

Question Paper 2010 Delhi
CBSE Class 12th Entrepreneurship

General Instructions:

- All the questions are compulsory.
 - Marks are indicated against each question.
 - Questions No.1 to 5 are very short answer questions carrying 1 mark each. Answer to each of these should not exceed 15 words.
 - Questions No. 6 to 10 are short answer questions carrying 2 marks each. Answer to each of these should not exceed 50 words.
 - Questions No. 11 to 17 are short answer questions carrying 3 marks each. Answer to each of these should not exceed 75 words.
 - Questions No. 18 to 21 are short answer questions carrying 4 marks each. Answer to each of these should not exceed 150 words.
 - Questions No. 22 to 24 are long answer questions carrying 6 marks each. Answer to each of these should not exceed 250 words.
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1. Name the document which is necessary to obtain provisional registration certificate from the District Industries Centre. (1)

Ans. Preliminary Project Report

2. In addition to 'Talent' and 'Temperament' name the quality of an entrepreneur which is needed to spot an idea, evaluate it and turn it into an opportunity. (1)

Ans. Technique

3. What is meant by 'Inventory Control'? (1)

Ans. Inventory control is a process which facilitates the entrepreneur to take important decisions about his production line and material movement.

4. What is meant by 'Re-order Point'? (1)

Ans. Re-order point is the point or level at which the new order must be placed so that the inventory is replenished before the stock level reaches zero.

5. Hari, a businessman, wants to withdraw Rs. 2,00,000 from his current account where as he has only Rs. 1,60,000 in the balance of his current account. He needs this amount only for 10 days. Name the method of granting this credit, by the Bank to 'Hari'. (1)

Ans. Bank overdraft or cash credit

6. 'Tata' manufactured a motor car 'Nano' for common man which is very low in price. Name and explain the behavioural characteristic that develops the idea of 'Tata' into a viable and successful project. (2)

Ans. Vision and creativity (with proper explanation)

7. Why is a 'Project Report' required? (2)

Ans. Project report is required to have adequate clarity of what an entrepreneur is doing, why he is doing and how he will do it. It will enlighten him to moderate and harmonize with various components of the project. (or any other similar explanation)

8. Explain 'Financial Profile' as a feature of feasibility plan. (2)

Ans. Financial profile gives an exact assessment of the revenue, costs, profits and losses, cash-flow dynamics, stock of both raw materials and finished products, loans etc. critical assessment of the finances and its dynamics help in the holistic assessment of the enterprise.

9. Name any four National-level specialised financial institutions. (2)

Ans. National level specialized financial institutions: (any four)

IFCI, IDBI, ICICI, IIBI, SIDBI, NSIC Mark

10. Why should an enterprise go for public financing? Give any two reasons. (2)

Ans. Reasons for an enterprise to go for public financing: (any two)

- (i) When capital investments are high
- (ii) the enterprise goes through a process of expansion
- (iii) it provides the image and credibility to the company

11. Explain ability to perceive and preserve basic ideas as an important factor in sensing opportunities. (3)

Ans. An opportunity is an idea that is based on what consumers want. Basic ideas emerge from different sources and an entrepreneur is open to receive these ideas. For this an entrepreneur should have good networking abilities and must have ability to recognize and nurture the potential ideas into a venture. Example of Shiv Nadar or any other relevant

example.

12. Explain 'Brainstorming', 'Market Research' and 'Talking and Listening to people' as ways of generating ideas. (3)

Ans. Brainstorming: A group of persons sit together and generate a number of business ideas by innovating alternative ways of meeting the needs and solving problems.

Market Research: A systematic and in depth study is undertaken to obtain useful data to determine demand-supply position for a particular product or service that is already available in the market.

Talking and Listening to people: By listening to people an entrepreneur will be able to find out the tastes, preferences and needs of the people and this information will help him to develop products and services.

13. What is a Feasibility Plan? (3)

Ans. A feasibility plan is a comprehensive plan that encompasses the entire range of activities being planned in the business. It facilitates to understand the feasibility of the project, the bottlenecks in the progress and implementation. It acts as a basic guideline and as an overview for the analysis and implementation of the project in all its stages.

14. Explain the following as elements of a Project Report: (3)

(A) Description of the promoters of the enterprise.

(B) Economic viability and Marketability.

Ans. (A) Description of the promoters of the enterprise: It should carry the educational qualifications, professional qualifications, experience, specific qualities Marks

that characterize him as an entrepreneur. Brief account of his financial background and the likely investment he intends to make should also be given.

(B) Economic viability and Marketability: this will be reflected by the product quality, product needs, clientel requirements, market size, selling arrangements and various other factors.

15. Define 'Cost' and name the major elements which determine the cost. (3)

Ans. Cost is defined as 'the amount of expenditure (actual or notional) incurred on, or

attributed to, a given thing’.

