



Question Paper Solution 2023

Marking Scheme

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Senior School Certificate Examination, 2023

SUBJECT NAME ENTREPRENEURSHIP .(SUBJECT CODE 066) ,(PAPER CODE 98)

General Instructions: -

1

You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.

2

“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its’ leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under various rules of the Board and IPC.”

3

Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one’s own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. **However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them. In class-X, while evaluating two competency-based questions, please try to understand given answer and even if reply is not from marking scheme but correct**

	competency is enumerated by the candidate, due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after deliberation and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark(✓) wherever answer is correct. For wrong answer CROSS 'X' be marked. Evaluators will not put right (✓) while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note "Extra Question".
10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.

11	A full scale of marks 70 has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	Ensure that you do not make the following common types of errors committed by the Examiner in the past:- • Leaving answer or part thereof unassessed in an answer book. • Giving more marks for an answer than assigned to it. • Wrong totaling of marks awarded on an answer. • Wrong transfer of marks from the inside pages of the answer book to the title page. • Wrong question wise totaling on the title page. • Wrong totaling of marks of the two columns on the title page. • Wrong grand total. • Marks in words and figures not tallying/not same. • Wrong transfer of marks from the answer book to online award list. • Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) • Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0) Marks.
15	Any un assessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all

	the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
16	The Examiners should acquaint themselves with the guidelines given in the “ Guidelines for spot Evaluation ” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

General Instructions

- a. The Marking Scheme carries only suggested value points for the answers.**
- b. These are only Guidelines and do not constitute the complete answer.**
- c. The students can have their own expression and if the expression is correct, the marks be awarded accordingly.**
- d. The candidates would be permitted to obtain a photocopy of the Answer Book on request on payment of the prescribed processing fee. All Evaluators/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out as per value points for each answer as given in the Marking Scheme.**
- e. All the Head Examiners/ Additional Head Examiners/ Evaluators are instructed that while evaluating the Answer Books if the answer is found to be totally incorrect, (X) should be marked on the incorrect answer and awarded '0' marks.**

MARKING SCHEME 2022-2023

ENTREPRENEURSHIP (066)

General Instructions:

Read the following instructions carefully and follow them:

- (i) This question paper contains 34 questions. All questions are compulsory.
- (ii) The question paper is divided into four Sections 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 the question paper. A candidate has to attempt only one of the alternatives in such questions.

Section A		
All questions are compulsory		
1	Given below are some of the elements of a business opportunity. Identify the correct combination of the elements: i. Assured market scope ii. Overcome adversity iii. Practicability of the idea iv. Potential of future growth a. (i), (ii), (iv) b. (i), (iii), (iv) c. (ii), (iii), (iv) d. (i), (ii), (iii)	1
Ans	(b) (i), (iii), (iv)	1
2	Which of the following statements is related to 'Below - the - Line' promotion approach that a company can use to promote its products? a. It targets mass audience b. It targets identified small groups c. It helps in establishing brand loyalty d. It includes conventional media like print, online, television and cinema advertising.	1
Ans	(b) It targets identified small groups.	1
3	Ramandeep is a technical entrepreneur who started developing interactive websites of businesses. Due to lot of competition in this field he is experiencing a decline in the demand. He wishes to understand his revenue position as compared to his investment. Which one of the following combinations would help him in assessing the profitability of his business? (i) Economic Order Quantity	1

	(ii) Return on Investment (iii) Return on Equity (iv) Break - even analysis a. (i) and (iii) b. (iii) and (iv) c. (ii) and (iii) d. (i) and (iv)	
Ans	(c) (ii) and (iii)	1
4	When two companies that may not compete with each other but exist in the same supply chain merge, it is known as: a. Horizontal merger b. Vertical merger c. Market extension merger d. Product extension merger	1
Ans	(b) Vertical merger	1
5	From the following, identify the form of business organization that generally has a limited area of operation due to limited finance availability and limited managerial abilities: a. Sole proprietorship b. Partnership firm c. Private company d. Public company	1
Ans	(a) Sole proprietorship	1
6	Krishiv manufactures lamp shades in his cottage industry where labour intensive techniques are used. He is selling these lamp shades under the - designers are using lamp shades to give an aesthetic look to the houses they design. For Krishiv, the per unit cost of each lamp shade is ₹450 and he sells it for ₹900. Similar lamp shades are available in the market and on online websites in the range of ₹1,000 - ₹1,100 per unit. The pricing strategy used by Krishiv is the one where the price of the product is initially set at a price lower than the eventual market price to attract new customers. His objective is to increase the sales volume, rather than to make profit in the short-run. The pricing strategy adopted by Krishiv is: a. Cost plus pricing b. Penetration pricing c. Skimming pricing d. Variable pricing	1
Ans	(b) Penetration pricing	1
7	From the information given below, calculate the circulating capital of a company: Assets (₹)	

