

BHARTIYA SHIKSHA BOARD
CLASS XII
SAMPLE QUESTION PAPER
ENTREPRENEURSHIP (Paper Code: 177)
MARKING SCHEME

S.No.	Suggested answers/ Value points	Marks Allocated	Pg.no.	Unit/ Chapter no.
1	c) Acceptable rate of return on investment	1	3	1/1
2	c) Provides a roadmap for moving from start-up to maturity	1	62	1/2
3	b) Economic and Legal environment	1	10	1/1
4	b) Analytical Planning → Resource Organization → Implementation → Commercial Application	1	22,23	1/1
5	a) To provide affordable and eco-friendly transport solutions for daily commuters	1	66	1/2
6	b) 1-p; 2-q; 3-r; 4-s	1	98	2/3
7	a) Variable pricing	1	110	2/3
8	d) Public Relations <i>For visually impaired candidates</i> b) Business promotion	1	122 121	2/3
9	c) A is true, but R is false	1	159	2/4
10	a) Both Statement I and Statement II are true	1	143	2/4
11	b) Break-even Point	1	76	1/2
12	a) Operations Manual	1	146	2/4
13	b) ₹1,40,000	1	193	3/5
14	b) Rights Issue	1	218	3/6
15	b) Goods owned by the business, irrespective of their location	1	194	3/5
16	c) 3,000 units	1	198	3/5
17	a) A financial intermediary	1	212	3/6
18	d) Acts as a support to business operations and growth	1	210	3/6

	SECTION B										
19A	Different products will have different operating cycles. If the conversion takes longer then the cycle will be longer. For trading, where there is no manufacturing (or conversion), the operating cycle will be shorter. Longer the operating cycle, working capital quantum is more; shorter the cycle, less working capital is needed.		1m for trading business + 1m for manufacturing business	192	3/5						
	OR										
19B	<p>Using the EOQ formula:</p> <p>2- constant P- Cost of placing the order D- Annual demand C- Inventory carrying cost</p> $EOQ = \sqrt{\frac{2PD}{C}}$ $EOQ = \sqrt{\frac{2 \times 10,000 \times 40}{5}}$ $EOQ = \sqrt{160,000}$ $EOQ = 400 \text{ units}$ <p>Economic Order Quantity = 400 units</p>		½ m for formula+ 1 m for calculation+ ½ m for final answer	200, 201	3/5						
20	<p>Concept- Problem Identification</p> <p>Objectives of problem identification:</p> <ul style="list-style-type: none"> • It should clearly state the problem • Identify target group facing the problem 		1m for identification + ½ m each for 2 objectives	10,11	1/1						
21A	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">Basis</td> <td style="width: 35%; text-align: center;">Business Franchise Opportunity Ventures</td> <td style="width: 50%; text-align: center;">Business Format Franchise Opportunity</td> </tr> <tr> <td style="text-align: center;">Nature</td> <td>Business owner purchases and</td> <td>Company provides a proven method for operating a business.</td> </tr> </table>		Basis	Business Franchise Opportunity Ventures	Business Format Franchise Opportunity	Nature	Business owner purchases and	Company provides a proven method for operating a business.	1m each for any 2 correct differences	147, 148	2/4
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21B	<p>Franchisees benefit from economies of scale because the franchisor purchases raw materials, supplies, and products in large quantities for all franchise outlets together. This reduces the cost of purchasing, allowing franchisees to obtain goods and supplies at lower prices.</p> <p>Franchisees also benefit from collective advertising as the franchisor undertakes advertising and promotional activities for the entire franchise network. Since the cost of advertising is shared across all franchisees, individual franchise owners get the advantage of wider brand promotion at a lower cost.</p>	1m each for the two benefits	151	2/4															
22	<p>Attention → Interest → Desire → Action</p> <ul style="list-style-type: none"> • Attention: Striking visuals and catchy slogan • Interest: Highlighting unique natural ingredients • Desire: Creating urge to try the product • Action: Discount offer prompting purchase 	½ m each for the 4 responses	119	2/3															
23	(i) the method of raising funds used by the company – Public Issue	1m for identifying	213	3/6															

