

# CUET (UG) Exam Paper 2023

National Testing Agency

Held on 29<sup>th</sup> May 2023

**ENTREPRENEURSHIP**

**Solved**

*(This includes Questions pertaining to Domain Specific Subject only)*

Max. Marks : 200

Time allowed : 45 Minutes

## General Instructions:

- (i) This paper consists of 50 MCQs, attempt any 40 out of 50 .
- (ii) Correct answer or the most appropriate answer: Five marks (+5) .
- (iii) Any incorrect option marked will be given minus one mark (- 1) .
- (iv) Unanswered/Marked for Review will be given no mark (0) .
- (v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options .
- (vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question .
- (vii) If none of the options is found correct or a Question is found to be wrong or a Question is dropped then all candidates who have appeared will be given five marks (+5).
- (viii) Calculator / any electronic gadgets are not permitted.

1. Select the correct option related to hostile acquisition.

- A. Acquisition under friendly term
- B. Entire process is done by force
- C. A public company takes over private company
- D. Purchasing company becomes a subsidiary of purchased company
- E. Smaller company is either driven to such a condition that it has no option but to say yes

Choose the correct answer from the options given below:

- (1) A and C only                      (2) C and D only
- (3) B and E only                      (4) D and E only

Ans. Option (3) is correct.

**Explanation:** There are four types of acquisitions. The entire process of hostile acquisition is done by force. The smaller company is either driven to such a condition that they are left with no other option but to say yes to the acquisition to save themselves or the bigger company buys off all the shares and establish their majority over the company.

2. Car : Honda ..... : Brand Name.

- (1) Brand Mark                      (2) Trade Mark
- (3) Generic Name                      (4) Logo

Ans. Option (3) is correct.

**Explanation:** Generic Name signifies the general benefit that the product offers. It specifies the core benefits that the product offers. Car is a generic name as all the four wheelers with motors that can be used for transportation by people is referred to as a car. Honda on the other side is a Brand name that is given only to a particular variety of cars.

3. Identify the element of marketing mix that is related to informing the consumer about the availability of a product.

- (1) Product                              (2) Price
- (3) Place                                (4) Promotion

Ans. Option (4) is correct.

**Explanation:** Promotion refers to the method of spreading the word about the product or service to the consumers, stakeholders and to the public.

4. The soul of the business plan is:

- (1) Organisational plan              (2) Operational plan
- (3) Production Plan                (4) Financial plan

Ans. Option (2) is correct.

**Explanation:** The operational plan is called the soul of a business plan as it organises the movement of material, performance of machines and operations of labour. It helps in the smooth and coordinated flow of work.

5. Costs involved with receipt of goods & inspection of goods is known as :

- (1) Purchased cost of inventory
- (2) Ordering cost
- (3) Holding cost
- (4) Economic Order Quantity

Ans. Option (2) is correct.

**Explanation:** There are two types of costs- Ordering and Carrying cost. Ordering cost involves the paperwork for placing order, receiving, inspection, warehouse handling etc. Carrying cost includes cost of money tied up with interest, space cost, insurance etc. Hence, the cost involved with receipt of goods and inspection of goods is known as ordering cost.

6. Name the component which is NOT a part of sales strategy.
- (1) Product placement
  - (2) Testimonials
  - (3) Core selling strategies
  - (4) Distribution

Ans. Option (4) is correct.

**Explanation:** A sales strategy is a plan which is designed for positioning a company's brand or product to gain a competitive advantage. The four components of a sales strategy are- Product placement, Promotion, Testimonial and Core selling strategy. Distribution is not a part of the sales strategy.

7. Select the correct options related to tagline.
- A. Simple but powerful message
  - B. Identifying symbol
  - C. Help to communicate an enterprise's goals
  - D. In the form of questions, statements, exclamations
  - E. Graphic mark

Choose the correct answer from the options given below:

- (1) A, C and D only
- (2) A, B and C only
- (3) C, B and D only
- (4) C, D and E only

Ans. Option (1) is correct.

