

Marking Scheme
Strictly Confidential
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Senior Secondary School Examination, 2026
ENTREPRENEURSHIP (066)(PAPER CODE 98)

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 News Paper/Website etc may invite action under various rules of the Board and BNS.”
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-X, 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 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	<p>Ensure that you do not make the following common types of errors committed by the Examiner in the past: -</p> <ul style="list-style-type: none"> ● 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 un assessed 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.

Set 4**MARKING SCHEME****Subject: ENTREPRENEURSHIP (066)****Class: XII**

	SECTION A	
	Answers	Marks
1	(C) Scheduling	1
2	(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1
3	(B) Economic environment	1
4	(B) (i), (iv), (ii), (iii), (v)	1
5	(B) Description of venture/business venture	1
6	(D) companies in the same industry	1
7	(B) Opportunity spotting by analysing the needs and problems that exist in the environment	1
8	(A) for a limited duration to recover most of the investment made to build the product	1
9	(C) One-level channel <u>For Visually Impaired Candidates</u> (A) Three-level channel	1 1
10	(B) Reverse acquisition	1

11	(C) Commercial Application	1	
12	(C) Short-term loans	1	
13	(B) the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable is 45 days.	1	
14	(B) (1)-(c), (2)-(d), (3)-(a), (4)-(b)	1	
15	(B) Paperwork for placing order	1	
16	(C) Private Placement	1	
17	(D) Safety Stock	1	
18	(B) It can be used for businesses to grow through acquisitions.	1	
	Section B		
19	The format of Business plan is: <u>An Internal Operational Plan</u> A detailed plan, describing planning details that are needed by management but may not be of interest to external stakeholders.	(1 mark for identification and 1 mark for explanation)	2
20 (a)	(i) Preparation: On the basis of the idea, interest and curiosity, the need is adjudged by the entrepreneur and he starts looking for the answer to implement the idea. If the idea is to launch a new product or service then market research is conducted. That happens because the seed of curiosity has taken form of an idea, the entrepreneurs foresee the future of the product. (ii) Verification: Also called the validation or testing stage. This is where the idea is verified to prove that it has value. This is the most difficult phase of creativity as obstacles begin to appear. This is the developing stage in which knowledge is developed into application. OR	1 + 1	2
20 (b)	Two steps after 'Product identification' are: (i) Application and use Ideas should be examined for their real life use and application. If it already exists in the market, we will have to find out its present use, then we may think of modifying it	(½ mark for identification)	2

	for better use. (ii) 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.	ion and ½ mark for explanati on) 1 × 2= 2	
21	Contract Explanation – This section of the agreement outlines the type of relationship a franchisee is entering into with the franchisor. Operations Manual – This section of the agreement details the guidelines that the franchisee must legally follow in operating the business as outlined by the franchisor.	1 + 1	2
22 (a)	Public relations –It is a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation (or individual) and its (or their) public. It is about building good relations with the stakeholders (public) of the business by obtaining favourable publicity, building a good corporate image and handling or heading off unfavourable rumours, stories and events. OR	2	2
22 (b)	(B) Business Promotions <u><i>For visually impaired candidates</i></u> (D) Sales force promotions	2 2	2
23 (a)	Economic order quantity = $\sqrt{\frac{2PD}{C}}$ P = Cost of placing and receiving one order D = Annual demand for the item C = Inventory carrying/holding cost per unit P = ₹50 D = 2500 units C = ₹25 $\text{Economic order quantity} = \sqrt{\frac{2 \times 50 \times 2500}{25}}$ $= \sqrt{10000}$ Economic order quantity = 100 Bluetooth speakers/ Units	1 mark for formula + ½ mark for calculati on + ½ mark for final answer	2

