



### General Instructions :

Read the following instructions carefully and follow them :

- (i) This question paper contains **34** questions. **All** questions are **compulsory**.
- (ii) This question paper is divided into **four** sections – **Section A, B, C and D**.
- (iii) **Section A** : Questions number **1** to **18** are Multiple Choice Type Questions. Each question carries **1** mark.
- (iv) **Section B** : Questions number **19** to **24** are Short Answer type-I questions. Each question carries **2** marks. Write answer to each question in **30** to **40** words.
- (v) **Section C** : Questions number **25** to **29** are Short Answer type-II questions. Each question carries **3** marks. Write answer to each question in **50** to **70** words.
- (vi) **Section D** : Questions number **30** to **34** are Long Answer type questions. Each question carries **5** marks. Write answer to each question in **120** to **150** words.
- (vii) There is no overall choice. However, an internal choice has been provided in **Section B, C and D** of question paper. A candidate has to attempt only one of the alternatives in such questions.

### SECTION A

1. Which of the following is **not** an element of business opportunity ? 1  
(A) Practicability of the idea      (B) Assured market scope  
(C) Scheduling      (D) Potential of future growth
  
2. Two statements labelled as Assertion (A) and Reason (R) are given below. Read both the statements carefully and choose the correct option : 1  
Assertion (A) : There is no fixed content for a business plan.  
Reason (R) : The business plan varies according to the entrepreneur's goals and targeted audience.

#### 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.



3. Rudra Café, a chain of organic cafés in Delhi, wanted to expand its business in other cities too. Due to rising inflation, the cost of organic products, dairy, coffee beans, etc., has risen sharply. At the same time, the Reserve Bank of India has increased interest rates, making bank loans more expensive. The café, therefore, delayed its expansion plans until borrowing becomes cheaper. Identify the element of macro environment affecting Rudra café.

1

- (A) Technological environment (B) Economic environment  
(C) Social environment (D) Political environment

4. The process of creativity involves the following five steps :

- (i) Idea germination  
(ii) Incubation  
(iii) Illumination  
(iv) Preparation  
(v) Verification

Identify the correct sequence of the steps from the options given below :

1

- (A) (i), (iii), (ii), (iv), (v) (B) (i), (iv), (ii), (iii), (v)  
(C) (iv), (ii), (i), (iii), (v) (D) (v), (i), (iii), (iv), (ii)

5. With rising awareness about environmental protection and harmful effects of chemical detergents, there is a growing demand for sustainable alternatives. Recognising this opportunity, Mohit plans to start an eco-friendly detergent manufacturing unit. For this, he prepares his business plan starting with its introductory profile. After that, he clearly states his 'mission statement' in the relevant section detailing the size, scope and nature of the enterprise.

The component of the business plan after introductory profile which begins with the 'mission statement' is :

1

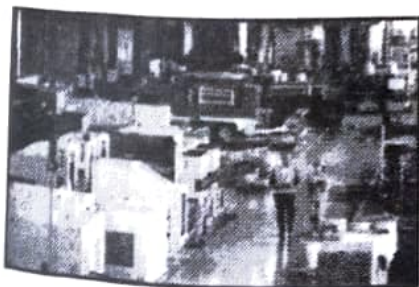
- (A) Marketing strategy  
(B) Description of venture/business venture  
(C) Financial planning

(D) Risk analysis





6. Horizontal merger is a merger between \_\_\_\_\_. 1
- (A) firms that are involved in totally unrelated business activities.
  - (B) two companies that deal in the same products but in separate markets.
  - (C) two companies producing different goods or services for one specific finished product.
  - (D) companies in the same industry.
7. The first stage in the 'Enterprise Process Diagram' is \_\_\_\_\_. 1
- (A) Identifying a product or service
  - (B) Opportunity spotting by analysing the needs and problems that exist in the environment
  - (C) Evaluating the ideas received from different sources to find a creative solution
  - (D) Setting up a project and nurturing it to success
8. 'Price skimming' is used : 1
- (A) for a limited duration to recover most of the investment made to build the product.
  - (B) to attract new customers and increase market share or sales volume.
  - (C) for products and services where dickering over the price of goods is considered the norm.
  - (D) to cover the cost of producing a product plus a reasonable profit.
9. Refer to the picture given below and identify the type of channel of distribution :



Producer



Retailer



Customer

(A) Three-level channel  
One-level channel

(B) Two-level channel

(D) Zero-level channel

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**Note:** The following question is in lieu of Question No. 9 for **Visually Impaired Candidates** only.

