

# CBSE Board Examination

## ENTREPRENEURSHIP (066)

### Solved Paper-2023

#### Class- XII

#### SOLVED

Time : 3 Hours

Max. Marks : 70

#### General Instructions :

- (i) This question paper contains 34 questions. All questions are compulsory.
- (ii) The question paper is divided into four sections- Section A, B and C and D.
- (iii) In Section A : Questions number 1 to 18 are Multiple Choice Questions carrying 1 mark each.
- (iv) In Section B : Questions number 19 to 24 are Short Answer type-I questions carrying 2 mark each.
- (v) In Section C : Questions number 25 to 29 are Short Answer type-II questions carrying 3 mark each.
- (vi) In Section D : Questions number 30 to 34 are Long Answer type questions carrying 5 mark each.
- (vii) There is no overall choice. However, an internal choice has been provided in Section B, C and D of question paper. A candidate has to attempt only one of the alternatives in such questions.

Outside Delhi Set-I

57/3/1

#### SECTION - A

1. Given below are some of the elements of a business opportunity. Identify the correct combination of the elements: 1
  - (i) Assured market scope
  - (ii) Overcome adversity
  - (iii) Practicability of the idea
  - (iv) Potential of future growth

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

(c) (ii), (iii), (iv)                      (d) (i), (ii), (iii)
2. Which of the following statement is related to 'Below-the-Line' promotion approach that a company can use to promote its products? 1
  - (a) It targets mass audience.
  - (b) It targets identified small groups.
  - (c) It helps in establishing brand identity.
  - (d) It includes conventional media like print, online, television and cinema advertising.
3. Ramandeep is a technical entrepreneur who started developing interactive websites of businesses. Due to lot of competition in this field he is experiencing a decline in the demand. He wishes to understand his revenue position as compared to his investment. Which one of the following combinations would help him in assessing the profitability of his business? 1
  - (i) Economic Order Quantity
  - (ii) Return on Investment
  - (iii) Return on Equity
  - (iv) Break-even analysis

(a) (i) and (iii)                              (b) (iii) and (iv)

(c) (ii) and (iii)                              (d) (i) and (iv)
4. When two companies that may not compete with each other but exist in the same supply chain merge, it is known as: 1

- (a) Horizontal merger (b) Vertical merger  
(c) Market extension merger (d) Product extension merger
5. From the following, identify the form of business organisation that generally has a limited area of operation due to limited finance availability and limited managerial abilities: **1**
- (a) Sole Proprietorship (b) Partnership Company  
(c) Private Company (d) Public Company
6. Krishiv manufactures lamp shades in his cottage industry where labour intensive techniques are used. He is selling these lamp shades under the brand name 'U-lite'. They are in great demand as nowadays interior designers are using lamp shades to give an aesthetic look to the houses they design. For Krishiv, the per unit cost of each lamp shade is ₹ 450 and he sells it for ₹ 900. Similar lamp shades are available in the market and on online websites in the range of ₹ 1,000 – ₹ 1,100 per unit. The pricing strategy used by Krishiv is the one where the price of the product is initially set at a price lower than the eventual market price to attract new customers. His objective is to increase the sales volume, rather than to make profit in the short-run. The pricing strategy adopted by Krishiv is:
- (a) Cost plus pricing (b) Penetration pricing **1**  
(c) Skimming pricing (d) Variable pricing
7. From the information given below, calculate the circulating capital of a company: **1**

Assets	(₹)	Liabilities	(₹)
Stock	60,000	Trade payables	20,000
Debtors	55,000	Short-term loans	10,000
Cash	65,000	Outstanding expenses	5,000
Short-term investments	20,000		

- (a) ₹ 35,000 (b) ₹ 1,65,000  
(c) ₹ 2,00,000 (d) ₹ 2,35,000
8. Prabhas is the creative head of an advertising agency. He latest project is to design a campaign for super food for children in the age group of 6 months to 2 years. He developed a jingle in Hindi as well as in English language to reach out to the maximum audience of the market segment. By doing this, he is not only informing and selling the product but also improving the image of the business. When any advertising activity is planned, there are four rules to be considered. From the following, identify the rule/rules that are taken into consideration by Prabhas in the above case: **1**
- (i) Aim (ii) Target  
(iii) Media (iv) Competitors
- (a) (i) (b) (i) and (ii)  
(c) (i), (ii) and (iii) (d) (i), (ii) and (iv)
9. Sahiba has a boutique in Nagpur, which she started in 2020. She had invested ₹ 2,00,000 from her savings and borrowed ₹ 3,00,000 from the bank @ 10% per annum. She made a net profit of ₹ 50,000 in the year 2021-2022. **1**
- In the above case the 'Return on Equity' is:
- (a) 10% (b) 20%  
(c) 25% (d) 40%