**Explanation:** Taglines are powerful messages that help in the communication of enterprise's goals, mission, qualities etc. It can be in the form of questions, statements and exclamations. Taglines include a small amount of text which can clarify a thought. It does not include the graphic mark or symbols.

8. Re-arrange the enterprise process steps in a sequential manner.
- A. Creativity ideas
  - B. Project business
  - C. Problem and needs
  - D. Innovation and product
  - E. Opportunity spotting

Choose the correct answer from the options given below:

- (1) C, E, A, D, B
- (2) A, B, C, D, E
- (3) E, D, C, B, A
- (4) C, A, D, E, B

Ans. Option (3) is correct.

**Explanation:** The formation of an enterprise starts with the identification of a problem or needs of the society. This is followed by opportunity spotting which involves analysing the needs and problems which exist in the society. The ideas received from different sources are evaluated to find a creative solution.

This is followed by identification of a product or service through innovation. The last step involves setting up the project and nurturing it to become successful.

9. Environment analysis doesn't involve.
- (1) Collection of data
  - (2) Processing of data
  - (3) Creation of data
  - (4) Forecasting

Ans. Option (3) is correct.

**Explanation:** Environment analysis is the process of analysing the economic and non-economic environment to determine the opportunities and threats for an organisation. It includes collecting the existing data and processing it to forecast the future trends. Creation of data is not a part of environment scanning process.

10. Which of the following is not an element of business opportunity?
- (1) Assured market scope
  - (2) Practicability of the idea
  - (3) Availability of finance
  - (4) Potential for future growth

Ans. Option (3) is correct.

**Explanation:** A business opportunity is a lucrative business idea which can be implemented to create a business, earn profits and ensure future growth. It has five elements:

- (a) Assured scope in the market
- (b) Attractive rate of return on investment
- (c) Practical idea
- (d) Competence of entrepreneur
- (e) Future growth potential

Availability of finance is not a part of business opportunity.

11. Match List I with List II:

List - I		List - II	
(A)	One man, one show	(I)	Hindu Undivided Family
(B)	Artificial person	(II)	Sole proprietorship
(C)	Existence of Ancestral property	(III)	Partnership
(D)	Unlimited Liability	(IV)	Joint stock company

Choose the correct answer from the options given below:

- (1) (A)-(III), (B)-(I), (C)-(II), (D)-(IV)
- (2) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
- (3) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
- (4) (A)-(IV), (B)-(II), (C)-(III), (D)-(I)

Ans. Option (3) is correct.

**Explanation:** There are different types of business organisations.

- i. **Under sole proprietorship**, there is a single individual who manages the entire organisation. He is the sole bearer of all the losses and enjoys all the profits.
- ii. A **joint stock company** is an artificial person as it is created by law. It has no body or conscience but can enter into contract in its name, can sue and can be sued.
- iii. A **partnership** is an association of two or more people to carry on the business and share the profits and losses. The partners have unlimited liability.
- iv. **Hindu Undivided family** is a form of organisation which is owned, managed and controlled by the male members of a joint Hindu family. The conditions for its formation includes having minimum two members and existence of some ancestral property.

12. .... is a paid form of communication designed to persuade potential customers to choose the product or service over that of a competitor.

- (1) Advertising
- (2) Personal selling
- (3) Sales promotion
- (4) Public relations

Ans. Option (1) is correct.

**Explanation:** Advertising is a paid form of communication which is designed to persuade the potential customers to choose the product or service over competitors. It aims to make the product popular and known by the public.

13. Select the correct option for idea germination:

- (1) It is the subconscious assimilation of information
- (2) It is seeding stage of a new idea
- (3) The idea resurfaces in realistic way
- (4) Testing age

Ans. Option (2) is correct.

**Explanation:** Idea germination is the seeding stage of a new idea. In this stage, the entrepreneur recognise that an opportunity exists.

