

ENTEPRENEURSHIP

MARKING SCHEME 2017 (98/1) Delhi

1.	Kumar belongs to a farmer's family. One day a team of officials from the local block development office visited his village for discussing additional opportunities related to agriculture. The team discussed with the villagers how to develop fishery. The team explained about the technique of construction of ponds and the modern technology of growing fishes. The team also informed that the 'State agriculture department' will provide loan at an interest rate of 2½ % per annum to the farmers who will engage themselves in the occupation and will also help the farmers in the marketing of fishes. Kumar, decided to engage himself in the fishery occupation. Identify the 'idea field' that helped Kumar to engage himself in fishery occupation.	(1)
ANS	<b>Natural resources</b>	<b>1</b>
2.	What is meant by a 'Business Opportunity'?	(1)
ANS	<b>An economic idea which can be implemented to create a business enterprise and earn profit.</b>	<b>1</b>
3.	Distinguish between 'Partnership' and 'Joint Hindu Family Business' on the basis of maximum number of members.	(1)
ANS	<b>Partnership- 10 in case of banking and 20 for other business. Joint Hindu Family Business- No limit</b>  <b><u>OR</u></b>  <b>As per Companies Act, 2013 (amended) the maximum number of partners is 100. Joint Hindu Family Business- No limit</b>	<b>1</b>
4.	'It is a process which involves the translation of a useful idea into an application which has commercial value. It takes persistent effort to work out analytically the details of enterprise or service, to develop marketing strategies, to organize finances and strategize operations'. Identify the process	(1)
ANS	<b>Innovation</b>	<b>1</b>
5.	What is meant by 'Financial Synergy'?	(1)
ANS	<b>This is the direct result of financial factors such as lower taxes, higher debt capacity or better use of idle cash for which two or more firms merge together.</b>	<b>1</b>

6.	<p>Gunjan has just passed her senior secondary examination from a CBSE affiliated school. She wanted to start her own business but was unable to decide about the nature of the business. One day during the morning walk her grandfather fell down in the park and was injured. She observed that her grandfather often forgets to take his medicines. She thought that the same problem may be faced by other old people. She thought to develop an instrument for old people that could be fitted with an electronic device connected to the mobile phones of the members of their family which could indicate the location of the old people when they go outside their homes. This device could be kept in their pockets. She also thought to fit a timer in the instrument that could remind the old persons about the time of taking their medicines. Identify and state the meaning of the concept described in the above para that helped Gunjan in structuring her idea for solving the problem.</p>	(2)
ANS	<p><b>Product identification- an entrepreneurial idea leading to a definite product after opportunity spotting and scanning of the environment is called product identification.</b></p> <p><b>(In case a child has identified the same as problem identification with relevant explanation, suitable marks should be awarded).</b></p>	1+1
7.	<p>When should an entrepreneur choose company form of business organization? List any four points.</p>	(2)
ANS	<p><b>(a) Venture is a heavy and basic industry type</b>  <b>(b) Large scale operations are involved</b>  <b>(c) Business requires huge funds</b>  <b>(d) Enterprise involves heavy risks</b>  <b>(e) Enterprise is technologically complex and sophisticated.</b>  <b>(Any four points)</b></p>	½ x 4
8.	<p>With the help of any two examples give the meaning of intellectual property rights.</p>	(2)
ANS	<p><b>Intellectual property rights are the legally recognized exclusive rights to creations of the mind.</b>  <b>Common types include Patents, trademark, copyright, industrial design rights and trade secrets. (Any two suitable examples)</b></p>	1+½+½