10. **Assertion (A):** A problem is a road block in a situation that forces the entrepreneur to find its solution. **1**

**Reason (R):** One of the objectives of problem identification is to identify the target group facing the problem.

Evaluate the statements given above and choose the most appropriate option from the following:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).  
(c) Assertion (A) is true, but Reason (R) is false.  
(d) Assertion (A) is false, but Reason (R) is true.
11. **Assertion (A):** Offer to employees means sale of its securities by a company to a limited of sophisticated investors. **1**
- Reason (R):** Offer to employees enables employees to become shareholders and share the profits of the company. Evaluate the statements given above and choose the most appropriate option from the following:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.
- (d) Assertion (A) is false, but Reason (R) is true.

12. **Assertion (A):** Backflip acquisition is a rare case of acquisition in which the purchasing company becomes a subsidiary of the purchased company. 1

**Reason (R):** Both the companies approve of the acquisition but the entire process is done by force.

Evaluate the statements given above and choose the most appropriate option from the following:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.
- (d) Assertion (A) is false, but Reason (R) is true.

13. Break-Even Point is the level where: 1

- (a) the revenue generated is equal to all the expenses required for generating the revenue.
- (b) the revenue generated is less than all the expenses required for generating the revenue.
- (c) the revenue generated is more than all the expenses required for generating the revenue.
- (d) Both (a) and (b).

Read the article given below and answer the questions from 14-18:

Shopping malls are an integral part of the community and a one-stop-shop for all the consumer's needs — from shopping and dining to entertainment and special occasions. Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and nice campaigns to cater to each target audience that visits the mall. The latest departmental stores which are opened in malls also want to provide their customers a wholesome experience. They are often hypermarkets having all products under one roof. The concept of 'retailtainment' has been around for quite while, as upscale malls have slowly transformed into recreational destinations. A plethora of restaurants serving luscious delicacies has seen massive footfall. Thus, to create memorable experiences, shopping malls must strive to provide a high level of engagement by focusing heavily on unique experiential content.

The future malls will integrate virtual and augmented reality, will provide highly immersive retail experience to consumers in the days to come. Deliveries will be carried out using drones and virtual reality will be used as a sales channel.

14. Identify the prominent idea field from the following sentence: 1

'Additionally, malls today are synchronizing with customer's needs by offering constant engagement, activities and niche campaigns to cater to each target audience that visits the mall.'

- (a) Natural resources
- (b) Service-related
- (c) Market-driven
- (d) Creative efforts

15. 'A plethora of restaurants serving luscious delicacies has seen massive footfall in many malls.' The idea field reflected in the given statement is: 1

- (a) Natural resources
- (b) Service-related
- (c) Market-driven
- (d) Creative efforts

16. The idea field which is depicted in the sentence: 'Deliveries will be carried out using drones and virtual reality will be used as a sales channel' is: 1

- (a) Natural resources
- (b) Service-related
- (c) Market-driven
- (d) Creative efforts

17. From the following, which form of business organisation is best suited for owning and managing shopping malls? 1

- (a) Sole proprietorship
- (b) Partnership firm
- (c) Joint stock company
- (d) Both (a) and (c)

18. From the following, identify the element of macro environment that would play a dominant role in the transformation of shopping malls in future. 1

- (a) Economic
- (b) Social
- (c) Technological
- (d) Legal

**SECTION - B**

19. (a) Given the meaning of 'Implied Authority' and 'Mutual Agency' as characteristics of a partnership form of business organisation. 2

OR

- (b) State any two characteristics of partnership which overcome the inherent limitations of sole proprietorship form of business organisation. 2
20. Merger between 'Larsen and Toubro (L&T)' with key business area in construction engineering and manufacturing critical equipments and 'Voltas Limited', an Indian multinational electronics company specialized in manufacturing home appliances, whose business fields are totally unrelated, has taken place. Identify and explain the type of merger between 'Larsen and Toubro (L & T)' and 'Voltas Limited'. 2
21. Read the following newspaper article and identify and explain the two elements of PESTEL model which have been presented in this article: 2

A popular brand of mobile phones has used repurposed fishing nets in its latest model of smartphones. Fishing nets are made of Nylon which has the basic property of adsorbing moisture and water. Use of this material would make the phones waterproof and dust resistant. Every year around 6,40,000 tonnes fishing nets end up in oceans, posing a serious threat to the marine ecosystem.

