

**MARKING SCHEME**  
**ENTREPRENEURSHIP (066)**  
**CLASS 12 (2025-26)**

Q.No.	ANSWER	MARKS
<b>SECTION – A</b>		
1	D. Existing competition in the market	1
2	B. financing decisions	1
3	A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1
4	B. (ii) and (iii)	1
5	C. Public Limited Company	1
6	B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).	1
7	D. needs and problems	1
8	B. Variable Pricing Method	1
9	A. Statement 1 is true and Statement 2 is false.	1
10	D. Sales promotion <b>Note: The following question is for the Visually impaired Candidates only, in lieu of Ans. No.10</b> D. To reduce production costs	1  1
11	B. Separate legal entity	1
12	C. buying the raw material and receiving the cash from the customer	1
13	B. a)-2, b)-1, c)-4, d)-3	1
14	C. Protect the proprietary intellectual property and then share the required information.	1
15	A. Rent to be paid for the premises	1
16	A. (i) and (ii)	1
17	C. Determining the sales mix ratio	1
18	B. Secondary market	1
<b>SECTION - B</b>		
19	(I) Technological environment	1

	(II) Existing product or service.	1																																							
20 (A)	Objectives of problem identification: <ul style="list-style-type: none"> <li>It should clearly state the problem</li> <li>Identify target group facing the problem</li> <li>Find the market acceptability of the solution to the problem (any two)</li> </ul> <p style="text-align: center;"><b>OR</b></p>	1 x 2																																							
20 (B)	Sources of business ideas: <ul style="list-style-type: none"> <li>Problems</li> <li>Change</li> <li>Inventions</li> <li>Competition</li> <li>Innovation</li> </ul> <p style="text-align: right;">(any four)</p>	½ x 4																																							
21.	(I) Kripa should check Proprietary Statement given in franchise agreement. (II) Another information available in the proprietary statement: <ul style="list-style-type: none"> <li>how the franchise name is to be used, or,</li> <li>the marketing and advertising procedures in place that the franchisee will be required to follow.</li> </ul> <p style="text-align: right;">(any one)</p>	1  1																																							
22.	Good advertising generally elicits the following four responses: <ul style="list-style-type: none"> <li>Attention</li> <li>Interest</li> <li>Desire</li> <li>Action</li> </ul>	½ x 4																																							
23.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Fruit</th> <th style="width: 25%;">Price (per kg)</th> <th style="width: 25%;">Units sold (in Kgs)</th> <th style="width: 25%;">Price x Units</th> </tr> </thead> <tbody> <tr> <td>Apple</td> <td>200</td> <td>50</td> <td>10,000</td> </tr> <tr> <td>Mango</td> <td>350</td> <td>40</td> <td>14,000</td> </tr> <tr> <td>Water melon</td> <td>300</td> <td>20</td> <td>6,000</td> </tr> <tr> <td>Leechi</td> <td>250</td> <td>40</td> <td>10,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>40,000</td> </tr> </tbody> </table> <p>Unit Price = <math>40000/40 = ₹ 1,000</math>  Unit Cost = 60% of 1,000 = ₹ 600</p> <p style="text-align: center;"><b>OR</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="width: 50%;">King Size</th> <th style="width: 50%;">Queen Size</th> </tr> </thead> <tbody> <tr> <td>Sales price (in ₹)</td> <td>20,000</td> <td>15,000</td> </tr> <tr> <td>Variable cost (in ₹)</td> <td>17,000</td> <td>13,000</td> </tr> <tr> <td>Gross Profit</td> <td>3,000</td> <td>2,000</td> </tr> <tr> <td>Sales mix</td> <td><math>\frac{2}{5} \times 3,000 = 1,200</math></td> <td><math>\frac{3}{5} \times 2,000 = 1,200</math></td> </tr> </tbody> </table> <p>Weighted Average Contribution Margin = 1,200 + 1,200 = 2,400</p>	Fruit	Price (per kg)	Units sold (in Kgs)	Price x Units	Apple	200	50	10,000	Mango	350	40	14,000	Water melon	300	20	6,000	Leechi	250	40	10,000				40,000		King Size	Queen Size	Sales price (in ₹)	20,000	15,000	Variable cost (in ₹)	17,000	13,000	Gross Profit	3,000	2,000	Sales mix	$\frac{2}{5} \times 3,000 = 1,200$	$\frac{3}{5} \times 2,000 = 1,200$	1 ½ ½   1 1
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24.	The two types of cost associated with the estimation of Economic Order Quantity (EOQ) are:																																								