9.	<p>Shilpi Ltd. started the manufacturing of herbal toothpaste. They researched that large number of established enterprises were also manufacturing the similar type of products. The company fixed the price of their toothpaste on ‘cost plus method’ of pricing. After some time the company realized that they were not getting good response regarding their toothpaste from the customers and the market share of their toothpaste was less than 0.5%. Since their product was new, they decide to change the pricing method so that initially they could get more customers.</p> <p>(a) Identify the new pricing method that was adopted by Shilpi Ltd.                  (b) State any two advantages of the new pricing method identified in (a) above.</p>	(2)																					
ANS	<p><b>(a) Pricing method- Penetration Pricing</b></p> <p><b>(a) Result in fast diffusion and adoption</b>  <b>(b) Creates goodwill among the early adopters</b>  <b>(c) Creates cost control and cost reduction from the start leading to greater efficiency</b>  <b>(d) Discourages the entry of competitors, low price acts as barrier to entry</b>  <b>(e) Create high stock turnover throughout the distribution channel</b>  <b>(f) Create critically important enthusiasm and support in the channel</b>  <i>(Any two advantages)</i></p>	1 + ½ + ½																					
10.	<p>‘H.L. Chemist’ sells medicines at a discount of 5% on list price. On 1.3.2017 medicines as per details given below were sold by ‘H.L.Chemist’.</p> <table border="0" data-bbox="224 1123 1169 1449"> <thead> <tr> <th style="text-align: left;">No. of customers</th> <th style="text-align: left;">Per customer billed amount ( )</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>340</td> </tr> <tr> <td>45</td> <td>370</td> </tr> <tr> <td>35</td> <td>650</td> </tr> <tr> <td>30</td> <td>800</td> </tr> <tr> <td>25</td> <td>975</td> </tr> </tbody> </table> <p>Calculate the average amount of medicines sold per customer.</p>	No. of customers	Per customer billed amount ( )	50	340	45	370	35	650	30	800	25	975	(2)									
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	<p><b>Average Total Billed Amount = <math>\frac{\text{Total Billed Amount}}{\text{Total Number of customers}}</math></b></p> <p style="text-align: center;"><b>= 1,04,775</b></p> <p style="text-align: center;">-----</p> <p style="text-align: center;"><b>185</b></p> <p style="text-align: center;"><b>= 566.35/-</b></p>	1
11.	List the socio-economic benefits that are expected to be acquired by an enterprise from its proposed investment.	3
ANS	<p><b>a. Employment generation</b></p> <p><b>b. Import substitution</b></p> <p><b>c. Ancillarisation</b></p> <p><b>d. Export promotion</b></p> <p><b>e. Local resource utilization</b></p> <p><b>f. Development of the area</b></p>	$\frac{1}{2} \times 6 = 3$
12	<p>From the following information, calculate 'Return on Equity':</p> <p>Capital Rs. 6,00,000</p> <p>10% Loan Rs. 2,00,000</p> <p>Net profit before interest Rs.1,40,000. Also, state what is this return on rupees per lakh of equity?</p>	(3)
ANS	<p><b>Return On Equity = <math>\frac{\text{Net Profit after Tax}}{\text{Equity}} \times 100</math></b></p> <p style="text-align: center;">----- x 100</p> <p style="text-align: center;"><b>Equity</b></p> <p><b>Interest = <math>2,00,000 \times \frac{10}{100} = \text{Rs.}20,000</math></b></p> <p><b>Profit after interest = <math>1,40,000 - 20,000 = 1,20,000</math></b></p> <p><b>ROE = <math>\frac{1,20,000}{6,00,000} \times 100 = 20\%</math></b></p> <p><b>Return on rupees per lakh</b></p> <p style="text-align: center;"><b><math>1,00,000 \times 0.2 = \text{Rs.}20,000</math></b></p> <p style="text-align: center;"><b><u>OR</u></b></p> <p><b>Return On Equity = <math>\frac{\text{Net Profit after Tax}}{\text{Equity}} \times 100</math></b></p> <p style="text-align: center;">----- x 100</p> <p style="text-align: center;"><b>Equity</b></p> <p><b>Interest = <math>2,00,000 \times \frac{10}{100} = \text{Rs.}20,000</math></b></p> <p><b>Profit after interest = <math>1,40,000 - 20,000 = 1,20,000</math></b></p> <p><b>ROE = <math>\frac{1,20,000}{4,00,000} \times 100 = 30\%</math></b></p>	<p>1</p> <p>1/2</p> <p>1</p> <p>1/2</p>