According to the Managing Director, Research and Development Department, they are working to replace fossil-based raw materials with bio-based raw materials which are renewable. The company has been researching and developing sustainable materials.

22. (a) Explain 'SWOT analysis' as a step in preparing a marketing plan. 2

OR

- (b) 'Preparing a good business plan can't guarantee success, but it can go a long way towards reducing the odds of failure.' Justify this statement by giving any two points. 2
23. Identify the term that is used to identify the products of one firm and differentiate them from those of the competitors. Also, explain the term. 2
24. (a) The decision of 'going public' by a company is considered to be a complex decision that requires careful consideration and planning as it requires additional obligations and reporting requirements. State any two such obligations and reporting requirements. 2

OR

- (b) Why are capital markets regarded as 'financial intermediaries'? State. 2

**SECTION - C**

25. Kartik works as a production analyst at 'Shree Tyres'. During the board meeting for the financial year 2022-23, the target production of tyres for the year was decided at 6 lakh units. The Managing Director of the company asked Kartik to prepare a blueprint in advance and 'work your plan'. He also added that this blueprint will ensure orderly flow of materials in the manufacturing process from the beginning to the end.

Identify and explain the component of 'Business Plan' being discussed by the Managing Director. 3

26. (a) State by giving any three points how direct channel of distribution is helpful to producers. 3

OR

- (b) What is meant by a 'Sales Strategy'? State how a successful sales strategy helps the sales force? 3
27. 'Pretty You' is an established brand in the salon and makeover industry. It is currently operating in Delhi with a network of 5 branches. 3

It now wants to make its presence known in different cities of North India and gradually would be establishing its identity throughout the country.

For this, the company decides to give exclusive right to independent retailers to take advantage of the brand "Pretty You" in return for their payment of royalties and conformance to standardized operating procedures.

Identify and explain the form of expansion discussed above.

28. 'Ability to perceive and preserve basic ideas' is an important factor involved in the process of sensing opportunities. Identify and state any three sources that lead to emergence of these basic ideas. 3

29. (a) Give the meaning of 'cash conversion cycle'. How does the nature of business influence its cash conversion cycle? Explain with the help of a diagram. 3

OR

- (b) 'Angle Investment' not only brings in funds but also an invaluable mentor to the business. 3  
In the light of the statement state any three features of angle investors.

### SECTION - D

30. (a) 'Mergers and Acquisitions' are inspired by a desire to diversify or achieve higher growth rate due to varied reasons. Explain any five such reasons of mergers and acquisitions. 5

OR

- (b) Given the meaning of 'Skimming method of pricing'. State any two advantages and two disadvantages of this method of pricing. 5

31. Given the meaning of 'Venture Capital'. Entrepreneurs can seek ventures capital to assist various stages in the company's development. Explain 'Seed Capital stage' and 'Pre-start-up and Start-up stage' of financing by venture capitalists. 5

32. (a) What is meant by innovation? Explain the elements in the innovation process. 5

OR

- (b) Why is trend spotting important for the success of any business? Explain the four ways in which an entrepreneur spots trends. 5

33. The Covid-19 pandemic has ushered an era of new business opportunities for many businesses. 5

Rajat, an entrepreneur, designed a unique N-95 face mask which would not only filter the air inhaled but also change its colour when the mask is no longer good for use. Not only this, it would also send an alert in case the user of the mask comes in contract with any virus in the air. The idea sounds good and marketable, but Rajat needs to impress the investors to fund his idea. Rajat prepared a three-minute summary of the business plan executive summary to awaken the interest of the potential founders, customers or strategic partners.

- (a) Given the meaning of 'business plan' and identify the format of business plan used by Rajat.

- (b) Explain three formats of business plan other than the one identified in (a) above.

34. 'Baked Delight Ltd.' is a well known name in breads and bakery products. It has diversified into flavoured fox nuts popcorn. The two were introduced as smart, snacking options for health and diet conscious people. To start with, both will be sold in a standard packing of 50 gm. each. Fixed cost for these will be ₹ 1,00,000. Sale price and variable cost per unit is as follows:

Paticulars	Classic salted Fox nuts	Caramel salted Popcorn
Sale price per unit (₹)	120	80
Variable cost per unit (₹)	70	30
Sales mix percentage (%)	40	60

From the given information, calculate break-even points in units and rupees.