	(ii) the type of market where such funds are raised- Primary market	method + 1m for type		
24	<p>Business plans are decision-making tools:</p> <ol style="list-style-type: none"> 1) Describing all necessary inputs for the enterprise. 2) Explaining the mode of utilization of the resources. 3) Detailing the strategies for the execution of the project. 4) Outlining the desired goals 5) Assessing market sensitivity and the profitability of the venture. <p>Thus, the content and the format of the business plan is such which is able to represent all these aspects of the business planning process.</p>	½ m each for any four points	63	1/2
	SECTION C			
25A	<ol style="list-style-type: none"> 1. Demand: Raghav studied consumer preferences to understand the demand for organic fruit juices in the market. 2. Supply and Nature of Competition: He checked the number of existing juice brands to assess the supply position and competition in the market. 3. Cost and Price of Product: He compared production and transportation costs to determine pricing and possible cost advantage over competitors. 	1m each for three factors	18, 19	1/1
	OR			
25B	<p>The stage is Incubation Stage.</p> <p>Its role:</p> <ul style="list-style-type: none"> • It allows the entrepreneur’s mind to process ideas subconsciously. • It helps in generating innovative solutions and fresh perspectives. • It reduces mental pressure by giving time for ideas to mature. • It often leads to better decision-making and creativity. <p>Next step: Illumination: In this period of illumination the idea re-surfaces in realistic way and entrepreneur comes out with viable plan to give practical shape.</p>	1m for identification + 1m for analysis+ 1m for next stage	21	1/1

26A	<p>Despite certain limitations, Sole Proprietorship remains a popular form of business organisation among small entrepreneurs because</p> <p>i. Individual ownership: This business is exclusively owned by a single person.</p> <p>ii. Individual management and control: "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. Though, competent people can also be employed for efficient management.</p> <p>iii. Sole beneficiary: The sole proprietor alone is entitled to all the profits and losses of business. So he/she puts his/her heart and soul to increase his/her profits.</p> <p>iv. Easy formation and closure: Sole proprietorship is subjected to minimum legal formalities and regulations both at the time of commencing and/or closing.</p>			1m each for any three points	35,36	1/2
OR						
26B	Basis of Difference	Private Company	Public Company	1m each for three correct differences	49	1/2
Minimum Membership	Minimum 2 members and maximum 50 (excluding past and present employees).	Minimum 7 members with no upper limit.				
Transfer of Shares	Restricted – members cannot freely transfer shares.	Freely transferable without restriction.				
Invitation to Public	Cannot invite public to subscribe to shares, debentures, or deposits.	Can invite public to subscribe to shares, debentures, and deposits.				
27	<p>(a) Identification :</p> <ul style="list-style-type: none"> • Way of trend spotting: Talking trends / Talk trends • Supporting quote: <i>“He attends trade association events both online and offline...He also interacts with his customers and prospective customers through social media and online surveys.”</i> <p>(b) Alternative method :</p>			1m for identification + 1m for quoting+ 1m for part (b)	19,20	1/2

	<ul style="list-style-type: none"> • Suggested method: Reading trends / Watch trends • Explanation: Aarav could read industry publications, blogs, and food magazines to learn about emerging food trends. He could also observe competitors' products or visit trade shows to see what is popular in the market. 			
28	<p>a. Megha should use the A pitch deck with oral narrative : A hopeful, entertaining slide show and oral narrative that is meant to trigger discussion and interest potential investors in reading the written presentation, i.e. the executive summary and a few key graphs showing financial trends and key decision making benchmark.</p> <p>b. Megha can use the Elevator Pitch format to present the teaser of the executive summary.</p>	1m for identification + 1 m for explanation+ 1m for part (b)	65	1/2
29	<p>Kabir's idea reflects the idea field of Market-driven / Demand driven idea field</p> <p>Through observing the problems faced by small shopkeepers, Kabir identified a gap in the market for a simple and affordable digital bookkeeping solution. By understanding customer needs and the increasing use of digital transactions, he recognised a potential business opportunity.</p> <p>Market research helps entrepreneurs by:</p> <ul style="list-style-type: none"> • identifying customer problems and preferences, • analysing changing market trends, • understanding demand for products or services, • and developing solutions that are commercially viable. <p>Kabir's plan to introduce subscription-based premium features further shows that he analysed the earning potential and sustainability of the business idea.</p>	1m for identification + 2m for explanation	13,14	1/2
	SECTION D			
30 A	<p>Venture capital is a type of private equity capital provided as seed funding to early-stage, high- potential, high risk, growth up companies/entrepreneurs who lack the necessary experience and funds to give shape to their ideas.</p> <p>Venture capital is an equity based investment in a growth-oriented small to medium business to enable the investors to</p>	1m for meaning+ 3m for any three	228, 229	3/6

