



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



PRE BOARD I 2025-26 ENTREPRENEURSHIP (066) Marking Scheme

Class: XII
Date: 10.11.2025
Admission no:

Time: 3 hr
Max Marks: 80
Roll no

1.	(A) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).	(1)
2.	(B) Image OR (D) Statement 1 is incorrect but Statement 2 is correct	(1)
3.	(D) Service	(1)
4.	(A) Owner OR (A) Both statement 1 and 2 are correct	(1)
5.	(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion	(1)
6.	(B) Unique Selling Proposition	(1)
7.	(A) Penetration Pricing	(1)
8.	(D) burn	(1)
9.	(D) Franchising OR (D) Horizontal	(1)
10.	(C) Assertion (A) is true, but Reason (R) is false	(1)
11.	(B) Option i), ii) and iv)	(1)
12.	(B) Merger	(1)
13.	(B) Bid quantity	(1)
14.	(C) 1971	(1)
15.	(C) quasi- executive	(1)
16.	(A) 80/20 rule	(1)
17.	(D) Economic Order Quantity	(1)
18.	(A) 2,114	(1)
19.	Form Utility – Changing raw material into finished goods Place Utility – Transportation of goods from place of production to place of consumption	(2)
20.	Tagline', 'tag line' and 'tag' are American terms. U.K., they are called 'end lines', 'endlines', or 'straplines'. Germans call them as 'Claims',	(2)

	French refer them as 'Signatures' Belgians call them 'baselines'. They are simple but powerful messages that help to communicate an enterprise's goals, mission, distinct qualities and so much more. Thus, a 'tagline' is a small amount of text which serves to clarify a thought and is designed with a dramatic effect.	
21.	i) Coordination and Collaboration; ii) Technology investment; iii) Organizational process iv) Leadership; v) Employee/human resource and vi) Organizational culture and attitudes OR A merger occurring between companies in the same industry. Horizontal merger is a business consolidation that occurs between firms which operate in the same space, often as competitors offering the same goods or service. Horizontal mergers are common in industries with fewer firms, as competition tends to be higher and the synergies and potential gains in market share are much greater for merging firms in such an industry. A merger between two companies producing different goods or services for one specific finished product. A vertical merger occurs when two or more firms, operating at different levels within an industry's supply chain, merge operations. Most often the logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.	(2)
22.	The cash conversion cycle (CCC or Operating Cycle) is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable. It is the time required for a business to turn purchases into cash receipts from customers. CCC represents the number of days a firm's cash remains tied up within the operations of the business. OR i) Sales budget ; ii) Production budget; iii) Capital budget; iv) Cash budget; v) Marketing budget and vi) Production budget.	(2)
23.	It has two options either it can go for Right issue that is it will offer the shares to its existing shareholders. 5,000 active shareholders can easily fund Rs.25,00,000. It can also go for Private Placement of shares by offering their shares to UTI or LIC. This will help XYZ Ltd. as they do not have to disclose their information in open market.	(2)
24.	SEBI is managed by its members, which consists of following: a) Chairman who is nominated by Union Government of India. b) Two members, i.e. Officers from Union Finance Ministry. c) One member from The Reserve Bank of India. d) The remaining 5 members are nominated by Union Government of India, out of them at least 3 shall be whole-time members.	(2)
25.	Manufacturing is the production of goods for use or sale. It uses the various factors of production. It is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale. Manufacturing is done using labour and machines, tools, chemical and biological processing, or formulation, may also refer to a range of human activity, from handicraft to high tech. Service is an intangible commodity a type of economic activity that is intangible is not stored and does not result in ownership. A service is consumed at the point of sale. Services are one of the two key components of economics, the other being goods. Trading is buying and selling of goods and service with the intention of making profit. It occurred among the most primitive humans and has evolved over time. It was earlier the act of exchanging other thing for other without money, but now money is involved.	(3)
26.	Five common types of intellectual property rights are i) Patents; ii) Trademark; iii) Copyright; iv) Industrial design and v) Trade Secret Patents It grants an inventor the right to exclude others from making, using, selling, offering to sell, and importing an invention for a limited period of time, in exchange for the public disclosure of the invention. Copyright It gives the creator of original work exclusive rights to it, usually for a limited time. It means apply to a wide range of creative, intellectual or artistic forms or work. For example, musical composition, literary work such as poems, plays etc. Trademark It is a recognizable sign, design or expression which distinguished products or services of a particular trade from the similar products or services of other traders. OR Ans: It is a pricing strategy used to sell goods at higher price with the objective to need fewer sales to break even its generally done when a new product (using latest technology) is launched. This strategy is often used to target "early adopters" of a product or service. Early adopters generally have a relatively lower price-sensitivity. This can be attributed to their need for the product outweighing their need	(3)