14. In B.E.P (break-even point ), contribution (C) is calculated as:

- (1) Fixed cost + Variable Cost
- (2) Fixed cost – Variable Cost
- (3) Sales Price – Variable Cost
- (4) Sales Price + Variable Cost

Ans. Option (3) is correct.

**Explanation:** Break-even point is that level of volume of production where a firm neither makes a profit nor a loss.

$$\text{Contribution} = \text{Sales Price} - \text{Variable Cost}$$

15. Identify the elements of method of Negotiation.

- (1) Integrative, distribution, inductive, commission
- (2) Distributive, Inductive, deductive, mixed
- (3) Corporate entertainment, mixed, inductive, deductive
- (4) Bonus stock, integrative, mixed, inductive

Ans. Option (1) is correct.

**Explanation:** Negotiation is the process where two or more parties having different needs and goals discuss an issue to find mutually acceptable solutions. The different methods of negotiation are- Integrative, Distributive, Inductive, Deductive and Mixed.

16. Gross Margin is equal to:

- (1) Cost + Sales Revenue
- (2) Profit before tax – Expenses
- (3) Sales Revenue – Cost
- (4) Sales Revenue – Profit before Tax

Ans. Option (3) is correct.

**Explanation:** Gross Margin or gross profit is calculated as the difference between the sales revenue and the costs incurred.

$$\text{Gross Margin} = \text{Sales Revenue} - \text{cost}$$

17. Money needed to fund the normal day to day operations of a business is :

- (1) Working Capital
- (2) Shareholders funds
- (3) Depreciation
- (4) Interest

Ans. Option (1) is correct.

**Explanation:** The money needed to fund the normal day-to-day operations of a business is known as the working capital. It includes the money required to pay the debts and normal expenses of the business which arises in the day-to-day functioning of the business.

18. Identify the three key elements of financial management process.

- (1) Financial planning, Financial control, Financial diversion activity
- (2) Financial Opportunity, Financial strength, Financial values
- (3) Internal control, audit, internal check
- (4) Accounting, Book keeping, Record maintaining

Ans. Option (1) is correct.

**Explanation:** Financial management refers to the planning, organising, directing and controlling of the financial activities of business. It involves procurement and utilization of funds. The three key elements of financial management are: Financial planning, Financial control and Financial decision making.

19. Match List I with List II:

List - I		List - II	
(A)	Cash conversion cycle	(I)	Total Current Assets
(B)	Gross working capital	(II)	Current Assets
(C)	Stock	(III)	Current Liabilities
(D)	Trade creditors	(IV)	Time required to turn purchase into cash receipts from customers

Choose the correct answer from the options given below:

- (1) (A)-(IV), (B)-(I), (C)-(III), (D)-(II)
- (2) (A)-(I), (B)-(IV), (C)-(II), (D)-(III)
- (3) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
- (4) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)

Ans. Option (3) is correct.

**Explanation:**

- (a) Cash conversion cycle refers to the length of time between the purchase of inventory and receipt of cash from the accounts receivables.
- (b) Gross working capital is the sum total of all the current assets of the business.
- (c) Stock refers to the goods lying unsold in the inventory. It is an example of current asset.
- (d) Trade creditors is an example of current liabilities of the business.

20. Match List I with List II:

List - I Market Type		List - II Definition	
(A)	Capital market	(I)	A market where investors buy and sell securities which they already own
(B)	Angel investor	(II)	A place where savings and investments are channeled between the people who have capital and who are in need of capital
(C)	Secondary Market	(III)	A market where securities are created and first issues
(D)	Primary Market	(IV)	A private investor who provides finances to small start-ups and entrepreneurs ownership equity in the company

Choose the correct answer from the options given below:

- (1) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)

- (2) (A)-(II), (B)-(I), (C)-(III), (D)-(IV)
- (3) (A)-(IV), (B)-(I), (C)-(III), (D)-(II)
- (4) (A)-(III), (B)-(IV), (C)-(II), (D)-(I)

Ans. Option (1) is correct.

