



**INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION
ENTREPRENEURSHIP (066)**

CLASS: XII

Max. Marks: 70

MARKING SCHEME

SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
A	1	Read trends	1
A	2	Market driven	1
A	3	Identification of product/service	1
A	4	Helps to identify opportunities and getting first mover advantages	1
A	5	Preparation	1
A	6	a. Indirect channel b. Direct channel	$\frac{1}{2} + \frac{1}{2}$
A	7	Consumer Promotion OR Promotion mix	1
A	8	It is a legal document that binds the franchisor and franchisee together. It explains what the franchisor expects from the franchisee in running the business.	1
A	9	Mutual Agency	1
A	10	Skimming pricing Penetration pricing	$\frac{1}{2} + \frac{1}{2}$
A	11	Business format franchise	1
A	12	IPR are the rights granted to the owners to a variety of intangible assets. It helps in protecting this creativity from being copied by others.	1
A	13	Manpower plan	1
A	14	a. Where the producer or entrepreneur wants to have full control over	1

		<p>distribution.</p> <p>b. when an entrepreneur wants to deal directly with the consumers.</p> <p>c. To cut distribution costs.</p>	
A	15	d. it exists in the eyes of law	1
A	16	<p>Logo</p> <p style="text-align: center;">OR</p> <p>Family brand name</p>	1
A	17	True	1
A	18	<p>Direct sales strategy</p> <p>Indirect sales strategy</p> <p style="text-align: center;">OR</p> <p>PAN refers to Permanent Account Number. It is a 10-digit alpha numerical number issued by Income Tax Department. It is required because it enables the department to link all transactions of the enterprise with the department. These transactions include tax payment, return of income, wealth etc.</p>	1+1
A	19	Operating synergy refers to the cost savings that come through economies of scale or increased sales and profits. It leads to the overall growth of the firm. Financial synergy is the direct result of financial factors such as lower taxes, higher debt capacity or better use of idle cash.	2
A	20	Manufacturing franchise opportunity: These types of franchises provide an organization with the right to manufacture a product and sell it to the public, using the franchisor's name and trademark	1+1
A	21	I. b II. c III. d IV. a	$\frac{1}{2}+1/2+1/2+1/2$
A	22	<p>a. News creation and distribution (media releases)</p> <p>b. Special events such as news conferences, grand openings and product launches</p> <p>c. Speeches and presentations</p> <p>d. Educational programs</p>	$\frac{1}{2}+1/2+1/2+1/2$

		<p>e. Annual reports, brochures, newsletters, magazines and AV presentations</p> <p>f. Community activities and sponsorships</p> <p style="text-align: right;">(Any four)</p> <p style="text-align: center;">OR</p> <p>Ambient: Ambient advertising is any type of advertising to target the potential customers outside the home. Examples include the ads that appear behind the utility bills, the ad that appears when the lift door in the shopping mall is closed, displaying the branded coasters at a local club, projections onto the buildings, distribution of branded mugs etc. The scope is as limitless as the imagination.</p> <p>Office front or window display: In this form of advertising, the business office or shop's exterior is very well maintained with clear and bold sign. The windows are maintained bright and attractive and well lit during the night hours. It projects the business logo and stresses on the fact that why their product or service is worth trying. To summarize, it should have very good impact to grab the attention from onlookers.</p>	
A	23	<p>a. Demand</p> <p>b. Supply</p> <p>c. Cost</p> <p>d. Change (with explanation)</p>	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2} + 1$ $/2$
A	24	<p>a. Develop a new product /service</p> <p>b. Improve an existing product/service</p> <p>c. Find a new process /resource for manufacturing a product</p> <p>d. Find new market for existing products/services</p> <p>e. Find a new use of an existing product / service</p>	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2} + 1$ $/2$
A	25	<p>Uses of problem identification</p> <p>a. Bring out new products in the market.</p> <p>b. Understand the problems and needs of the market.</p> <p>c. Be creative</p>	2

