



## ASSESSMENT 1 -XII 2025-26

### ENTREPRENEURSHIP (066)

#### ANSWER KEY

SECTION - A		
1	Amit wants to start a business that recycles plastic waste into construction bricks. He has researched the technology and found it feasible. He also discovered that the government is offering subsidies for eco-friendly startups. Which macro environmental factor is helping Amit's business idea? C. Political	1
2	Fill in the blank: Sensing entrepreneurial opportunities is a process of converting _____ into an enterprise. A. Needs and problems	1
3	Identify the sequence of the given steps of an 'Enterprise Process Diagram' in correct order: (I) Identifying the needs and problems that exist in the environment. (II) Identifying a product or service through innovation. (III) Opportunity spotting by analysing the needs and problems that exist in the environment. (IV) Setting up a project and nurturing it to success. (V) Evaluating the ideas received from different sources to find a creative solution. C. (I), (III), (V), (II), (IV)	1
4	Ravi noticed that many people in his town were shifting towards organic food due to rising health concerns. He conducted a survey and found that there was no local supplier of organic vegetables. He decided to start a business that connects local farmers with urban consumers through an app-based delivery system. Which element of business opportunity is most evident in Ravi's idea? A. Assured market scope	1
5	Ananya, a young entrepreneur, plans to launch a startup that offers eco-friendly packaging solutions. She prepares a business plan that includes an executive summary, market analysis, operational plan, and financial projections. She presents this plan to potential investors to secure funding. What is the primary purpose of Ananya's business plan? B. To attract investors and guide operations	1

6	<p>‘In case the business assets are insufficient to pay off liabilities, the personal property of the sole proprietor can be called upon to pay his business debts.’</p> <p>The essential feature of sole proprietorship form of business organisation which is referred to in the above lines is:</p> <p>(C) Unlimited liability</p>	1
7	<p>Style &amp; Fashion Ltd. is a garment manufacturing company. Its garments are high in demand. So for the expansion of its business it took a loan of ₹ 50 lakhs from a bank. But due to change in fashion the demand of its garments started declining. The company was unable to repay the amount of loan due to heavy losses. The management of the company asked its shareholders to contribute as per their number of shares for repayment of loan. The shareholders refused as they had already paid the full amount due on their shares. The company filed a case against the shareholders in court. But the court protected the shareholders.</p> <p>From the following, identify the characteristic of the company form of organisation which protected the shareholders:</p> <p>A. Separate Legal Entity</p>	1
8	<p>_____ element of the financial plan describes how the enterprise funds will be dedicated to different assets so that the enterprise can earn the highest possible return.</p> <p>Choose the correct option to fill up the blank:</p> <p>A. Proforma Investment decision</p>	1
9	<p>Read the following statements Assertion (A) and Reason(R).</p> <p>Assertion (A): Private Companies need not be listed in Stock Exchange and these companies cannot issue shares for public subscription.</p> <p>Reason (R): Maximum number of members for a public company is 200.</p> <p>Choose the correct alternative from those given below:</p> <p>C. Both assertion and reason are true but reason is not a correct explanation of the assertion.</p>	1
10	<p>“Wah! Peekar mazaa aa gaya” is a small amount of text which serves to clarify a thought designed with a dramatic effect.</p> <p>This is known as:</p>  <p>C. Tagline</p>	1
11	<p>Hamul industries started manufacturing ice-creams under the brand name 'Tasty'. The company decided to use 3D animation techniques which will be projected on</p>	1

	<p>buildings. They chose several high raise buildings all over major metropolitan cities and started their advertising campaign.</p> <p>What form of media is the company using?</p> <p>B. Ambient</p>	
12	<p>This promotional technique is deliberately planned and sustained effort to establish and maintain mutual understanding between an organisation and public. This industry grew 12% to touch 1600 crore in FY2023, according to the fourth 'State of the Industry Survey 2023' report by the Public Relations Consultants Association of India (PRCAI). While media relations continue to be the largest service, non-media relations services now contribute 53 per cent of the industry's revenue.</p> <p>Identify the promotion technique (mix) mentioned in above para.</p> <p>D. Public Relations</p>	1
13	<p>'Umbrella branding' is:</p> <p>A. Entrepreneur opts to use a common or successful family name for their several products.</p>	1
14	<p>Which of the following are the four rules when planning any advertising activity?</p> <p>D. All of the above</p>	1
15	 <p>Identify the promotion strategy shown in the image above.</p> <p>A. Below-the line</p>	1
16	<p>_____ is the ingredient of a franchise agreement which outlines the marketing and advertising procedures to be used by franchisee.</p> <p>Choose the correct option to fill up the blank.</p> <p>D. Proprietary statements</p>	1
17	<p>In _____ acquisition, the purchasing company becomes a subsidiary of the purchased company.</p> <p>C. backflip</p>	1
18	<p>Read the following statements Assertion (A) and Reason(R).</p> <p>Assertion (A): Franchising is considered a low-risk growth strategy for entrepreneurs.</p>	1