**Explanation:**

- (a) Capital market is an organised mechanism for smooth flow of capital from the investors to the entrepreneurs.
- (b) Angel investors are the affluent individuals who provide capital for business at the start-up stage.
- (c) Secondary market is the market for buying and selling securities.
- (d) Primary market is the new issue market where the securities are issued for the first time.

21. Match List I with List II:

List - I		List - II	
(A)	Friendly Acquisition	(I)	The purchasing company becomes a subsidiary of the purchased company
(B)	Hostile Acquisition	(II)	The entire process is done by force
(C)	Reverse Acquisition	(III)	A private company takes over public company
(D)	Back flip acquisition	(IV)	Both the companies approve of the acquisition under friendly terms. No to forceful acquisition

Choose the correct answer from the options given below:

- (1) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
- (2) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
- (3) (A)-(IV), (B)-(II), (C)-(III), (D)-(I)
- (4) (A)-(IV), (B)-(I), (C)-(III), (D)-(II)

Ans. Option (3) is correct.

**Explanation:**

- (a) A friendly acquisition is the one where both the companies approve of the acquisition on friendly terms in a cordial manner.
- (b) Hostile acquisition is done by force.
- (c) Reverse acquisition happens when a private company takes over a public company.
- (d) Back flip acquisition is a rare case of acquisition in which the purchasing company becomes a subsidiary of the purchased company.

22. Calculate the net income from the following data.

Sales ₹ 2,00,000

Variable cost Ratio 90%

Variable cost ₹ 1,80,000

Fixed cost ₹ 20,000

(1) 20,000

(2) 0



- (3) 10,000                      (4) 1,60,000

**Ans. Option (2) is correct.**

**Explanation:**

Sales = 2,00,000  
 (-Less) Variable cost = 1,80,000  
 Contribution = 2,00,000 - 1,80,000 = 20,000  
 (-Less) Fixed cost = 20,000  
 Net Income = 0

- 23.** Rajat is manufacturing sweets, later he merged his business with a dairy farm so that it would become cheaper to obtain milk for manufacturing sweets. Identify the type of merger.
- (1) Conglomerate
  - (2) Horizontal Merger
  - (3) Vertical Merger
  - (4) Product Extension

**Ans. Option (3) is correct.**

**Explanation:** This is a case of vertical merger as in this merger, two companies producing different goods or services for one specific finished product merge into one company. The logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.

- 24.** The term is used to describe the combination of the four inputs which constitute the core of a company's marketing system. Select the correct term:
- (1) Marketing mix                      (2) Branding
  - (3) Product                              (4) Packaging

**Ans. Option (1) is correct.**

**Explanation:** Marketing mix is the combination of 4P's- Product, Price, Place and Promotion which constitutes the entire marketing process.

- 25.** A restaurant in New Delhi is famous for its South Indian food. Everyday, they have a good number of clients who are fond of South-Indian food. Now, it is planning to add Italian and Mexican dishes to its menu list. By adding to the product line, business can get a new direction by increasing sales. Identify the source of idea fields considered in this case.
- (1) Market driven or demand driven ideas
  - (2) Existing products or services
  - (3) Trading related ideas
  - (4) Creative efforts

**Ans. Option (4) is correct.**

**Explanation:** A good business idea combines the skills and imagination with market demand. There is always a consistent effort on the part of all entrepreneurs to improve the products and services which are already existing in the markets.

- 26.** Arrange the following in sequence for operating cycle of manufacturing business.

- A. Work in progress
- B. Raw material
- C. Sales
- D. Finished goods

**Choose the correct answer from the options given below:**

- (1) (A), (B), (C), (D)                      (2) (B), (A), (D), (C)
- (3) (D), (B), (A), (C)                      (4) (A), (C), (B), (D)

**Ans. Option (2) is correct.**

**Explanation:** The duration between buying the raw material and receiving the cash from the customer is called the Operating Cycle. The correct sequence therefore will be- Raw material- Work-in-progress- Finished goods and sales.