	Debtors 55,000 Short-term loans 10,000 Cash 65,000 Outstanding expense 5,000 Short-term investments 20,000 a. ₹35,000 b. ₹1,65,000 c. ₹2,00,000 d. ₹2,35,000	
Ans	(c) ₹ 2,00,000 <i>(Circulating capital = Gross working capital = stock + Debtors + Cash + Short-term investments)</i>	1
8	Prabhas is the creative head of an advertising agency. His latest project is to design a campaign for super food for children in the age group of 6 months to 2 years. He developed a jingle in Hindi as well as in English language to reach out to the maximum audience of the market segment. By doing this, he is not only informing and selling the product but also improving the image of the business. When any advertising activity is planned, there are four rules to be considered. From the following, identify the rule/rules that are taken into consideration by Prabhas in the above case: (i) Aim (ii) Target (iii) Media (iv) Competitors a. (i) b. (i) and (ii) c. (i), (ii) and (iii) d. (i), (ii) and (iv)	1
Ans	(b) (i) and (ii)	1
9	Sahiba has a boutique in Nagpur, which she started in 2020. She had invested ₹2,00,000 from her savings and borrowed ₹3,00,000 from the bank @10% per annum. She made a net profit of ₹50,000 in the year 2021-22. In the above case the 'Return on Equity' is: a. 10% b. 20% c. 25% d. 40%	1
Ans	Option (a) - 10% OR Option (c) - 25% (Either of the two is to be accepted as the correct answer) <i>(The student is to be assessed on the correct option ONLY, no calculation is required to be shown by the student.)</i> <i>ROE = Net Income/Equity × 100</i> <i>ROE = Net Profit-Interest/Equity × 100</i> <i>ROE = 50000-30000/200000 × 100</i>	1

	$ROE = 20000/200000 \times 100 = 10\%$ OR $ROE = \text{Net Income/Equity} \times 100$ $ROE = \text{Net Profit/Equity} \times 100$ $ROE = 50000/200000 \times 100$ $ROE = 25\%$	
10	Assertion(A): A problem is a road block in a situation that forces the entrepreneur to find its solution. Reason(R): One of the objectives of problem identification is to identify the target group facing the problem. Evaluate the statements given above and choose the most appropriate option from the following: - Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). - Both Assertion (A) and Reason are true, but Reason (R) is not the correct explanation of Assertion (A). - Assertion (A) is true, but Reason (R) is false. - Assertion (A) is false, but Reason (R) is true.	1
Ans	(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
11	Assertion(A): Offer to employees means sale of its securities by a company to a limited number of sophisticated investors. Reason(R): Offer to employees enables employees to become shareholders and share the profits of the company. Evaluate the statements given above and choose the most appropriate option from the following: - Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). - Both Assertion (A) and Reason are true, but Reason (R) is not the correct explanation of Assertion (A). - Assertion (A) is true, but Reason (R) is false. - Assertion (A) is false, but Reason (R) is true.	1
Ans	d. Assertion (A) is false, but Reason (R) is true	1
12	Assertion(A): Backflip acquisition is a rare case of acquisition in which the purchasing company becomes a subsidiary of the purchased company. Reason(R): Both the companies approve of the acquisition but the entire process is done by force. Evaluate the statements given above and choose the most appropriate option from the following: - Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). - Both Assertion (A) and Reason are true, but Reason (R) is not the correct explanation of Assertion (A). - Assertion (A) is true, but Reason (R) is false. - Assertion (A) is false, but Reason (R) is true.	1

