

SAMPLE QUESTION PAPER
ENTREPRENEURSHIP (066)
CLASS 12 (2025-26)

TIME: 3 HOURS


M.M. – 70

GENERAL INSTRUCTIONS:

- (i) This question paper contains **34** questions. **All** questions are compulsory.
- (ii) The question paper is divided into **four** sections – **Section 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 question paper.

S.No.	Question	Marks
SECTION – A		
1	Identify, which of the following is NOT an element of a business opportunity. (Choose the correct option) A. Assured market scope B. Attractive and acceptable rate of Return on Investment (ROI) C. Practicability of the idea D. Existing competition in the market	1
2	Proforma _____ is the component of the financial plan that summarizes all the projected sources of funds available to the venture to raise finance from. (Choose the correct option to fill up the blank) A. investment decisions B. financing decisions C. income statements D. cash flow	1
3	Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below: Assertion (A): Sensitivity to environmental factors is crucial for an entrepreneur. Reason (R): Scanning the environment helps in identifying threats and opportunities in the market. 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.	1

4	<p>Following is a list of external factors that affect the macro environment of the business. Identify the elements that are part of the economic environment.</p> <p>(i) level of education of the population (ii) interest rates on loans (iii) unemployment rates (iv) efficiency of the existing available machines (Choose the correct option)</p> <p>Options:</p> <p>A. (i) and (ii) B. (ii) and (iii) C. (iii) and (iv) D. (i) and (iv)</p>	1
5	<p>Identify, which of the following type of business organization has the maximum number of members. (Choose the correct option)</p> <p>A. Sole Proprietorship B. Partnership C. Public Limited Company D. Private Limited Company</p>	1
6	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct option from those given below:</p> <p>Assertion (A): Acquisition helps companies to expand their market share and gain access to new customer base.</p> <p>Reason (R): In an acquisition, one company purchases another enterprise to create synergies and enhance operational efficiency.</p> <p>Options:</p> <p>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.</p>	1
7	<p>Opportunity can be spotted by analysing the ____ that exist in the environment. (Choose the correct option to fill up the blank)</p> <p>A. vision and creativity B. entrepreneurial intuitions C. creative solutions D. needs and problems</p>	1
8	<p>Identify the pricing strategy used by real estate market where prospective home-owners often submit bids for properties that are less than the posted asking prices leading to a series of offers and counteroffers that sometimes results in a sale taking place. (Choose the correct option)</p> <p>A. Creaming Pricing Method B. Variable Pricing Method C. Cost Plus Pricing Method D. Penetration Pricing Method</p>	1
9	<p>Read the following statements. Choose the correct option from those given below:</p> <p>Statement 1: The net result of internal expansion is the increase in business activities and broadening the present capital structure.</p>	1

	<p>Statement 2: A business may buy more machines or merge with another business which has the latest technology, if it wants to expand internally.</p> <p>Options:</p> <p>A. Statement 1 is true and Statement 2 is false. B. Statement 1 is false and Statement 2 is true. C. Both statements 1 and 2 are true. D. Both statements 1 and 2 are false.</p>	
10	<p>Refer to the given image carefully:</p>  <p>Source: https://www.postermymwall.com/index.php/art/template/e8ff61d3887b02dc46445b1811fde88e/special-discount-offer-sale-poster-design-template</p> <p>Identify the promotion tool depicted and choose the correct option.</p> <p>A. Advertising B. Direct selling C. Public relation D. Sales promotion</p> <p>Note: The following question is for the Visually impaired Candidates only, in lieu of Q. No.10</p> <p>Identify, which of the following is NOT a primary objective of advertisement. (Choose the correct option)</p> <p>A. To inform potential customers about a product or service. B. To persuade customers to prefer one brand over another. C. To create goodwill and a positive brand image. D. To reduce production costs.</p>	1
11	<p>Refer to the given text carefully:</p> <p>Hemant, Zoya and Radhika are the founding directors of Wintech Pvt. Ltd., a Bhopal-based business enterprise that manufactures and sells commercial lifts for the past 20 years. Today the company has 45 members. Hemant was handling the finance department of the business since the inception of the company. The banks who have lent money to the company have filed a case against Hemant for fraud and he will soon be arrested. Jaydeep, one of the members, has raised this issue in the board meeting. His argument is that since the case involves founding members, the company will be held liable for their actions and hence he wants legal protection from any action against the company.</p> <p>On the basis of the given text, identify which of the following characteristics of a joint stock company helps us to arrive at the conclusion that the argument made by Jaydeep is inaccurate. (Choose the correct option)</p>	1