5

# Answers

## SECTION - A

- Option (b) is correct**
- Option (b) is correct**  
*Explanation:* it targets identified small groups.
- Option (c) is correct**  
*Explanation: Return on equity* - The return on equity is a measure of the profitability of a business in relation to the equity. Because shareholder's equity can be calculated by taking all assets and subtracting all liabilities, ROE can also be thought of as a return on assets minus liabilities.  
**Return on investment** - Return is a profit on an investment. It comprises any change in value of the investment, and/or cash flows which the investor receives from that investment, such as interest payments, coupons, cash dividends, stock dividends or the payoff from a derivative or structured product.
- Option (b) is correct**  
*Explanation: vertical merger* A vertical merger occurs when two or more firms, operating at different levels within an industry's supply chain, merge operations. Most often the logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.
- Option (a) is correct**
- Option (b) is correct**  
*Explanation:* Penetration pricing strategy works on the expectations that customers will switch to the new brand because of the lower price.
- Option (b) is correct**  
*Explanation:* Circulating Capital or Gross Working Capital = Total Current Assets  
= Stock + Debtors + Cash + Short-term Investments  
= 60,000 + 55,000 + 65,000 + 20,000  
= Rs. 2,00,000
- Option (b) is correct**  
*Explanation: (i) Aim:* What is the primary purpose of the advertisement? Is it to inform, sell, produce listings or improve the image of the business?  
**(ii) Target:** Who is the target? From which sector of the public are we trying to achieve a response? For example, is it male, female?
- Option (c) is correct**  
*Explanation:*  $50,000/2,00,000 * 100 = 25\%$
- Option (b) is correct**  
*Explanation:* A problem is a roadblock in a situation, something that sets up a conflict and forces you to find a solution. When an entrepreneur identifies such a road block, he/she is said to have identified the problem.

- Option (d) is correct.**  
*Explanation:* Private placement means the direct sale by a company of its securities to a limited number of sophisticated investors.
- Option (c) is correct.**  
*Explanation:* A backflip acquisition is usually opted by the acquiring company to expand and simultaneously revamp the image. A acquired company that has a wider customer base, stronger structure and better recognition than the acquiring company. Due to this, acquired company becomes holding company and acquiring becomes subsidiary company.
- Option (a) is correct**  
*Explanation:* The break-even point is the point at which total cost and total revenue are equal, meaning there is no loss or gain for your small business.
- Option (c) is correct**
- Option (b) is correct**
- Option (d) is correct**
- Option (b) is correct**
- Option (c) is correct**

## SECTION - B

- (a) Implied Authority:** There is an implied authority that any partner can act on behalf of the firm. The firm stands bound by the acts of partners.  
**Mutual Agency:** The business of partnership can be carried on by all the partners or any one of them acting for all. Thus, every partner is principal as well as agent of other partners and of the firm.  
**OR**
- (b) (i) Managerial skills:** One person may not have the competence to look after every function. In partnership, there are a number of partners who can take care of different functions. So it may be better to form partnerships instead of ignoring certain areas. A partnership concern has better management talent compared to a sole proprietorship.
- (ii) Diversified risk:** In a sole proprietorship business, all the risks are borne by a single person. In a partnership, there are several persons (partners) who share the risk. The partners share the risk in their profit shares. Fear of risk can also bring entrepreneurs together to form a partnership concern.