	<p><b>Working note: Equity = Total capital-loan</b>  <math>= 6,00,000 - 2,00,000</math>  <math>= 4,00,000/-</math></p> <p><b>Return on rupees per lakh</b>  <math>1,00,000 \times 0.3 = \text{Rs.}30,000</math></p>	
13.	<p>Gopal is a young man of 23 years. He has completed a tailoring course from a industrial training institute. He wants to start a big size tailoring shop in a posh colony where young men and women working in various multinational companies line. He went to one of his friends who had completed a B.Tech course in textile designing to discuss about the opening of the tailoring shop. His friend advised him to prepare a written document describing formally all the relevant external and internal elements involving in starting a new venture. It will not only help in understanding the feasibility and viability of the proposed venture but also facilitate in assessing and making provisions for the bottlenecks in the progress and implementation of the idea. State any six points of importance of the concept discussed by Gopal with his friend.</p>	(3)
ANS	<p><b>Importance of business plan –</b></p> <p>a) <b>Helps in determining the viability of the venture.</b></p> <p>b) <b>Helps in providing guidance.</b></p> <p>c) <b>Helps in satisfying the concerns, queries, and issues of each group.</b></p> <p>d) <b>Provides room for self-assessment and self-evaluation.</b></p> <p>e) <b>Helps to identify the road blocks or obstacles.</b></p> <p>f) <b>It gives the details of the investment, credit worthiness.</b></p>	½ x 6
14	<p>Shiva and Gauri is a young couple having a four year old son Rohan. Shiva is employed in a multinational company and is posted in Germany. Gauri has her own computer training institute and is staying with her son and in-laws in a locality of Bangaluru. Gauri wants to admit her son in a reputed school of Bangaluru but is unable to visit schools and identify the one, where she could admit Rohan. She discussed the matter with Shiva. Shiva identified the problem and advised Gauri to collect on-line data related to admission, infrastructure facilities and related information about schools of Bangaluru, so that a suitable school for Rohan could be identified. He also advised Gauri to develop a website <a href="http://www.nurseryadmission.com">www.nurseryadmission.com</a> and upload the information of various schools on the website. This website could be visited by the parents who wish to admit their children in the nursery class in schools of their choice. Shiva also told Gauri to employ a computer operator for this purpose who could update the website regularly. Large number of parents visited the website started by Gauri on payment of</p>	(3)

	<p>an online fee of 100.</p> <p>(a) Identify the entrepreneurship concept discussed in the above para.</p> <p>(b) State the objectives of the concept identified in (a) above.</p> <p>(c) Identify any two values that Shiva and Gauri tried to emulate.</p>	
ANS	<p><b>(a) Problem Identification</b></p> <p><b>(b) Objectives – It should clearly state the problem</b>  <b>Identify target group facing the problem</b>  <b>Find the market acceptability of the solution to the problem (Any two)</b></p> <p><b>(c) Values – Employment generation; Fulfilling the social responsibility (or any other suitable value)</b></p>	<p><b>1 + ½ + ½ + ½ + ½</b></p>
15.	<p>What is meant by business? List the different categories in which business activities can be classified.</p>	(3)
ANS	<p><b>Business means all economic activities related to production and distribution of goods and services undertaken for monetary gains.</b></p> <p><b>It can be classified into three broad categories:</b></p> <p><b>Manufacturing, service and trading</b></p>	<p><b>1 ½ + ½ + ½ + ½ = 3</b></p>
16.	<p>What is meant by partnership? State the consequences of non-registration of a partnership firm.</p>	(3)
ANS	<p><b>Partnership is an association of two or more persons to carry on as co-owners, a business and to share its profits and losses.</b></p> <p><b>Consequences of non-registration:</b></p> <p><b>a. A partner cannot file a suit in any court against the firm or any other partner</b></p> <p><b>b. A firm cannot file a suit against any third party</b></p> <p><b>c. Firm or any of its partners cannot claim a set off</b></p>	<p><b>1 ½ + ½ + ½ + ½</b></p>
17.	<p>‘Golden Sweets’ was a partnership firm, owned by Swati and Sushma. ‘Asam Sweets’ was another partnership firm owned by Vipin and Pranav. Swati and Sushma were sharing profits in 1:2 ratio and Vipin and Pranav were sharing profits in 2:3 ratio. Both the firms were situated in a famous market of Guwahati and were doing competitive business. Pranav the partner of ‘Asam Sweets’ observed that many of their customers were from far off areas and if branches of ‘Asam Sweets’ are opened in other parts of the city, the firm may earn huge profits. Similar was the situation of ‘Golden Sweets’. One day in a function at a common friends house, the partners of both the firms knew that the internal expansion of their respective firms will be costly. Hence, they decided about the merger of the two firms. For this purpose they decided to meet again to</p>	(3)

