



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

CLASS: XII

Max. Marks: 70

**MARKING SCHEME**

SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
C	1	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
C	2	Read trends	1
C	3	True	1
C	4	Market driven	1
C	5	Helps to identify opportunities and getting first mover advantages	1
C	6	Identification of product/service	1
C	7	Preparation	1
C	8	It exists in the eyes of law	1
C	9	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
C	10	Consumer Promotion  OR  Promotion mix	1
C	11	Mutual Agency	1
C	12	a. Indirect channel  b. Direct channel	½+1/2
C	13	Business format franchise opportunity	1
C	14	Manpower plan	1
C	15	a. Skimming	1

		b. Penetration	
C	16	Logo  OR  Family brand name	1
C	17	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.	1
C	18	I, b II. c III. d IV.a	$\frac{1}{2} \times 4$
C	19	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
C	20	1. The start ups get a ready market of a well established product. 2. Start ups gets training from the franchisor to market the product. 3. Less labour and operating cost. 4. Franchisors take sincere efforts to boost their franchises. This ensures success for start ups.	1+1
C	21	Problems- When a problem exists, an idea leads to a solution to resolve that problem, it emerges as a business opportunity.  Change- A change in social, legal, technological aspects etc. leads to new opportunities to start a business.  OR	1+1

		<p>Environment analysis is the process of monitoring the economic and non-economic environment to determine the opportunities and threats to an organization.</p> <ol style="list-style-type: none"> <li>Verbal information from customers, wholesalers etc.</li> <li>Records of companies</li> <li>Government publications</li> <li>Publications by various financial institutions</li> <li>Formal studies conducted by strategic planners</li> </ol>	
C	22	<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>	1+1
C	23	<p>Direct sales strategy</p> <p>Indirect sales strategy</p> <p style="text-align: right;">(with explanation)</p>	1+1
C	24	<ol style="list-style-type: none"> <li>News creation and distribution (media releases)</li> <li>Special events such as news conferences, grand openings and product launches</li> <li>Speeches and presentations</li> <li>Educational programs</li> <li>Annual reports, brochures, newsletters, magazines and AV presentations</li> <li>Community activities and sponsorships</li> </ol> <p style="text-align: right;">(Any four)</p> <p style="text-align: center;">OR</p> <p>Break-even analysis is useful for the entrepreneur as it helps in assessing:</p> <ol style="list-style-type: none"> <li>The minimum level of output to be produced.</li> <li>The effect of change in quantity of output upon the profits.</li> <li>The selling price of the product.</li> </ol>	$\frac{1}{2} \times 4$

		d. The profitable options in line of production.  (Any four)	
C	25	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 x 3
C	26	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.  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".	1 x 3
C	27	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.  Benefits:  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.  2. Acquiring new technology To remain competitive, companies	1 x 3

		<p>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 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>	
C	28	<p>Financial plan</p> <ol style="list-style-type: none"> <li>It gives the entrepreneur and the investor a clear picture of</li> <li>How much funds are required?</li> <li>Where will funds come from?</li> <li>How they are disbursed?</li> </ol>	1 x 3

		<p>e. The amount of cash available</p> <p>f. Financial well-being of the new venture</p> <p>(Any four)</p>	
C	29	<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 style="text-align: center;">OR</p> <p>Brand has three components</p> <p>Brand name – That part of a brand which can be vocalized</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>	1 x 3
C	30	<p>Importance of business plan</p> <ol style="list-style-type: none"> <li>Helps in identifying the viability of the venture in a market</li> <li>Identifying the resources required, enabling obtaining of licenses if required, working out with legal requirements</li> <li>Helps in satisfying the concerns, queries and issues</li> <li>Provides rooms for self-assessment and self-evaluation</li> <li>Realize the obstacles which cannot be overcome</li> <li>It reflects the entrepreneur’s credit facility and debt paying capacity</li> </ol> <p>(Any four with explanation)</p>	1 x 4
C	31	<p>Variable pricing</p> <p style="text-align: right;">(with explanation)</p> <p>Advantages</p> <p>1. Variable pricing technique helps in increasing profit.</p>	1 x 4

		<p>2. Sales can be made during the offseason.</p> <p>3. Attract new consumers.</p>	
C	32	<p>Advantages: (Any four)</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 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>	1 x 4

C	33	<p>One level channel (Explain)</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 of distribution.</p>	11/2 x 4
C	34	<p>Steps in marketing plan</p> <ol style="list-style-type: none"> <li>Business situation analysis</li> <li>Identifying the target market</li> <li>Conduct SWOT analysis</li> <li>Establish goals</li> <li>Define marketing strategy</li> <li>Implementation and monitoring of the plan</li> </ol> <p>OR</p> <p>Components of financial plan</p> <ol style="list-style-type: none"> <li>Proforma investment decision</li> <li>Proforma financial decision</li> <li>Proforma income statement</li> <li>Proforma cash flow</li> </ol>	1 x 6



		e. Break even analysis	
		f. Economic and social variables	