorption (ii) Amalgamation **For Visually Impaired Candidates in lieu of 21. (A):** Opened a new branch: Internal expansion Merged with protein manufacturing business: External expansion **OR**	**1** **½** **½** **1** **1**
21. (B)	Synergy can take the following forms: • **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.	**1** **1**
22.	The ways of trend spotting used by Zakir are: • 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.'	**½ + ½** **½ + ½**
23.	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. Internal operational plan is used by the management for detailed planning and may not be of any interest to funders or customers.	**1** **1**

24. (A)	Reorder level = Lead time x Daily requirement = 5 X 2500 = 12500 units	**1** **½** **½**
	OR	
24. (B)	Return on Equity = $\frac{\text{Net Profit after Tax}}{Total\ Equity}$ X100 = $\frac{6,00,000}{20,00,000}$ x 100 = 30%	**1** **½** **½**
25.	Macroenvironment factors that may affect the future of Prudent Pharma are: • '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	**½ + ½** **½ + ½** **½ + ½**
26. (A)	(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.	**1** **1** **1**
	OR	
26. (B)	(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: • 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).	**1** **1** **½** **½**
27.	(I) Below-the-line approach is the approach used by 'Pom-Pom' to reach its customers. (II) Features of Below-the-line approach are: • 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.	**1** **1** **1**

28. (A)	The following market-related considerations to be used by an entrepreneur while selecting the channel for distribution: • **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.	**1** **1** **1**
	OR	
28. (B)	A channel of distribution consists of three types of flows: • **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.	**1** **1** **1**
29.	C= ₹ 3 P= ₹ 18 D= 7500 EOQ =√2 x P x D/ 3 = √2 x 7500 x 18/ 3 = 300 units Benefits of calculating EOQ: Ensures that there is no stock-out situation and the cost of carrying and placing the order is minimised.	**1** **½** **½** **1**
30.	(I) Natural (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. **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. (III) Socio- economic benefits are: • 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	**1** **1** **1** **1** **1**

31. (A)	Advantages of franchising to franchisee: • 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. **OR**	**1** **1** **1** **1** **1**
31. (B)	(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. (II) Advantages of Penetration pricing strategy: • 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. Advantages of Price Skimming strategy: • 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.	**½** **½** **1** **1** **1** **1**
32.	(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. (II) Environment scanning is important for an entrepreneur as it helps in: • identification of opportunities • getting first mover advantage • formulation of strategies and policies	**2** **1** **1** **1**

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

(I) Total Weighted Contribution margin = 84+240+240 = ₹ 564 — **1**

(II) Break-even quantity for each variety — **1**

Break Even Point = $\frac{\text{Total Fixed Cost}}{\text{Weighted Contribution Margin}}$

$= \frac{22,56,000}{564}$ = 4,000 units — **½**

Cushion covers= 4000 x 30% = 1,200 units — **½**

Curtains = 4000 x 40% = 1,600 units — **½**

Bed covers= 4000 x 30% = 1200 units — **½**

(III) Breakeven in Rupees for cushion covers=Break even quantity x SP per unit — **½**

= 1200 x 555 = ₹ 6,66,000 — **½**

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**

Whereas;

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. — **1**

(III) Capital markets are the most important source of raising finance for the entrepreneurs as this market can:

- Mobilize the financial resources on a nation-wide scale. — **1**
- Secure the required foreign capital and know-how to promote economic growth at a faster rate. — **1**

OR

34. (B)

(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;

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. — **1**

(II) Role of an angel investor:

- Most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. — **1**

1

	• 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**