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**Class – XII ENTREPRENEURSHIP**  
**LAST YEAR PAPER-01(2014-15)**

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Time : 3 Hours, Maximum Marks : 70

**General Instructions:**

1. All questions are compulsory.
2. Please check that this Question Paper contains 24 Questions.
3. Marks for each question are indicated against it.
4. Questions 1 to 5 are Very Short Answer type carrying 1 mark each.
5. Questions 6 to 10 are Short Answer-I Type questions carrying 2 marks each.
6. Questions 11 to 17 are Long Answer-I Type question carrying 3 marks each.
7. Questions 18 to 21 are Long Answer-II Type questions carrying 4 marks each.
8. Questions 22 to 24 are Essay Answer Type questions carrying 6 marks each.
9. Answer should be brief and to the point.
10. Please write down the serial number of the Question before attempting it.

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1. Distinguish between ‘Sales Tax’ and ‘Excise Duty’.
  2. What is meant by ‘Employment’?
  3. Give the meaning of ‘Legal Environment.’
  4. ‘It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.’ Identify the process.
  5. Rahul wants to start an amusement park near Visakhapatnam. This will require an investment of 50 lakhs. Name the financial institution which Rahul should approach for financing this venture.
  6. State any two points of importance of ‘Goal Setting’.
  7. Give the meaning of ‘Routing’ and ‘Scheduling’ as elements of operational plan.
  8. Gaurav started a factory for manufacturing bags for the students of nursery and primary classes. He invested ` 2,00,000 of his own and obtained a loan of ` 10,00,000 from bank. He



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made the instruction plan describing the details that were needed for the operation of machines by the workers. Identify and explain the format of 'business plan' described in the above para.

9. With its help the consumers are able to identify the products of a firm and are also able to differentiate them from those of the competitors. Identify the concept and state its components.

10. Name and define the form of business organization in which the liability of its members is limited. State one more feature of this form of business organization.

11. What is meant by "Problem Identification"? State its any four uses and also give an example.

12. After passing his 12th class with entrepreneurship as an elective subject 'Guru' started his own business. He invested ` 2,00,000 as capital which was given to him by his father. He obtained a loan of ` 1,00,000 from his elder brother Ravi, who was working as an assistant manager in Bank of Baroda. In the first year he incurred a loss of 50,000 and had to pay to his suppliers their outstanding bills. This created a financial problem for him and he had to take a loan of ` 1,00,000 from the Bank of Baroda on the personal guarantee of his brother. He started doing hard work, lowered the prices and informed his customers about the qualities of goods sold by him. Because of this the sales increased four times and he earned a net profit of ` 75,000 in the second year.

(a) Identify the form of business organization started by "Guru".

(b) State any five features of such a form of business organisation.

13. State the advantages of 'Good Negotiations'.

14. 'For the smooth and orderly functioning of corporate sector in a free market economy, stock exchanges are indispensable because of different roles played by them for different groups.' Explain the importance of stock exchange to investors in the light of this statement.

15. 'The Fancy Store' a readymade garments retail shop sold 8,000 shirts at Rs. 400 per shirt during the year ended 31st March, 2014. Cost of placing an order and receiving goods is Rs.2,000 per order. Inventory holding cost is Rs. 500 per year. Calculate the 'Economic Order



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Quantity' for 'The Fancy Store'.

16. Naveen after completing his M. Tech in Nano Technology wanted to start his own business. He thought to manufacture sophisticated instruments used in surgery. He knew that his knowledge of Nano Technology will help him in manufacturing these instruments. According to him such instruments will help the surgeons to operate upon the patients with accuracy, with minimum blood loss and quick post operation recovery. Such types of instruments are used in advanced countries only and there was a risk in marketing the same. The cost price of machinery required, for manufacturing such instruments was very high and more research was required in this field of Nano Technology. For seed funding, Naveen approached. 'Himani Capital Ltd.' who finance such types of projects. 'Himani Capitals Ltd.' after analysing the proposal agreed to provide seed capital to Naveen. Explain the different stages of 'Early stage financing' to seek venture capital finance after the one discussed above.

