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HBSE MODEL PAPER 2024



Practice Papers

MODEL PAPERS

Marking Scheme

ANSWER KEY

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Marking Scheme (2023-24)

Entrepreneurship

Class: XI

Time: 3 Hours **Max Marks: 60**

General Instructions:

● The Question Paper is divided into 4 parts. There is no overall choice, though the internal choice is given in selected sections.

● Section A has 15 objective questions carrying 1 mark each.

● Section B has 6 questions carrying 2 marks each. Answer may be within 50 to 75 words.

● Section C has 6 questions carrying 3 marks each. Answers may be about 100 words.

● Section D has 3 questions carrying 5 marks each. Answers may be about 150 words.

SECTION-A		
Q1.	**The first step in the stages of start-up is.** A) Business Model/Plan C) Concept and Research B) Launch of Product D) None of the above Ans. C) Concept and Research	1
Q2.	**Offering permanent jobs and pensions fulfill** A) Physiological need C) Safety security need B) Social need D) Esteem need Ans. C) Safety security need	1
Q3.	**Break-even analysis is a part of** A) Organization Plan C) Financial Plan B) Production Plan D) Human Resource Plan Ans. B) Production Plan	1
Q4.	**The stage of conceiving the idea to stan art enterprise is called** A) Embryo Stage C) Nurture Stage B) Fledging Stage D) Take off Stage A) Embryo Stage	1
Q5.	**The middleman can disappear very easily by use of** A) Advertisement B) Networking and social media C) Promotion mixes D) All of the above	1

	D) All of the above	
Q6.	**Adding a new line of business is known as** A) Integration B) Diversification C) Innovation D) Invention Ans. B) Diversification	1
Q7.	**……. The exemption is available for Start-Up.** Ans. Income Tax	1
Q8.	**……Is the first step in developing a Business Plan** Ans. Market Research	1
Q9.	**Risk arises due to…….** Ans. Uncertainties	1
Q10.	**Who is Entrepreneur?** Ans. **Entrepreneur** 1. Entrepreneur conceives the idea to start the business. 2. Entrepreneur earns income by selling goods and services for themselves. 3. The reward for an entrepreneur is profit.	1
Q11.	**What is Ethics?** Ans. Ethics studies how to deal with corporate governance, whistleblowing, corporate culture, and corporate social responsibility. It emphasizes standard principles prescribed by governing bodies. Non-compliance with business ethics leads to unnecessary legal actions.	1
Q12.	**What is a feasibility plan?** Ans. The feasibility plan acts as a guideline for the implementation of the project. It includes various aspects, problems, on hurdles that might come in the way. It explains various risks involved in the project, potentials of the project and the chances of success of the project. It gives some idea about how the project can be implemented successfully. The feasibility plan is a process of checking resources required for the project under consideration, their availability, etc.	1

Q13.	Choose the correct option. **Assertion (A):** An entrepreneur takes risks. **Reason (R)**: An entrepreneur is self-confident. A Both A and R are true; R is the correct explanation of A. B. A is true but R is False C. Both A and R are false. D. Both A and R are true, but R is not the correct explanation of A. Ans. A) Both A and R are true; R is the correct explanation of A	1
Q14.	**Assertion (A):** At times, a business may face a situation where it has to shut down its operations. **Reason (R)**: If the revenue is less than its variable cost, the operation should be closed down. In the context of the above two statements, which one of the following codes is correct A. A) is correct but R) is not correct B. A) and R) both are correct and R) is the right explanation of A) C. A) and R) both are correct and R) is not the right explanation of A) D. Both A) and R) are incorrect. Ans. B). A) and R) both are correct and R) is the right explanation of A)	1
Q15.	**Assertion (A)**: A small enterprise cannot afford to install an expensive control system. **Reason (R)**: The control system losses some of its effectiveness when standards cannot be defined in the quantitative term. A. A) is correct but R) is not correct. B. A) and R) both are correct and R) is the right explanation of A) C. A) and R) both are correct and R) is not the right explanation of A) D. Both A) and R) are incorrect. Ans. B. A) and R) both are correct and R) is the right explanation of A)	1
	SECTION-B	
Q16.	**What are the myths about Entrepreneurs?** **OR** **Explain two characteristics of an entrepreneur.**	2
	Ans. (i) **Entrepreneurs are born**. It is incorrect to say that entrepreneurs are born as all the characteristics of an entrepreneur can be acquired with careful observation, study, and practice. There are many training institutes which impart training for entrepreneurial skills. Some individuals might have genetic traits of entrepreneurial skills but it does not mean all that the entrepreneurs are born. **(ii) Entrepreneurs have to be rich.** Many times people believe that	1mark for each point

