



INDIAN SCHOOL MUSCAT
HALF YEARLY EXAMINATION
ENTREPRENEURSHIP (066)

CLASS: XII

Max. Marks: 70

MARKING SCHEME

SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
B	1	Talk trends	1
B	2	Skimming pricing Penetration pricing	½+1/2
B	3	Copyright provides protection to creativity of a person related to art and literature. Patent provides protection to inventions of a person.	½+1/2
B	4	Indirect channel Direct channel	½+1/2
B	5	Consumer promotion OR Brand	1
B	6	Technological environment	1
B	7	Private company	1
B	8	Labelling OR Promotion mix	1
B	9	Product franchise business opportunity	1
B	10	Market driven	1
B	11	True	1
B	12	Business Plan, Production Plan	1
B	13	Incubation	1

B	14	<ul style="list-style-type: none"> a. Sole proprietorship b. Company 	1
B	15	<ul style="list-style-type: none"> a. Where the producer or entrepreneur wants to have full control over distribution. b. When an entrepreneur wants to deal directly with the consumers. c. To cut distribution costs. <p style="text-align: right;">(Any one)</p>	1
B	16	Franchising	1
B	17	Strategic positioning	1
B	18	<p>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.</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
B	19	<ul style="list-style-type: none"> a. News creation and distribution (media releases) b. Special events such as news conferences, grand openings and product launches c. Speeches and presentations d. Educational programs e. Annual reports, brochures, newsletters, magazines and AV presentations f. Community activities and sponsorships <p style="text-align: right;">(Any four)</p>	½ X 4
B	20	<p>It helps in assessing:</p> <ul style="list-style-type: none"> a. The minimum level of output to be produced 	1+1

		<p>b. The effect of change in quantity of output upon the profit</p> <p>c. The selling price of the product</p> <p>d. The profitable options in line of production</p> <p style="text-align: center;">OR</p> <p>Break-even analysis is useful for the entrepreneur as it helps in assessing:</p> <p>a. The minimum level of output to be produced.</p> <p>b. The effect of change in quantity of output upon the profits.</p> <p>c. The selling price of the product.</p> <p>d. The profitable options in line of production.</p>	
B	21	<p>Direct sales strategy</p> <p>Indirect sales strategy</p> <p style="text-align: right;">(with explanation)</p>	1+1
B	22	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	2
B	23.	<p>I, b</p> <p>II. c</p> <p>III. d</p> <p>IV.a</p>	$\frac{1}{2} \times 4$
B	24	<p>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>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</p>	1+1

		<p>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 competitive edge.</p> <p>3. Improved profitability Companies explore the possibilities of a merger when they anticipate that it will improve their profitability. 4. Acquiring a competency Companies also opt for Merger and Acquisition to acquire a competency or capability that they do not 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 lossmaking 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`three)</p>	
B	25	<p>Problems- When a problem exists, an idea leads to a solution to resolve that problem, it emerges as a business opportunity.</p> <p>Change- A change in social, legal, technological aspects etc. leads to new opportunities to start a business.</p> <p>Innovation</p> <p style="text-align: center;">OR</p> <p>Environment analysis is the process of monitoring the economic and non-economic environment to determine the opportunities and threats to an organization.</p>	1+1+1

		<p>a. Verbal information from customers, wholesalers etc.</p> <p>b. Records of companies</p> <p>c. Government publications</p> <p>d. Publications by various financial institutions</p> <p>e. Formal studies conducted by strategic planners</p>	
B	26	<p>a. Innovation</p> <p>Analytical planning</p> <p>Resource Organization</p> <p>Implementation</p> <p>Commercial application</p> <p>(Any two with explanation)</p> <p>OR</p> <p>Idea and opportunity assessment</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>	1+1+1
B	27	<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.</p> <p>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</p>	1+1+1

		target to another form of advertising thereby crossing the "line". (Any 4)	
B	28	a. Develop a new product /service b. Improve an existing product/service c. Find a new process /resource for manufacturing a product d. Find new market for existing products/services e. Find a new use of an existing product / service (Any three)	1+1+1
B	29	The benefits of understanding the relevant environment of business are: a. Identification of opportunities to get first mover advantage: By keeping in touch with the changes in the external environment, an enterprise can identify opportunities and find strategies to capitalize on the opportunities at the earliest. b. Formulation of strategies and policies: It helps in identifying threats and opportunities in the market. These can serve as the basis of formulation of strategies to counter threats and capitalize on opportunities in the market. c. Tapping useful resources: If the company has a thorough knowledge of the external environment, it can tap raw materials, technology and even financial resources from the market at economical prices, at the right time. d. Better performance: Proper understanding of the various elements of the external environment is necessary to take timely action to deal with threats and avail opportunities for the purpose of improvement in the performance of the firm e. Sensitization of entrepreneurs to cope up with rapid changes: A keen watch on the trends in the environment would help sensitise the entrepreneur to changing technology, competition, government policies and changing needs of the customers. f. Image building: If a company is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers. This would build the image or reputation of the firm in the eyes of the general public. (any three with explanation)	1+1+1

B	30	<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 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>	1+1+1+1

		<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>		
B	31	<p>Importance of business plan</p> <ol style="list-style-type: none"> Helps in identifying the viability of the venture in a market Identifying the resources required, enabling obtaining of licenses if required, working out with requirements Helps in satisfying the concerns, queries and issues Provides rooms for self-assessment and self-evaluation Realize the obstacles which cannot be overcome It reflects the entrepreneur's credit facility and debt paying capacity 	1+1+1+1	
B	32	<p>Variable pricing</p> <p>Advantages</p> <ol style="list-style-type: none"> Variable pricing technique helps in increasing profit. Sales can be made during the offseason. Attract new consumers. (with explanation) <p>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>	1+1+1+1	
B	33	Marketing strategy is a plan with the main objective of achieving a	3+3	

		<p>competitive advantage by understanding the needs and wants of the customers.</p> <p>Marketing mix is the combination of four inputs of marketing system i.e. the product, the price structure, the promotional activities and the distribution system</p> <p>a) Product- He decided to name his product as ‘Dengularia Free’.</p> <p>b) Place- He decided to sell this product through agents who will sell to both, the wholesalers and retailers depending upon the market to be catered.</p> <p>c) Promotion- The product was to be packed in a corrugated box with an extension cord as free gift. Or A replacement warranty for one year will be given as an introductory offer. d) Price- Its price was fixed at Rs. 260 per unit.</p> <p>d) Price – Its price was fixed at Rs. 250 per unit,</p> <p style="text-align: center;">OR</p> <p>Components of financial plan</p> <ol 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 	
B	34	<p>Steps in marketing plan</p> <ol 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: right;">(with explanation)</p>	1 x 6