BK BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
SENIOR SECONDARY CO-ED DAY CUM BOYS' RESIDENTIAL SCHOOL

ANNUAL EXAM (2024-25)

ENTREPRENEURSHIP (066)

MARKING SCHEME

Class : **XI Commerce**
Date :18 **/02/2025**

Duration: **3 Hrs**
Max. Marks: **80**

1.	(A) Both i) and iii)	**(1)**
2.	(C) Fabian OR (A) Types of business	**(1)**
3.	(D) All the three OR (B) three	**(1)**
4.	(B) Safety security need	**(1)**
5.	(D) Bill Wagner	**(1)**
6.	(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)	**(1)**
7.	(A) Market research	**(1)**
8.	(D) Harish Hande	**(1)**
9.	(D) Small Industry Development Organisation	**(1)**
10.	(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)	**(1)**
11.	(C) Telemarketing	**(1)**
12.	(D) Cultural forces OR (A) Demographic forces	**(1)**
13.	(D) Only (A) is incorrect but (R) is correct OR (A) Both (A) and (R) are correct and (R) is the correct explanation of (A)	**(1)**
14.	(C) Statement 1 is true but 2 is false	**(1)**
15.	(D) Zero	**(1)**
16.	(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)	**(1)**
17.	(A) Top management	**(1)**
18.	(B) Investment and financing decisions	**(1)**
19.	i) Great ideas just appear out of nowhere ii) There are no illogical ideas iii) We can generate great ideas in meetings iv) Great ideas are not a problem but implementing them is	**(2)**

<table>
<tr><td></td><td>v) The customer will tell you what to do if you will only listen
OR
To convert a business idea into opportunity the business idea
i) Must be feasible
ii) Minimum capital can be arranged to implement idea
iii) You must have strength and ability to drive that idea to success
iv) Idea must be converted into a business plan
v) With a good team, a right leadership is essential to convert an idea into opportunity</td><td></td></tr>
<tr><td>20.</td><td>Potato Chips was invented by George Crum, a chef As a customer insisted on thinner and crispier fried potatoes. Crum lost his temper and sliced the potatoes very thin and fried them until them until they were hard as a rock. The customer loved it and ordered for more this is how chips were born.

Pace Maker was invented by John Hopps , an electrical engineer who was doing research on Hypothermia and was trying to use radio frequency heating to restore body temperature. During his research he observed that if heart stopped it beating due to cooling it could be restored by artificial stimulation. This is how the pace maker was invented.</td><td>(2)</td></tr>
<tr><td>21.</td><td>Aspects of economic factors
i) Role of public and private sector; ii) Rate of growth of GDP,GNP, per capita income;
iii) Rate of savings and investment; iv) Balance of trade ;
v) Balance of payment; vi) Trans port and communication system ;
vii) Money supply in the economy; viii) International debt</td><td>(2)</td></tr>
<tr><td>22.</td><td>Expenses refer to the value of resources that are used to earn revenue during a time period. These payments are specifically made for consuming goods or services.
Expenditure is the money spend to acquire assets.
OR
No, Cash flow statement talks about the inflow or outflow of cash. It is historical in nature it talks about the money which has already come into or withdrawn from the business.
Cash Flow projections talks about how much cash is required in future or how much cash is expected to be generated in future. So it is a future statement.</td><td>(2)</td></tr>
<tr><td>23.</td><td>Tax is a compulsory payment to the government by the households, firms and other institutional units without reference to anything in return.
Government levies taxes to spend it for social welfare in the form of expenditure like infrastructural development and providing other social amenities.</td><td>(2)</td></tr>
<tr><td>24.</td><td>The requirement of resource depends upon
i) Nature of business ii) Size of business iii) Types of business iv) Product specification</td><td>(2)</td></tr>
<tr><td>25.</td><td>i) Starting a business is easy
ii) It takes a lot of money to finance a new business
iii) Most entrepreneurs start businesses in attractive industries</td><td>(3)</td></tr>
<tr><td>26.</td><td><table>
<tr><td>Entrepreneur</td><td>Employee</td></tr>
<tr><td>Conceives the idea to start a business</td><td>Helps in implementing the idea</td></tr>
<tr><td>Earns income by selling goods and services</td><td>Sells goods and services for someone else</td></tr>
<tr><td>Reward is profit</td><td>Reward is salary or wage</td></tr>
<tr><td>Acts as a worker as well as an owner</td><td>Acts as a worker only</td></tr>
<tr><td>Creates an enterprise</td><td>Manages the enterprise</td></tr>
<tr><td>Focuses on entire business</td><td>Focuses on processes and systems</td></tr>
</table></td><td>(3)</td></tr>
<tr><td>27.</td><td>Social entrepreneurship is very important for economic and social development.
i) Employment development: It provides employment to special segments such as disabled; women and minority groups
ii) Innovations/New goods and services: Social entrepreneur uses innovative ways to deal with important social and economic problems. They develop various care models to take care of HIV, ill health, crime and drug addiction, which helps the government new health policies.
iii) Social Capital: Human and economic development is possible only with social and economic</td><td>(3)</td></tr>
</table>

capital. Social entrepreneurship helps in developing the values like cooperation which is key for the development of social capital, it is critical for poverty alleviation and sustainable human and economic development.
iv) Social catalyst: Social entrepreneurs brings visionary and fundamental changes in education; health; art, environment and economic development.

