



INDIAN SCHOOL MUSCAT FINAL TERM EXAMINATION

SUBJECT : ENTREPRENEURSHIP

CLASS: XI

Sub. Code:066

Time Allotted:

3 Hrs.

19.02.2019

Max. Marks:

EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.NO.	SET C-Answers	Marks (with split up)
1	Financial feasibility projects how much start-up capital is needed, sources of capital, returns on investments etc.	Any 2 points $\frac{1}{2} + \frac{1}{2} = 1$ mark
2	Insurable risks are related to life and property against fire, theft, riots etc. It can be insured.	1 mark
3	Processing industry In this industry, a product passes through various processes to become a final product. Assembling industry In this industry, the final product is the outcome of assembling various parts or components together.	$\frac{1}{2} + \frac{1}{2} = 1$ mark
4	2 examples for inflow of cash Sales, rent received, borrowings, issue of capital	Any 2 points $\frac{1}{2} + \frac{1}{2} = 1$ mark
5	2 methods of collecting primary information: Direct personal investigation, indirect oral investigation, local correspondents, mailed questionnaire, questionnaire through enumerators	Any 2 points $\frac{1}{2} + \frac{1}{2} = 1$ mark
6	Corporate entrepreneurs Are those who through their innovative ideas and skill able to organize, manage and control a corporate undertaking very effectively and efficiently. Agricultural entrepreneurs Are those who undertake agricultural as well as allied activities in the field of agriculture.	$1 + 1 = 2$ marks
7	Fundamentals and processes for the execution of plan 1 Goals should be set 2 Organise business: Efficient employees 3 Everyone must understand their duties and roles 4 Develop a budget to support the plan 5 Communicate well 6 Review the process	$1 + 1 = 2$
8	Internal factors that affect pricing strategy: (i) Corporate and marketing objectives of the firm (ii) The image sought by the firm through pricing (iii) Cost of manufacturing and marketing (iv) The uniqueness' & utility of the product i.e. the extent of distinctiveness of the product and extent of product difference practiced by the firm.	Any 2 points with explanation $1 + 1 = 2$ marks

	<p>(v) Price elasticity of demand of the product.</p> <p>(vi) Other elements of the marketing mix of the firm and their interaction with pricing.</p> <p>(vii) Use pattern and turn around rate of the product.</p> <p>(viii) Composition of the product line of the firm.</p>	
9	<p>Unit cost Unit cost can be defined as the cost incurred by a company to produce, store and sell one unit of sale of a particular product or service.</p> <p>Unit price Unit price is the price at which one unit of sale is sold.</p>	1 + 1 = 2
10	Capital structure is the composition or mix of different types of long-term capital whether owned or borrowed. It includes all the long term funds consisting of share capital, debentures, bonds, loans and reserves.	2 marks
11	<p>Advantages</p> <p>Excitement: Due to its high capacity for risk, there is a lot of adventure for example, Steve Jobs left his position in Apple Inc., and started Pixar, which later turned out to be a successful venture.</p> <p>Originality: Some feel that they can offer a new service or product that no one else has offered before, i.e., I-pod and I-pad</p> <p>Independence: Some wish to be their own boss and make all the important decisions themselves.</p> <p>Rational salary: They are not being paid what they are worth and would rather work on their own and earn the money they should be earning for their efforts.</p> <p>Freedom: Entrepreneurs can work on any idea which they feel will eventually turn out to be a successful venture, for instance, Richard Branson's idea of space mission.</p>	<p>Any 3 points</p> <p>1 + 1 + 1 = 3</p>
12	<p>Classification of entrepreneurs based on motivating factors:</p> <p>(1) Spontaneous entrepreneurs: Spontaneous Entrepreneurs are otherwise known as pure entrepreneurs, who are motivated by their desire for self-fulfilment and to achieve or prove their excellence in job performance.</p> <p>(2) Induced entrepreneurs: Induced entrepreneurs enter into entrepreneurship because of various governmental supports provided in terms of financial assistance, incentives, concessions and other facilities to the people who want to set up of their new enterprises.</p> <p>(3) Motivational entrepreneurs: Motivated Entrepreneurs are motivated by their desire to make use of their technical and professional expertise and skill in performing the job or project they</p>	1 + 1 + 1 = 3 marks