	A. Artificial person B. Separate legal entity C. Voluntary association D. Common seal																					
12	Operating Cycle is the duration between _____. (Choose the option to fill up the blank) A. purchase of raw material and packaging of the finished product B. receiving an order and its final shipment C. buying the raw material and receiving the cash from the customer D. purchase of machine and selling it in scrap due to obsolescence	1																				
13	From the given 'type of merger' in Column I and related examples in Column II, identify the matching pair and choose the correct option. <table><tr><td></td><td>Column I</td><td></td><td>Column II</td></tr><tr><td>a)</td><td>Horizontal Merger</td><td>1</td><td>A car manufacturer acquiring a tire supplier</td></tr><tr><td>b)</td><td>Vertical Merger</td><td>2</td><td>A beverage company acquiring another beverage company</td></tr><tr><td>c)</td><td>Product extension merger</td><td>3</td><td>A telecom company acquiring a regional telecom provider</td></tr><tr><td>d)</td><td>Market extension merger</td><td>4</td><td>A cosmetic company acquiring a skincare brand</td></tr></table> A. a)-1, b)-2, c)-3, d)-4 B. a)-2, b)-1, c)-4, d)-3 C. a)-3, b)-4, c)-2, d)-1 D. a)-4, b)-3, c)-1, d)-2		Column I		Column II	a)	Horizontal Merger	1	A car manufacturer acquiring a tire supplier	b)	Vertical Merger	2	A beverage company acquiring another beverage company	c)	Product extension merger	3	A telecom company acquiring a regional telecom provider	d)	Market extension merger	4	A cosmetic company acquiring a skincare brand	1
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14	Ambika is a venture capitalist based in Mumbai. She has been approached by Dharmesh with a unique business idea of an innovative security camera, which is a highly competitive market. Before investing, Ambika requires significant detail with respect to the company's business plan. Dharmesh is in a dilemma as he doesn't want to share his confidential information. From the following options, choose the correct piece of advice to guide Dharmesh in the right decision making. A. Not disclose any information and wait to generate funds on his own. B. Share complete information with Ambika as it is part of the due diligence. C. Protect the proprietary intellectual property and then share the required information. D. Share the information with a non-disclosure agreement between Dharmesh and Ambika.	1																				
15	Joseph is in the process of developing his business plan for a new venture of manufacturing and selling ball pens. He is required to estimate the funds required and classify them as fixed capital and working capital. Identify which of the following will be included while estimating working capital requirement for his venture. (Choose the correct option)	1																				