	<p>Reason (R): In franchising, the franchisee operates under an established brand name and receives support from the franchisor.</p> <p>A. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).</p>	
<b>SECTION - B</b>		
19	<p>Farooq, a young entrepreneur, noticed a growing interest in sustainable living. While brainstorming for business ideas, he began observing people's shopping behaviour at local markets, and local malls and noticing which stores draw crowds and which sit empty. He saw that many people were actively searching for eco-friendly products like reusable bags, bamboo toothbrushes and biodegradable packaging, etc. Farooq also spent time visiting community events, watching how customers interacted with these products and what they prioritized.</p> <p>To gather more insights, Farooq used tech tools like email newsletters, sustainability-focused websites, and online forums to stay updated on the latest trends in eco-friendly products.</p> <p>Based on his observations and research, Farooq decided to launch a business offering a wide range of eco-friendly daily use products.</p> <p>By quoting lines from the above para, identify the two ways of 'trend spotting' adopted by Farooq.</p> <p>Watch Trend and Read Trends, with quoting of lines.</p>	2
20	<p>This section of the business plan generally begins with the "mission statement" by the entrepreneur describing the size, scope and nature of the enterprise.</p> <p>(a) Identify the component of business plan defined above.</p> <p>(b) Define any one of the key elements that is covered under component, as identified in (a).</p> <p>Description of business venture</p> <p>Site &amp; Physical infrastructure. (any one point defined)</p>	2
21	<p>Mention any four public relation tools?</p> <p>News creation and distribution</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Special events such as news conferences, grand openings and product launches</li> <li><input type="checkbox"/> Speeches and presentations</li> <li><input type="checkbox"/> Educational programs</li> <li><input type="checkbox"/> Annual reports, brochures, newsletters, magazines and Audio–visual presentations</li> <li><input type="checkbox"/> Community activities and sponsorships (Any 4)</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p>Define the types of sales strategy that can be used by an enterprise.</p> <p><b>Direct sales strategy</b>, sales people attack the competition head on when talking to the customer. They talk about each feature of the competition's product and compare it to theirs. The term "negative selling" refers to the direct sales approach.</p> <p><b>Indirect sales</b> approaches apply more subtle techniques by demonstrating features and benefits not available with the competition's products or services without ever</p>	2

	mentioning them by name. This more sophisticated, positive sales strategy requires research and analysis of the competition.	
22	<p>This is the right to exclude others from making, using, selling, offering to sell, and importing an invention for a limited period of time for the public disclosure of the invention.</p> <p>(a) Identify the Intellectual property right describes above.</p> <p>(b) Define any other Intellectual Property Right.</p> <p><b>Patents</b></p> <p><b>Copyright</b></p> <p>It gives the creator of original work exclusive rights to it, usually for a limited time. It means apply to a wide range of creative, intellectual or artistic forms or work. For example, musical composition, literary work such as poems, plays etc.</p> <p><b>Industrial design</b></p> <p>It protects the visual design of objects that are not purely utilitarian. It can be a two or three dimensional pattern used to produce a product, industrial commodity or handicraft.</p> <p><b>Trademark</b></p> <p>It is a recognizable sign, design or expression which distinguished products or services of a particular trades from the similar products or services of other traders.</p> <p><b>Trade Secret</b></p> <p>Any confidential business information which provides an enterprise a competitive edge may be considered a trade secret. (Any one point defined)</p>	2
23	<p>(i) State any two advantages enjoyed by the franchisor.</p> <p><input type="checkbox"/> Quick expansion <input type="checkbox"/> Cost advantages (with meaning)</p> <p><b>OR</b></p> <p>(ii) State any two disadvantages for the franchisee.</p> <p>Right and the only way of doing things <input type="checkbox"/> Continuing cost implication</p> <p><input type="checkbox"/> Risk of franchisor getting bought <input type="checkbox"/> Inability to provide services (any 2 – with meaning)</p>	2
24	<p>State the difference between amalgamation and absorption.</p> <p>In the first form <i>amalgamation</i>, two entities combine together and form a new entity, extinguishing both the existing entities. In the second form <i>absorption</i>, one entity gets absorbed into another. The latter does not lose its entity.</p>	2
<b>SECTION C</b>		
25	<p>(i) State by giving any three points how 'Follow-up' as an element of operational plan helps an entrepreneur.</p> <p>a) Developing ways to review the present situation with regard to materials, work-in-progress and finished goods.</p> <p>b) Evolving ways to expedite the performance of those departments which lag behind.</p> <p>c) Removing obstacles in the way of production by suggesting remedial measures.</p> <p><b>OR</b></p>	3

