

Marking Scheme Strictly Confidential (For Internal and Restricted use only) Senior Secondary Supplementary School Examination, 2026 (XIIth) SUBJECT NAME- ENTREPRENEURSHIP (Q.P. CODE /Set No 98/7/4)	
General Instructions : -	
1	You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
2	“Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, evaluation done and several other aspects. Its leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in Newspaper/Website, etc. may invite action under various rules of the Board and IPC.”
3	Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and due marks be awarded to them. In Class-XII, while evaluating two competency-based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, due marks should be awarded.
4	The Marking scheme carries only suggested value points for the answers. These are in the nature of Guidelines only and do not constitute the complete answer. The students can have their own expression and if the expression is correct, the due marks should be awarded accordingly.
5	The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. If there is any variation, the same should be zero after deliberation and discussion. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
6	Evaluators will mark (✓) wherever answer is correct. For wrong answer CROSS 'X' be marked. Evaluators will not put right (✓) while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
7	If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
8	If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
9	If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out with a note “Extra Question” .

10	No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
11	A full scale of marks 70 (example 0 to 80/70/60/50/40/30 marks as given in Question Paper) has to be used. Please do not hesitate to award full marks if the answer deserves it.
12	Every examiner has to necessarily do evaluation work for full working hours i.e., 8 hours every day and evaluate 20 answer books per day in main subjects and 25 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.
13	Ensure that you do not make the following common types of errors committed by the Examiner in the past :- • Leaving answer or part thereof unassessed in an answer book. • Giving more marks for an answer than assigned to it. • Wrong totaling of marks awarded on an answer. • Wrong transfer of marks from the inside pages of the answer book to the title page. • Wrong question wise totaling on the title page. • Wrong totaling of marks of the two columns on the title page. • Wrong grand total. • Marks in words and figures not tallying/not same. • Wrong transfer of marks from the answer book to online award list. • Answers marked as correct, but marks not awarded. (Ensure that the right tick mark is correctly and clearly indicated. It should merely be a line. Same is with the X for incorrect answer.) • Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
14	While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0) Marks.
15	Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
16	The Examiners should acquaint themselves with the guidelines given in the “Guidelines for Spot Evaluation” before starting the actual evaluation.
17	Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
18	The candidates are entitled to obtain photocopy of the Answer Book on request on payment of the prescribed processing fee. All Examiners/Additional Head Examiners/Head Examiners are once again reminded that they must ensure that evaluation is carried out strictly as per value points for each answer as given in the Marking Scheme.

MARKING SCHEME
Entrepreneurship (Subject Code-066)
(PAPER CODE-98)

Q.No.	EXPECTED OUTCOMES/VALUE POINTS	Marks
	SECTION A	
1.	(A) Assured market scope	1
2.	(C) Proforma Investment Decisions	1
3.	(B) Direct sale of securities by a company to a limited number of sophisticated investors.	1
4.	(B) Legal	1
5.	(B) Seven	1
6.	(D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1
7.	(D) To be creative	1
8.	(B) Family brand name	1
9.	(C) $\frac{\text{Net Profit}}{\text{Total Capital Invested}} \times 100$	1
10.	(A) Sales Promotion	1
	<i>For visually impaired candidates</i> (A) Seminars and Workshops	1
11.	(C) Mutual Agency	1
12.	(C) Current Assets	1
13.	(A) a - iv , b-iii , c - ii , d- i	1
14.	(A) Labelling	1
15.	(C) Outsider's Funds	1
16.	(D) They look for an 'exit' in the time frame of typically 3-7 years	1
17.	(A) 750 units	1
18.	(A) Angel Investment	1
	SECTION B	
19.	(i) Creative Efforts	1
	(ii) Ways in which creative ideas can be generated (Any Two): 1. Develop a new product or service. 2. Improve an existing product or service. 3. Find a new process or resource for manufacturing a product.	½x2=1