	<p>A. Rent to be paid for the premises</p> <p>B. Purchase cost of the machine</p> <p>C. Money spent on renovation of an existing office building.</p> <p>D. Purchase cost of computer licenses for running software on computer</p>	
16	<p>From the following list of features of business investors, identify the correct option to describe the angel investors accurately.</p> <p>Features:</p> <p>(i) Individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards</p> <p>(ii) Investors who provide proactive advice, guidance, industry connections and mentoring start-ups</p> <p>(iii) Investors who have a continuous involvement in the business after making the investment</p> <p>(iv) Investors who have a legal right to repayment of the capital, irrespective of the success or failure of a business.</p> <p>Options:</p> <p>A. (i) and (ii)</p> <p>B. (i), (ii) and (iii)</p> <p>C. (iii) and (iv)</p> <p>D. (ii), (iii) and (iv)</p>	1
17	<p>Identify which of the following is NOT a benefit of estimating breakeven point for a multi-product business.</p> <p>A. Setting profit goal.</p> <p>B. Setting sales target.</p> <p>C. Determining the sales mix ratio.</p> <p>D. Determining the products that are not contributing to meet the fixed expenses.</p>	1
18	<p>_____ is the type of capital market where the existing investors can participate in buying and selling of securities. (Choose the correct option)</p> <p>A. Primary market</p> <p>B. Secondary market</p> <p>C. Joint market</p> <p>D. Public market</p>	1
SECTION - B		
19	<p>Raj, a recent graduate with a passion for technology, has noticed that many local grocery stores in his neighborhood face challenges with inventory management. He realized that digital inventory control and tracking systems are currently catering only to large retailers. He saw a potential opportunity to help smaller stores streamline their processes by automating stock tracking, generating real-time updates, and reducing errors in stock management. Raj's system will be tailored to the specific needs of small businesses that have limited technological expertise. Raj uses his knowledge of software development to build a prototype and starts reaching out to local store owners to introduce the product.</p> <p>(I) Mention the element of the macro environment reflected in the above case.</p> <p>(II) Identify the way of idea generation used by Raj.</p>	<p>1</p> <p>1</p>
20 (A)	State any two objectives of problem identification.	2
OR		
20 (B)	State any four sources of business ideas that can be used by an entrepreneur.	2

21	<p>Kripa has recently opened a franchise outlet of a popular ice cream. She thoroughly reads and follows the franchise agreement before taking any decisions.</p> <p>In the month of April, she was planning for all the expenses in the financial year. Kripa wants to understand the amount she is expected to contribute towards national advertising efforts of the franchisor.</p> <p>(I) Identify the ingredient of the franchise agreement she should check.</p> <p>(II) Also mention one more information that is available in this ingredient identified in part (I).</p>	<p>1</p> <p>1</p>																								
22	State the four types of responses that a good advertisement may elicit.	2																								
23 (A)	<p>Joginder is a fruit seller. The following information relates to his weekly sales:</p> <table border="1"> <thead> <tr> <th>Fruit</th><th>Price (per kg)</th><th>Units sold (in kgs)</th></tr> </thead> <tbody> <tr> <td>Apple</td><td>200</td><td>50</td></tr> <tr> <td>Mango</td><td>350</td><td>40</td></tr> <tr> <td>Water melon</td><td>300</td><td>20</td></tr> <tr> <td>Leechi</td><td>250</td><td>40</td></tr> </tbody> </table> <p>40 customers visited his shop last week.</p> <p>If unit cost is 60% of the unit price, calculate unit price and unit cost.</p> <p>OR</p> <p>A furniture shop sells two types of beds, king and queen size, which are sold in the ratio of 2:3 respectively. Following data relates to the two products:</p> <table border="1"> <thead> <tr> <th></th><th>King Size</th><th>Queen Size</th></tr> </thead> <tbody> <tr> <td>Sales price (in ₹)</td><td>20,000</td><td>15,000</td></tr> <tr> <td>Variable cost (in ₹)</td><td>17,000</td><td>13,000</td></tr> </tbody> </table> <p>Calculate the Weighted Average Contribution Margin.</p>	Fruit	Price (per kg)	Units sold (in kgs)	Apple	200	50	Mango	350	40	Water melon	300	20	Leechi	250	40		King Size	Queen Size	Sales price (in ₹)	20,000	15,000	Variable cost (in ₹)	17,000	13,000	<p>2</p> <p>2</p>
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24	State the two types of costs associated with the estimation of Economic Order Quantity (EOQ).	2																								
SECTION - C																										
25	Explain any three factors to be considered by an entrepreneur while assessing the market.	3																								
26	<p>Sarah, an entrepreneur in the food industry, regularly reads news articles, listens to podcasts, and observes customer behaviors to gather valuable insights. One day, she notices the demand for high-protein seafood like shrimp, is rising. She also hears about the growing popularity of Asian-fusion restaurants, and recalls a customer's comment about wanting more unique menu options. As Sarah processes this information, she connects the dots and comes up with the idea of introducing a new range of cuisine based on sea food with Asian fusion flavors to meet the growing demand.</p> <p>(I) Identify and explain the process Sarah is using to develop her business idea.</p> <p>(II) Mention the way in which Sarah spotted the opportunity.</p>	<p>2</p> <p>1</p>																								
27 (A)	<p>‘Two heads are better than one.’</p> <p>Justify the above statement with the help of advantages of partnership form of business over sole proprietorship.</p> <p>OR</p> <p>Differentiate between public and private form of joint stock company on the basis of:</p> <p>(I) Transferability of shares</p>	<p>3</p> <p>3</p>																								