- 27.** The entrepreneurship environment refers to the micro and macro level that influence the working of the organisation. Identify the micro level components.

- A. Political
- B. Customers
- C. Law
- D. Competitors
- E. Society

**Choose the correct answer from the options given below:**

- (1) (B) and (D) only                      (2) (A) and (B) only
- (3) (B) and (C) only                      (4) (A) and (E) only

**Ans. Option (1) is correct.**

**Explanation:** The micro level of business comprises of customers and competitors. It consists of factors which are internal to the business organisation. Political, Law and society are part of the macro business environment.

- 28.** Creativity process occurs in the following sequence.

- A. Illumination
- B. Preparation
- C. Verification
- D. Idea generation
- E. Incubation

**Choose the correct answer from the options given below:**

- (1) (B), (A), (D), (C), (E)
- (2) (D), (B), (E), (A), (C)
- (3) (B), (D), (A), (E), (C)
- (4) (A), (C), (D), (B), (E)

**Ans. Option (2) is correct.**

**Explanation:** The process of creativity involves five steps: 1. Idea germination, 2. Preparation, 3. Incubation, 4. Illumination and 5. Verification.

29. Identify the correct sequence for an effective advertising strategy:

A. Action  
C. Desire

B. Interest  
D. Attention

Choose the correct answer from the options given below:

- (1) (D), (B), (C), (A)      (2) (A), (B), (C), (D)  
(3) (B), (A), (C), (D)      (4) (B), (A), (D), (C)

Ans. Option (1) is correct.

**Explanation:** An effective advertising strategy brings four responses:

A-Attention  
I-Interest  
D-Desire  
A-Action

30. Arrange the following in a sequence for channel distribution.

A. Wholesaler  
C. Customers

B. Retailer  
D. Producer

Choose the correct answer from the options given below:

- (1) (B), (C), (A), (D)      (2) (C), (D), (A), (B)  
(3) (D), (A), (B), (C)      (4) (A), (C), (D), (B)

Ans. Option (3) is correct.

**Explanation:** Channel of distribution refers to the path along which the goods move from the producers to the consumers. The goods first pass from the manufacturer or the producer to the wholesaler. He then sells the goods in smaller quantities to the retailers and finally the products reaches the consumers.

31. Match List I with List II:

List - I		List - II	
(A)	Detergents	(I)	Godreg
(B)	Pen	(II)	Nirma
(C)	Car	(III)	Parker
(D)	Refrigerator	(IV)	Maruts

Choose the correct answer from the options given below:

- (1) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)  
(2) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)  
(3) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)  
(4) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)

Ans. Option (2) is correct.

**Explanation:** It involves the matching of products and their brand names. Nirma is a detergent, Parker is a pen, Maruti is a brand of cars and Godrej is a brand of refrigerator.

32. Identify the advantage of franchising to the franchisee.

A Product acceptance

B. Management expertise  
C. Capital requirement  
D. Continuing cost implication  
E. Inability to provide services

Choose the correct answer from the options given below :

- (1) (A), (B) and (D) only  
(2) (B), (C) and (D) only  
(3) (C), (D) and (E) only  
(4) (A), (B) and (C) only

Ans. Option (4) is correct.

**Explanation:** Franchising is an arrangement where the manufacturer gives exclusive rights of local distribution to independent retailers in return for payment. It helps in product acceptance by the public as the brand is already established. The franchiser provides management expertise and it saves the capital requirement.

33. Identify the rules while planning any advertising activity.

- (1) Aim, target, media, competitors  
(2) Target, attention, stationary, interest  
(3) Media, interest, desire, action  
(4) Action, media, interest, attention

Ans. Option (1) is correct.

**Explanation:** Advertising is a paid form of communication. The rules to be followed while planning the advertising activity are Aim, target, media and competitors.

34. .... is a marketing approach that permits different rates to be extended to different customers for the same goods services.