	4. Find new markets for existing products or services. 5. Find a new use of an existing product or service.	(1+1=2)																											
20.(a)	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 OR (a) Analytical Planning : Carefully identifying the product or service, features, design as well as the resources that will be needed.	2																											
20.(b)	(b) Resource Organisation : Obtaining the required resources, material, technology, human or capital resources.	1 1 (1+1=2)																											
21.	The type of expansion strategy used by the company is Internal Expansion. It refers to gradual increase in the activities of the concern which may be done by increasing the present production capacity by adding more machines or replacing old machines. The internal expansion can also be undertaken by entering new fields of production.	1 1 (1+1=2)																											
22.	The other two types of flows that a channel of distribution consists of are as follows: (1) Upward flow of cash payments for goods from consumers to producers. (2) Flow of marketing information in both downward and upward direction i.e. Flow of information on new products, new uses of existing products, etc from producers to consumers. And flow of information in the form of feedback on the wants, suggestions, complaints, etc from consumers/users to producers.	1 1 (1+1=2)																											
23(a).	<table border="1"> <thead> <tr> <th>No. of Customers</th><th>Bill Amount Per Customer</th><th>Total Bill Amount (₹)</th></tr> </thead> <tbody> <tr> <td>10</td><td>200</td><td>2000</td></tr> <tr> <td>15</td><td>150</td><td>2250</td></tr> <tr> <td>20</td><td>300</td><td>6000</td></tr> <tr> <td>4</td><td>900</td><td>3600</td></tr> <tr> <td>6</td><td>400</td><td>2400</td></tr> <tr> <td>16</td><td>100</td><td>1600</td></tr> <tr> <td>20</td><td>250</td><td>5000</td></tr> <tr> <td>9</td><td>120</td><td>1080</td></tr> </tbody> </table>	No. of Customers	Bill Amount Per Customer	Total Bill Amount (₹)	10	200	2000	15	150	2250	20	300	6000	4	900	3600	6	400	2400	16	100	1600	20	250	5000	9	120	1080	½ mark for Total no. of customers ½ mark for Total billed Amount
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23 (b)	<table><tr><td>Total Customers= 100</td><td></td><td>23,930</td></tr></table>	Total Customers= 100		23,930	½ mark for Formula														
	Total Customers= 100		23,930																
	Unit Price per Customer = $\frac{Total\ Billed\ Amount}{Number\ of\ Customers}$ $= \frac{23,930}{100}$ $= ₹239.30$	½ mark for Unit Price per Customer (½x4=2)																	
	OR																		
	Calculation of weighted average contribution margin per unit.																		
<table><tr><td></td><td>Premium Shirts</td><td>Luxury Shirts</td></tr><tr><td>Sales price per unit (₹)</td><td>600</td><td>800</td></tr><tr><td>Variable cost per unit (₹)</td><td>400</td><td>600</td></tr><tr><td>Contribution Margin per unit (₹)</td><td>200</td><td>200</td></tr><tr><td>x Sales Mix Percentage</td><td>70%</td><td>30%</td></tr><tr><td></td><td>140</td><td>60</td></tr></table>		Premium Shirts	Luxury Shirts	Sales price per unit (₹)	600	800	Variable cost per unit (₹)	400	600	Contribution Margin per unit (₹)	200	200	x Sales Mix Percentage	70%	30%		140	60	½ mark for Contribution Margin per unit 1 mark for sales mix in units ½ mark for Weighted average contribution margin per unit
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	Weighted average contribution margin per unit = 140+ 60 =₹200	(½+1+ ½= 2)																	
24(a)	(i) Figure A – Trading Business Figure B – Manufacturing Business (ii) Cash conversion cycle is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable.	½ ½ 1 (½+½+1=2)																	
24(a)	<u>For visually impaired candidates</u> Need for working capital : Working Capital is needed to fund the normal, day to day operations of business, such as payments for buying raw materials, packing materials, rent, insurance premiums, utility bills, wages and salaries etc.. It ensures that the organisation has enough cash to pay the debts and expenses as they fall due.	2																	
24 (b)	OR Break-even analysis is helpful for an entrepreneur as it helps in assessing:(Any Two) (i) The minimum level of output to be produced. (ii) The effect of change in quantity of output upon the profits. (iii) The selling price of the product. (iv) The profitable options in line of production. (v) Profit goal and sales target.	(1 x 2 =2)																	