	have taken up.	
13	<p>Differences between an entrepreneur and intrepeneur</p> <p>Motive: The motive of an entrepreneur is to start a venture by setting up of an enterprise. One undertakes the venture for his personal gratification; whereas the employee's job is to render one's service in the ongoing or new enterprise set up by someone else.</p> <p>Status: An Entrepreneur is the owner of the enterprise, whereas an employee is the servant in the enterprise owned by entrepreneur.</p> <p>Risk Bearing: An entrepreneur being the owner of the enterprise assumes all risks and uncertainty involved in running the enterprise considers and thinks about one's business 24 hours, where as an employee being servant does not bear any risk, all that, can happen is one may lose one's job with or without some compensation. One thinks of one's enterprise that one is working on duty for certain hours only.</p> <p>Rewards: The reward, an entrepreneur gets, for bearing risks involved in the enterprise is profit or at times handsome profit, which is uncertain, where as an employee gets rewarded for one's services rendered in the enterprise as salary which is fixed and certain as per appointment letter issued. In addition, one gets a bonus as per prescribed rules and festival tokens etc. in cash or kind, sometimes on performance.</p> <p>Innovations: The entrepreneur himself/herself thinks over what and how to produce goods and services. One has to bear in mind about meeting the changing demands of the customers. Hence he acts as an innovator as well as a change agent, whereas employee executes the set plans as per given schedule. Thus one's job gets to meet up the targets decided by one's employees.</p> <p>Qualification: An entrepreneur needs to possess qualities and qualifications like high achievement motive, originality in thinking, farsightedness, risk bearing abilities and much more where as an employee needs to possess qualification as per the status in the enterprise which are pre-set.</p>	<p>Any 3 points with explanation 1 + 1+ 1 = 3 marks</p>
14	<p>Business plan</p> <p>A Business Plan is a written summary of various elements involved in starting a new enterprise of how the business will organize its resources to meet its goals and how it will measure progress.</p> <p>Importance</p> <ol style="list-style-type: none"> 1 Provides a blueprint of actions to be taken in future 2 Guides the entrepreneur in raising the factors of production 3 Serves as a guide to organizing and directing the activities of the business venture 4 Helps in measuring the progress of the venture at successive stages 5 Communicates to investors, lenders, suppliers etc., initiating the programmes of the business 	<p>1 mark</p> <p>Any 2 points 2 marks (1+2=3 marks)</p>

15	<p>Study of Dell about women entrepreneurs in India</p> <ol style="list-style-type: none"> (1) 71 percent of women entrepreneurs in India say their business is very successful, and eight in 10 of them say they are hiring; (2) 74 percent of them say their technology needs are getting more complex; (3) 90 percent started their business while maintaining their day job; (4) 85 percent of Indian women entrepreneurs believe it is very important that their business has a social impact. 	Any 3 points with explanation 1 + 1 + 1 = 3 marks
16	<p>Break-even point is the amount or level of sales or revenues that it must generate in order to equal its expenses.</p> <p>Break-even point = Fixed cost/Gross margin per unit</p> <p>BEP = $50,000 / (40 - 35)$, = $50,000 / 5$, = 10,000</p>	Meaning=1 Formula=1 Answer=1
17	<p>Characteristics of venture capitalists:</p> <ol style="list-style-type: none"> 1 They are more interested in financing ventures which are in their second or third stage of development (refer to Table A) 2 They often provide initial equity investment to start up a business too, provided such ventures are pertaining to software, biotechnology, high-potential ventures, high-technology ventures or are venture having high potential prospects and returns expected. 3 Venture capitalists look for a high rate of return. Thus, they want equity, or some share of ownership in return for their capital. 4 They are willing to take the higher risk of losing their capital for a chance of profit from the business's success. 5 The venture capitalist sells his or her percentage of the business to either another investor or back to the entrepreneur after specific number of years association or when he finds returns lowering down. 6 Mostly small business resort to venture capitalists when they want to start or grow a business but couldn't persuade banks to lend money. 7 Though, these investors have a deep insight about the fields in which they make their investment, but they behave like more or less as non-working partners i.e. do not meddle or interfere in the management of the enterprise. 	Any 3 points with explanation 1 + 1 + 1 = 3 marks
18	<p>Commercial functions:</p> <ol style="list-style-type: none"> 1 Production 2 Finance 3 Marketing 4 Personnel 5 Accounting 	1x4=4
19	<p>Factors that may give rise to internal risks</p> <ol style="list-style-type: none"> 1 Human factors 2 Technological factors 3 Physical factors 	1+2+1=4
20	<p>Methods of entering into foreign market</p> <ol style="list-style-type: none"> (1) Indirect export: Occasional exporting (2) Direct export (3) Licensing (4) Contract manufacturing (5) Joint venture (6) Direct investment: Direct ownership of foreign based manufacturing units 	Any 4 points with explanation 1x4=4