	to economics, a greater understanding of the product's value, or simply having a higher disposable income. This strategy is employed only for a limited duration to recover most of the investment made to build the product. Advantages of skimming price 1. Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product. 2. If the company caters to consumers who are quality conscious rather than price conscious, then this type of strategy can work in a great way for a company. Disadvantages of skimming price 1. This strategy can backfire if there are close competitors and they also introduce same products at lower price then consumers will think that the company always sells the products at higher prices which will result in consumers abandoning other products of the company also. 2. Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights. 3. If the company has history of price skimming then consumers will never buy a product when it is newly launched, they would rather wait for a few months and buy the product at lower price.	
27.	i) Dabur is not the first big established brand that has taken up franchising for expansion and have marked their presence not just pan-India, but also global. ii) Raymond Ltd, has achieved phenomenal success with more than 500 stores. They basically opted for franchise model for expanding in smaller towns as these are not affected by recession and the franchised stores can be driven by local entrepreneurs who are aware of the preferences of the local customers. iii) NIIT, a well-known name in the IT education industry, has a franchising network of more than 12,500 centres spread over in more than 40 countries worldwide, apart from India. The Business Partner Network not only helped NIIT expand its presence across India and reach the unreached, it also fuelled the fire of entrepreneurship in the country. iv) JSW Steel Ltd., the third-largest Steel manufacturer in India, operates through many JSW Shoppe outlets that work on the franchise model. V) Mahindra & Mahindra Ltd, has taken the franchise route to expand its 100 per cent subsidiary, Mahindra First Choice, a multi brand car-servicing company. The company is planning to take the count of its outlets to 450 in the next four years. The new outlets will be a mix of both company-owned and franchise outlets. OR i) 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. ii) 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. Once the franchise has been started, most franchisors will offer managerial assistance on the basis of need. Toll-free numbers are also available so that the franchisee can ask questions anytime. Local offices for the larger franchises continually visit the local franchisees to offer advice and keep the owners informed of new development. iii) Capital requirements: 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. Some franchisors conduct location analysis and market research. In some cases, the franchisor also finances the initial investment to start the franchise operation. The initial capital required to purchase a franchise generally reflects a fee for the franchise, construction costs and the purchase of equipment. The layout of the facility, control of stock and inventory and the potential buying power of the entire franchise operation can save the entrepreneur significant funds. iv) Knowledge of the market: Any established franchise business offers the entrepreneur years of experience in the business and knowledge of the market. This is particularly important because of regional and local differences in markets. Competition, media effectiveness, and tastes can vary widely from one market to another. v) 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. Standardization in the supplies, products and services provided helps ensure that the entrepreneur will maintain quality standards that are so important. Administrative controls unusually involve financial decisions related to costs, inventory and cash flow and personnel issues such as criteria for hiring/firing, scheduling and training to ensure consistent service to the customer.	(3)
28.	i) Financial planning: Management need to ensure that enough funding is available at the right time to meet the needs of the business. In the short term, funding may be needed to invest in equipment and stocks, pay	(3)