Ans	(c) Assertion (A) is true, but Reason (R) is false.	1
13	Break-Even Point is the level where: - The revenue generated is equal to all the expenses required for generating the revenue. - The revenue generated is less than all the expenses required for generating the revenue. - The revenue generated is more than all the expenses required for generating the revenue. - Both (a) and (b)	1
Ans	(a) The revenue generated is equal to all the expenses required for generating the revenue.	1
	Read the article given below and answer the questions from 14 - 18 Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs- from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagements, activities and niche campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailment' has been around for quite a while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content. The future malls will integrate virtual and augmented reality, will provide highly immersive retail experience to consumers in the days to come. Deliveries will be carried out using drones and virtual reality will be used as a sales channel.	
14	Identify the prominent Idea field from the following sentence: 'Additionally, malls today are synchronising with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall - Natural resources - Service-related - Market-driven - Creative efforts	1
Ans	(c) Market-driven	1
15	'A plethora of restaurants serving luscious delicacies has seen massive footfall in many malls.' The idea field reflected in the given statement is: - Natural resources - Service-related - Market-driven - Creative efforts	1
Ans	(b) Service-related	1

16	The idea field which is depicted in the sentence ‘Deliveries will be carried out using drones and virtual reality will be used as a sales channel’ is: a. Natural resources b. Service- related c. Market driven d. Creative efforts	1
Ans	d. Creative efforts	1
17	From the following, which form of business organisation is best suited for owning and managing shopping malls? a. Sole proprietorship b. Partnership firms c. Joint Stock company d. Both (a) and (c)	1
Ans	c. Joint stock company	1
18	From the following, identify the element of macro environment that would play a dominant role in the transformation of shopping malls in future. a. Economic b. Social c. Technological d. Legal	1
Ans	c. Technological	1

Section B

There is no overall choice. Internal choice is given

19	a. Give the meaning of ‘Implied Authority’ and ‘Mutual Agency’ as characteristics of a partnership form of business organization. OR b. State any two characteristics of partnership which overcome the inherent limitations of sole proprietorship form of business organisation.	2
Ans	(a) Implied authority: Any partner can act on behalf of the firm. Firm stands bound by the act. There is an implied authority that any partner can act on behalf of the firm. The firm stands bound by the acts of partners. Mutual Agency: Business can be carried out by any one partner for all, or all acting for one. 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. Thus, (i) Each partner is liable for acts performed by other partners, (ii) Each partner can bind other partners and the firm by his acts done in the ordinary course of business. OR	1 + 1

	Characteristics of partnership which overcome the limitation of sole proprietorship. a) More capital: The capital contributed by the partners can be comparatively more than the capital invested by a sole proprietor. b) Increased managerial ability: ‘Two heads are better than one’. Decision making in a partnership is balanced as the partners generally discuss amongst themselves before they arrive at a decision. c) Continuity: Death, retirement, insolvency of one partner may not impact the continuity of the firm if the remaining partners decide on continuing with the firm. d) Sharing of loss: When there are partners, the loss amongst all may be shared. <i>Any other suitable explanation can be accepted. (Any two points)</i>	1 + 1
20	Merger between ‘Larsen and Toubro (L&T)’ with key business area in construction engineering and manufacturing critical equipment and ‘Voltas limited’, an Indian multinational electronics company specialized in manufacturing home appliances, whose business fields are totally unrelated, has taken place. Identify and explain the type of merger between ‘Larsen and Toubro(L&T) and ‘Voltas Limited’.	2
Ans	Conglomerate A merger between firms that are involved in totally unrelated business activities. There are two types of conglomerate mergers: pure and mixed. Pure conglomerate mergers involve firms with nothing in common, while mixed conglomerate mergers involve firms that are looking for product extensions or market extensions. <i>(If the student has explained the meaning of conglomerate AND/OR types of conglomerate, marks may be awarded in both the situation ONLY the types of conglomerate , answer given by the student must be considered)</i>	1 mark for identification + 1 mark for explanation
21	Read the following newspaper article and identify and explain the two elements of PESTEL model which have been presented in this article: A popular brand of mobile phones has used repurposed fishing nets in its latest models of smart phones. Fishing nets are made of nylon which has the basic property of absorbing moisture and water. Use of this material would make the phones waterproof and dust resistant. Every year around 6,40,000 tons fishing nets end up in oceans, posing a serious threat to the marine ecosystem. According to the Managing Director, Research and Development Department, they are working to replace fossil-based raw materials with	2