- (1) Creaming pricing  
(2) Penetrating pricing  
(3) Cost plus pricing  
(4) Variable price method

Ans. Option (4) is correct.

**Explanation:** Variable price method is a marketing approach where different rates are charged from different customers for the same product. For example: street vendors who sell different products at different prices.

35. Which of the following is not a part of the creativity process?

A. Verification  
B. Implementation  
C. Commercial application  
D. Idea generation  
E. Preparation

Choose the correct answer from the options given below:

- (1) (A) and (E) only
- (2) (B) and (D) only
- (3) (A) and (C) only
- (4) (B) and (C) only

**Ans. Option (4) is correct.**

**Explanation:** The process of creativity involves five steps: 1. Idea germination, 2. Preparation, 3. Incubation, 4. Illumination and 5. Verification.

36. Inspection and shipping are two important elements of an operational plan. Identify the other elements of the operational plan :

- A. Scheduling
- B. Branding
- C. Routing
- D. Follow up
- E. Promotion

**Choose the most appropriate answer from the options given below:**

- (1) (A) and (E) only
- (2) (A), (B) and (C) only
- (3) (A), (D) and (E) only
- (4) (A), (C) and (D) only

**Ans. Option (4) is correct.**

**Explanation:** Operational plan organises for the movement of material, performance of machines and operations of labour in an organisation. The elements of an operational plan are- Routing, Scheduling, Dispatching, Follow-up, Inspection and shipping.

37. Which of the following is NOT a reason for failure of merger and acquisitions?

- (1) High Leverage
- (2) High Efficiency
- (3) Overstated Synergies
- (4) Boardroom Split

**Ans. Option (2) is correct.**

**Explanation:** The end result for a merger and acquisition is not always positive. High efficiency is a benefit one derives from merger and acquisition. It is not a reason for failure.

38. This is the most popular method of raising capital these days by the entrepreneur. This involves raising of funds directly from the public through the issue of prospectus. The above lines refer to.

- (1) Private placement
- (2) Right issue
- (3) Public issue
- (4) Offer to employees

**Ans. Option (3) is correct.**

**Explanation:** Public Issue refers to raising of funds directly from the public through the issue of prospectus. An enterprise going public can raise the required funds commonly by preparing a prospectus.

39. Identify the methods of floatation of new issues in the market.

- A. Public issue
- B. Offer to the employees
- C. Secondary markets
- D. Market trading
- E. Private placement

**Choose the correct answer from the options given below:**

- (1) (A), (B), (E) only
- (2) (A), (B), (C) only
- (3) (A), (B), (D) only
- (4) (A), (C), (E) only

**Ans. Option (1) is correct.**

**Explanation:** Floatation of new issues refers to issue of securities in the primary market. Public issue, Offer to employees and private placement are methods of floatation in new market.

40. Identify the example of an alpha-numeric name:

- (1) i20
- (2) POND'S
- (3) Girl of Amul
- (4) LUX

**Ans. Option (1) is correct.**

**Explanation:** Alpha-numeric name refers to a brand name consisting of both alphabets and numbers.

41. **Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest

₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Identify the format of business plan created by Rajat for the investors.

- (1) Elevator Pitch
- (2) A Pitch deck with oral narrative
- (3) A written presentation for external stake holders
- (4) An internal operational plan

**Ans. Option (3) is correct.**

**Explanation:** The format referred here is a detailed, well written, and pleasingly formatted plan which is targeted at external stakeholders.

**42. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Identify the importance of creating a business plan as aimed by Rajat.

- (1) Determining the viability of the venture
- (2) Providing room for self assessment
- (3) Realise the obstacles which cannot be avoided
- (4) Satisfying the queries and issues of the investors

**Ans. Option (4) is correct.**

**Explanation:** The business plan is a comprehensively written down document made by an entrepreneur describing formally all the relevant external and internal elements involved in starting a new venture. Here the aim of Rajat for making a business plan is to satisfy the queries and issues of the investors.