	employees and fund sales made on credit. In the medium and long term, funding may be required for significant additions to the productive capacity of the business or to make acquisitions. ii) Financial control: Financial control addresses questions such as: a) Are assets being used efficiently? b) Are the businesses assets secure? C) Does management act in the best interest of shareholders and in accordance with business rules. iii) Financial decision-making: The key aspects of financial decision-making relate to investment, financing and dividends: a) Investments must be financed in some way, it is possible to raise finance from selling new shares, borrowing from banks or taking credit from suppliers. b) A key financing decision is whether profits earned by the business should be retained rather than distributed to shareholders via dividends. c) If dividends are too high, the business may be starved of funding to reinvest in growing revenues and profits further.	
29.	a) National Bank for Agriculture and Rural Development , it was established in 1982. b) i) It coordinates the operations of rural credit institutions. ii) It develops expertise to deal with agricultural and rural problems so as to assist in rural development efforts. iii) It acts as an agent to the Government and RBI in providing facilities for training, research and dissemination of information in rural banking and development. iv) Contributes to the share capital of eligible institutions	(3)
30.	Political Environment: i) Pro-industry government: The Bihar government is supportive of industrial growth and is offering incentives like land and tax holidays. ii) Stable governance: The current government is popular and expected to last, ensuring policy continuity. iii) Regulatory conditions: The minister mandates infrastructure development and environmental responsibility (tree planting), showing active governance. iii) Labour law compliance: The company's history of abiding by laws like the Company's Act and labour laws aligns with political expectations Economic Environment i) Tax holiday: A 7-year tax exemption boosts profitability and reduces initial financial burden. ii) Access to finance: Banks like SBI are offering loans at reasonable interest rates, easing capital acquisition. iii) Large market: The region has a high population and good per capita income, indicating strong demand. iv) Employment generation: Hiring 250 workers stimulates the local economy and reduces unemployment. Social Environment i) Local employment: The minister emphasizes fair hiring of local talent, promoting social inclusion. ii) Affordable fashion: The company aims to provide quality garments to poor and middle-class customers, addressing social equity. iii) Worker proximity: Many workers already reside in Bihar, improving workforce stability . iv) No job reservation: Reflects a merit-based hiring approach, which may appeal to a broader talent pool. Technological Environment i) Modern machinery: Introduction of new machines enhances production efficiency. ii) Balanced automation: Avoiding full automation preserves jobs while still improving productivity. iii) Managerial expertise: Bringing experienced managers ensures smooth tech integration and operational oversight. Environmental Environment i) Tree compensation policy: For every tree cut, 10 must be planted—showing environmental accountability. ii) Infrastructure development: Road building must be eco-conscious and sustainable. iii) Compliance with environmental norms: The company's willingness to follow directives reflects environmental responsibility. Legal Environment i) Labour and corporate law compliance: The company adheres to key regulations, reducing legal risk. ii) Fair selection process: Ensures transparency and avoids legal complications related to hiring. iii) Land acquisition conditions: Legal obligations tied to infrastructure and environmental commitments.	(5)
31.	a) iii); b) i); c) ii) and d) iv) b) Break Even Analysis: Every firm wants to maximise its profits. The Breakeven point is that level of volume of production at which firm neither makes a profit nor a loss. Here, the total revenue is equal to the total cost of a firm, at the given level of capacity.	(5)

	Thus, calculation of BEP is quite useful for the entrepreneur as it helps in assessing: 1) The minimum level of output to be produced. 2) The effect of change in quantity of output upon the profits. 3) The selling price of the product. ; 4) The profitable options in line of production. Thus, the break-even analysis is a useful technique for determining how many units must be sold or how much sales volume must be achieved in order to break-even. Economic and social variable: In view of the social responsibility of business, the abatement costs, i.e. the cost of controlling the environmental damage should also be stated in the plan. It's always advisable to mention in the business plan, the socio-economic benefits expected to acquire from the proposed investment like: Employment generation; Import substitution; Ancillarisation; Export promotion; Local resource utilization and Development of the area.													
32.	a) Individual Brand Name : Liril, Lux Family Brand Name: Ponds; Maggi; Amul Corporate Names: Tata; Bajaj and Godrej Alpha-numeric names: Liv52; SX4; i10 b) i) Producer-customer (Direct channel-zero level): ii) Producer-retailer-customer (Indirect-one level);; iii) Producer-wholesaler-retailer-customer (Two levels): iv) Producer-agent-wholesaler-retailer-customer (Three levels): OR <table border="1"> <tr> <td>Bases</td><td>Above the line</td><td>Below the line</td></tr> <tr> <td>Target</td><td>Mass audience</td><td>Identified small groups</td></tr> <tr> <td>Promotions</td><td>Establishing brand identity</td><td>Can lead to an actual sale</td></tr> <tr> <td>Measurability</td><td>Difficult to measure</td><td>Easy to measure</td></tr> </table> b) AIDA Attention: It catches the eye or ear and stands out amid the clutter of competing advertisements. Interest: It arouses interest and delivers sufficient impact in the message or offering. Desire – It creates a desire to learn more or crave ownership. Action – It spurs an action which leads to achievement of the ad's original objective – i.e. it prompts potential customers to purchase or use your product or service.	Bases	Above the line	Below the line	Target	Mass audience	Identified small groups	Promotions	Establishing brand identity	Can lead to an actual sale	Measurability	Difficult to measure	Easy to measure	(5)
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33.	There are seven reasons why merger and acquisitions take place. i) 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. There are two types of synergies Operating synergy This 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 This is the direct result of financial factors such as lower taxes, higher debt capacity or better use of idle cash. When a firm with accumulated losses or unabsorbed depreciation merges with a profitable firm and the combined firm can set off such losses against its profits, a financial synergy, known as tax shield, occurs. ii) 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. A good example is a merger of a logistics company such as a land transport entity with an air-line cargo company. Another example is a merger between Blackberry and Treo which can incorporate cell phone capability and e-mail connectivity in one device; palm pilots and tablet laptops can provide benefits to both the entities. iii) Improved profitability: Companies explore the possibilities of a merger when they anticipate that it will improve their profitability. iv) Acquiring a competency: Companies also opt for M&A to acquire a competency or capability that they do not have and which the other firm does. v) 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. However, if the merger route is adopted, one can enter the market with greater ease and avoid too much competition. vi) Access to funds vii) Tax benefits	(5)												