	bio-based raw materials which are renewable. The company has been researching and developing sustainable materials.	
Ans	(1) Ecological It considers the ways in which the organization can produce its goods or services with minimum environmental damage. (2) Technological It is influenced by government spending on research, new discoveries and development, government and industry focus of technological effort, speed of technological transfer and rates of obsolescence.	1+1
22	(a) Explain 'SWOT analysis' as a step in preparing a marketing plan. OR (b) 'Preparing a good business plan can't guarantee success, but it can go a long way towards reducing the odds of failure.' Justify this statement by giving any two points.	2
Ans	SWOT ANALYSIS It is important for the entrepreneur to consider the 'target market' of his/her enterprise's: a) Strength - of the organization. It identifies the products or services it can produce with the available resources effectively. b) Weakness- of the organization. It tries to find out the area where the organization may face challenges or have difficulty. c) Opportunities- that exist in the external business environment d) Threats - that are posed by different external factors / macro elements of the business environment. OR Importance of the business plan (a) Needs to consider the strength and weakness of the new venture to ensure its success. (b) helps in determining the viability of the venture in a designated market (c) helps in providing guidance to the entrepreneur in organizing his/her planning activities as such: i) identifying the resources required ii) enabling obtaining of licenses if required etc. iii) working out with legal requirements as desired by the government. (d) helps in satisfying the concerns, queries, and issues of each group of people interested in the venture. e) provides room for self-assessment and self-evaluation, f) helps to realize the obstacles which cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. g) business plan which reflects the entrepreneur's credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool in funds procurement. <i>(Any two points of importance of Business Plan)</i>	½ mark for each statement 1 mark for each importance

[illegible]

Ans	(a) Operational Plan Where the production plan aims at "plan your work", there operations plan ensures "work your plan". It is actually a blue print prepared right in advance of actual operations — (b) i) Ensuing orderly flow of materials in the manufacturing process from the beginning (raw state) to the end (the finished products) ii) Facilitating continuous production, lesser work-in-progress and minimization of wastage. iii) Co-ordinating the work of engineering, purchasing, production, selling and inventory management. iv) Describing the flow of goods / services from production point to the consumers. v) Introducing a proper system of quality control vi) Undertaking the best and most economic production policies and methods. (Any Two)	1 mark for identification + 1 + 1
26	(a) State by giving any three points how direct channel of distribution is helpful to producers. OR (b) What is meant by a 'Sales Strategy'? State how a successful sales strategy helps the sales force?	3
Ans	(a) - It is the simplest and the shortest channel in which there is no middleman and the producers directly sell their produce/ products to the consumers. - It is the fast and economical channel of distribution. - As all activities related to marketing are performed by the producer himself, he has full control over activities. - It cuts down the distribution cost of products of high value. (Any three points) OR (b) Meaning: A sales strategy consists of a plan that positions a company's brand or product to gain a competitive advantage. - A successful sales strategy helps the salesforce by focusing on target market customers and communicating with them in relevant and meaningful ways. - Conveying the sales representatives, that the salesforce is spending time targeting the correct customers at the right time.	1 mark for each point 1 + 1 + 1 1 for meaning + 2
27	'Pretty You' is an established brand in the salon and makeover industry. It is currently operating in Delhi with a network of 5 branches. It now wants to make its presence known in different cities of North India and gradually establish its identity throughout the country. For this, the company decides to	3