	(II) Public subscription of shares (III) Minimum paid-up capital	
28	Identify and explain the promotional approach that aims to engage with the targeted consumers. Give any two examples of such customer engagement tools.	3
29	ABC Electronics, a company that manufactures high-quality consumer electronics, has been operating with a traditional distribution system. This system involves selling products to wholesalers, who in turn distribute them to retailers, who finally sell to the end customers. While this distribution model has worked for many years, ABC Electronics has faced several challenges. To address the issues, ABC Electronics decides to sell the products to consumers through their own retail outlets and online store. (I) Identify the two channels of distribution used by ABC Electronics. (II) State two advantages of the shift in the type of distribution channel.	1 2
SECTION - D		
30 (A)	Analyze how the stages of the creative process contribute to generating innovative ideas.	5
	OR	
30 (B)	Explain the key elements of an operation plan that help an entrepreneur streamline the production and manufacturing process.	5
31	Green Tech Solutions, a startup focused on developing sustainable energy products, is preparing to present its new solar panel technology to a group of potential investors. The presentation includes key graphs showing financial trends and decision-making benchmarks. The team opts for a hopeful and entertaining slide show while explaining company's mission to address climate change, the market opportunity, and its competitive advantages. (I) Identify the business plan presentation format used by Green Tech Solutions. Give valid reason for using the format. (II) "The Business Plan is considered to be a valuable document for a start-up such as Green Tech solutions." Justify the statement, giving three valid reasons.	2 3
32	Read the following text carefully: Riya, a young entrepreneur, wanted to start her own fast-food business but lacked experience in managing a large-scale operation. She approached Burger Bliss, a well-known fast-food chain, to become a franchisee. After signing the franchise agreement, Riya gained the right to use the brand name, trademark, and recipes of Burger Bliss. The agreement also outlined specific conditions: <ul style="list-style-type: none"> ● Riya had to purchase ingredients from approved suppliers. ● She had to follow the standard layout and design of the outlets as specified by Burger Bliss. ● A percentage of her monthly sales revenue was to be paid as royalty. Within a year, Riya's outlet was successful, but she began facing issues with the high royalty payments and restricted creative freedom in adding new menu items. She decided to introduce a local dish without informing Burger Bliss, which resulted in a warning notice from the franchisor. On the basis of the given text and common understanding, answer the following	

	<p>questions:</p> <p>(I) State the key features of franchising as indicated in the above text. 1</p> <p>(II) Identify two obligations Riya had towards Burger Bliss under the franchise agreement. 2</p> <p>(III) Evaluate whether Riya's decision to introduce a local dish was justified. 2</p> <p>Give valid reasons in support of your answer.</p>	
33	<p>A company sells 2,000 units of a product annually. The ordering cost per order is ₹ 400, and the holding cost per unit per year is ₹ 10. The lead time for delivery is 10 days, and the daily demand for the product is 40 units.</p> <p>(I) Calculate the Economic Order Quantity (EOQ). 2</p> <p>(II) Calculate the Re-order Level for the company. 2</p> <p>(III) State the importance of calculating Re-order Level by the company. 1</p>	
34 (A)	<p>A company needs to raise capital and has decided to offer shares to both its existing shareholders and the general public.</p> <p>(I) Identify and explain the methods the company has exercised to issue shares in the given scenario. 3</p> <p>(II) State one advantage of each of the methods identified in Part (I). 2</p> <p style="text-align: center;">OR</p>	
34 (B)	<p>(I) State the meaning of the term 'Seed Capital'. 1</p> <p>(II) Giving reasons, explain the importance of stage of 'Seed Funding' for an entrepreneur. 2</p> <p>(III) Describe any two factors that influence the decision of a Venture Capitalist (VC) to invest in the idea or product. 2</p>	