34.

a)

(5)

Name of Stock Exchange	Year of establishment	Year of recognition
Ahmedabad	1894	1957
Bangalore	1957	1963
Culcutta	1908	1957
Delhi	1947	1957

b) i) **Dissemination of useful information:** Stock exchange publishes useful information regarding price lists, quotations, etc., of securities through newspapers and journals. The interested persons buy and sell their securities on the basis of information provided by the stock exchanges.

ii) **Ready market:** Persons desirous of converting their shares into cash may easily do so through a member of stock exchange.

iii) **Investors' interests protected:** Stock exchanges formulate rules and regulations so that members may not exploit the investors.

iv) **Genuine guidance about the securities listed:** The investors can safely depend upon the information provided by the stock exchanges.

v) **Barriers of distance removed:** Stock exchange removes the barriers of distance with regard to securities listed there. Without stock exchange the securities of a Delhi company may have a limited market in Delhi only.

vi) **Knowledge of profit or loss on investments:** The investors can estimate the profit or loss on the total amount of investments in securities, by comparing the original amount invested and the price of securities on a particular day.

OR

Early stage financing: This stage includes: (a) Seed capital (b) Pre-start up and start up (c) Second-round financing.

Seed capital finance: It refers to the capital required by an entrepreneur for conducting research at pre commercialization stage. During this stage, the entrepreneur has to convince the investor (VC) why his idea/product is worthwhile. The investor will investigate into the technical and the economical feasibility of the idea. In some cases, there is some sort of prototype of the idea/product that is not fully developed or tested. As the risk element at this stage is very high, investor (VC) may deny to assist if he does not see any potential in the idea. Entrepreneur's ability, technological skills and competencies are required to match with the market opportunities so as to successfully convince about product/idea's feasibility.

Start up finance: If the idea/product/process is qualified for further investigation and/or investment, the process will go to the second stage; this is also called the start-up stage. A business plan is presented by the entrepreneur to the VC firm. A management team is being formed to run the venture. If the company has a board of directors, a person from the VC firms will take seats at the board of directors. While the organisation is being set up, the idea/product gets its form. The prototype is being developed and fully tested. In some cases, clients are being attracted for initial sales. The management-team establishes a feasible production line to produce the product. The VC firm monitors the feasibility of the product and the capability of the management-team from the board of directors

Second-round financing: At this stage, we presume that the idea has been transformed into a product and is being produced and sold. This is the first encounter with the rest of the market, the competitors and attempt is to squeeze in the market and get some market share from the competitors. The entrepreneur, at this stage, needs assistance from the Venture Capitalist for expansion, modernization, diversification so that the economies of scale and stability could be attained.

Last stage financing /bridge /pre-public stage : In general, this is the last stage of the venture capital financing process. The main goal of this stage is for the venture to go public so that investors can exit the venture with a profit commensurate with the risk they have taken. At this stage, the venture achieves a certain amount of market share.

The entrepreneur must examine the product's market position and, if possible, reposition it to attract new Market segmentation. He/she should introduce the follow-up product/ services to attract new client and markets, for only that is the way to create interest for VC firms seeks to get their assistance further.