	give exclusive rights to independent retailers to take advantage of the brand “Pretty You” in return for their payment of royalties and conformance to standardized operating procedures. Identify and explain the form of expansion discussed above.	
Ans	(a) External expansion External expansion refers to business combination where two or more concerns combine and expand their business activities. In the process of combination, two or more units engage in similar business or related process or stages. Sometimes stages of the same business join with a view to carry on their activities or shape, their policies on common basis some other or in coordination for mutual benefit or maximum profits. The combination may be among competing units or units engaged in different processes. After combination, the constituted firm pursues some common objectives or goals. OR (a) Franchising Franchising is as "an arrangement whereby the manufacturer or sole distributor of a trademarked product or service gives exclusive rights of local distribution to independent retailers in return for their payment of royalties and conformance to standardized operating procedures". The person offering the franchise is known as the franchisor. The franchisee is the person who purchases the franchise and is given the opportunity to enter a new business. They both enter into a Franchise Agreement. This agreement is the legal document that binds the franchisor and franchisee together. <i>(Either of the two given answers can be accepted)</i>	1 Mark for identification + 2 Marks for explanation
28	‘Ability to perceive and preserve basic ideas’ is an important factor involved in the process of sensing opportunities. Identify and state any three sources that lead to emergence of these basic ideas.	3
Ans	(i) Problems: When a problem exists, an idea leads to a solution to resolve that problem, it emerges as a business opportunity. (ii) Change: A change in social, legal, technological aspects etc. leads to new opportunities to start a business.	1 mark for each point 1 + 1 + 1

	(iii) Invention: New products or services leads to new business opportunities. (iv) Competition: Competition often results in emergence of new and better ideas that result in new business opportunities. (v) Innovation: Creating new things of value as well as new and creative processes that add value to the existing products or services. For example, computers to tablets. <i>(Any three points in complete statements)</i>	
29	(a) Give the meaning of ‘cash conversion cycle’. How does the nature of business influence its cash conversion cycle? Explain with the help of a diagram. OR (b) ‘Angel Investment’ not only brings in funds but also an invaluable mentor to the business. In the light of this statement state any three features of angel investors.	3

Ans	(a) Cash Conversion Cycle (CCC) – Length of line between firms, purchase of inventory and the receipt of cash from accounts receivable.  Trading concerns require shorter CCC For trading, where there is no manufacturing (or conversion), the operating cycle will be shorter. Trading concerns require shorter CCC. For trading, where there is no manufacturing (or conversion), the operating cycle will be shorter. Manufacturing has longer CCC. In manufacturing, since it involves conversion of raw material into semi finished goods or finished goods, the operating cycle will be longer. 	1 for meaning + $\frac{1}{2} + \frac{1}{2}$ $\frac{1}{2} + \frac{1}{2}$
	OR (b) Features of Angel Investor as mentor. 1) Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. 2) Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments. 3) 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 + 1 + 1
Section D		
There is no overall choice. Internal choice is given		

30	(a) 'Mergers and Acquisitions' are inspired by a desire to diversity or achieve higher growth rate due to varied reasons. Explain any five such reasons for mergers and acquisitions. OR (b) Give the meaning of 'Skimming method of pricing'. State any two advantages and two disadvantages of the method of pricing.	5
	(a) <i>Any five reasons for mergers and acquisitions.</i> 1. Synergy: Synergy is the most essential component of mergers. In mergers, synergy between the participating firms determines the increase in value of the combined entity. It refers to the difference between the value of the combined firm and the value of the sum of the participants. Synergy accrues in the form of revenue enhancement and cost savings. 2. Acquiring new technology: To remain competitive, companies need to constantly upgrade their technology and business applications. To upgrade technology, a company need not always acquire technology. By buying another company with unique technology, the buying company can maintain or develop a competitive edge. 3. Improved profitability: Companies explore the possibilities of a merger when they anticipate that it will improve their profitability. 4. Acquiring a competency: Companies also opt for M&A to acquire a competency or capability that they do not have and which the other firm does. 5. Entry into new markets: Mergers are often looked upon as a tool for hassle-free entry into new markets. Under normal conditions, a company can enter a new market, but may have to face stiff competition from the existing companies and may have to battle out for a share in the existing market. However, if the merger route is adopted, one can enter the market with greater comfort and avoid too much competition.	1 mark for each point