	<p>accomplish objectives, in return for minority shareholding in the business or the irrevocable right to acquire.</p> <p>Venture capital finance has the following features:</p> <ol style="list-style-type: none"> 1) It is basically equity finance in relatively new companies. 2) It is long-term investment in growth-oriented small or medium firms. 3) Venture capitalist not only provide capital but also business skills to investee firms. 4) It involves high risk-return spectrum. 5) It is a subset of private equity. 6) The venture capital institutions have a continuous involvement in the business after making the investment. 7) Such institutions disinvest the holdings either to the promoters or in the market. <p>Obtaining venture capital is different from raising debt or a loan from a lender. Lenders have a legal right to interest on a loan and repayment of the capital, irrespective of the success or failure of a business.</p>	features+ 1m for difference		
	OR			
30 B	<p>Business angel or informal investor or an angel investor, is an affluent individual who provides capital for a business start-up and early stage companies having a high-risk, high-return matrix usually in exchange for convertible debt or ownership equity.</p> <ol style="list-style-type: none"> 1. Angle Investors fill the gap in start-up or early stage financing between "friends and family", by providing seed funding and formal venture capital. Angel investments is a common second round of financing for high-growth start-ups or early stage companies. 2. Most angel investors are current or retired executives, business owners or high net worth individuals who have the knowledge, expertise, and funds that help start-ups match up to industry standards. 3. As angel investors bear extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment. 4. Apart from investing funds, most angels provide proactive advice, guidance, industry connections and mentoring start-ups in its early days. 5. Their objective is to create great companies by providing value creation, and simultaneously helping investors realize a high return on investments. 	1m for meaning + 4m for features	227, 228	3/6

	<p>6. They have a sharp inclination to keep abreast of current developments in a particular business arena, mentoring another generation of entrepreneurs by making use of their vast experience. (Any 4)</p>			
31A	<p>Five advantages a company gains through mergers and acquisitions.</p> <p>1. Synergy</p> <p>Synergy is the key component of mergers. It refers to the increase in value of the combined firm compared to the sum of the individual firms. Synergy can result in revenue enhancement and cost savings.</p> <p>2. Acquiring new technology – Companies can gain technological capabilities from the acquired firm to maintain competitiveness.</p> <p>3. Improved profitability – M&A can enhance profits by combining resources, reducing costs, and increasing market share.</p> <p>4. Acquiring a competency – Firms can acquire skills or capabilities that they lack, strengthening their business.</p> <p>5. Entry into new markets – Mergers provide easier access to new markets while reducing competition.</p> <p>6. Access to funds – Companies with limited funds can merge with financially strong firms to support growth.</p> <p>7. Tax benefits – Merging with a loss-making firm can allow a company to offset profits with accumulated losses, reducing tax liabilities. (Any 5)</p>	1m each for any five points	159-162	2/4
	OR			