	they cannot become entrepreneurs because they do not have money and they do not belong to rich families. To be a successful entrepreneur, one must have the ability, to mobilize the resources in the most productive manner. To be an entrepreneur, one needs creativity and innovation. Money does not assure success and it does not facilitate creativity and innovation. **(iii) Entrepreneurs should have good knowledge of English**. To be successful, an entrepreneur requires good communication skills and not good English. Lack of knowledge of any language is not a barrier to entrepreneurship as one can easily learn all the languages with training. One can acquire competencies through one's own mother tongue also. An entrepreneur must have measurable amount of communication skills so that he can communicate easily with others. OR **CHARACTERISTICS OF AN ENTREPRENEUR** To be categorized as an entrepreneur, an individual must have the following characteristics: **1. An entrepreneur incubates new ideas.** An entrepreneur has a new vision. He is a creative person. He creates and generates new products, new services, new methods of production or new methods of distribution. He may not have the capital or investment to start the business but he has a new idea to experiment with. He creates opportunities for innovation, experimentation and production. **2. An entrepreneur identifies opportunities.** An entrepreneur identifies and grabs the opportunity. After identifying, he evaluates those opportunities. He analyses the feasibility of grabbing that opportunity. He tries to remove the hurdles and blocks in the growth process by finding an alternate solution, an alternate method or an alternate strategy. He creates new ventures with hard work and creative mind. **3. An entrepreneur takes initiative**. An entrepreneur takes initiative to find new ways to minimise the problems and to get optimum utilization of resources. He tries to face the warning signals and threats and tries to convert these threats into opportunities. He makes his own way. He hesitates to follow the path made by others. He is a self-instructor. He hesitates to follow the instructions of others while performing the task. **4. An entrepreneur is achievement oriented.** An entrepreneur sets up a goal and plans his work in a focused manner to achieve that goal. He never gets satisfied with running business houses and in making projects in a routine manner like traders or businessmen. He prefers to: (Any Two)	
Q17.	**Explain any two types of Entrepreneurs.**	2
	Ans. Basically, all the entrepreneurs possess some basic characteristics and more or less perform similar entrepreneurial	1 mark for each point

	functions, but they still are classified on the basis of origin, location, background, area of operation, types of enterprises, dominant attribution, etc. 1. Based on the amount of inventiveness, entrepreneurs are classified as follows: (i) Innovative entrepreneurs (ii) Adaptive or imitative entrepreneurs (iii) Fabian entrepreneurs iv) Drone entrepreneurs **(i) Innovative Entrepreneurs.** They quickly introduce new product, processes of production and technology. They are generally aggressive and enthusiastic in practicing and experimenting new and attractive possibilities. They prefer to explore new technology, new market etc. They grow with the development of different countries. **(ii) Adaptive or Imitative Entrepreneurs.** They follow the successful innovative entrepreneurs. They just imitate the technology and practice as innovative entrepreneurs. **(iii) Fabian entrepreneurs**. They are very cautious and careful while adapting or practicing any change. They depend upon past practices, customs, traditions and religion. **(iv) Drone entrepreneurs.** They never prefer to go for any change production, technology and market. (Any Two)	
Q18.	**Give two features of attitude.**	2
	Ans. Attitude refers to feelings, beliefs and behavior that directed towards people, groups, ideas or objects. Attitudes will always have a positive and negative element and have a tendency to behave in a certain way toward that person or object. Four significant features of attitudes are: Valence (positivity or negativity), Extremeness, Simplicity or Complexity (multiplexity), and Centrality.	1 mark for meaning and .5 mark for every feature
Q19.	**What do you mean by environmental scanning?** **OR** **Explain the importance of pricing.**	2
	Ans. Environmental scanning is the process of gathering information about events and their relationships within an organization's internal and external environments. The basic purpose of environmental scanning is to help management determine the future direction of the organization. Environmental scanning is necessary because there are rapid changes taking place in the environment that has a great impact on the working of the business firm. Analysis of business environment helps to identify strength weakness, opportunities and threats.	1 mark for meaning and 1 mark for explanation