	6. Access to funds: Often a company finds it difficult to access funds from the capital market. This weakness deprives the company of funds to pursue its growth objectives effectively. 7. Tax benefits: Mergers are also adopted to reduce tax liabilities. By merging with a loss-making entity, a company with a high tax liability can set off the accumulated losses of the target against its profits gaining tax benefits. OR Creaming or skimming method of pricing In the skimming method, goods are sold at higher prices so that fewer sales are needed to break even. Selling a product at a high price sacrificing high sales to gain a high profit is therefore "skimming" the market. (b) Advantages (<i>Any Two</i>) 1. Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product. 2. 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. 3. This strategy targets 'early adopters' of the product or service who generally have a relatively lower price-sensitivity. Disadvantages of skimming price (<i>Any two</i>) 1. This strategy can backfire if there are close competitors and they also introduce the same products at lower price then consumers will think that the company always sells the products at higher prices which will result in consumers abandoning other products of the company also. 2. Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights. 3. If the company has a history of price skimming then consumers will never buy a product when it is newly launched, they would rather wait for a few months and buy the product at a lower price.	1 mark for meaning + 2 marks for advantages + 2 marks for disadvantages
31	Give the meaning of 'Venture Capital'. Entrepreneurs can seek venture capital to assist various stages in the company's development. Explain 'Seed Capital stage' and 'Pre- start -up stage' of financing by venture capitalists.	5

Ans	<u>Meaning of Venture Capital</u> Venture capital is a type of private equity capital provided as seed funding to early-stage, high potential, high risk, growth up companies/entrepreneurs who lack the necessary experience and funds to give shape to their ideas. a) 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. The investor will investigate into the technical and the economic feasibility of the idea. In some cases, there is some sort of prototype of the idea/product that is not fully developed or tested. As the risk element at this stage is very high, investor (VC) may deny to assist if he does not see any potential in the idea. Entrepreneur's ability, technological skills and competencies are required to match with the market opportunities so as to successfully convince about product/idea's feasibility to the venture capitalist. b) Pre-start up and Start up finance: If the idea/product/process is qualified for further investigation and/or investment, the process will go to the second stage; 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. If the company has a board of directors, a person from the VC firms will take seats at the board of directors. While the organisation is being set up, the idea/product gets its form. The prototype is being developed and fully tested. In some cases, clients are being attracted for initial sales. The management-team establishes a feasible production line to produce the product. The VC firm monitors the feasibility of the product and the capability of the management-team from the board of directors.	1 + 2 + 2
32	(a) What is meant by innovation? Explain the elements in the innovation process. OR (b) Why is trendspotting important for the success of any business? Explain the four ways in which an entrepreneur spots trends.	5
Ans	(a) Meaning of Innovation – Translation of a useful idea into an application which has commercial value. Four elements ● Analytical Planning - Carefully identifying the product or service features, design as well as the resources that will be needed ● Organizing Resources - Obtaining the required resources, materials, technology, human or capital resources	1 + 1 mark for each point

	● Implementation - Applying the resources in order to accomplish the plans and delivering results. ● Commercial Application - The provision of value to customers, reward employees, and satisfy the stakeholders. OR (b)Trendspotting is important to understand the market and produce goods in sync with market trends. 1.Read Trend: They regularly read the leading publications and websites affecting their business. This could include industry publications, trade association sites, major newspapers, key business magazines, thought leaders and influential bloggers. 2. Talk Trend: Talking to people is an equally important trend-spotting tactic. They get involved in a specific industry's trade association and attend events both online and offline. They also take advantage of social networking tools like social network websites and forums. They even start or join groups on the networks and see what people are talking about. 3. Watch Trend: There is no substitute for getting out in the marketplace. They make it a point to regularly go where their target customers meet often. 4. Think Trend: As an entrepreneur begins gathering all their information regularly, they will start to develop a "trend-spotter mind." As they absorb what they have read, heard and observed, they will start to make connections and observations that will lead to business-boosting insights.	1 + 1 mark for each point
33	The Covid - 19 pandemic has ushered in an era of new business opportunities for many businesses. Rajat, an entrepreneur, designed a unique N - 95 face mask which would not only filter the air inhaled but also change its colour when the mask is no longer good for use. Not only this, it would also send an alert in case the user of the mask comes in contact with any virus in the air. The idea sounds good and marketable, but Rajat needs to impress the investors to fund his idea. Rajat prepared a three - minute summary of the business plan executive summary to awaken the interest of the potential funders, customer's funders, customers or strategic partners. (a) Give the meaning of 'business plan' and identify the format of business plan used by Rajat. (b) Explain three formats of business plan other than the one identified in (a) above.	5