Major elements that determine cost are:

1. Cost of materials
2. Cost of labour
3. Cost of overheads
4. Cost of other expenses

16. Explain by giving any three points how ‘market-orientation’ helps the entrepreneurs. (3)

Ans. Market orientation helps the entrepreneur:

1. To understand the customers and their needs
2. To develop and assist in the design of an appropriate product or service and selling the same
3. To take the correct decision regarding the product or service, its-market and profitability of the enterprise

17. Differentiate between ‘Owner’s fund’ and ‘Borrowed funds’ on the basis of: (3)

(A) Fixed obligations

(B) Permanence

(C) Risk capital

Ans.

Basis	Owner’s Fund	Borrowed Fund
A. Fixed obligation	Does not involve fixed obligation	Involve fixed obligation i.e. paying interest and repayment of principal
B. Permanence	It provides permanent capital which is not refundable on maturity	Principal amount is capital which is not refundable on maturity refundable with interest
C. Risk Capital	It provides risk capital as the owner bear the risk of losses	It does not provide the Risk capital

18. Explain how ‘Socio-cultural factors’ and ‘Political factors’ help in scanning the

environment. (4)

Ans. Socio-cultural factor: involves a close study of the lifestyles, beliefs, customs, conventions, practices etc Expectations of individuals, their preferences-on the basis of their family background, age group and education form a part of the study.

Political Factor: the rules and regulations and the laws that monitor and regulate the market forces are framed by the Govt. Policies of the Govt. in power have to be examined while taking business decisions.

19. A factory is engaged in manufacturing shirts. The following information is available to you: (4)

Sales - Rs. 2,00,000.00

Direct Labour Cost (1000 Units) - Rs. 20,000.00

Direct Material Cost (1000 Units) - Rs. 50,000.00

Direct Expenses (1000 Units) - Rs. 10,000.00

Fixed Cost - Rs. 60,000.00

Find out:

(A) Variable cost per unit

(B) Total cost

(C) Quantity to be sold at Break-Even-Point 4

Ans. Variable cost per unit = Direct labour cost+ Direct material cost + Direct expenses/no of units = $20,000+50,000+ 10,000 = 80,000/1000=$ Rs 80 per unit

Total cost = Fixed cost+ variable cost

$60,000 + 80,000=$ Rs 1,40,000

Sales at BEP = Fixed cost/selling price-variable cost per unit

$60,000/200-80 = 60,000/120 = 500$ units

20. State any four factors to be kept in mind while formulating a financial plan. (4)

Ans. Factors affecting formulation of a financial plan:

1. Objective, Marks
2. Solvency and liquidity,
3. optimum structure,
4. Simplicity,
5. Provision for contingencies.

(any four points with brief explanation)

21. Explain 'Direct and Indirect competition' and 'Changes in Technology' as factors influencing growth of an enterprise. (4)

Ans. Direct and indirect competition: competition may directly come from other firms manufacturing the same product- To survive the competition the manufacturer has to constantly maintain his competitive edge over others. Indirect competition may be due to availability of cheaper product substitutes. It influences growth.

Changes in Technology: There is a constant change in the process of production and machinery due to technology change. Entrepreneur needs to keep pace with these changes for growth of an enterprise.

22. Explain any six steps which help in identifying a feasible product or process.

OR

Explain any six idea fields which act as convenient frames of reference for an entrepreneur at the time of generating ideas. (6)

Ans. Steps to identify a feasible product:- (any six with brief explanation)

1. Product or service identification
2. Application and use
3. Level of operation
4. Cost
5. Competition
6. Technical complexity
7. Annual turnover and profit margin

OR

Any six idea fields:

1. Natural resources
2. Existing products or services
3. Market driven or demand driven
4. Trading related ideas
5. Service sector ideas

- 6. Creative efforts
- 7. Other considerations

23. What is included in the 'Human Resources' of an enterprise? State the steps needed to develop a good human resource for the organisation. (6)

OR

Explain the four sources of obtaining funds under financial-resources.

Ans. Human resources of an enterprise include the managerial and the non-managerial, skilled, semi-skilled and unskilled labour force, marketing and other field personnel.

Steps needed to develop good human resource are:

1. Recruitment of competent personnel
2. Training of the personnel
3. Motivation for performance
4. Providing appropriate organizational climate
5. Scope for performance
6. Feedback appraisal
7. Scope for development for the aspirants
8. Rewards for performance
9. Retraining
10. Providing scope for participation in the management

OR

Four sources for obtaining funds under financial resources;

1. Loans marks
2. Venture capital
3. Grants
4. Own funds

(adequate explanation for each point)

24. Ankur, an entrepreneur, introduced a new shampoo which will help in reducing hair fall. Inspite of heavy advertisement and publicity he is not able to boost the sales.

Suggest any six techniques to Ankur that will help him in boosting the sales. (6)

OR

“An enterprise that does not grow will, eventually die.” Explain this statement with suitable examples.

Ans. Techniques to help boost sales:

1. Price off
2. Samples
3. Premiums
4. Quantity plus
5. Coupons
6. Contests
7. Buying allowance
8. Display of goods

(any six techniques with brief explanation)

OR

Growth sustaining activities:

1. Modernization
2. Expansion
3. Diversification
4. Substitution