	OR Price is the only element in marketing mix that produces revenue other elements produce cost. Price is a crucial and the most important element of marketing mix due to the following reasons. **1. Key to revenue:** Proceeds for sale is called revenue and price and volume of sale decide the revenue. High price will bring high revenues, low price will increase sales volume and will also result in high revenue. **2. Attract customers:** Price is a very crucial element. Even a minor difference can drag the customers towards competitor. By lowering the price, entrepreneurs can break the loyal customers of competitor. **3. Edge over competitor:** By providing good quality product at reasonable price, you can always win over your competitors. **4. Crucial to profit:** Profit is the difference between sale price and cost so it directly affects the profit. (Any Two)	
Q20.	**Explain any two business activities which are auxiliaries to trade.**	2
	Ans. **Aids or Auxiliaries to Trade** The activities which help in smooth flow of trade are known as Aids to Trade. These activities make buying and selling of goods more easy. These activities are known as services and together constitute service sector or tertiary sector of commerce. These help in removing various hindrances of trade which arise in production and distribution of goods. The common auxiliaries or aids to trade are: **1. Transport and communication.** Transport refers to the movement of goods from one place to another. The production of goods takes place at one place whereas these are demanded in different parts of the country. The obstacle of place is removed by the transport. For example, tea is produced in Assam and Darjeeling but is consumed in all the parts of the country. This is made possible only because of transport. Transport is also helpful in movement of raw materials and other resources to the industries and factories. Labour is also moved from one place to the other with the help of transport. Along with transport, communication is also an important service. Communication helps in exchange of information between producers, consumers and traders The common communication services are postal service, telephone service, fax, internet etc. **2. Banking and finance.** Banks and financial institutions provide credit facility loan etc. to provide finance for smooth flow of business activities. Banks help the businessmen to overcome the	1 mark for each point

	problem of funds. Along with provision of funds, the commercial banks provide many other facilities such as collection and deposit of cheques, issue of bank draft, discounting of bills of exchange etc. The banks also provide the facility of overdraft, cash credit limit, arrangement and payment in foreign currency in case of foreign trade. **3. Insurance**: Businessmen have to bear various types of risks. Insurance provides protection from some kinds of risk such as risk of loss due to fire, theft, accident etc. The insurance company provides protection to employees also against the risk of accident while working. Businessmen have to pay a nominal amount of premium and in return they get compensation for the loss from the insurance company. (Any Two)	
Q21.	**Explain the methods of Personal Financing**	2
	Ans. **1. Personal savings:** It is the most conventional source of finance. Savings of entrepreneur are a dependable source of finance without any liability. **2. Friends and relatives:** Arrangement of finance in an informal way from near and dear ones i.e., borrowing from relatives and friends i.e., borrowing from known persons. **3. Chit funds:** Under this some members who can be friends or members of club, party etc. pay a fixed amount every month and the amount so collected can be taken by any member as per his need by taping with less than the total amount. **4. Deposits from dealers:** When a business firm selects dealers to sell its products or service, the dealers or distributors are supposed to deposit some security money with the entrepreneur. The amount of security depends upon the goodwill or reputation and brand of entrepreneur. (Any Two)	1 mark for each point
	SECTION-C	
Q22.	**Explain the need for and Importance of Entrepreneurship**	3
	Ans. Need for entrepreneurship can be made more clear from the following points: **1. Life line of a nation:** Entrepreneurship is a yardstick to measure the development of any country as no country can prosper and grow without development of entrepreneurship. We can see that in U.S., U.K., and other developed countries, there are well developed and well established enterprises. So, every nation tries to increase its trade by having more enterprises. **2. Provide innovation:** Entrepreneur is an innovator who tries new methods of production, new technology, new ways of marketing etc. He develops new business ideas and puts them into action to enhance the process of economic development.	1 mark for each point