31B	<p>A merger is a combination of two companies into one larger company. It may involve a stock swap or cash payment to the target company. The acquiring company takes over the assets and liabilities of the merged company.</p> <p>Forms of Merger</p> <ol style="list-style-type: none"> Amalgamation / Consolidation <ul style="list-style-type: none"> Two companies combine to form an entirely new company. Both existing entities lose their identity. Formula: $A + B = C$ Absorption <ul style="list-style-type: none"> One company gets absorbed into another company. The absorbed company loses its identity, while the other company continues to exist. Formula: $A + B = A$ <p>Other Important Features</p> <ul style="list-style-type: none"> In any type of merger, at least one entity loses its identity. Mergers usually take place with the mutual consent of both companies. Executives of both companies participate in a due diligence process to ensure benefits for both parties. The boards of directors of both companies must agree to the merger. Approval of shareholders is required for the merger. In most cases, at least 50% shareholders of both companies must approve the merger. After the merger, the target firm ceases to exist and becomes part of the acquiring firm. <p>Difference between Merger & Acquisition:</p> <table border="1" data-bbox="240 1487 1008 2033"> <thead> <tr> <th>Basis</th> <th>Merger</th> <th>Acquisition</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>Combination of two companies into one larger company.</td> <td>One company takes over another company and gains control over it.</td> </tr> <tr> <td>Nature of Decision</td> <td>Usually takes place with mutual consent of both companies.</td> <td>May be friendly or hostile in nature.</td> </tr> </tbody> </table>	Basis	Merger	Acquisition	Meaning	Combination of two companies into one larger company.	One company takes over another company and gains control over it.	Nature of Decision	Usually takes place with mutual consent of both companies.	May be friendly or hostile in nature.	1m for meaning+3m for concept and features + 1 mark for any one difference	155	2/4
Basis	Merger	Acquisition											
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	<p>Identity of Companies</p>	<p>At least one company loses its identity; sometimes both lose identity in amalgamation.</p>	<p>The acquired company generally loses its identity, while the acquiring company continues to exist.</p>			
	<p>Formation of New Entity</p>	<p>May result in formation of a new company.</p>	<p>Usually no new company is formed.</p>			
<p>32</p>	<p>1. the type of products being sold by Raghav</p> <ul style="list-style-type: none"> • The steel utensils sold under “Shiny Home” are standardised products. • The furniture made under “Craft Nest Interiors” are customised products. <p>2. the most suitable channel of distribution.</p> <ul style="list-style-type: none"> • For the furniture workshop, the most suitable channel is direct channel of distribution, as the products are customised according to customer preferences. • For the steel utensils, the most suitable channel is indirect channel of distribution involving wholesalers and retailers, as the products are standardised and meant for a larger market. <p>3. two product-related considerations for determining the channel of distribution.</p> <ol style="list-style-type: none"> 1. Nature of Product: Standardised products generally require indirect channels, whereas customised products are usually sold directly to customers. 2. Unit Value of Product: Expensive products generally use shorter channels, while low-value products use longer channels of distribution. 			<p>½ m each for identification + 1m each for two channels + 1m each for two consideration</p>	<p>113</p>	<p>2/3</p>

Product	Sales Mix Ratio	Contribution per Unit
Coffee	5	₹20
Sandwiches	3	₹30
Pastries	2	₹25

Step 1: Calculate Weighted Average Contribution(WAC) per Unit

Sales Mix = 5 : 3 : 2

Contribution from each product:

- Coffee = $5/10 \times ₹20 = ₹10$
- Sandwiches = $3/10 \times ₹30 = ₹9$
- Pastries = $2/10 \times ₹25 = ₹5$

Total Weighted Contribution (TWAC)
= ₹10 + ₹9 + ₹5
= ₹24

Total Weighted Average Contribution = ₹24

Step 2: Calculate Break-Even Point (Composite Units)

$$\text{BEP (Composite Units)} = \frac{\text{Fixed Cost}}{\text{Weighted Average Contribution}}$$

$$\text{BEP} = \frac{360000}{24} = 15000 \text{ units}$$

Break-Even Point = 15000 units

Step 3: Calculate Units of Each Product to be Sold

- Coffee = $15000 \times 5/10 = \mathbf{7500 \text{ units}}$
- Sandwiches = $15000 \times 3/10 = \mathbf{4500 \text{ units}}$
- Pastries = $15000 \times 2/10 = \mathbf{3000 \text{ units}}$

Step 1:

½ mark each
for WAC per
product+ ½
mark for
TWAC

179,

180

3/5

Step 2:

½ mark for
formula+ ½
mark for
calculation +
½ mark for
BEP

Step 3:

½ mark for
each
product's unit
to be sold.

(2+1.5

+1.5)

34	<ol style="list-style-type: none"> 1. The line “<i>they included a brief description of the business and its future vision</i>” refers to the Executive Summary/Business Description component of the business plan. 2. The line “<i>they also conducted research to understand customer preferences, market demand, and competing brands</i>” refers to the Market Plan/Market Analysis component. 3. The line “<i>the entrepreneurs estimated the amount of capital required for the venture along with expected profits in the coming years</i>” refers to the Financial Plan component. 4. The line “<i>to promote their products, they planned advertising campaigns and discount offers through digital platforms</i>” refers to the Marketing Plan component. 5. The line “<i>they further decided the production targets and manufacturing methods for the snacks</i>” refers to the Production Plan component. 6. The line “<i>arrangements were made for workflow, storage facilities, and quality control systems to ensure efficient day-to-day operations</i>” refers to the Operational Plan component. <p>(Any 5)</p>	<p>(½ mark for quoting + ½ mark for identification of each) 1*5</p>	65-83	1/2
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