When the producer wants to be fully relieved of the problem of distribution, and agents distribute the product among wholesalers and wholesalers distribute the product among a number of retailers, who then finally sell it to the ultimate consumers, the type of channel of distribution is :

- (A) Three-level channel (B) Two-level channel  
(C) One-level channel (D) Zero-level channel

10. When a private company takes over a public company, the type of acquisition is :

- (A) Friendly acquisition (B) Reverse acquisition  
(C) Back flip acquisition (D) Hostile acquisition

11. Riya, a young entrepreneur, set up a venture to manufacture biodegradable food containers from agricultural waste. She first identified the features of the product, design, as well as the resources that will be needed, obtained the required resources and applied the resources to accomplish the plan by manufacturing the food containers.

By doing all this, Riya has followed various elements/steps in the innovation process. The next element/step in this process is :

- (A) Analytical planning (B) Resource organisation  
(C) Commercial application (D) Implementation

12. Which of the following is **not** included while calculating Gross working capital ?

- (A) Cash (B) Inventory  
(C) Short-term loans (D) Accounts Receivable

13. If a company's 'cash conversion cycle' is 45 days, it implies :

- (A) the company requires 45 days to manufacture the goods.  
(B) the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable is 45 days.  
(C) the company pays the amount due to its creditors in 45 days.  
(D) that the length of time between the manufacturing of goods and sale of goods is 45 days.



14. Match the components of Marketing Mix given in Column I with their Meaning given in Column II. Identify the correct option from those given below :

<i>Column I</i>	<i>Column II</i>
(1) Product	(a) It refers to the point of sale.
(2) Price	(b) It refers to all activities undertaken to make the product or service known to the user and trade.
(3) Place	(c) It refers to the item actually being sold.
(4) Promotion	(d) It refers to the value that is put on the product.

**Options :**

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

15. While calculating the Economic Order Quantity, it is necessary that a company should know how much the 'Inventory Carrying Cost' is and what does it include. From the following, identify the item which is **not** included in 'Inventory Carrying Cost' :

- (A) Interest  
(B) Paperwork for placing order  
(C) Space cost  
(D) Insurance

16. Aditya Verma, the founder of a 'Fintech' startup, wanted to raise funds for expanding his digital lending platform. Instead of approaching the general public, he decided to directly sell securities of his company to a limited number of sophisticated investors including Life Insurance Corporation of India, General Insurance Corporation of India, and Army Group Insurance. The method of raising capital used by Aditya Verma was :

- (A) Public issue  
(B) Rights issue  
(C) Private placement  
(D) Offer to the employees



17. 'Zen MotoCorp', a leading motorcycle manufacturer, requires batteries for its production units. The procurement lead time is two months and the demand during this period is expected to be 2000 batteries per month, making its reorder point at 4000 batteries. Fresh supplies should arrive just as the stock reaches zero. However, due to variability in the rate of demand (or consumption) as well as in the supply or manufacturing lead time etc., it may reach a zero stock status before the supply arrives. To cater to such variability, it decides to add 500 batteries to its reorder level. The reorder level would now be 4500 batteries.

The addition of 500 batteries in the reorder point is known as :

- (A) Average Inventory (B) Annual demand for the item  
(C) Economic Order Quantity (D) Safety Stock

18. Public issue is the most popular method of raising capital these days by entrepreneurs, which involves raising of funds directly from the public through the issue of prospectus.

Which of the following is an advantage of raising funds through public issue ?

- (A) It increases accountability to public shareholders.  
(B) It can be used for businesses to grow through acquisitions.  
(C) It increases costs in complying with higher level of reporting requirements.  
(D) It needs to maintain dividend and profit growth trends.

### SECTION B

19. Read the following text carefully :

Arun runs a mid-sized bakery chain that is expanding into new cities. To manage operations smoothly, his management team needs a document that lays out production schedules, staffing requirements, raw material management, and daily operational processes. Since this document contains technical and internal information, it is not useful for outside investors or customers.

On the basis of the given information, identify and state the format of business plan discussed above.

20. (a) Explain the following two steps of the process of creativity :  
(i) Preparation (ii) Verification

OR

- (b) The idea and opportunity assessment process involves a number of steps. Explain the next two steps after 'Product identification' that an entrepreneur should consider in this process.