	<p>finalise the conditions of merger. Finally on 1.1.2016 their respective firms were merged and a new firm ‘Asam Golden Sweets’ was formed with all the four partners Swati, Sushma, Vipan and Pranav. Their new profit sharing ratio was 1:2:2:3. During the year ended 31.12.2016 the new firm opened four new branches in different parts of the city and earned a profit of 30% on sales.</p> <p>(a) Identify the type of merger adopted by the two firms and also give its meaning. (b) Also give the names and meaning of two other types of mergers.</p>	
ANS	<p>(a) <b>Horizontal merger-</b> a merger occurring between two companies in the same industry</p> <p>(b) <b>Other type of mergers are:</b>  <u>Conglomerate</u> – A merger between firms which are involved in totally unrelated business activities  <u>Market Extension</u> – A merger taking place between two companies that deal in the same products but in separate markets  <u>Product extension</u> – A merger taking place between two business organization that deal in products that are related to each other and operate in the same market  <u>Vertical merger-</u> A merger taking place between two companies producing different goods and services for one specific finished product.                      (Any two)</p>	<p>1+1 +1 = 3</p>
18.	Describe the formats for the business plan that a start-up may have.	(4)
ANS	<p>The formats of the business plan are:</p> <p>a. <u>Elevator pitch</u>: three minute summary of the business plan.                      b. <u>A pitch deck with oral narrative</u>: It should be slide show with oral narrative to trigger discussion.                      c. <u>A written presentation for external stakeholders</u>: a detailed well written formatted plan for external stakeholders only                      d. <u>An internal operational plan</u>: it is a detailed plan describing the planning details needed by the management.</p>	<p>1+1+1+ 1</p>
19.	Explain the different types of brand names	(4)
ANS	<p>(a) <u>Individual brand name</u>: The entrepreneur chooses distinct names for each of his/her offering                      (b) <u>Family Brand name</u>: Company uses a common or a successful family name for all their products                      (c) <u>Corporate Names</u>: The entrepreneur choose to utilize their corporate name or logo together with some brand name of individual product                      (d) <u>Alpha-numeric name</u>: It is chosen to signify its physical characteristics creating a distinctive identity of the product.</p>	<p>1 + 1 + 1 + 1= 4</p>

20.	<p>Raman started a gym named as ‘Strong Body’. He installed large number of machines and equipments of different types and appointed qualified trainers to help the customers in the use of machines. Initially he kept a low fee per hour so that boys and girls belonging to the poor families may also avail the facilities of the gym. Very soon his gym became popular and he started operating in three shifts. For this is appointed additional trainers. He also installed extra machines so that more customers could be enrolled. In one year he started earning good profit. He took a nearby building on rent and started a ‘Recreation and Health Club’ for the senior citizens of the locality on very nominal charges. He also encouraged young boys and girls to participate in the cleanliness drive started by Prime Minister. They agreed and started giving one hour daily for cleanliness of the nearby areas before opening of the ‘strong body’ gym and ‘recreation club’.</p> <p>(a) Identify and explain the type of business expansion that took place under the entrepreneurship of Raman.</p> <p>(b) Identify any two values that Raman tried to propagate.</p>	(4)
ANS	<p>(a) <b>Internal Expansion- It results from the gradual increase in the activities of the concern.</b></p> <p>(b) <b>Values- Protecting the environment; Working for the benefit of the economically weaker section. (Any other suitable value)</b></p>	<p><b>1+1+1+1 = 4</b></p>
21.	<p>Manohar and Manav were running a partnership firm. The firm is engaged in the production and marketing of edible oils. Manohar was looking after the production and Manav used to look after the remaining operations of the business. The firm was doing good business and earning profits more than the rate of profit of the industry. They used to be fair in their dealings with the customers and other stakeholders of the business. They used to do their quantitative planning meticulously. The edible oil produced by the firm is as per the fssai standards.</p> <p>(a) Explain any one type of plan prepared each by Manohar and Manav with quantitative expressions.</p> <p>(b) Identify any two values observed by Manohar and Manav.</p>	(4)
ANS	<p>(a) <b>Manohar- Production Budget: An estimate of number of units which must be manufactured to meet the sales goal</b></p> <p>(Any one of the below mentioned budgets)</p> <p><b>Manav- Marketing Budget: An estimate of the funds needed for promotion, advertising, and public relations in order to market the product or service.</b></p> <p><b>Sales Budget- an estimate of future sales used to create company sales growth.</b></p> <p><b>Capital Budget- used to determine whether a firm’s long term investments are worth pursuing.</b></p> <p><b>Cash flow budget- prediction of future cash receipts and expenditures for a particular time period.</b></p> <p><b>Project budget- prediction of the costs associated with a particular company project.</b></p> <p>(b) <b>Values – Fair dealing with customers; Honesty; Fulfilling social responsibility (or any other suitable two values)</b></p>	<p><b>1+1+1+1 = 4</b></p>