OR

a) National Level Training Institutions
NISIET : National Institute for Small Industry Extension Training
IIE : Indian Institute of Entrepreneurship
EDII: Entrepreneurship Development Institution of India
b) Central Finance Institutions
IDBI : Industrial Development Bank of India
IFCI : Industrial Finance Corporation of India
ICICI: Industrial Credit and Investment Corporation Of India
c) State level Entrepreneurship Training institutions
Institute of Entrepreneurship Development
Centre of Entrepreneurship Development
Centre of Entrepreneurship and Management Development

28. **(3)**

Basis	E-business	Traditional Business
Formation	Easy to form	Difficult to form
Personal touch	No personal touch	Personal touch is present
Setting up cost	Low	High
Operating Cost	Low	High
Ease of expansion	Much as internet has no boundaries	Difficult due to various legal formalities
Risk involved	High risk	Less risk

29. **(3)**

Start-up Cost: This is a non-recurring cost which is incurred at the time of launching or starting an enterprise. It generally includes.
i) Cost incurred on market analysis
ii) Expenses conducting feasibility studies
iii) Expenses on promotional activities
iv) Expenses on legal formalities
Operation Cost is further divided into a) Fixed Cost b) Variable Cost
Fixed cost is the cost incurred to by fixed assets. It is also called supplementary or overhead cost. It remains constant. Even at zero unit of production some fixed cost is incurred.
Variable cost varies with the units produced. This cost increases with the increase in production and decreases with a decrease in production. At zero unit of production the variable cost is zero.

30. **(5)**

According to Bill Wagner there are seven types of entrepreneurs
i) Trail Blazers are highly competitive, ambitious and goal oriented. They are energetic and have a senses of urgency and prefer to start their own business or venture rather than carrying somebody else's franchise.
ii) Go getters have a great initiative along with a compelling sense of urgency to get things done. They are good leaders and managers who can motivate themselves and others to get the work done. They are very good in retail business. They always likes to take up challenges and work in an unfamiliar environment, they also like to learn as they work.
iii) Managers are those who gets the work done, they are goal oriented and dominant. They effectively uses human resources and gets things done. As they are very straight forward they often overlook and disrespect others. Mangers enjoy working by themselves and doing things on their own They generally work as a team and consider employees as family.
iv) Motivators are entrepreneurs who can work well under pressure as they have high level of dominance. They can do best in retail or business involving people. Motivators create a strong emotional arguments and maintain very good relations with everyone.

	v) Authoritarian are the entrepreneurs who are the loyal workers who make the world function. They follow rules regulations, procedures and policies carefully. They are very cooperative and avoid any confrontations. They are best in their business and are good at dry cleaning store, convenience store, liquor store. They prefer those business where the customers are driven to them. vi) Collaborators always prefer a partner who is more aggressive about developing a new business. They can influence people to get what they want. They are best at customer service as they can convince people. So they are excellent salesman. OR Challenges faced by women entrepreneurs are i) Patriarchal Society this has existed for many years the gender bias exist due to this attitude. ii) Attitudes of creditors towards women: Women face a lot of problem in obtaining finance for their business. Most families are not keen to fund their women. This causes a lot of problem in acquiring assets as well as credit in market. Without financial backing it becomes extremely difficult to start a business. Even banks are reluctant to give loans to women. Bank loans takes lot of time and have lengthy procedures. iii) Lack of opportunities as even today more importance is given to the male child, this results into lack of education and training. This impacts the growth of women entrepreneurs as they are not aware about opportunities that may be present. The women entrepreneurs are never taken seriously by their male workers or subordinates. iv) Enabling technologies for women, most women are not aware of the latest technology and the development in the technical knowhow. As a result they may use out dated technology for production which will increase their cost of production and thus reduce their profit. v) Social barriers vi) Inefficient market arrangement vii) Low ability to bear risk	
31.	Non-insurable risks are those for which there is no protection. The businessmen cannot get any compensation for these types of risks. They are classified into two categories a) Internal risks and b) External risks The various factors of internal risks are i) Human factor this can occur due to human wilful negligence or dishonesty on the part of the workers. Mishandling of assets can cause a lot of damage which can result into a wastage of resources. Employees can go on strikes and that will impact the production and cause loss. ii) Technological risk is very common due to ever changing and development of advanced technologies. This can cause the machine to become obsolete and thus increase the cost. The competitor may be able to produce better quality goods and get an advantage in the market. iii) Physical Causes : Mechanical defects may result into damage of assets and accidents. External risks occurs due to the following factors i) Economic Factors: Due to change in market condition due to change in taste, preference, demand of consumers and competition the sale/revenue of the business will be impacted. ii) Natural Factors: Human has no control on natural calamities. No one can make any preparation for these uncertain events. iii) Political factors: Change in government or civil war will impact the business in a negative way. Change in policies by the government will also have an impact on the business.	**(5)**
32.	Mohan is following **penetration pricing** he is using a lower price to capture the market. As stationery items are very price sensitive regular goods for students. His strategy of selling goods at a lower price and giving discount on print outs has helped him to get a lot of customers. i) Stationery items have an elastic demand. There are already two competitors. ii) Students are always very price sensitive as they always compare the price. This was the main reason why many students shifted from the other shops to Mohan's shop iii) Mohan is facing a stiff competition. Pricing a product is important due to the following factors	**(5)**