**43. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Identify the component of the business plan under point 'a' of the case study.

- (1) Operational plan
- (2) Marketing plan
- (3) Production plan
- (4) Manpower plan

**Ans. Option (3) is correct.**

**Explanation:** Production plan involves picturing the series of operation that will be followed while manufacturing the products. It aims at planning the work to be done.

**44. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.



- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Identify the component of business plan created by Rajat under point 'b' of the case study.

- (1) Production plan
- (2) Operational plan
- (3) Organisational plan
- (4) Financial plan

**Ans. Option (2) is correct.**

**Explanation:** The operation plan organises for the movement of material, performance of machines and operations of labour in the organisation. Establishing the exact route of each individual item is a part of the operational plan.

**45. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis

for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Deciding the form of business organisation is drafted under which component of a business plan.

- (1) Financial plan
- (2) Man power plan
- (3) Organisational plan
- (4) Marketing plan

**Ans. Option (3) is correct.**

**Explanation:** organisational plan is that part of the business plan that describes the proposed venture's form of ownership. It can be a sole proprietorship, partnership, HUF or Joint stock company.

**46. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Identify the component of business plan, under which the selection procedure of the personnel will be written.

- (1) Financial plan
- (2) Marketing plan
- (3) Production plan
- (4) Man power plan

**Ans. Option (4) is correct.**

**Explanation:** The procurement of right people at the right job and at the right time is a part of manpower planning. The entire selection process of the personnels fall under the manpower plan.

**47. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Which component of business plan will include the SWOT analysis?

- (1) Marketing plan
- (2) Man power plan
- (3) Production plan
- (4) Operational plan

**Ans. Option (1) is correct.**

**Explanation:** A marketing plan needs to consider the strengths and weaknesses of a new venture to ensure its success in the market.

**48. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the

investors know who controls the organisation

- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30 cr after paying taxes.

Rajat prepared the beak-even analysis. Identify the component of the business plan under which he must have done it.

- (1) Marketing plan
- (2) Operational plan
- (3) Financial plan
- (4) Manpower plan

**Ans. Option (3) is correct.**

**Explanation:** A financial plan aims to identify that how the entrepreneur plans to meet the financial obligations and maintain the liquidity to pay off the debts. Break-even analysis is an important part of the financial plan.

**49. Case study**

Rajat was deciding to start his own business. He was busy creating a detailed, well written and pleasing formatted plan to present it to the stakeholder. His aim was to satisfy the concerns, queries and issues of each group. While preparing the business plan he focussed on the following points.

- A. The manufacturing operation that he will follow
- B. Established the exact route of each individual item, part of assembly
- C. He decided the form of business organisation that he needs to set up. This was done so that the investors know who controls the organisation
- D. He also designed the amount of finance required and created the break-even analysis
- E. He drafted the number and type of people required and what will be the selection process
- F. He carefully analysed and did SWOT analysis for the business

Once the plan was drafted Rajat presented it before the team of DM capital. DM capital agreed to invest ₹ 20 cr for 10% share in the company. Rajat invested ₹ 10 cr out of his saving and also borrowed ₹ 20 cr from a bank @10% interest. Rajat started business and at the end of the first year earned a profit of ₹ 30



## Writing Your Notes

**Just in case you have forgotten today, takedown your notes!**

**But why is it so important?**

Tools for the hands are tools for the brain writes Hetty Roessingh.

Handwritten notes are a powerful tool for encrypting embodied cognition and in turn supporting the brain's capacity for recuperation of information. If that sounds so scientific then in simple words:

Writing notes by hand help you in:

- ◆ Increasing your comprehension
- ◆ Strengthening your memory
- ◆ Igniting your creativity
- ◆ Engaging your mind
- ◆ Increasing your attention span

Are these reasons enough to get you started?

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....
8. ....
9. ....
10. ....
11. ....
12. ....
13. ....
14. ....
15. ....
16. ....
17. ....
18. ....
19. ....
20. ....