23 (b)	<p style="text-align: center;">OR</p> <p>Return on Equity = $\frac{\text{Net income}}{\text{Equity}} \times 100$</p> <p style="text-align: right;">(Net Income = Net Profit – Interest on loan = 50,000 – 2,500 = ₹47,500)</p> <p style="text-align: center;">= $\frac{47,500}{2,50,000} \times 100$ = 19%</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>Alternate Solution to Return on Equity</p> <p>Return on Equity = $\frac{\text{Net income}}{\text{Equity}} \times 100$</p> <p style="text-align: center;">= $\frac{50,000}{2,50,000} \times 100$ = 20%</p> </div> <p><i>(Marks will be awarded if the candidate has solved by any of the above two methods)</i></p> <p>Return on Investment = $\frac{\text{Net Profit}}{\text{Total Capital Invested}} \times 100$</p> <p style="text-align: center;">= $\frac{50,000}{2,50,000} \times 100$ = 20%</p>	<p>½ mark for formula + ½ for final answer=1</p>	2
24	<p>Two rules considered by ‘Swadisht’ online food delivery platform while planning to launch it’s advertising activity are:</p> <p>(i) Aim To decide what is the primary purpose of the advertisement – whether it is to inform, sell, produce listings or to improve the image of business.</p>	<p>½ mark for identification and ½</p>	2

	<p>(ii) Target To decide who the target customers are and from which sector of the public are we trying to achieve a response – whether it is male, female, adult, teenager, child, mother, father etc.?</p>	mark for explanation) $1 \times 2 = 2$	
	Section C		
25	<p>Two idea fields discussed in the case are: (i) Market driven/ Demand driven idea Quote: “She decided to study the market to understand the trends of demand, supply and consumer preferences”</p> <ul style="list-style-type: none"> - Market research is any organized effort to gather information about target markets or customers. <p>(ii) Natural Resources Quote: “Reena decided to start a business of producing ready-to-drink bottled juices extracted from the locally grown organic citrus and other fruits”</p> <ul style="list-style-type: none"> - Ideas can be generated based on natural resources. A product or service may be derived from forest resources, agriculture, horticulture, mineral, animal husbandry, wind, sun and human resources. 	<p>(½ mark for identification + ½ for quoting + ½ mark for explanation) $1\frac{1}{2} \times 2 = 3$</p>	3
26	<p>Two ways of trend spotting used by Kavita are: (i) Watch Trends In this an entrepreneur regularly spends time in watching and observing what their target customers are eating, doing, wearing and using. Quote: “She makes it a point to go to her restaurant regularly as well as other restaurants and spends time watching and observing what people are eating, wearing and doing”.</p> <p>(ii) Talk Trends Talking to people is an important trend-spotting tactic. The entrepreneur talks to existing and prospective customers, both online and offline to get inputs on what customers are thinking, buying, craving and doing.</p> <p>Quote: “She also talks to the customers to get inputs on what they are thinking and buying”</p>	<p>(½ mark for identification + ½ for quoting + ½ mark for explanation) $1\frac{1}{2} \times 2 = 3$</p>	3

27 (a)	<p>While assessing the market, an entrepreneur has to prepare details based on the following factors:</p> <p>(i) Demand 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.</p> <p>(ii) Supply and nature of competition While assessing the market, supply position is also studied by entrepreneurs. It will give a complete picture of quantities of the product made available in the market by all the existing players. It should also take into account future supplies from possible entrants in the field.</p> <p>(iii) Cost and price of product 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.</p> <p>(iv) Project innovation and change 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.</p> <p><i>(Any two factors)</i></p>	<p>(1/2 mark for heading + 1 mark for explanation) $1\frac{1}{2} \times 2 = 3$</p>	3
27 (b)	<p style="text-align: center;">OR</p> <p>Reasons why a private company is preferred:</p> <p>(i) Only two members are required to form a private company. (ii) Only two directors are required to constitute the quorum to validate the proceedings of the meetings. (iii) Such company can file a statement in lieu of prospectus with the Registrar of Companies. (iv) It can commence its business immediately after incorporation. (v) Holding of a statutory meeting or filing of a statutory report is required by a private company. (vi) A non-member cannot inspect the copies of the Profit and Loss A/c filed with the Registrar. (vii) Limit on payment of maximum managerial remuneration does not apply to a private company. (viii) Restrictions on appointment and reappointment of managing director do not apply. (ix) Maintaining of index of members is not required by a private company. (x) Directors of the private company need not have qualification shares.</p> <p><i>(Any six reasons)</i></p>	<p>$(\frac{1}{2} \times 6 = 3)$</p>	3