	<ul style="list-style-type: none"> <li>• Ordering Cost</li> <li>• Carrying Cost</li> </ul>	1 1
<b>SECTION - C</b>		
25.	<p>Factors to be considered by an entrepreneur while assessing the market:</p> <ul style="list-style-type: none"> <li>• <b>Demand-</b> The demand assessment will be based on the size of market being targeted, i.e., local markets, market at state level or national/international market. It will also involve a study of the target groups of consumers, their preferences, tastes and other related variables.</li> <li>• <b>Supply and nature of competition-</b> While assessing market, supply position is also studied by entrepreneurs. It is the complete picture of quantities of the product made available in the market by all the existing players. It should take into account future supplies from possible entrants in the field.</li> <li>• <b>Cost and price of product-</b> It is important to determine the cost of the product and its comparison with available products in the market. Cost variable of competitors in terms of transportation delays, wastage, storage etc., have to be studied to spot cost advantage. This will influence the delivery mechanism of the identified product or service.</li> <li>• <b>Project innovation and change-</b> Market assessment will require a study of prevailing innovations and changes being carried out by existing entrepreneurs. Technological advancements in the field have to be analysed because they may change the quality and influence the cost and price ultimately. (any three)</li> </ul>	1 x 3
26.	<p>(I) The process used by Sarah to develop her business idea is Trendspotting. It means the identification of new trends. This will help the entrepreneur to understand the market and produce goods or provide services in sync with the market trends.</p> <p>(II) The way in which the trend is spotted- Think Trend.</p>	1 1 1
27 (A)	<p>Partnership form of business overcomes the inherent limitations of sole proprietorship:</p> <p>1) Limited capital - All investments are made by the proprietor. Though, if required he/she has access to loans and debts to procure funds for business</p> <p>2) Limited managerial ability - What is to be done? how it is to be done? and when it is to be done? All affairs are managed and controlled by the sole proprietor.</p> <p>3) Limited continuity - A sole proprietorship may face discontinuity in the event of the proprietor's death or incapacity. A partnership can continue with the remaining partners, ensuring greater stability and continuity.</p>	1 1 1
27 (B)	<b>OR</b>	1

	<p>(I) Private limited company restricts any transfer of shares but it is not restricted in case of public limited company.</p> <p>(II) Private limited company does not invite the public to subscribe for its shares, debentures and public deposits, unlike public limited companies.</p> <p>(III) Private limited company has a minimum paid-up capital of two lakh rupees whereas it is five lakh rupees for public limited company.</p>	<p>1</p> <p>1</p>
28.	<p>The promotional approach that aims to engage with the targeted consumers is Below-the-line approach.</p> <p>This approach includes methods which are very specific, memorable activities focused on targeted groups of consumers. They are under the control of the organisation. The purpose of these activities has been to develop the brand by creating awareness and building a brand profile.</p> <p>Tools of this approach includes:</p> <ul style="list-style-type: none"> <li>• sponsorship</li> <li>• sales promotions</li> <li>• public relations</li> <li>• personal selling</li> <li>• direct marketing</li> </ul> <p style="text-align: right;">(any two)</p>	<p>1</p> <p>1</p> <p><math>\frac{1}{2} \times 2</math></p>
29.	<p>(I) Two Channels of Distribution used by ABC Electronics are:</p> <ul style="list-style-type: none"> <li>• Traditional Distribution Channel (Two-Level Distribution)</li> <li>• Direct Distribution Channel (Zero-Level Distribution)</li> </ul> <p>(II) Two advantages of the shift in the type of distribution channel:</p> <ul style="list-style-type: none"> <li>• Cost Reduction: By cutting out intermediaries (wholesalers and retailers), ABC Electronics reduces distribution costs, allowing for better pricing or increased profit margins.</li> <li>• Improved Customer Satisfaction: The direct connection with consumers allows ABC Electronics to better understand their needs and preferences, leading to improved customer service and faster response times.</li> </ul>	<p><math>\frac{1}{2}</math></p> <p><math>\frac{1}{2}</math></p> <p>1</p> <p>1</p>
<b>SECTION - D</b>		
30 (A)	<p>Stages of Creative Process are:</p> <p>Stage 1: Idea germination: This is the seeding stage of a new idea. It is the stage where the entrepreneur recognises that an opportunity exists. The idea germination takes place according to interest, curiosity of the entrepreneur according to which opportunity is explored and exploited to its best potential.</p> <p>Stage 2: Preparation: This stage involves gathering information, identifying problems, and setting goals. It lays the foundation by equipping the individual with knowledge and context.</p> <p>Stage 3: Incubation: During this phase, the subconscious mind processes the information collected. This step allows for connections and ideas to form without active effort.</p>	<p>1 x 5</p>