MARKING SCHEME
ENTREPRENEURSHIP (066)
CLASS 12 (2025-26)

Q.No.	ANSWER	MARKS
SECTION – A		
1	D. Existing competition in the market	1
2	B. financing decisions	1
3	A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
4	B. (ii) and (iii)	1
5	C. Public Limited Company	1
6	B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
7	D. needs and problems	1
8	B. Variable Pricing Method	1
9	A. Statement 1 is true and Statement 2 is false.	1
10	D. Sales promotion	1
	Note: The following question is for the Visually impaired Candidates only, in lieu of Ans. No.10 D. To reduce production costs	1
11	B. Separate legal entity	1
12	C. buying the raw material and receiving the cash from the customer	1
13	B. a)-2, b)-1, c)-4, d)-3	1
14	C. Protect the proprietary intellectual property and then share the required information.	1
15	A. Rent to be paid for the premises	1
16	A. (i) and (ii)	1
17	C. Determining the sales mix ratio	1
18	B. Secondary market	1
SECTION - B		
19	(I) Technological environment	1

	<ul style="list-style-type: none"> • Ordering Cost • Carrying Cost 	1 1
SECTION - C		
25.	<p>Factors to be considered by an entrepreneur while assessing the market:</p> <ul style="list-style-type: none"> • Demand- The demand assessment will be based on the size of market being targeted, i.e., local markets, market at state level or national/international market. It will also involve a study of the target groups of consumers, their preferences, tastes and other related variables. • Supply and nature of competition- While assessing market, supply position is also studied by entrepreneurs. It is the complete picture of quantities of the product made available in the market by all the existing players. It should take into account future supplies from possible entrants in the field. • Cost and price of product- It is important to determine the cost of the product and its comparison with available products in the market. Cost variable of competitors in terms of transportation delays, wastage, storage etc., have to be studied to spot cost advantage. This will influence the delivery mechanism of the identified product or service. • Project innovation and change- Market assessment will require a study of prevailing innovations and changes being carried out by existing entrepreneurs. Technological advancements in the field have to be analysed because they may change the quality and influence the cost and price ultimately. (any three) 	1 x 3
26.	<p>(I) The process used by Sarah to develop her business idea is Trendspotting. It means the identification of new trends. This will help the entrepreneur to understand the market and produce goods or provide services in sync with the market trends.</p> <p>(II) The way in which the trend is spotted- Think Trend.</p>	1 1 1
27 (A)	<p>Partnership form of business overcomes the inherent limitations of sole proprietorship:</p> <p>1) Limited capital - All investments are made by the proprietor. Though, if required he/she has access to loans and debts to procure funds for business</p> <p>2) Limited managerial ability - What is to be done? how it is to be done? and when it is to be done? All affairs are managed and controlled by the sole proprietor.</p> <p>3) Limited continuity - A sole proprietorship may face discontinuity in the event of the proprietor's death or incapacity. A partnership can continue with the remaining partners, ensuring greater stability and continuity.</p>	1 1 1
27 (B)	OR	1