28 (a)	<p>Sales strategy consists of a plan that positions a company's brand or product to gain a competitive advantage.</p> <p>Types Of Sales Strategies</p> <p>(i) Direct sales strategy In this strategy sales people attack the competition head on when talking to the customer. They talk about each feature of the competitor's product and compare it to theirs. It is also known as 'negative selling'</p> <p>(ii) Indirect sales strategy This sales strategy applies more subtle techniques by demonstrating features and benefits not available with the competitor's products or services without even mentioning them by name. This is positive sales strategy.</p> <p style="text-align: center;">OR</p>	<p>1 +</p> <p>(½ for heading + ½ for explanation) $1 \times 2 = 2$</p>	3
28 (b)	<p>Promotion as a 'promotion strategy' is a method which spreads the word about the product or service to customers, stakeholders and the broader public.</p> <p>Types of Promotion strategies</p> <p>(i) Above-the-line This promotion uses mass media methods and focuses on advertising to a large audience. It includes conventional media like print, online, television, billboard, and cinema advertising.</p> <p>(ii) Below-the-line These methods are very specific, memorable activities focused on targeted groups of consumers. The purpose of these activities is to develop the brand by creating awareness and building a brand profile through sponsorship, sales promotions, public relations, personal selling and direct marketing.</p> <p>(iii) Through-the-line This 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".</p> <p><i>(Any two strategies)</i></p>	<p>1 +</p> <p>(½ for heading + ½ for explanation) $1 \times 2 = 2$</p>	3
29	<p>(a) Variable Price method</p> <p>Variable pricing is a marketing approach that permits different rates to be extended to different customers for the same goods or services.</p>	<p>(1 Mark for identification + 1</p>	3

	<p>(b) In real estate market the prospective buyers often submit bids for properties that are less than the posted asking price, in the hope that the seller will accept a smaller amount. This often leads to a series of offers and counter offers that sometimes result in a sale taking place. At other times, the two parties are unable to come to terms, and no sale takes place.</p>	mark for explanation {for part a}+ 1 mark {for Part (b)}	
	SECTION D		
30	<p>Five elements of an operational plan</p> <p>(i) Routing (a) Routing is a process concerned with determining exact route or path a product/ service has to follow right from raw material till its transformation into finished product.</p> <p>(ii) Scheduling Scheduling means fixation of time, day, date when each operation is to be commenced and completed. It is the determination of the time that should be required to perform each operation.</p> <p>(iii) Dispatching The process of initiating production in accordance with pre-conceived production plan is known as dispatching. This includes issuing necessary orders instructions, guidelines and/or information to work pertaining to give a practical shape to the production plan.</p> <p>(iv) Follow-Up Follow-up or expediting function relates to evaluation and appraisal of work performed. A properly planned follow-up procedure is helpful in detecting errors and defects in the work.</p> <p>(v) Inspection Inspection is the art of comparing materials, product or performance with established standards. It helps the entrepreneur to set up laboratories or evolve strategies/methods to ensure predetermined quality of product/service.</p> <p>(vi) Shipping This section goes beyond the manufacturing process and describes the flow of goods / services from production to the consumers.</p> <p>(Any five elements)</p> <p style="text-align: center;">OR</p>	<p>(1/2 mark for heading + 1/2 mark for explanation) $1 \times 5 = 5$</p>	5
30	<p>First five steps in the process of preparing the marketing plan are as follows:</p> <p>(i) Business situation analysis: (b) The first step in a marketing plan answers: "Where have we been?" It usually reviews past performance and achievements of the enterprise but for a new venture, the focus shifts towards:</p>	<p>(1/2 mark for heading +</p>	5