	(vi) The products that are not contributing to meet the fixed expenses in a manufacturing environment.	
	SECTION C	
25(a)	Factors affecting Market Assessment are: (Any Three) (i) Demand : Demand assessment will be based on the size of the market being targeted. (ii) Supply and nature of competition : It refers to the complete picture of quantities of the product made available in the market by all the existing players. (iii) Cost and price of the product : It is important to determine the cost of the product and its comparison with available products in the market. (iv) Project innovation and change : It requires a study of prevailing innovations and changes being carried out by existing entrepreneurs. OR	$\frac{1}{2}$ mark for naming the factor $\frac{1}{2}$ mark for explanation (1x3=3)
25 (b)	(i) Product identification : An idea should lead the entrepreneur to a definite product/service which he can sell. (ii) Application and use : Ideas should be examined for their real-life use and application (iii) Level of operation : This is a crucial test for product/service identification. Depending on the use of the product/service, the entrepreneur will produce it in a cottage industry or a small-scale industry or a large-scale industry.	1 1 1 (1x3=3)
26.	The macro environmental factors are : (i) Political The political environment includes taxation policy, government policy, foreign trade regulations, political unrest, terrorism, and landing rights in foreign countries. (ii) Economic The economic environment includes interest rates, inflation, business cycle, unemployment, disposable income, energy, availability and cost, oil prices, exchange rates, taxation, economic boom and depression.	$\frac{1}{2}$ mark for identification and 1 mark for explanation (1 $\frac{1}{2}$ x 2= 3)
27(a)	(i) Unlimited Liability : The liability of the partners of a firm is unlimited. Their personal properties can be disposed off to pay the debts of the firm, if required. (ii) Continuity : A partnership continues up to the time that all partners desire to continue it. Legally, a firm dissolves on the retirement, death, bankruptcy, lunacy or disability of a partner if not otherwise provided for in the partnership deed.	1 1 1 (1x3=3)

27(b)	(iii) Utmost Good faith : Every partner is supposed to act honestly and give proper accounts to other partners. Thus, mutual faith and confidence in one another is the main strength of partnership. OR (i) Separate Legal Entity: A company has an independent status, different from its members. This implies that a company cannot be held liable for the actions of its members and vice – versa. (ii) Voluntary Association: At least two persons, voluntarily, must join hands to form a private company, while a minimum of seven persons are required to form a public company. (iii) Artificial Person: A company is created by law though it has no body, and no conscience; it still exists, having a distinct personality of its own.	1 1 1 (1x3=3)
28.	The components of the comprehensive term Brand are : (i) Brand Name: It is part of a brand which can be vocalized, i.e can be spoken. (ii) Brand Mark: It is part of a brand which can be recognised but cannot be vocalized. (iii) Trade Mark: A brand or part of a brand that is given legal protection against its use by other firms is called a trade mark. It is essentially a legal term, protecting the seller's exclusive right to use the brand name/mark.	$\frac{1}{2}$ mark for heading + $\frac{1}{2}$ mark for explanation=1 (1x3=3)
29.	Pricing Strategy: Penetration Pricing Advantages of penetration pricing are as follows (Any Four): (i) It can result in fast diffusion and adoption. This can achieve high market rates quickly. It can take the competitors by surprise, not giving them time to react. (ii) It can create goodwill among the early adopters segment. This can create more trade by word of mouth. (iii) It creates cost control and cost reduction pressures from the start, leading to greater efficiency. (iv) It discourages the entry of competitors. Low prices act as a barrier to entry (v) It can create high stock turnover throughout the distribution channel (vi) It can create critically important enthusiasm and support in the channel.	1 $\frac{1}{2} \times 4=2$ (1+2=3)

	SECTION D	
30 (a)	Importance of business plan: (Any Five) 1. It helps in determining the viability of the venture in a designated market. 2. It helps in providing guidance to the entrepreneur in organizing his/her planning activities 3. It helps in satisfying the concerns, queries, and issues of each group of people interested in the venture. 4. It provides room for self-assessment and self-evaluation, enabling the entrepreneur to think through various scenarios and plan ways to avoid obstacles.	