	3. Growth of economy: The Entrepreneurs adapt to changes as changes take place in the environment. The changes adopted by entrepreneurs in enterprises even bring changes in the society and economy. Latest technology used by enterprises not only brings growth in the enterprises, but it also brings growth of economy at large. **4. Increased profits:** An entrepreneur always tries to minimise cost. He always tries to get optimum utilization of resources. The reduction of cost and increase in efficiency always result in increase in profit. **5. Employment opportunities:** Entrepreneurship not only provides the scope for self-employment but also offers employment to large number of people as in the case of successful enterprises. Growth in entrepreneurial activities leads to more and more employment. **6. Social benefits:** Entrepreneurs always try to adopt latest technology and raise the standard of living by providing good quality products and services at lowest cost. By setting up enterprises in backward areas, they try to bring balanced regional growth. By making optimum utilization of resources, they save scarce resources of society. (Any Three)	
Q23.	**What are the elements of a proposed business plan?** **OR** **Explain the concept of Misconception.**	3
	Ans. 1. General Instructions 2. Business Venture 3. Organization Plan 4. Production Plan 5. Human Resource Plan 6. Market Plan 7. Financial Plan OR **1. Great ideas just appear out of nowhere:** It is not correct. In reality, a lot of time is s spent to generate great ideas. A systematic planning is done to generate ideas. **2. There are no illogical ideas:** In reality, many ideas are not very good, although, all ideas should be approached as worthy. **3. The customer will tell you what to do if you will only listen:** Although best source of ideas are people but just talking to them will not generate ideas. One has to focus on unmet needs of customers and think logically to find solutions to meet their needs. **4. We can generate ideas in meetings:** In reality, generation of ideas is not restricted to meetings. Great ideas can be generated elsewhere also.	1 mark for each point

	5. Great ideas are not a problem but implementing them is: In reality, if ideas are generated logically with proper dialogue and discussion then, implementing them is not a problem. (Any Three)	
Q24.	**What is product mix? Give any two elements of product mix.**	3
	Ans. **A. PRODUCT** The product element of the marketing mix signifies the tangible or intangible product offered to the customer, which is the satisfier of the need. **Product Mix** The product mix refers to important decisions related to the product such as quality of product, design of product, packing of product, etc. Another important thing included in product mix is product assortment. It refers to number of products and items a particular producer offers to the market. For example, the Hindustan Lever is dealing with soaps, detergents, tea, toothpaste, etc. When a firm starts its marketing operations it starts with one product but later on it expands and diversifies its activities by introducing more varieties of product or more lines of products. For example, Nirma made its entry with the detergent powder but slowly it entered into other lines of products such as salt, toilet soap, toothpaste, etc. **Important elements of product mix:** **1. Branding** **Meaning.** A brand is the identification of a product. It can be in the form of a name, symbol, or design etc. The branding is not only done to identify the seller or producer but also to make your product superior than competitor's product. **2. Packaging** The companies always supply the products in packaged form. For example, Coke comes in bottle, Tide in bag, biscuits in wrapper, oil in jar, etc. Packaging is the basic activity of every company. It can be defined as "A set of tasks or activities which are concerned with the designing and production of an appropriate wrapper container or bag for the product". **3. Labelling** Labelling means putting identification marks on the package. Label is the carrier of information. It provides information like-name of the product, name of manufacturer. contents of products, expiry and manufacturing date, general instructions for use, weight, price, etc. Labels are attached on the product to provide some information to customer. Product labels can be (a) In simple tag form as in case of local products like rice, pulses, etc. (b) Elaborate labels-as used by reputed companies. These are very attractive and give complete information about product to customer. Apart firm details of product, some statutory warnings which are essential for some products must be printed on label. For example, on tobacco, liquor it is compulsory to	1 mark for meaning and 1 mark for each element

	mention that its consumption is injurious to health 1 mark each for two essentials/ elements. (Any Two)	
Q25.	**Difference Between Fixed Cost and Variable Cost.** **OR** **Explain the factors affecting Capital Structure.**	3
	Ans. Difference between Fixed Cost and Variable Cost **Variable Cost** 1. Variable Cost change with change in the quantity of output. 2. Variable cost is zero at zero level of output. Example: Raw material cost, wages of casual laborer, etc. **Fixed Cost** Fixed cost remains fixed and does not change with the change in quantity or output. Fixed cost is incurred even when the output is zero. Example: Factory rent, salary of permanent staff, cost of plant and machinery, etc. OR 1. **Return on Investment.** Return on investment is another crucial factor which helps in deciding the capital structure. If return on investment is more than rate of interest then company must prefer debt in its capital structure whereas if return on investment is less than rate of interest to be paid on debt, then company should avoid debt and rely on equity capital. 2. **Cost of debt**. If firm can arrange borrowed fund at low rate of interest then it will prefer more of debt as compared to equity. 3. **Tax rate**. High tax rate makes debt cheaper as interest paid to debt security holders is subtracted from income before calculating tax whereas companies have to pay tax on dividend paid to shareholders. So high tax rate means company will prefer debt whereas at low tax rate, we can prefer equity in capital structure. 4. **Cost of equity**. Another factor which helps in deciding capital structure is cost of equity. Owners or equity shareholders expect a return on their investment i.e., earning per share. As far as debt is increasing earnings per share (EPS), we should include it in capital structure but when EPS starts decreasing with inclusion of debt then we must depend upon equity share capital only. 5**. Floatation costs.** Floatation cost is the cost involved in the issue	1 mark for each point