17. 'Pure Neer India Ltd.' is the manufacturers of water purifiers. The company has developed a new water purifier that not only converts the hard water into soft water but also kills the bacteria and other harmful micro organisms present in it. The company has named this water purifier as 'Nirmal Neer' and for its marketing, appointed salesmen throughout the country. The company also trained the salesmen to provide information about the usefulness of the 'Nirmal Neer' water purifiers to the customers and motivate them to buy the same.

(a) Name and explain the 'type of promotion strategy' adopted by the company.

(b) Also identify the channel of distribution used by the company.

18. 'Information for environmental scanning can be collected from several sources.' State any four such sources.

19. After doing her M.Com. from 'Himachal Pradesh University of Shimla', Komal went back to her village in Kinnaur district of Himachal Pradesh. She wanted to contribute for the development of women of her village, so she formed an organization, the membership of which was open for all the women villagers on voluntary basis by paying Rs.500 only which will be treated as their capital. Komal knew that the land of her village was suitable for the farming of medicinal plants. So she motivated the members of her organizations for growing

medicinal plants in their fields under the guidance and help of the local agricultural department. It was also decided that the organization will purchase the produce of each member and sell the same to drug manufacturing companies, at a very good price which was not possible for the members individually. The main objective of the organisation is to render services to its members rather than to earn profit.

A computer training centre for young boys and girls of the village was started under the guidance of Komal from the surplus of the profits.

(a) Name the process that helped Komal in developing an idea into an opportunity.

(b) Identify the kind of organization that was formed by Komal.

(c) State any two values which Komal wanted to communicate to the society.

20. 'Nomy India Ltd.' are the producers of different sizes of televisions. From the information given below, calculate the 'Break-Even Quantity' of the T.V. sets manufactured per month.

Informations:

Size of TV sets	Unit selling Price (Rs.)	Unit variable cost (Rs.)	Fixed expenses per month (Rs.)
24"	5,000	2,000	4,000
32"	10,000	7,000	6,000
36"	15,000	12,000	8,000
42"	20,000	14,000	9,000

21. 'Jagriti Ltd' are the manufacturers of Cars for the last 15 years and was earning good profits. Recently, due to the irregular supply of parts by the suppliers the company could not make timely delivery of cars to its customers. The customers cancelled their bookings and there were very few new bookings. As a result the sale of the cars declined and also the profits. The management of the company analysed the problems and decided to take over those two firms because of whom the problems arose. One of them was supplying engines and the other tyres. The company also launched new discount schemes for its customers. It

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also decided to employ 200 unemployed young boys and girls to take up the cleaning operations using imported machines inside the factories as well as the surrounding areas.

(a) Identify and state the concept of 'Enterprise Marketing and Growth Strategies' discussed in the above para.

(b) Identify any one value which 'Jagriti Ltd' wanted to communicate to the society.

22. 'The process of generation of ideas' can be streamlined by developing an awareness about it and these work as the convenient frames of references for this.

(a) Identify the concept stated in the above lines.

(b) Explain any three sources of the concept identified which are used by an Entrepreneur.

23. Raj Singh has started a restaurant on a National Highway in the name of 'Desi Dhaba' by spending Rs.25,00,000. He invested Rs.10,00,000 of his own and took a loan of Rs.15,00,000 from Dena Bank, @ 6% per annum. His monthly sales revenue is Rs.17,00,000 and cost of goods sold is Rs. 9,00,000. He pays monthly salary of Rs.3,00,000 to his employees. The tax rate is 25%.

You are required to calculate:

(a) Return on Investment and

(b) Return on Equity for Raj Singh.

24. Raghav after doing his B. Pharma. degree from a reputed government college started two chemist shops in two different localities of his home town. Encouraged with the success of these shops, he started six more shops in different cities of the State. His strategy was to cut price, focus on lower and middle class patients and open shops near hospitals. He operated on very thin margins. But he was not able to maintain sufficient funds to meet the day to day expenses of the business. The staff of the shops did not give much attention to the customers and there was very poor system of control.

Because of this mismanagement he started incurring huge losses and his business failed.

Based on the above para identify and explain any four causes of business failure of Raghav.