	<ul style="list-style-type: none"> <li>• provides room for self-assessment and self-evaluation, requiring entrepreneurs to think through various scenarios and plan ways to avoid obstacles.</li> <li>• helps to realize the obstacles that cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. (any three)</li> </ul>	
32	<p>(I) Key features of franchising from the case are:</p> <ul style="list-style-type: none"> <li>• The franchisee (Riya) operates under the franchisor's brand (Burger Bliss).</li> <li>• The franchise agreement includes conditions like purchasing from approved suppliers and following the outlet's standard design.</li> <li>• Royalties are paid to the franchisor based on sales revenue. (any two)</li> </ul> <p>(II) Two obligations Riya has towards Burger Bliss under the franchise agreement are:</p> <ol style="list-style-type: none"> <li>Purchasing Supplies: She had to buy ingredients from approved suppliers to maintain product quality.</li> <li>Adherence to Rules: She was required to follow the outlet's design and operational guidelines.</li> </ol> <p>(III) Riya's decision was not justified because:</p> <ol style="list-style-type: none"> <li>It violated the franchise agreement, which required adherence to Burger Bliss's menu standards.</li> <li>Such actions could harm the brand's consistency and reputation. However, her concerns about creative freedom could be valid, and she should have sought the franchisor's approval before introducing new items.</li> </ol>	<p>½ x 2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
33	<p>Given,  Annual Demand (D) = 2,000 units  Ordering Cost (P) = ₹ 400 per order  Holding Cost (C) = ₹10 per unit per year  Lead Time = 10 days  Daily Demand = 40 units</p> <p>(I) Economic Order Quantity (EOQ) = <math>\sqrt{\frac{2PD}{C}}</math>  = <math>\sqrt{\frac{2 \times 400 \times 2000}{10}}</math>  = 400 units</p> <p>(II) Re-order Level (ROL) = Lead Time (in days) × Daily Demand  = 10 × 40  = 400 units</p>	<p>1</p> <p>½</p> <p>½</p> <p>1</p> <p>½</p> <p>½</p>

	(III) The Re-order Level ensures that the company places an order before its inventory runs out. In this case, once the inventory falls to 400 units, the company should place a new order to avoid stockouts.	1
34 (A)	<p>(I) The methods of issue of shares used by the company are:</p> <ul style="list-style-type: none"> <li>• Public issue/going public: Public issue is the most popular method of raising capital these days by the entrepreneurs. This involves raising of funds directly from the public through the issue of prospectus. An enterprise organizing itself as a public limited company can raise the required funds commonly by preparing a prospectus.</li> <li>• Rights issue: Rights issue is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding.</li> </ul> <p>(II) Advantage of going public: The primary advantage an entrepreneur stands to gain by going public is access to capital.</p> <p>Advantage of rights issue: This method of issuing securities is considered to be inexpensive as it does not require any brokers, agents, underwriters, prospectus or enlistment, etc.</p> <p style="text-align: center;"><b>OR</b></p>	<p><math>\frac{1}{2} + 1</math></p> <p><math>\frac{1}{2} + 1</math></p> <p>1</p> <p>1</p>
34 (B)	<p>(I) Seed Capital is the term used to refer to the capital required by an entrepreneur for conducting research at the pre-commercialization stage.</p> <p>(II) At the stage of Seed Funding, the entrepreneur must convince the Venture Capitalist (VC) that the idea or product is worth investing in. The investor will investigate the technical and economic feasibility of the idea.</p> <p>(III) Several factors influence the VC's decision to invest, including:</p> <ul style="list-style-type: none"> <li>• Feasibility of the Idea: The VC will assess both the technical and economic feasibility of the idea. The entrepreneur must provide a compelling case that the product can be developed and is economically viable.</li> <li>• Prototype Development: In some cases, a prototype of the product may be available. While it may not be fully developed or tested, the presence of a prototype can help demonstrate the potential of the product.</li> <li>• Risk Assessment: Given the high-risk nature of investments at this stage, VCs are cautious and may reject ideas if they do not see a clear potential for success.</li> <li>• Entrepreneur's Capabilities: The entrepreneur's skills, technological expertise, and ability to match market opportunities play a crucial role in convincing the VC of the product's feasibility. (any two)</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p><math>1 \times 2</math></p>