**SECTION - C**

- 20 A conglomerate merger is a merger between firms that are involved in totally unrelated business activities. These mergers typically occur between firms within different industries or firms located in different geographical locations.
- 21 **Technological environment** - Technological environment refers to the changes in the output, production methods, use of equipment and quality of the product. It includes force related to scientific innovations and improvements in products as well as production technology.  
**Ecological environment** - The physical conditions in the environment also have an impact on how businesses conduct themselves. Environmental factors like climate change, natural disasters and pollution levels can affect the supply chain or increase costs for raw materials.
22. **SWOT Analysis:** A SWOT analysis helps you identify. Strengths, Weakness, Opportunities and Threats for a specific project or your overall business plan to ensure success. It's used for strategic planning and to stay ahead of market trends.  
**OR**  
 The business plan is valuable to the entrepreneur, potential investors, venture capitalists, banks, financial institutions, new personnel's suppliers, customers, advisors and others who are trying to familiarize themselves with the venture, its goals, and objectives.  
 The business plan –  
 (a) helps in determining the viability of the venture in a designated market  
 (b) helps in providing guidance to the entrepreneur in organizing his/her planning activities as such:  
 (i) identifying the resources required  
 (ii) enabling obtaining of licenses if required etc.  
 (iii) working out with legal requirements as desired by the government. **(Any two)**
23. The concept mentioned above is 'BRANDING'. Branding is a process of giving a name, sign or a symbol referring to the product to distinguish it from products of similar nature.
24. **While there are benefits to going public, it also means additional obligations and reporting requirements such as:**  
 (a) Increasing accountability to public shareholders.  
 (b) Need to maintain dividend and profit growth trends.  
**OR**  
 (b) The role of transferring financial resources from the surplus units to the deficit units is what is referred to as "Financial Intermediation". Capital markets play a very vital role of a financial intermediary.  
 A capital market act as an organized mechanism meant for effective and smooth transfer of money, capital or financial resources from the investors to the entrepreneurs . Here, productive capital is raised and made available for industrial purposes.
25. (i) **Operational Plan**  
 The operational plan organizes for the movement of material, performance of machines and operations of labour, however sub-divided, into a defined direction, co-ordinating for the desired manufacturing results in terms of:  
 a) Quantity      b) Quality  
 c) Time          d) Place and  
 e) Cost
26. (a) **Producer-Customer (Direct Channel - Zero level):**  
 1. It is fast and economical channel of distribution.  
 2. The producer or entrepreneur performs all the marketing activities himself and has full control over distribution.  
 3. It allows companies to collect feedback from their customers directly, which can be used to improve the products and services offered by the company.  
**OR**  
 (b) A sales strategy consists of a plan that positions a company's brand or product to gain a competitive advantage. Successful strategies help the sales force focus on target market customers and communicate with them in relevant and meaningful ways. Sales representatives need to know how their products or services can solve customer's problems. A successful sales strategy conveys this so that the sales force spends time targeting the correct customers at the right time.
27. The expansion strategy used is Franchise Opportunity.  
 These types of Franchises provide an organization with the right to manufacture a product or sell a product to the public, using the Franchisor's name and trademark.
28. 'Ability to perceive and preserve basic ideas' is an important factor in sensing opportunities. Spotting an idea often triggers the process of sensing an opportunity.  
 The following are the various sources which lead to the emergence of basic ideas:  
 (i) **Problems:** When a problem exists, an idea leads to a solution, which emerges as a business opportunity.  
 (ii) **Change:** A change in social, legal, technological aspects, etc. leads to new opportunities in starting a business.  
 (iii) **Inventions:** New products or services lead to new business opportunities.  
 (iv) **Competition:** Competition often results in emergence of new and better ideas that result in new business opportunities.  
 (v) **Innovation:** Creating new things of value as well as new and creative processes that add value to the existing products or services. For example, computers to tablets. **(Any three)**

29. (a) Operating cycle or cash conversion cycle is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable.

Different products will have different operating cycles. If the conversion takes longer then the cycle will be longer. For trading, where there is no manufacturing (or conversion),



the operating cycle will be shorter. Longer the operating cycle, working capital quantum is more; shorter the cycle, less working capital is needed.

Following two diagrams show the composition of operating cycles for trading operation and manufacturing operations respectively.



OR

(b) **Features of Angel investors**

1. The Angel Investors provide cash to kick the enterprise to next stage or to start up the enterprise.
2. They also provide mentoring service with their experiences and since their money is involved they will already seek success of the business.
3. They invest in early stage companies using a high-risk, high return matrix usually in exchange for convertible debt or ownership equity.

**SECTION - D**

30 (a) **Reasons of mergers and acquisitions:**

1. **Synergy:** Synergy 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.

For example, if firms A and B merge and the value of the combined entity— $V(AB)$ —is expected to be greater than  $(VA+VB)$ , the sum of the independent values of A and B, the combined entity is said to be benefitting through synergy.

2. **Acquiring new technology:** To remain competitive, companies need to constantly upgrade their technology and business applications. To upgrade technology, a company need not always acquire technology. By buying another company with unique technology, the buying company can maintain or develop a competitive edge. For example is a merger (a) Logistics company such as a land transport entity with an air-line cargo company. (b) Blackberry and Treo which can incorporate

cell phone capability and e-mail connectivity in one device; palm pilots and tablet laptops can provide benefits to both the entities.