	<p>(ii) Explain the three formats of a business plan for Start-ups where audience is the external stakeholders.</p> <p>i) Elevator pitch: It is a three minute summary of the business plan's executive summary. This is often used as a teaser to awaken the interest of potential funders, customers, or strategic partners.</p> <p>ii) A 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.</p> <p>iii) A written presentation for external stakeholders: A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.</p>	
26	<p>Daksh, an automobile engineer with an MBA from a reputed college, launched 'Captain', a model electric car. He initially priced the model at a premium so that fewer sales were needed to break even. He used this strategy to target early adopters and environmentally conscious consumers who were willing to pay a higher price for an electric vehicle.</p> <p>As the demand from the higher-end market saturated and he was able to recover most of the investment made to build the car, he gradually lowered its prices and introduced more affordable models expanding the customer base.</p> <p>(a) Identify the method of pricing initially adopted by Daksh for launching the electric cars.</p> <p>Price Skimming</p> <p>(b) State any one advantage and any one disadvantage of the strategy identified in (a) above.</p> <p>Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product.</p> <p>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.</p> <p>This strategy can backfire if there are close competitors and they also introduce 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.</p> <p>Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights.</p> <p>If the company has 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 lower price.</p>	3
27	<p>The process of creativity involves various steps. One of the steps is related to transition period, 'where the entrepreneur starts thinking about the idea and implementation in his subconscious mind'.</p> <p>Explain the next three steps followed by this.</p> <p><b>Illumination:</b> In this period of illumination the idea re-surfaces in realistic way and</p>	3

	<p>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><b>Verification:</b> Also called the validation or testing stage. This is where the idea is verified to prove that it has value. This is the most difficult phase of creativity as obstacles begin to appear.</p> <p><b>Innovation:</b> It is the process of entrepreneurship which involves the translation of a useful idea into an application which has commercial value.</p>	
28	<p>Discuss the product related factors affecting the distribution channel.</p> <p><b>1. Unit value of the product</b> When the product is very costly it is best to use a small distribution channel. For example, industrial machinery or gold ornaments are very costly products that is why for their distribution small distribution channel is used. On the other hand, for less costly products long distribution channel is used.</p> <p><b>2. Standardised or customised product</b> Standardised products are those for which cost is pre-determined and there is no scope for alteration. For example: utensils of MILTON. To sell this long distribution channel is used. On the other hand, customised products are those which are made according to the discretion of the consumer and also there is a scope for alteration, for example; furniture. For such products face-to-face interaction between the manufacturer and the consumer is essential. So for these direct sales is a good option.</p> <p><b>3. Perishability</b> A manufacturer should choose minimum or no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.</p> <p><b>4. Technical nature</b> If a product is of technical nature, then it is better to supply it directly to the consumer. This will help the user to know the necessary technicalities of the product. (Any 3 points)</p>	3
29	<p>(a)What is meant by synergy? (b)What are the types of synergy? (c)Explain any one of the type of synergy mentioned in (b)</p> <p>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.</p> <p><b>a) Operating synergy</b> This refers to the cost savings that come through economies of scale or increased sales and profits. It leads to the overall growth of the firm.</p> <p><b>b) Financial synergy</b> This is the direct result of financial factors such as lower taxes, higher debt capacity or</p>	3