	of shares or debentures. These costs include the cost of advertisement, underwriting, statutory fees etc. It is a major consideration for small companies but even large companies cannot ignore this factor because along with cost, there are many legal formalities to be completed before entering into capital market. Issue of shares and debentures requires more formalities as well as more floatation cost. Whereas there is less cost involved in raising capital by loans or advances. 6. **Risk consideration.** Financial risk refers to a position when a company is unable to meet its fixed financial charges such as interest, preference dividend. payment to creditors etc. Apart from financial risk, business has some operating risk also. It depends upon operating cost, higher operating cost means higher business risk. The total risk depends upon both financial as well as business risk. If firm's business risk is low then it can raise more capital by issue of debt securities whereas at the time of high business risk, it should depend upon equity. (Any Three)	
Q26.	**Explain the factors affecting requirement of Fixed Capital**	3
	Ans. Estimating Requirement of Fixed Capital Factors Affecting Requirement of Fixed Capital Investment in fixed assets is for longer duration and is called fixed capital. Fixed capital is financed through long term sources of finance such as equity shares, preference shares, debentures, long term loans, etc. The requirement of fixed capital depends upon various factors which are explained below: **1. Nature of business.** The type of business the company is involved in is the first factor which helps in deciding the requirement of fixed capital. A manufacturing company needs more fixed capital as compared to a trading company, as trading company does not need plant, machinery, etc. **2. Scale of operation**. The companies which are operating at large scale require more fixed capital as they need more machineries and other assets whereas small scale enterprises need less amount of fixed capital. **3. Technique of production**. Companies using capital-intensive techniques require more fixed capital whereas companies using labour-intensive techniques require less capital because capital-intensive techniques make use of plant and machinery, and company needs more fixed capital to buy plants and machinery. **4. Technology upgradation.** Industries in which technology upgradation is fast need more amount of fixed capital as when new	1 mark for each point

	technology is invented, old machines become obsolete and they need to buy new plants and machinery whereas companies where technological upgradation is slow, they require less fixed capital as they can manage with old machines. **5. Growth prospects.** Companies which are expanding and have higher growth plan require more fixed capital as to expand, they need to expand their production capacity and to expand production capacity, companies need more plant and machinery, hence more fixed capital. **6. Diversification,** Companies which have plans to diversify their activities by including more range of products require more fixed capital as to produce more (Any Three)	
Q27.	**Give classification of employees on the basis of job.**	3
	Ans. Before calculating the number and types of employees required, the organization must find out what job has to be taken up by the employees. Job is the smallest unit in which the work of an organization is divided. Type of job determines the position or Based on job, employees can be classified into following three categories: 1. Managerial staff 2. Non- Managerial Staff 3. Others 4. Professionals **1. Managerial staff:** It comprises of all the employees who are involved in managerial activities. Managerial staff can be divided into the following categories. (a) Top level (b) Middle level (c) Lower level 2. **Non-managerial staff:** It comprises of labour involved in doing work. Non- managerial staff can be classified as: (a) Highly skilled labour (c) Semi-skilled labour (b) Skilled labour (d) Unskilled labour	1 mark for each point

	3. **Others:** It comprises of technical experts, professionals and administrators. Following employees are included in this category: a) Technical or trained manpower b) Administrative staff such as book keeping experts, computer operators, etc. 4. **Professionals:** People like CA, CS, lawyer, bankers and auditors, etc.	
	SECTION-D	
Q28.	**Explain the difference between Employee and Entrepreneur** **OR** **Explain the stages of growth of an enterprise**	5
	Ans. Difference between Employee and Entrepreneur **Entrepreneur** 1. Entrepreneur conceives the idea to start the business. 2. Entrepreneur earns income by selling goods and services for himself. 3.The reward for an entrepreneur is profit. 4. Entrepreneur acts as a worker as well as an owner. 5. Entrepreneur creates the enterprise. 6. Entrepreneur innovates the new concepts. 7. Entrepreneur focuses on business. 8. Entrepreneur builds a team. **Employee** 1. Employee helps in implementing the idea of entrepreneur. 2. Employee sells goods and services for someone else. 3. The reward for an employee is salary or wages. 4. Employee acts as a worker only. 5. Employees/managers maintain the enterprise created by entrepreneur. 6. Employees make sure that the innovations are carried out	1 mark for each point

smoothly.

