TERM-1 EXAMINATION (2026-27)
CLASS XII — ENTREPRENEURSHIP (066)

Class: XII **SET 2** **Time: 3hrs**

Date: 11/09/2026 **Max Marks: 70**
Admission no: **Roll no:**

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. Section A consists of 18 questions of 1 mark each (Multiple Choice / Assertion-Reason). One question is image/diagram based.
3. Section B consists of 6 questions of 2 marks each. Answers should not exceed 60–80 words.
4. Section C consists of 5 case/source-based questions of 3 marks each. Answers should not exceed 100–120 words.
5. Section D consists of 5 long-answer questions of 5 marks each. Answers should not exceed 150–200 words.

Section A

Q1. Neha, a budding designer, wants to introduce her handmade jewellery brand to a group of investors. She prepares a brief 2–3-minute talk to spark their interest before going into details. Neha is using the format of presenting a business plan. [1]
(a) Detailed Project Report (DPR) (b) Elevator Pitch
(c) Feasibility Report (d) Executive Summary

Q2. A rise in the disposable income of urban consumers led to a higher demand for organic food products across the country. This is an example of which factor of the PESTEL model? [1]
(a) Political Factor (b) Economic Factor
(c) Social Factor (d) Legal Factor

Q3. ________ is the stage in the process of innovation in which the entrepreneur consciously gathers information and works upon an idea to develop it further. [1]
(a) Idea germination (b) Preparation
(c) Incubation (d) Verification

Q4. The level of inventory at which a fresh order should be placed to avoid a stock-out situation is known as the: [1]
(a) Economic Order Quantity (EOQ) (b) Re-order Level
(c) Safety Stock (d) Break-even Point

Q5. State whether the following statement is 'true' or 'false'. [1]
"Market survey is not important for an entrepreneur since innovation alone is enough to understand market needs."
(a) True, because innovation alone reveals customer preferences.
(b) False, because market survey helps entrepreneurs identify actual customer needs, demand and taste.
(c) True, because market survey is only useful after the product is launched.

(d) False, because only advertising can reveal customer needs.

Q6. Rohan works for a lifestyle magazine and regularly visits food festivals, trade fairs and exhibitions, apart from reading trade journals, to identify upcoming trends. Identify the way of spotting trends used by Rohan. [1]

(a) Watch trends (b) Talk trends
(c) Read trends d) Think trends

Q7. During a campus interview, a student was asked to list the four rules for planning any advertising message. He replied: Attention, Interest, Desire, Budget. [1]

(a) The answer is correct because these are the four rules of advertising message planning.
(b) The answer is incorrect because 'Budget' should be replaced with 'Action'.
(c) The answer is incorrect because 'Desire' should be replaced with 'Media'.
(d) The answer is incorrect because 'Interest' should be replaced with 'Competitors'.

Q8. Riya noticed elderly people in her neighbourhood struggling to book medical appointments online, so she decided to develop an app that makes appointment booking simple for them. From the following, identify the "idea field" used by Riya to develop the app. [1]

(a) Creative efforts (b) Trading related ideas
(c) Market driven ideas (d) Natural resources

Q9. Match the following: [1]

COLUMN 1	COLUMN 2
1. Cash Flow Statement	i. Actual receipts and payments are recorded
2. Break Even Point	ii. Total revenue is equal to the total cost of the firm
3. Proforma Balance Sheet	iii. A summary of projected assets and liabilities
4. Proforma Invoice	iv. An estimated bill of goods sent before actual sale

(a) i, ii, iii, iv (b) ii, i, iii, iv
(c) iii, iv, i, ii (d) iv, iii, ii, i

Q10**. Assertion** (A): A conglomerate merger takes place between companies operating in entirely unrelated industries. [1]

Reason (R): Such a merger primarily helps the acquiring company diversify its business risk.
(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q11. During the last month, a total of 320 people took a meal at a restaurant and the total billed amount was Rs. 64,000. The unit price per person will be: [1]

(a) Rs. 200 (b) Rs. 210
(c) Rs. 180 (d) Rs. 250

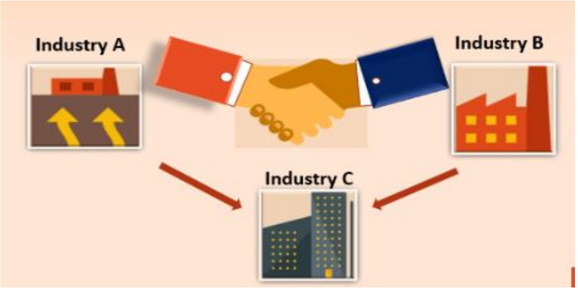
Q12. Match the following: [1]

COLUMN 1 – Types of Mergers	COLUMN 2 – Examples
1. Horizontal merger	i. Two competing airlines merge to increase market share
2. Vertical merger	ii. A car manufacturer acquires a tyre manufacturing company
3. Conglomerate merger	iii. A cement company acquires a fashion retail chain
4. Market extension merger	iv. A regional bank merges with a bank operating in another region

(a) i, ii, iii, iv (b) ii, i, iv, iii

(c) iv, iii, ii, i (d) iii, iv, i, ii

Q13. Which of the following forms of business model is represented in the image below. [1]



(a) Franchising (b) Acquisition
(c) Merger (d) None of the above

Q14. A shoe manufacturer acquiring a leather processing company is an example of: [1]
(a) Horizontal merger (b) Conglomerate merger
(c) Market penetration (d) Vertical merger

Q15. Which of the following is related to 'Above the Line' promotion that a company can use to promote its products. [1]
(a) It uses conventional mass media such as television, print, online and cinema to target a mass audience.
(b) It targets small, identified groups of customers directly.
(c) It relies mainly on personal selling.
(d) It is always lower in cost than below the line promotion.