3. **Improved profitability:** Companies explore the possibilities of a merger when they anticipate that it will improve their profitability. For example, European Media Group Betelsmann, Pearson, and others have driven their growth by expanding into the US through M&As.
4. **Acquiring a competency:** Companies also opt for M&As to acquire a competency or capability that they do not have and which the other firm does. For example, (a) the ICICI ITC alliance made the retailer network and depositor base available to the merging entity, (b) IBM merged with Daksh for acquiring competencies that the latter possessed.
5. **Entry into new markets:** Mergers are often looked upon as a tool for hassle-free entry into new markets. Under normal conditions, a company can enter a new market, but may have to face stiff competition from the existing companies and may have to battle out for a share in the existing market. However, if the merger route is adopted, one can enter the market with greater ease and avoid too much competition. For example, the merger of Orange, Hutch, and Vodafone took place to achieve this objective.

OR

- (b) In case of Skimming price, goods are sold at higher prices so that fewer sales are needed to break even.

**Advantages:**

- (i) Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product.



- (ii) 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.

**Disadvantages: (Any two)**

- (i) This strategy can backfire if there are close competitors.
- (ii) Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights.
- (iii) 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.
31. Venture capital is an equity based investment in a growth oriented small to medium business to enable the investors to accomplish objectives, in return for minority shareholding in the business on irrevocable right to acquire.

**Seed capital stage :** It refers to the capital required by an entrepreneur for conducting research at pre-commercialization stage. During this stage, the entrepreneur has to convince the investor (venture capitalist) why his ideal product is worth while.

**Pre-startup stage:** This stage is also termed the discovery stage or the identification stage. This is an especially important stage, especially for SaaS startups. This is the stage where you identify an existing problem and understand how your product or service solves the problem. This is the point where you do a lot of research and try to understand different perceptions about the problem.

**Start up stage:** If the idea/product/ process is qualified for further investigation and/or investment, the process will go to the second stage. This is called the startup stage.

32. (a) Innovation is a process of translating a useful idea into an application which has commercial value.
- Elements of innovation are enlisted below :
- (i) Analytical Planning: Carefully identifying the product or service features, design as well as the resources that will be needed.
- (ii) Resources Organization: Obtaining the required resources, materials, technology, human or capital resources.
- (iii) Implementation: Applying the resources in order to accomplish the plans and delivering results.
- (iv) Commercial application: The provision of providing value to customers, to reward employees and to satisfy the stake holders.

OR

- (b) A trend, simply put, is when a method, idea or concept goes from inception to mainstream adoption. Trendspotting lets you see trends before they happen and get ahead of your competitors by taking advantage of opportunities before others.

Various ways in which an entrepreneur spot trends are:

- (i) **Read trends:** Entrepreneurs regularly read the leading publications and websites

affecting their business. This could include industry publications, trade association sites, major newspapers, key business magazines, thought leaders and influential bloggers.

- (ii) **Talk trends:** Entrepreneurs get involved in specific industry's trade association and in attending events and in talking to customers both online and offline. They also take advantage of social networking tools like LinkedIn and Facebook.
- (iii) **Watch trends:** Entrepreneurs make it a point to regularly go where their target customers hang out. The entrepreneur spends some time simply watching and observing what people eat, doing, wearing, using etc.,
- (iv) **Think trends:** As entrepreneurs absorb and mull about what they've read, heard and observed they'll start making connections and observations that will lead to business boosting insights.

- 33 (a) Business Plan is a comprehensively written down document prepared by an entrepreneur, describing formally all the relevant external and internal elements involved in starting a new venture.

It's a formal statement of a set of business goals  
**Format of Business Plan used by Rajat:**  
 Elevator Pitch

**Other formats of Business Plan:**

- (i) **A pitch deck with oral narrative :** A hopeful, entertaining slide show and oral narrative that is meant to trigger discussion and interest of 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.
- (ii) **A written presentation for external stakeholders:** A detailed, well written, and pleasingly formatted plan targeted at external stakeholders.
- (iii) **An internal operational plan :** A detailed plan describing planning details that are needed by management but may not be of interest to external stakeholders.

34. Contribution = Sales Price Per Unit – Variable Cost Per Unit

Classic salted =  $120 - 70 = 50$

Caremal salted =  $80 - 30 = 50$

Weighted average contribution

Classic salted =  $50 * 40\% = 20rs$

Caremal salted =  $50 * 60\% = 30rs$

Break even point in units =  $1,00,000 / 50 = 2,000$  units

Classic salted =  $2,000 * 40\% = 800$  units

Caremal salted =  $2,000 * 60\% = 1,200$  units

Break even point in rupees

Classic salted =  $800 * 120 = 96,0000$  rs

Caremal salted =  $1200 * 80 = 96,000$  rs