Ans	(a) Meaning of Business Plan: The business plan is a comprehensively written down document prepared by the entrepreneur describing formally all the relevant external and internal elements involved in starting a new venture. Format of business plan used by Rajat – Elevator Pitch (b) <u>Three formats of business plan other than the one identified above</u> (i) Pitch deck with oral narrative - A hopeful, entertaining slide show and oral narrative that 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 benchmark. (ii) Written presentation - A detailed, well written, and pleasingly formatted plan targeted at external stakeholders. (iii) Internal operational plan or service - A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.	1 mark for meaning + 1 mark for identification + 1 mark for each point																		
34	‘Baked Delight Ltd.’ is a well-known name in breads and bakery products. It has diversified into flavoured fox nuts and popcorn. The two were introduced as smart snacking options for health and diet conscious people. To start with, both will be sold in a standard packing of 50 gm each. Fixed cost for these will be ₹1,00,00. Sale price and variable cost per unit is as follows: <table border="1"> <thead> <tr> <th>Particulars</th><th>Classic salted fox nuts</th><th>Caramel salted popcorn</th></tr> </thead> <tbody> <tr> <td>Sale price per unit (₹)</td><td>120</td><td>80</td></tr> <tr> <td>Variable cost per unit (₹)</td><td>70</td><td>30</td></tr> <tr> <td>Sales mix percentage (₹)</td><td>40</td><td>60</td></tr> <tr> <td>Sales Mix percentage</td><td></td><td></td></tr> </tbody> </table> From the given information calculate Break - Even Point in units and rupees.	Particulars	Classic salted fox nuts	Caramel salted popcorn	Sale price per unit (₹)	120	80	Variable cost per unit (₹)	70	30	Sales mix percentage (₹)	40	60	Sales Mix percentage			5			
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Ans	<i>Step 1: Calculation of contribution margin per unit for each product.</i> <table> <thead> <tr> <th><u>Product</u></th><th><u>Fox Nuts</u></th><th><u>Popcorn</u></th></tr> </thead> <tbody> <tr> <td>Selling Price (Per Unit) ₹</td><td>120</td><td>80</td></tr> <tr> <td><u>Less:</u> Variable Cost (Per Unit) ₹</td><td><u>70</u></td><td><u>30</u></td></tr> <tr> <td>Contribution Margin (Per Unit) ₹</td><td>50</td><td>50</td></tr> </tbody> </table> <i>Step 2: Weighted Average Contribution Margin per unit = Contribution Margin (per unit) × Sales Mix Percentage</i> <table> <tbody> <tr> <td>Contribution Margin (Per Unit) ₹</td><td>50</td><td>50</td></tr> <tr> <td>Sales Mix Percentage</td><td>40%</td><td>60%</td></tr> </tbody> </table>	<u>Product</u>	<u>Fox Nuts</u>	<u>Popcorn</u>	Selling Price (Per Unit) ₹	120	80	<u>Less:</u> Variable Cost (Per Unit) ₹	<u>70</u>	<u>30</u>	Contribution Margin (Per Unit) ₹	50	50	Contribution Margin (Per Unit) ₹	50	50	Sales Mix Percentage	40%	60%	1 mark for each step 1+1+1+1+1
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Sales Mix % in ₹		
	20	30
Weighted Average CM per unit = ₹ 50		
<i>Step 3: Breakeven point in units of Sales Mix</i>		
Weighted Average CM per unit	$\frac{\text{Total fixed cost}}{50} = \frac{1,00,000}{50} = 2000 \text{ units}$	
<i>Step 4: Product units of Fox nuts and popcorn at Break-Even Point</i>		
<u>Product</u>	<u>Fox Nuts</u>	<u>Popcorn</u>
Sales Mix Ratio × BEP in Units	40% x 2000	60% x
2000	800	1200
<i>Step 5: Breakeven point in Rupees</i>		
<u>Product</u>	<u>Fox Nuts</u>	<u>Popcorn</u>
BEP in Units × Selling Price per unit	800 x 120	1200 x 80
	₹96,000	₹96,000
Break Even Point in Rupees	₹1,98,000	