Q16. **ASSERTION** (A): Packaging acts as a silent salesman. [1]
REASON (R): It protects the product and also promotes it by attracting the attention of the customer and providing required information.
(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q17. A report that specifically deals with the money required, the sources of finance and the expected returns of a new venture is called a: [1]
(a) Financial plan (b) Marketing plan
(c) Business plan (d) Operational plan

Q18. Meera and Kabir are partners in a furniture manufacturing business. With a view to expand, they wish to raise capital from the public while also limiting their liability. [1]
(a) Public limited company (b) Private limited company
(c) Corporate organisation (d) None of the above

Section B

Q19. "Entrepreneurs receive ideas from various sources, but it is more important to take these ideas seriously and convert them into business opportunities." State the main sources of ideas. [2]

Q20. State any four functions/importance of a business plan. [2]

Q21. (A). Meera has been running a tailoring business alone for the past three years. She takes all the decisions herself, is aware that her liability is unlimited, has 5 fixed customers to whom she offers a credit of 10 days, and is unable to expand beyond her small-scale operation. [2]
i. Identify the form of business carried by Meera.

ii. State any three features of the business that can be identified from the above.

OR

(B) Aarav and Diya have started a bakery business, investing Rs. 1,50,000 each. They now want to expand and admit two more people into the business. They have registered their business.
1. Identify the form of business carried by Aarav and Diya.
2. Can they admit two more people into their business?
3. Under which Act have they got their business registered?
4. What is the biggest demerit of this type of business?

Q22. State any four importance of a Trademark. [2]

Q23. A company acquires a majority stake in another company with the full consent and cooperation of the target company's existing management, with the aim of achieving mutual growth and shared synergies. [2]
i. Identify the type of takeover from the above.
ii. Explain one benefit of the takeover identified.

Q24. (A). What is meant by Working Capital? Why is it important for the smooth day-to-day operations of a business? [2]

OR

(B) "The budgeting period is the same for all types of business." Do you agree? Comment.

Section C

Q25. What is franchising? Explain any two advantages of franchising to the franchisee. [3]

Q26. What is manpower planning? Why is it necessary for every business unit? [3]

Q27. (A). What are the various elements of promotion mix, explain? [3]

OR

(B) Explain in detail any three pricing strategies.

Q28. Two textile companies operating in different geographical regions decided to combine their operations to access a wider customer base and achieve economies of scale. This led to overall growth for both companies. [3]
i. Identify the enterprise growth strategy adopted by the two companies.
ii. State the benefits that the companies have after this arrangement.

Q29. Explain the advantages of franchising to the franchisee. [3]

Section D

Q30. Priya, a graphic designer, wants to start her own design studio. She does not want to share her profits with outsiders and wants complete control over decision-making. She is willing to bear unlimited liability for her small-scale operation and wants minimal registration formalities while operating under her own trade name. She wants to register her business under GST and apply for a Shop and Establishment licence, understanding it will be useful as her business scales up. [5]
(a) Identify the most suitable form of business organisation for Priya. Give one reason for your answer. (2 Marks)
(b) Explain any two advantages of the form of business organisation identified in part (a). (2 Marks)
(c) Name one legal registration or licence (other than GST Registration) that Priya should obtain before starting her business. (1 Mark)

Q31. (A). Explain any five factors of the PESTEL model that impact the business environment of an enterprise. [5]

OR

(B) Explain the factors affecting channel of distribution with relation to market consideration.

Q32. State five differences between Advertising and Sales Promotion. [5]

Q33. Explain briefly the steps involved in the process of mergers and acquisitions. [5]

Q34. (A). Comfy Seating is a manufacturer of four types of chairs – small, medium, large and executive. From the information given below, calculate the Break-Even Quantity of chairs manufactured per month. [5]

TYPE OF CHAIR	UNIT SELLING PRICE	UNIT VARIABLE COST	FIXED EXPENSES
SMALL	5,000	2,000	30,000
MEDIUM	8,000	3,000	25,000
LARGE	12,000	7,000	60,000
EXECUTIVE	20,000	12,000	1,60,000

OR

(B) A cab aggregator company, Quick Ride, had a varying number of customers during five weeks. The information regarding the number of customers and average weekly billing is presented in the table below. What is the 'unit of sale' and 'unit price' in this case? If the cost of goods sold or variable cost is 55% of the sale price, calculate the 'unit cost' and 'gross margin' per unit of sale.

WEEK	NUMBER OF CUSTOMERS	AVERAGE AMOUNT BILLED (PER CUSTOMER)
1	20	200
2	30	220
3	25	180
4	45	260
5	40	290

ALL THE BEST