22	Jaishree started a readymade garments shop for ladies in a residential area where mostly government servants live. Suggest her the ways to make her business a successful one.	(6)
ANS	<p><b>She should promote her products through various techniques of promotion like:</b></p> <ol style="list-style-type: none"> <li><b>1. She can offer rebate, discount.</b></li> <li><b>2. She can offer product combinations.</b></li> <li><b>3. She can go for coupons or competitions.</b></li> <li><b>4. She should make proper, attractive display of the products.</b></li> <li><b>5. She can generate loyalty or reward programs.</b></li> <li><b>6. She should advertise her products through pamphlets using ATL,BTL or THL promotion techniques.</b></li> <li><b>7. She can offer commission to the sales person.</b></li> <li><b>8. The product should be reasonably priced.</b></li> <li><b>9. Product quality should be maintained.</b></li> <li><b>10. Good after sales services should be provided.</b></li> <li><b>11. She should have adequate finance at her disposal.</b></li> <li><b>12. She should manage her cash effectively.</b></li> <li><b>13. She should keep a track of her competition in the market.</b></li> <li><b>14. She should keep in mind the changing taste and preference of the customer.</b></li> <li><b>15. She should have effective control system.</b></li> </ol> <p><b>(Any six points from above or any other suitable answer which is appropriate with the question)</b></p>	1 x 6
23	<p>Ghosh started a sole proprietorship form of business. He expects that his annual turnover will be rupees 12 lakhs. His friend bannerjee advised him to obtain the necessary document from the Income Tax Department. Ghosh wanted to know about the document and also the parties who must have it. Bannerjee explained him the meaning of the document and also explained the different parties who must have it. In the light of the above statement:</p> <p>(a) give the name and meaning of the document explained by Bannerjee to Ghosh (b) Also, state the parties that must have this document.</p>	(6)

ANS	<p><b>(a) PAN- Permanent Account Number: It is a ten digit alpha- numeric number issued by the income tax department. It acts as an identifier for the person with the tax department.</b></p> <p><b>(b) Who must have a PAN:</b></p> <ol style="list-style-type: none"> <li><b>1. all existing assesses or tax payers</b></li> <li><b>2. any person carrying on any business or profession whose total sales exceeds 5,00,000.</b></li> <li><b>3. any person who intends to enter into financial transaction where quoting of PAN is mandatory</b></li> <li><b>4. An assessing officer may allot PAN to any person on special request.</b></li> </ol>	2+4=6
24	<p>‘It is an organized mechanism meant for effective and smooth transfer of financial resources from the investors to the entrepreneurs.’</p> <p>(a) Identify the mechanism and list its different types.</p> <p>(b) Name the association of persons established under the mechanism identified in (a) above. Also explain any four points of its importance to investors.</p>	(6)
ANS	<p><b>(a) Capital market; primary and secondary market</b></p> <p><b>(b) Stock exchange</b></p> <p><b>Importance:</b></p> <ol style="list-style-type: none"> <li><b>(i) Dissemination of useful information</b></li> <li><b>(ii) Ready Market</b></li> <li><b>(iii) Investors interests protected</b></li> <li><b>(iv) Genuine guidance about the securities listed</b></li> <li><b>(v) Barriers of distance removed</b></li> <li><b>(vi) Knowledge of profit and loss on investments</b></li> </ol> <p><b>(Any four points with brief explanation)</b></p>	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$  $\frac{1}{2}$  4