		<p>d. Increase employment generation</p> <p>e. Increase national income</p>	
A	26	<p>Financial plan</p> <p>a. It gives the entrepreneur and the investor a clear picture of</p> <p>b. How much funds are required?</p> <p>c. Where will funds come from?</p> <p>d. How they are disbursed?</p> <p>e. The amount of cash available</p> <p>f. Financial well-being of the new venture</p> <p>(Any four)</p>	<p>1+1/2+1/2+1/2+1/2</p>
A	27	<p>a. A market extension merger takes place between two companies that deal in the same products but in separate markets. The main purpose of the market extension merger is to make sure that the merging companies can get access to a bigger market and that ensures a bigger client base.</p> <p>b. Benefits:</p> <p>1. Synergy Synergy is the most essential component of mergers. In mergers, synergy between the participating firms determines the increase in value of the combined entity. In other words, it 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.</p> <p>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.</p> <p>3. Improved profitability Companies explore the possibilities of a merger when they anticipate that it will improve their profitability.</p> <p>4. Acquiring a competency Companies also opt for Merger and Acquisition to acquire a competency or capability that they do not</p>	<p>1+1/2+1/2+1/2+1/2</p>

		<p>have and which the other firm does.</p> <p>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.</p> <p>6. Access to funds Often a company finds it difficult to access funds from the capital market. This weakness deprives the company of funds to pursue its growth objectives effectively. In such cases, a company may decide to merge with another company that is viewed as fund-rich.</p> <p>7. Tax benefits Mergers are also adopted to reduce tax liabilities. By merging with a loss-making entity, a company with a high tax liability can set off the accumulated losses of the target against its profits gaining tax benefits</p> <p style="text-align: right;">(Any 4)</p> <p style="text-align: center;">OR</p> <p>Horizontal merger- a merger occurring between two companies in the same industry</p> <p style="text-align: right;">(with explanation)</p>	
A	28	<p>Idea and opportunity assessment</p> <p>Application and use – It should examine the present use and application of the product. If it all exist in the market we should modify its use.</p> <p>Level of operation – Depending upon the use of the product, the entrepreneur will produce it in cottage , small scale or large scale industry.</p> <p>Cost – Cost of the unit of the product should be identified to fix its sales price.</p> <p>Competition – Market competition should be assessed through a study of trend in demand and supply.</p> <p>Technical complexity – Type of technology require to produce the product, training and application of such technology, supply of such technology should be identified.</p> <p>Annual turnover and profit – Ideas should also to be examined on the basis of expected annual turn over</p> <p style="text-align: right;">(Any 3)</p>	1+1+1

A	29	<p>Above-the-line promotions use mass media methods. This type of promotion focuses on advertising to a large audience. It includes conventional media like print, online, television and cinema advertising. Below-the-line methods are very specific, memorable activities focused on targeted groups of consumers. They are under the control of the organization. The purpose of these activities has been to develop the brand by creating awareness and building a brand profile.</p> <p>Through-the-line refers to an advertising strategy involving both above and below the line communications in which one form of advertising points the target to another form of advertising thereby crossing the "line".</p> <p style="text-align: center;">OR</p> <p>Brand has three components</p> <p>Brand name – That part of a brand which can be vocalised</p> <p>Brand mark- That part of a brand which can be recognized but cannot be vocalized</p> <p>Trademark – That part of brand that is given legal protection against its use by other firms</p>	3
A	30	<p>Variable pricing</p> <p style="text-align: right;">(with explanation)</p> <p>Advantages</p> <ol style="list-style-type: none"> 1. Variable pricing technique helps in increasing profit. 2. Sales can be made during the offseason. 3. Attract new consumers. 	1+1+1+1
A	31	<p>Advantages: (Any two)</p> <p>a. Product acceptance: The franchisee usually enters into a business that has an accepted name, product or service. The franchisee does not have to spend resources trying to establish the credibility of the business. That credibility already exists based on the years the franchise has existed.</p> <p>b. Management expertise Another important advantage to the franchisee is the managerial assistance provided by the franchisor. Each new franchisee is often required to take a training program on all aspects of operating the</p>	1+1+1+1