	better use of idle cash. When a firm with accumulated losses or unabsorbed depreciation merges with a profitable firm and the combined firm can set off such losses against its profits, a financial synergy, known as tax shield.	
<b>SECTION D</b>		
30	<p>Explain the various steps involved in preparing a marketing plan?</p> <p>Business situation analysis</p> <p>Identify the target market</p> <p>Conduct SWOT analysis</p> <p>Establish goals</p> <p>Define marketing strategy</p> <p>Implementation and monitoring of the plan</p>	5
31	<p>“Good Air Ltd.’ is the manufacturer of different types of electric fans like ceiling fans, table fans, exhaust fans, etc. It wanted to start its operations in the recently electrified rural areas ahead of its competitors. It invested in research and development to adopt new technology so that it could produce energy efficient fans at lower cost. The government was stable for the last many years and was focusing on electrification of rural areas.</p> <p>‘Good Air Ltd.’ took advantage of this and started its operations. The company complied with health and safety regulations, as well as environmental protection laws, to ensure customer safety. As its policy, the company also assures compensation to its customers in case of an injury or accident due to its fans. Since the disposable income of the people in rural areas was low, the company offered an instalment scheme, making its products more accessible to them. Committed to sustainability, the company ensures that its production causes minimum environmental damage. For this, it focuses on reducing waste by recycling production by-products and using biodegradable packaging materials whenever possible.</p> <p>Quoting lines from the above text, identify five macro environmental factors that the company took into consideration while operating its business.</p> <p>Political, Economical, Social, Technological, Ecological, Legal. (Any 5 with quotation)</p>	5
32	<p>(i) Discuss the types of franchising opportunity with example.</p> <p><b>Product franchise business opportunity:</b> Manufacturers use the product franchise to govern how a retailer distributes their products. The manufacturer grants a store owner the authority to distribute goods by the manufacturer and allows the owner to use the name and trademark owned by the manufacturer. The store owner must pay a fee or purchase a minimum inventory of stock in return for these rights. Some tire stores are good examples of this type of franchise.</p> <p><b>Manufacturing franchise opportunity:</b> These types of franchises provide an organization with the right to manufacture a product and sell it to the public, using the franchisor's name and trademark. This type of franchise is found most often in the food and beverage industry. Most bottlers of soft drinks receive a franchise from a company and must use its ingredients to produce, bottle and distribute the soft drinks.</p>	5



	<p><b>Business franchise opportunity ventures:</b> These ventures typically require that a business owner purchases and distributes the products for one specific company. The company must provide customers or accounts to the business owner, and in return.</p> <p><b>Business format franchise opportunity:</b> This is the most popular form of franchising. In this approach, a company provides a business owner with a proven method for operating a business using the name and trademark of the company. The company usually provides a significant amount of assistance to the business owner in starting and managing the company. The business owner pays a fee or royalty in return.</p> <p style="text-align: center;"><b>OR</b></p> <p>(ii) Start up proves to be less risky when it is a franchisee unit. Discuss based on this point how start-ups are benefited by franchise business.</p> <ol style="list-style-type: none"> <li>1. Franchising changed the working of the startups because already the product carries a name in the market already which is the most difficult part of business to establish. That is why the startups pay royalty to the franchisor. Since the startups offer an established product that struggling time and money involved in the process. Startups save that.</li> <li>2. Startups take up training to understand the product and franchisors make franchises fully conversant with the product/services that they have to offer. It is very important that the Sales-man must know his/her product. In this case, start-ups are the sales person. And franchisors charge a fee for this purpose, franchisors motive is at every step 'Pay and smile. That is not a bad bargain.</li> <li>3. The start-ups can grow fast without having to increase labour, operating costs and blocking running expenses because normally buyers straight walk up to them.</li> <li>4. In practical Franchises work for the benefit of franchisors in other words they turn up one plus one eleven. Both are all out open to help each other. Franchisors' efforts to boast their franchises are always sincere, so there is no-clash of interest.</li> </ol>	
33	<p>Explain the types of mergers possible for a business to expand and grow.</p> <ol style="list-style-type: none"> <li>1. Conglomerate; 2. Vertical; 3. Market extension; 4. Horizontal; 5. Product extension</li> </ol> <p>(with explanation)</p>	5
34	<p>Explain the different types of channels of distribution, draw the flow diagram for each type.</p> <p>Zero level, One level, Two level and Three level ( Explanation with flow diagram)</p>	5