	<p>(I) Private limited company restricts any transfer of shares but it is not restricted in case of public limited company.</p> <p>(II) Private limited company does not invite the public to subscribe for its shares, debentures and public deposits, unlike public limited companies.</p> <p>(III) Private limited company has a minimum paid-up capital of two lakh rupees whereas it is five lakh rupees for public limited company.</p>	<p>1</p> <p>1</p>
28.	<p>The promotional approach that aims to engage with the targeted consumers is Below-the-line approach.</p> <p>This approach includes methods which are very specific, memorable activities focused on targeted groups of consumers. They are under the control of the organisation. The purpose of these activities has been to develop the brand by creating awareness and building a brand profile.</p> <p>Tools of this approach includes:</p> <ul style="list-style-type: none"> • sponsorship • sales promotions • public relations • personal selling • direct marketing <p>(any two)</p>	<p>1</p> <p>1</p> <p>$\frac{1}{2} \times 2$</p>
29.	<p>(I) Two Channels of Distribution used by ABC Electronics are:</p> <ul style="list-style-type: none"> • Traditional Distribution Channel (Two-Level Distribution) • Direct Distribution Channel (Zero-Level Distribution) <p>(II) Two advantages of the shift in the type of distribution channel:</p> <ul style="list-style-type: none"> • Cost Reduction: By cutting out intermediaries (wholesalers and retailers), ABC Electronics reduces distribution costs, allowing for better pricing or increased profit margins. • Improved Customer Satisfaction: The direct connection with consumers allows ABC Electronics to better understand their needs and preferences, leading to improved customer service and faster response times. 	<p>$\frac{1}{2}$</p> <p>$\frac{1}{2}$</p> <p>1</p> <p>1</p>
SECTION - D		
30 (A)	<p>Stages of Creative Process are:</p> <p>Stage 1: Idea germination: This is the seeding stage of a new idea. It is the stage where the entrepreneur recognises that an opportunity exists. The idea germination takes place according to interest, curiosity of the entrepreneur according to which opportunity is explored and exploited to its best potential.</p> <p>Stage 2: Preparation: This stage involves gathering information, identifying problems, and setting goals. It lays the foundation by equipping the individual with knowledge and context.</p> <p>Stage 3: Incubation: During this phase, the subconscious mind processes the information collected. This step allows for connections and ideas to form without active effort.</p>	<p>1 x 5</p>

30 (B)	<p>Stage 4: Illumination: In this period of illumination the idea re-surfaces in realistic way and entrepreneur comes out with viable plan to give practical shape by collecting raw-material, arranging funds, policy-making for the implementation of idea.</p> <p>Stage 5: Verification: In this final stage, the idea is critically evaluated, refined, and tested to ensure its feasibility and effectiveness.</p> <p style="text-align: center;">OR</p> <p>Key elements of an operation plan that help an entrepreneur streamline the production and manufacturing process are:</p> <ul style="list-style-type: none"> • Routing: Routing is a process concerned with determining the exact route or path a product/ service has to follow right from raw material till its transformation into finished product. • Scheduling: Scheduling simply means fixation of time, day, and date when each operation is to be commenced and completed. In general, it's the determination of the time that should be required to perform each operation. • Dispatching: The process of initiating production in accordance with the pre-conceived production plan is said to be dispatching. This includes issuing necessary orders instructions, guidelines and/or information to work pertaining to giving practical shape to the production plan. • Follow-Up: Follow-up or expediting function relates to evaluation and appraisal of work performed. A properly planned follow-up procedure is helpful in dispatching errors and defects in the work. • Inspection: Inspection is the art of comparing materials, product or performance with established standards. This element helps the entrepreneur to set up laboratories or evolve strategies/methods to ensure predetermined quality of product/service. 	1 x 5
31	<p>(I) Format of business plan- A pitch deck with oral narrative Reason- It 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 benchmarks.</p> <p>(II) The Business Plan is considered to be a valuable document for a start-up such as Green Tech Solutions because it:</p> <ul style="list-style-type: none"> • helps in determining the viability of the venture in a designated market. • helps in guiding the entrepreneur in organizing his/her planning activities such as identifying the resources required, working out with legal requirements as desired by the government, enabling obtaining of licenses if required etc. • helps in satisfying the concerns, queries, and issues of each group of people interested in the venture. 	<p>1</p> <p>1</p> <p>1 x 3</p>