i) Key to revenue: High price will ensure high revenues. Even if the price is low it will increase the sales volume which will also result in high revenue.
ii) Attract customers: Competitive price can be set to attract more and more customers. Price competition among competing firms is the most important factor to increase the sales volume by attracting more and more customers. Giving a good quality product at a reasonable price can help the business to win a bigger market share.
iii) Crucial to profit : Pricing a product is always done keeping in mind the element of profit. Price is fixed based on the amount of profit a company / business would like to earn.
iv) Achieving other objectives;
Pricing policies are set keeping in mind many other objectives such as
a) Profit maximisation b) Minimum return on investment as well as sales c) Target market share and Target market volume.

33. Income Statement **(5)**

	Day 1	Day 2	Day 3	Day 4	Day 5
Units Sold	20	25	30	36	45
Sales Revenue at 200	4,000	5,000	6,000	7,200	9,000
Cost at 180	3,600	4,500	5,400	6,480	8,100
Gross Margin (200 – 180) 20	400	500	600	720	900
Fixed Expenses					
Room Rent	100	100	100	100	100
Own wage	450	450	450	450	450
Wage	100	100	100	100	100
Electricity and Miscellaneous	6	6	6	6	6
Recovery of investment	9	9	9	9	9
Interest	5	5	5	5	5
Total	670	670	670	670	670
Profit loss before tax	(270)	(170)	(70)	50	370

34. Finance is the lifeblood of enterprise , this is absolutely true the factors that needs to be kept in mind before selecting a suitable source of finance are as follows **(5)**
i) Cost involved: This is the most important factor that needs to be kept in mind before selecting the source of finance. The cost of procurement of funds and using the funds must be less than the benefit which is obtained using the fund.
ii) Financial capacity of the firm: If the firm is financially sound it can easily borrow funds. The firm will have no problem to repay the interest on the borrowed money as well as it can easily repay the loan after the tenure of the loan is over.
iii) Form of business organisation: It is difficult for a sole proprietorship and a partnership firm to raise money by issuing equity shares or debentures. A joint stock company does not have any such problem. The sole proprietor can only take bank loans.
iv) Time period is also an important factor, if loans are required for a short or medium term then bank loans and trade credit is advised. However if the loan is required for a long period issue of shares or debentures is considered better.
v) Risk involved: If an enterprise can take risk it can raise funds from borrowed source. Otherwise its better to invest owned funds.
vi) Control: If shareholders who are the owners of the company want to retain their control they will not prefer to issue more shares as it will dilute their ownership. They will prefer borrowed funds.
vii) Tax benefits: Interest paid on borrowed capital is deducted from total income before the computation of income tax. So if the firm wants to get tax benefits it may raise money through borrowed capital.

OR

i) Capital Structure is the ratio of the owned capital and borrowed capital and it is calculated using the formula: Debt/Equity or Borrowed Capital/Owned Capital
The owned capital is 50,000 + 2,50,000 and the borrowed capital is 1,50,000

1,50,000/3,00,000 = 0.5:1

More debt is harmful for any business as it has to paid interest regularly. Every business should carefully analyse its debts paying capacity before taking additional loans.

ii) Interest coverage ratio refers to number of times company's earnings before interest and taxes cover its interest payment obligation.

It is calculated using the formula = $\frac{\text{Earnings before interest and taxes}}{\text{Interest}}$

Here earnings before interest and taxes were Rs.90,000

Interest is 12% on 1,50,000 = 18,000

So the interest coverage ratio = $\frac{90{,}000}{18{,}000}$ = 5 times

iii) Debt Service Coverage Ratio is calculated using the formula

$$\frac{\text{Profit after tax + Depreciation + Interest + Non-Cash expenses written off}}{\text{Preference Dividend + Interest + Repayment obligations}}$$