30(b)	5. At times, the business plan helps to realize the obstacles which cannot be avoided or overcome, suggesting to terminate the venture while still on paper without investing further time and money. 6. It is the business plan which reflects the entrepreneur's credit history, the ability to meet debt and interest payments, and the amount of personal equity invested thus serving as an important tool for procuring funds. OR Elements of operation plan (other than 'Routing') are: 1. Scheduling - Scheduling means fixing the time, day, date on which each operation is to be commenced and completed. 2. Dispatching - Dispatching is the process of initiating production in accordance with a pre-conceived production plan. 3. Follow-Up - Follow-up relates to evaluation and appraisal of work performed. 4. Inspection - Inspection is the art of comparing materials, products, or performance with established standards. 5. Shipping - Shipping is the process of the flow of goods/services from production to consumers.	(1 x 5=5) ½ mark for heading and ½ mark for explanation (1 x 5 =5)
31.	(i) Sole Proprietorship - It is a form of business organization which is owned, financed, controlled and managed by only one person. (ii) Characteristics of sole proprietorship (Any Four): 1. Individual Ownership: This business is exclusively owned by a single person. 2. Individual Management and Control: "What is to be done, how it is to be done, and when it is to be done"—all the affairs of the business are managed and controlled by the sole proprietor. However, competent people can also be employed for efficient management. 3. Individual Financing: All investment is made by the proprietor. However, if required, he/she can also obtain loans and debts to procure funds for the business. 4. No Separate Legal Entity: Legally, the proprietor and the proprietorship are one and the same. The business and the owner exist together; therefore, with the death of the owner, the business also comes to an end. 5. Unlimited Liability: The proprietor is liable for all the losses arising from the business. In case the business assets are insufficient to pay off the liabilities, his/her personal property may also be used to repay the business debts. 6. Sole Beneficiary: The sole proprietor alone is entitled to all the profits and losses of the business. Therefore, he/she puts in his/her heart and soul to increase profits. 7. Easy Formation and Closure: A sole proprietorship is subject to minimum legal formalities and regulations at the time of starting as well as closing the business. 8. Limited Area of Operation: This form of business generally has a limited area of operation due to:	1 ½ mark for heading and ½ for explanation (1+4=5)

	• Limited availability of finance. • Limited managerial abilities.	
32	(i) Reason for Merger - Entry into new markets -By adopting the merger route, a company can enter a market with greater ease and avoid too much competition from existing companies. (ii) Other Reasons Why Companies Prefer Mergers: (Any Four) 1. Synergy: Synergy is the most essential component of mergers. 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 need to constantly upgrade their technology and business applications. By buying another company with unique technology, the buying company can maintain or develop a competitive edge. 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 mergers and acquisitions to acquire a competency or capability that they do not have and which the other firm does. 5. Access to Funds: Often a company finds it difficult to access funds from the capital market. In such cases, a company may decide to merge with another company that is viewed as fund-rich. 6. 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 against its profits, thereby gaining tax benefits.	1 ½ mark for heading + ½ mark for explanation (1+4=5)
33 (a)	$EOQ = \sqrt{\frac{2PD}{C}}$ D = Annual Demand = 5,000 P = Cost of placing one order (Ordering Cost) = ₹1,000 C = Holding Cost = 25% of Purchase cost (Purchase Cost = ₹10) $= \frac{25}{100} \times 10 = ₹ 2.5$ $EOQ = \sqrt{\frac{2PD}{C}}$ $EOQ = \sqrt{\frac{2 \times 1000 \times 5000}{2.5}}$ $= \sqrt{40,00,000}$ $= 2000 \text{ Notebooks/ Units}$	1 mark for Formula ½ mark for calculating Holding Cost ½ mark for calculation ½ mark final answer 1+½ +½ +½ = 2½

[illegible]

	(vi) Relinquishing some control of the company following the public offering (vii) Suffering a loss of privacy as a result of media interest.	(1+2+2=5)
	OR	
34(b)	Seed capital: 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 economic 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, an 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 to the venture capitalist.	2½
	Start up Finance : Once an idea/product/process is qualified for further investigation and/or investment, a business plan is presented by the entrepreneur to the venture capitalist firm. A management team is informed to run the venture. If the company has a board of directors, a person from the VC firm will take seats at the board of directors. While the organisation is being setup 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 at the capability of the management-team from the board of directors.	2½
		(2½+2½=5)

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