		<p>franchise. This training could include classes in accounting, personnel management marketing and production.</p> <p>c. Capital requirements Starting a new venture can be costly in terms of both time and money. The franchise offers an opportunity to start a new venture with up-front support that could save the entrepreneur's significant time and possibly capital.</p> <p>d. Knowledge of the market Any established franchise business offers the entrepreneur years of experience offered to the franchisee that details the profile of the target customer and the strategies that should be implemented once the operation has begun. This is particularly important because of regional and local differences in markets.</p> <p>e. Operating and structural controls Two problems that many entrepreneurs have in starting a new venture are maintaining quality control of products and services and establishing effective managerial controls. And this can be overcome with the help of franchising.</p> <p>Disadvantages: (Any two)</p> <p>a. Right and the only way of doing things: Entering into a franchise contract limits the degree of freedom for the franchise. As such, one gets an over-guided and over influenced degree of control exerted by the franchisor. This results in losing the freedom to innovate to some extent.</p> <p>b. Continuing cost implication: Over and above the original franchise fee and royalties, a percentage of revenue gets shared perpetually with the franchisor. The franchisor may also charge additional amounts towards sharing the cost for services provided such as advertising and training.</p> <p>c. Risk of franchisor getting bought: The franchisee faces serious problems and difficulties when the franchisor either fails or gets bought out by another company.</p> <p>d. Inability to provide services: The disadvantages to the franchisee usually centre around the inability of the franchisor to provide services advertising and location. When promises made in the franchise agreement are not kept, the franchisee may be left without any support in important areas.</p>	
A	32	<p>Importance of business plan</p> <p>a. Helps in identifying the viability of the venture in a market</p>	1+1+1+1

		<ul style="list-style-type: none"> b. Identifying the resources required, enabling obtaining of licenses if required, working out with legal requirements c. Helps in satisfying the concerns, queries and issues d. Provides rooms for self-assessment and self-evaluation e. Realize the obstacles which cannot be overcome <p>It reflects the entrepreneur's credit facility and debt paying capacity</p> <p style="text-align: center;">OR</p> <p>The formats of the business plan are: a. Elevator pitch: three minute summary of the business plan. b. A pitch deck with oral narrative: It should be slide show with oral narrative to trigger discussion. c. A written presentation for external stakeholders: a detailed well written formatted plan for external stakeholders only d. An internal operational plan: it is a detailed plan describing the planning details needed by the management.</p>	
A	33	<p>Steps in marketing plan</p> <ul style="list-style-type: none"> a. Business situation analysis b. Identifying the target market c. Conduct SWOT analysis d. Establish goals e. Define marketing strategy f. Implementation and monitoring of the plan <p style="text-align: center;">OR</p> <p>Components of financial plan</p> <ul style="list-style-type: none"> a. Proforma investment decision b. Proforma financing decision c. Proforma balance sheet d. Proforma income statement e. Proforma cash flow. f. Break even analysis g. Economic and social factors <p style="text-align: right;">(Any six with explanation)</p>	1+1+1+1+1+1
A	34	One level -Only retailer as the intermediary between manufacturer and the	1+1/2 x 5

		<p>consumers.</p> <p>a. Number of buyers: If the number of buyers is large then it is better to take the services of middlemen for the distribution of the goods. On the contrary, the distribution should be done by the manufacturer directly if the number of buyers is less.</p> <p>b. Types of buyers: Buyers can be of two types: General Buyers and Industrial Buyers. If more buyers of the product belong to the general category, then there can be more middlemen. But in the case of industrial buyers there can be less middlemen.</p> <p>c. Buying habits: A manufacturer should take the services of middlemen if his financial position does not permit him to sell goods on credit to those consumers who are in the habit of purchasing goods on credit.</p> <p>d. Buying quantity: It is useful for the manufacturer to rely on the services of middlemen if the goods are bought in smaller quantities. e. Size of market: If the market area of the product is scattered fairly, then the producer must take the help of middlemen.</p> <p>e. Size of market: If scattered then indirect channel.</p>	