21	<table><tr><th colspan="6">Cash Register</th></tr><tr><th>Date</th><th>Particulars</th><th>Ref. No.</th><th>Cash received</th><th>Cash paid</th><th>Cash balance</th></tr><tr><td>Jan 1</td><td>Op. balance</td><td></td><td></td><td></td><td>1,20,000</td></tr><tr><td>3</td><td>Pur. Of pens</td><td></td><td></td><td>2,000</td><td>1,18,000</td></tr><tr><td>5</td><td>Pur. Of sketch pens</td><td></td><td></td><td>3,000</td><td>1,15,000</td></tr><tr><td>9</td><td>Pur. Of shirts</td><td></td><td></td><td>1,500</td><td>1,13,500</td></tr><tr><td>13</td><td>Sale of pens</td><td></td><td>6,000</td><td></td><td>1,19,500</td></tr><tr><td>15</td><td>Deposit into bank</td><td></td><td></td><td>8,000</td><td>1,11,500</td></tr><tr><td>18</td><td>Received from Saleem</td><td></td><td>900</td><td></td><td>1,12,400</td></tr><tr><td>20</td><td>Wages</td><td></td><td></td><td>1,000</td><td>1,11,400</td></tr></table>	Cash Register						Date	Particulars	Ref. No.	Cash received	Cash paid	Cash balance	Jan 1	Op. balance				1,20,000	3	Pur. Of pens			2,000	1,18,000	5	Pur. Of sketch pens			3,000	1,15,000	9	Pur. Of shirts			1,500	1,13,500	13	Sale of pens		6,000		1,19,500	15	Deposit into bank			8,000	1,11,500	18	Received from Saleem		900		1,12,400	20	Wages			1,000	1,11,400	(1/4 X each transaction + ¼ for format= 4 marks)
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22	<p>Problems faced by women entrepreneurs</p> <p>(1) Patriarchal society: The gender bias that exists in society is predominantly due to the patriarchal attitude that has existed over a long period of time.</p> <p>(2) Lack of opportunities: As in some area education still has not reached to every female, the lack of education does stand as a barrier, they are no doubt skilled which enables them to work, but more focused programmes for their education would enable them to overcome this challenge.</p> <p>(3) Enabling technologies for women: There is a need to create more opportunities regarding new methods of production, marketing and other modern technologies.</p> <p>(4) Social barriers: The traditions and customs prevailing in Indian society sometimes stand as an obstacle to women is to grow and prosperity. In rural areas, they face more social barriers. The can be overcome through education and positive legislation.</p> <p>(5) Attitude of creditors towards women: Women entrepreneurs suffer while raising and meeting the financial needs of their business. The society was slightly biased in their attitude towards women entrepreneurs.</p> <p>(6) Organised sector: The skilled women work more in the unorganised sector and hence does not get her due, if she can overcome the challenge of education and be aware of all the schemes she would not only be able to join the organised sector but be a leader in it.</p>	1x6=6																																																												
23	<p>Cash flow projection statement</p> <table><tr><th>Months</th><th>Month 0</th><th>Month 1</th><th>Month 2</th></tr><tr><td>Cash inflow:</td><td></td><td></td><td></td></tr><tr><td>Owner’s equity</td><td>5,00,000</td><td></td><td></td></tr><tr><td>Loan from bank</td><td>6,00,000</td><td></td><td></td></tr></table>	Months	Month 0	Month 1	Month 2	Cash inflow:				Owner’s equity	5,00,000			Loan from bank	6,00,000																																															
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	Cash sales		1,40,000	2,00,000	(1/4 X each entry= 6 marks)
	Credit sales			60,000	
	Total inflow	11,00,000	1,40,000	2,60,000	
	Cash outflow				
	Assets	80,000			
	Raw materials	1,00,000	1,20,000	1,10,000	
	Salary		8,000	8,000	
	Sales commission		20,000	24,000	
	Total outflow	1,80,000	1,48,000	1,42,000	
	Surplus/ deficit	9,20,000	(8,000)	1,18,000	
	Cumulative surplus/deficit	9,20,000	9,12,000	10,30,000	
24	Importance of Market Survey Method 1 Customer is the King: To know accurately the customer_s needs/wants, nature of demand, likes and dislikes and all other related aspects of movement of products from the stage of production to the point where they get consumed, is possible, with the help of appropriately designed survey, which can give an edge over competitions. 2 Risk reduction: The systematic and intelligent use of market survey can reduce/minimize the risk of decision making under the conditions of uncertainly as results are analyzed in order to finalize a business plan. 3 Helps attaining objectives: As a market survey starts with a customized design created to meet the entrepreneur's and his enterprise's specific needs and strategic objectives, the attainment of goals happen smoothly and timely. 4 Market Overview: A market survey as is a systematic collection, recording, analysis and interpretation of data, relating to the existing or potential market and various forces of the market on the basis of information composed from survey. 5 Forecast: The market survey provides an accurate effective and timely sales forecast and promotes the soundness of marketing decisions which is key for success of any enterprise. —To manage a business well is to manage its future, and to manage its future is to manage information." 6 Facilitates Decision – Making: A customized market survey is a tool not only to collect an idea about customers, their wants, buying behavior, the new product and its acceptance, the competitors, but also helps in : Short and long term forecasting Comparative effectiveness studies Packaging research Pricing studies Distribution channel strategies etc.				
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