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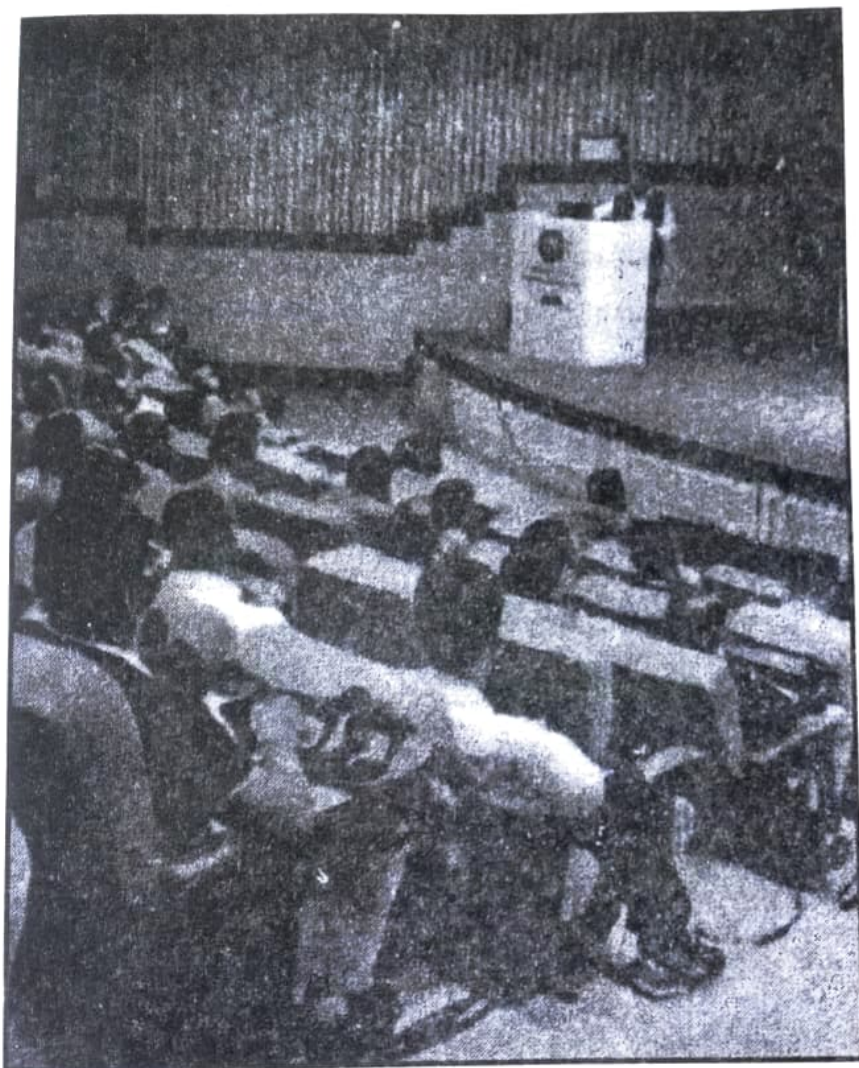




21. Explain 'Contract Explanation' and 'Operations Manual' as main ingredients of a franchise agreement. 2
22. (a) Explain 'Public Relations' as a tool of promotion used by companies to promote their products and services. 2

**OR**

(b)



In the picture above a seminar organized by 'Hi-end-fashion Designer' to increase, its sales is being depicted.

This is an example of which of the following sales promotion activities ?

- (A) Customer Promotions (B) Business Promotions
- (C) Trade Promotions (D) Salesforce Promotions



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**Note :** The following question is in lieu of Question No. 22(b) for **Visually Impaired Candidates** only.

- (b) 'A company organises sales-competitions among their salesforce and announces various prizes for the winners to increase the sales.'

This is an example of which of the following sales promotion activities ?

2

- (A) Customer Promotions
- (B) Business Promotions
- (C) Trade Promotions
- (D) Salesforce Promotions

23. (a) 'Tech Supplies Ltd.' sells bluetooth speakers and needs to maintain a smooth supply to meet customer demand. Annual quantity of bluetooth speakers sold by the company is 2500 units. Cost of placing an order and receiving the bluetooth speakers is ₹ 50 per order. Inventory holding cost per unit is ₹ 25 per annum.

Calculate the Economic Order Quantity (EOQ) for 'Tech Supplies Ltd.'

2

**OR**

- (b) 'Sunshine Fabrics Ltd.' earned a net profit of ₹ 50,000 last year. The shareholders' equity is ₹ 2,50,000 and the company took a loan of ₹ 2,50,000. Interest on loan @ 10% per annum is ₹ 2,500.

Calculate Return on Equity (ROE) and Return on Investment (ROI) for 'Sunshine Fabrics Ltd.'

2

24. 'Swadisht', an online food delivery platform, has been in business for the last ten months. It is now planning to launch its advertising campaign 'Bhook Lage Toh Swadisht Khao'. The campaign aims to inform and improve its brand image as a household, friendly and trustworthy service. This advertising campaign is for working professionals who often struggle with time constraints for cooking at home and also for teenagers who love 'Swadisht' food.