7. Employees focus on processes and systems which are must for smooth functioning of business.

8. A manager ensures that the team works together. He supervises and controls the team.

OR

Different stages of growth of an enterprise are:
1. Embryo Stage
2. Nurture stage
3. Fledgling stage
4. Take-off stage
5. Viable, growing enterprise

1. Embryo stage. This is the initial stage of conceiving idea. This is the stage when an opportunity is perceived, and entrepreneur thinks of starting the enterprise and looks for commercial viability of that opportunity. In this stage, entrepreneur gets the vision of setting an enterprise. This is called embryo stage.

2. Nurture stage. In this stage, the commercial potential of the opportunity is identified and the product or services which have to be produced are planned. At this stage, entrepreneur focuses on producing goods and services effectively. In this stage, he tries to exploit all the opportunities.

3. Fledgling stage. This stage comes after exploiting the opportunities. Here, the focus of entrepreneur is on trading goods and services. In this stage, the entrepreneur tries to attract more and more customers.

4. **Take-off stage**. This stage comes when enterprise starts running successfully. The enterprise grows and becomes a viable enterprise. At this stage, the entrepreneur focuses on profitability and marketing.

5. Viable, growing enterprise. At this stage, the enterprise becomes a well- established enterprise which has a lot of potential to grow and expand.) In this stage, enterprise earns sufficient profit to meet all the commitments and for reinvestment. Here, the focus of entrepreneur is on expansion, diversification and growth.

(Any Five)

Q29.	**Differentiate between E-business and Traditional Business.** **OR** **Explain the Features of Personal Selling**	5
	Ans. -Business v/s Traditional Business	1 mark for each point

Basic of Difference	**E-business**	**Traditional Business**

1. Formation	Easy to form.	Difficult to form.
2. Personal touch	No personal touch	Personal touch is present specially in sole-proprietorship and partnership.
3. Setting up cost	Low	High
4. Operating cost	Low	High
5. Physical examination of goods	Not possible	Possible
6. Ease of expansion	Much, as internet has no geographical boundaries.	Difficult, as various legal formalities are to be completed.
7.Human resource required	Technically qualified and IT professionals are required	Semiskilled and skilled labour required.
8. Risk Involved	High risk as there is no direct contact between the parties.	Less risk as parties has personal interaction.
9. Distribution Channel	No distribution channel used as manufacturers prefer to sell directly to customers.	Various intermediaries such as wholesaler, retailers etc. are involved.
10. Length of Business Cycle	Shorter, because various processes can be carried out simultaneously.	Longer, because one process is carried out at one time, for example, purchase then production then sale etc.

OR

Personal Selling

Meaning. Personal selling means selling personally. This involves face to face interaction between seller and buyer for the purpose of

sale.

The personal selling does not mean getting the prospects to desire what seller wants but the concept of personal selling is also based on customer satisfaction.

Features of Personal Selling:

(i) Personal interaction. In personal selling, the buyers and sellers have face to face interaction. This closeness allows both the parties to observe each other's action closely.

(ii) Two-way communication. In personal selling, the sellers give information about the product, at the same time, the buyer gets a chance to clarify his doubts. It is suitable for sale of complex products where buyer wants to interact with the manufacturer.

(iii) Better response. When seller is personally explaining the utilities of product to the customers then customer do pay some attention and listen to the information.

(iv) Relationship. When the seller and buyer come together, this may improve relation between the customer and seller. Salespersons normally make friendly relations with the customers.

(v) Better convincing. Personal selling is the most effective form of promotion because with this, the salesperson can convince the buyer by demonstrating the use of product and making changes in the product according to the need of customer.

(Any Five)

Q30. **What is the difference between Direct Tax and Indirect Tax** — 5

Ans. — 1 mark for each point

Basis of Difference	Direct Tax	Indirect tax
Levy	Direct taxes are levied on taxpayer income and profits.	Indirect taxes are charged on goods and services.
Governed By	Central Board of Direct Taxes	Central Board of Indirect taxes and customs.
Nature	Progressive	Regressive
Incidence and Impact	It falls on the same person	It falls on the different persons
Inflation	Direct Tax helps in reducing Inflation	Indirect Taxes promotes Inflation
Collection of tax	Difficult	Easy