	<ul style="list-style-type: none"> provides room for self-assessment and self-evaluation, requiring entrepreneurs to think through various scenarios and plan ways to avoid obstacles. helps to realize the obstacles that cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. (any three) 	
32	<p>(I) Key features of franchising from the case are:</p> <ul style="list-style-type: none"> The franchisee (Riya) operates under the franchisor's brand (Burger Bliss). The franchise agreement includes conditions like purchasing from approved suppliers and following the outlet's standard design. Royalties are paid to the franchisor based on sales revenue. (any two) <p>(II) Two obligations Riya has towards Burger Bliss under the franchise agreement are:</p> <ol style="list-style-type: none"> Purchasing Supplies: She had to buy ingredients from approved suppliers to maintain product quality. Adherence to Rules: She was required to follow the outlet's design and operational guidelines. <p>(III) Riya's decision was not justified because:</p> <ol style="list-style-type: none"> It violated the franchise agreement, which required adherence to Burger Bliss's menu standards. Such actions could harm the brand's consistency and reputation. However, her concerns about creative freedom could be valid, and she should have sought the franchisor's approval before introducing new items. 	<p>½ x 2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
33	<p>Given, Annual Demand (D) = 2,000 units Ordering Cost (P) = ₹ 400 per order Holding Cost (C) = ₹10 per unit per year Lead Time = 10 days Daily Demand = 40 units</p> <p>(I) Economic Order Quantity (EOQ) = $\sqrt{\frac{2PD}{C}}$</p> $= \sqrt{\frac{2 \times 400 \times 2000}{10}}$ <p>= 400 units</p> <p>(II) Re-order Level (ROL) = Lead Time (in days) × Daily Demand</p> $= 10 \times 40$ <p>= 400 units</p>	<p>1</p> <p>½</p> <p>½</p> <p>1</p> <p>½</p> <p>½</p>

	(III) The Re-order Level ensures that the company places an order before its inventory runs out. In this case, once the inventory falls to 400 units, the company should place a new order to avoid stockouts.	1
34 (A)	<p>(I) The methods of issue of shares used by the company are:</p> <ul style="list-style-type: none"> Public issue/going public: Public issue is the most popular method of raising capital these days by the entrepreneurs. This involves raising of funds directly from the public through the issue of prospectus. An enterprise organizing itself as a public limited company can raise the required funds commonly by preparing a prospectus. Rights issue: Rights issue is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding. <p>(II) Advantage of going public: The primary advantage an entrepreneur stands to gain by going public is access to capital.</p> <p>Advantage of rights issue: This method of issuing securities is considered to be inexpensive as it does not require any brokers, agents, underwriters, prospectus or enlistment, etc.</p> <p style="text-align: center;">OR</p>	<p>$\frac{1}{2} + 1$</p> <p>$\frac{1}{2} + 1$</p> <p>1</p> <p>1</p>
34 (B)	<p>(I) Seed Capital is the term used to refer to the capital required by an entrepreneur for conducting research at the pre-commercialization stage.</p> <p>(II) At the stage of Seed Funding, the entrepreneur must convince the Venture Capitalist (VC) that the idea or product is worth investing in. The investor will investigate the technical and economic feasibility of the idea.</p> <p>(III) Several factors influence the VC's decision to invest, including:</p> <ul style="list-style-type: none"> Feasibility of the Idea: The VC will assess both the technical and economic feasibility of the idea. The entrepreneur must provide a compelling case that the product can be developed and is economically viable. Prototype Development: In some cases, a prototype of the product may be available. While it may not be fully developed or tested, the presence of a prototype can help demonstrate the potential of the product. Risk Assessment: Given the high-risk nature of investments at this stage, VCs are cautious and may reject ideas if they do not see a clear potential for success. Entrepreneur's Capabilities: The entrepreneur's skills, technological expertise, and ability to match market opportunities play a crucial role in convincing the VC of the product's feasibility. (any two) 	<p>1</p> <p>1</p> <p>1</p> <p>1×2</p>