Identify and state any two rules considered by 'Swadisht' online food delivery platform, while planning to launch its advertising activity.

2





## SECTION C

25. Reen, a young entrepreneur, noticed that urban consumers were becoming increasingly health-conscious and preferred products that were both nutritious and convenient to use. She decided to study the market to understand the trends of demand, supply and consumer preferences. The research revealed that more people are adopting health-focused diets and prefer products made from natural ingredients.

Based on this insight, Reena decided to start a business of producing ready-to-drink bottled juices extracted from the locally grown organic citrus and other fruits.

By quoting lines, identify and explain the two idea fields discussed in the above case.

3

26. Kavita owns a small restaurant in her city and is always looking for ways to stay ahead of her competitors. She makes it a point to go to her restaurant regularly as well as other restaurants and spends time watching and observing what people are eating, wearing and doing. She also talks to the customers to get inputs on what they are thinking and buying.

Quoting lines from the above para, state two ways of trend spotting being used by Kavita.

3

27. (a) 'Selection of a product or service will depend upon many factors.' While assessing the market, an entrepreneur has to prepare details based on these factors. Explain any two such factors.


**OR**

- (b) State any six reasons why a substantial number of entrepreneurs prefer to form a private company in spite of certain restrictions imposed on it under the Companies Act.

28. (a) Give the meaning of 'sales strategy'. Explain two basic types of sales strategies.

**OR**

- (b) Give the meaning of promotion as a 'promotion strategy'. Explain any two approaches a company can use to promote its products.

29.  'A hair oil bottle of 100 ml of a company is priced at ₹ 50, while a 1000 ml/1 litre bottle is priced at ₹ 400.'

- (a) Identify and explain the method of pricing discussed above.  
(b) Also explain how the method of pricing identified in (a) above functions in the real-estate market.

3

### SECTION D

30. (a) Explain any five elements of an operational plan.

5

**OR**

- (b) Explain the first five steps for preparing the marketing plan.

5

31. Read the following text carefully :

Raghav loved baking and started a small café in his neighbourhood. He personally managed the menu, finances and customer orders. Word spread quickly and soon the café became a popular weekend spot. However, as the number of customers grew, Raghav found it difficult to handle supplies, accounts and marketing alone. He was also facing shortage of capital to meet customers' demands.

He discussed the matter with his friend, Vikas, who said that in today's era of specialization, expansion and diversification, it is not possible for a person to handle everything alone.

Vikas suggested that his sister, Mira, who was a chartered accountant with six years experience in hotel management, could join him. Mira would not only contribute capital but also her valuable experience to the business and help in expanding the café's reach. Raghav agreed and they decided to run the café jointly.

On the basis of the given text, answer the following questions :

- (a) Identify the forms of business organisation highlighted above.  
(b) State any four features of each form of business organisation identified in (a) above.





32. Reena opened a franchise of a well-known fast food chain. One of the main reasons she entered into this business was that it already had an accepted name. She did not have to spend resources trying to establish the credibility of the business as it already exists.

The franchisor also provided managerial assistance to her. She was offered training on all aspects of operating the franchise including accounting, personnel management, marketing and production.

The franchisor also offered her years of experience in business and knowledge of the market. However, she started facing challenges soon. The franchisor exerted a high degree of control which limited her ability to experiment with new ideas leaving her feeling over-guided or over-influenced. Moreover, apart from the original franchise fee, Reena had to share a percentage of her revenue as ongoing royalty. Additional costs were also charged for services like advertising and training. These expenses made the business model far more expensive than she had anticipated.

Identify and explain three advantages and two disadvantages of the franchise mode of expansion, as discussed above.

33. 'Star Bakery Pvt. Ltd.' produces two types of cakes — Chocolate Cake and Vanilla Cake. The company wants to know the break-even point of each type of cake. For the same, the following information is available :

Product	Selling Price Per Unit (₹)	Variable Cost Per Unit (₹)	Sales Mix %
Chocolate Cake	200	120	40
Vanilla Cake	150	90	60

Total fixed cost is ₹ 1,15,600.

- Calculate the break-even point in units of sales mix.
- Calculate the number of units of each product at break-even point.
- Also calculate break-even point in rupees.

34. (a) Define 'Capital Market'. Explain, by giving any three points, why capital markets are the most important source of raising finance for entrepreneurs. Also give the meaning of 'Financial Intermediation'.

OR

- Give the meaning of 'Venture Capital'. Explain how entrepreneurs can seek venture capital at 'Early-stage financing' and 'Last-stage financing'.