



INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

TERM 2- SAMPLE PAPER- 2021-22

ENTREPRENEURSHIP (066) SAMPLE PAPER 1

MAX. MARKS:35


TIME: 2 HOURS

General Instructions:

- The paper is divided into 3 sections.
- Section-wise overall choice is given to the students.
- Section A (2 markers) has 6 questions. Attempt any 4 out of 6.
- Section B (3 markers) has 5 questions. Attempt any 4 out of 5.
- Section C (5 markers) has 4 questions. Attempt any 3 out of 4.

Q. No.	Questions	Marks
SECTION -A		
1.	The average daily usage is 800 units per month and the lead time is 3 months. Calculate the reorder point or level.	2
2.	State any two reasons for merger and acquisition	2
3.	'Toys for U Ltd'. is a leading company for manufacturing of soft-toys for children. The company is in process of developing a prototype for a talking pillow, 'Talk O Hug', which would enable parents to convey their message to children when they are away at work. The mechanism is such that the message is recorded in the device in the pillow and the moment the child touches the pillow, the speaker sensors would repeat the message recorded by the parents for their children. Though an innovation for India, imported versions of this product are already available in the market. The management wants to devise a	2

	pricing strategy to recover the huge cost of R&D before the level of competition increases. Identify and define the pricing strategy that the management is planning to adopt.	
4.	ABC Ltd., decided to raise funds by issuing shares. The finance department felt that the company should offer the shares to existing shareholders on a pro-rata basis. (a) Identify the method of raising the funds being suggested by the finance department? (b) Define a method of raising finance other than identified in (a)	2
5.	Mahindra & Mahindra Ltd. a part of the India industrial conglomerate Mahindra Group, has adopted the strategy of appointing distributors to expand their business and gives exclusive rights of local distribution to those distributors in return for their payment of royalties and conformance to standardized operating procedures. Mahindra First Choice, a multi brand car-servicing company. The company is planning to take the count of its outlets to 450 in the next four years. The new outlets will be a mix of both company-owned and distributors outlets. (a) Identify the strategy adopted by Mahindra & Mahindra Ltd for expansion and growth of their business. (b) State any one advantage of such strategy for Mahindra.	2
6.	It is the simplest and shortest channel, which is also the fast and economical channel of distribution. (a) Name the distribution channel defined above. (b) Why do big firms adopt this channel?	2
SECTION - B		
7.	Rajiv has started a restaurant in a small town by the name of 'Spices of India' by spending ₹50,00,000. He invested ₹10,00,000 of his own and took a loan of ₹40,00,000 from Bank of Baroda @ 6% per annum. His monthly sales revenue is ₹20,00,000 and monthly cost of goods sold is ₹10,00,000. He pays a monthly salary of ₹200,000 to his employees. The GST rate is 18%. Calculate (a) Return on Investment and (b) Return on Equity.	3
8.	Instant food is a fast food chain selling burgers, sandwich, rolls, pizzas with an Indian touch. Now, they want to sell ice creams with flavours like Rasmalai, Gulab jamun in their outlets. Ice-cream has been an item in their menu earlier also but was withdrawn because of higher price as compared to the price of established brands. Therefore, this time they decided to initially price the ice cream at cost. It was done with the objective of increasing market share. Management of Instant food is of view that once their ice-cream is established in the market they will increase the price to a level that will help them in earning reasonable profit on their product. Discuss three advantages of the current pricing strategy adopted by the business.	3

9.	 <p>(a)What is the above identifying symbol of McDonald called as? (b)Name the statement given in the above image. (c)What are the different forms of such statement.</p>	3
10.	State with reason for difference of cash conversion cycle for a sugar manufacturing company and Furniture manufactured against order.	3
11.	<p>Rajesh was a chemical engineer working for a company selling insect killer spray. He was aware how this product could harm the health of the users and was constantly looking for ways to improve the product. Filled with innovative zeal, he worked hard and developed a mosquito repellent which produces sonic waves to 2 Page 8 of 10 drive away mosquitoes. It is non-smoky and does not emit any kind of fragrance or odour. It was safe to use as the sonic waves do not affect human beings or plants. He decided to name his product as 'Dengularia Free'. The product was to be packed in a corrugated box with an extension cord as free gift. Its price was fixed at Rs. 260 per unit. A replacement warranty for one year will be given as an introductory offer. He decided to sell this product through agents who will sell to both, the wholesalers and retailers depending upon the market to be catered.</p> <p>Quoting the lines from the above para, identify the elements of marketing mix used by Rajesh.</p>	3
SECTION-C		
12.	Discuss any five important aspects those are to be considered in the process of inventory control.	5
13.	State five points of importance of Stock Exchange from the Investors point of view.	5
14.	Aryan started a Super Specialty Store, 'Sampada'. It's products are sourced from hand-picked suppliers. These products are sold under Sampada's own brand. Its promotion strategy is very specific and focuses on targeted groups of customers. The purpose of this promotions strategy is to develop the brand 'Sampada' by creating awareness among the customers. To do this, Sampada's Facebook and Twitter pages encourage two-way communication with customers. These social media channels provide a platform through which Sampada can interact with customers. It can then assess their opinions about the brand.	5

	<p>(a) Identify the promotion strategy adopted by Sampada.</p> <p>(b) List the activities that are included in the strategy identified in (a) above for creating brand awareness.</p> <p>(c) Also, explain the promotion strategies other than the one identified in (a) above.</p>	
15.	<p>Source based question:</p> <p>The franchise business in India is becoming increasingly popular among domestic and international players across many sectors. Consequently, some of the major industries credit successful franchising for their rapid progress in India. According to KPMG India, the key industries with the highest prospects of successfully franchising in India are: (i) retail; (ii) food and beverages; (iii) health, beauty, and wellness; (iv) consumer services; and (v) education and training.</p> <p>As a business model, franchising is becoming especially widespread in India's metropolitan areas gaining a firm foothold since the government started loosening financial regulations in the early 1990s to encourage a free-market economy. Today India is home to more than 3,000 brands which adopt the franchising model: Bata, one of the leading footwear companies, was among the first franchisors in India; other pioneers of Indian franchising were NIIT, Apollo Hospitals, and Titan Watches.</p> <p>Global franchise companies in India include Barista Lavazza, Baskin Robbins, Booster Juice, California Pizza Kitchen, Chile's, Cinnabon, The Coffee Bean, Domino's, Dunkin Donuts, Hard Rock Café, KFC, McDonald's, Pinkberry, Pizza Hut, Quiznos, Sbarro, Starbucks, Subway, TGI Friday's, Wimpy's, YogurBerry, and Yum Brands. Despite certain concerns, the future for franchising in India is bright. Over the years, India has become an attractive destination for business investments due to the rapid growth of consumerism, globalization, and liberalization. India enjoys a positive economy, large consumer market, and loosening government restrictions. The window of opportunity in India is open. But foreign franchisors should make sure to conduct a thorough investigation and evaluation of business opportunities (taking into account the many legal, political, business, and cultural barriers that may exist) before committing long-term to franchising in India.</p> <p>(a) Discuss the ingredients of the agreement that foreign investors may mention when entering into agreements with Indian counter parts.</p> <p>(b) Explain the two advantages gained by Indian firms from such expansion as mentioned above.</p>	5