	<ul style="list-style-type: none"> * Entrepreneur's personal profile * Product development details * Need the product/service satisfies * Entrepreneur's prior experience * Planned market segmentation <p>(ii) Identify the target market: The second step is essential for any new venture as it helps to define clearly the specific group of potential customers whose needs the enterprise aims to fulfill. This identification of the "target market" is pretty tedious task as it involves: a) The entrepreneur can decide which market/industry he wishes to pursue. He/she can decide this on the basis of market research or industry analysis. b) Divide the market into smaller groups based on: i) Consumer's characteristics viz. • Geographic (State, Country etc.) • Demographic (Sex, age, etc.) • Psychographics (Personality, life style, etc.) ii) Buying situations viz. • Buying conditions (time available etc.) • Usage • Desired benefits (features of product) c) Select segment or segments to target. d) Develop a marketing plan integrating according to product, price, distribution, promotion.</p> <p>(iii) Conduct SWOT analysis: Third step is very important for an entrepreneur as he has to consider his target market with respect to: a) Strengths b) Weaknesses c) Opportunities d) Threats This will ensure success of the new firm.</p> <p>(iv) Establish goals: Fourth step answers the question as to where the enterprise wants to go. They have to look into detail the following for the same: a) realistic, attainable and well-defined goals and objectives for the enterprises, b) quantifying the goals so that they could be measured for control purposes. c) setting standards to measure those goals which are qualitative in nature. d) limiting the goals to a specific number so that there are no chaos, confusions or overlapping. Otherwise, even controlling and monitoring will be difficult.</p> <p>(v) Define marketing strategy: Fifth step deals with "How do we get there?". This demands specific activities to be outlined to meet the enterprise's established goals and objectives. The marketing strategy and action plan comprise of decisions pertaining to the following 4 P's: a) Product b) Price c) Promotion d) Place</p>	1/2 mark for explanati on) $1 \times 5 = 5$	
31	<p>(a) The forms of business organisation highlighted in the case are- <u>Sole proprietorship and Partnership.</u></p> <p><u>(b) Features of Sole proprietorship</u> (i) Sole proprietorship has <u>individual ownership</u>. (ii) This business has <u>individual management and control</u> by the sole proprietor. (iii) The proprietor takes care of <u>financing, individually.</u></p>	1/2 mark each for identificati on of the two forms $\frac{1}{2} \times 2 = 1$	5

	<p>(iv) There is no <u>separate legal entity</u> in sole proprietorship business.</p> <p>(v) The proprietor has <u>unlimited liability</u>.</p> <p>(vi) The sole proprietor is the <u>sole beneficiary</u> of all profits and losses of business.</p> <p>(vii) This form of business enjoys <u>easy formation and closure</u>.</p> <p>(viii) This form of business generally has a <u>limited area of operation</u>.</p> <p>(Any 4 features)</p> <p><u>(b) Features of Partnership</u></p> <p>(i) There must be <u>at least two or more persons</u> to enter into a contract to form partnership.</p> <p>(ii) The relation of partnership arises from <u>an agreement/ contract</u>.</p> <p>(iii) The objective of the business is to make <u>profits and distribute the same amongst partners</u>.</p> <p>(iv) The liability of partners in a partnership firm is <u>unlimited</u>.</p> <p>(v) There is an <u>implied authority</u> that any partner can act on behalf of the firm.</p> <p>(vi) There is <u>mutual agency</u> among partners where the business can be carried on by all the partners or any one of them acting for all.</p> <p>(vii) Every partner is supposed to act in <u>utmost good faith</u>.</p> <p>(viii) There is <u>restriction on transfer of shares</u> by any partner.</p> <p>(ix) There is <u>continuity</u> in the partnership up to the time that all partners desire to continue it.</p> <p>(Any 4 features)</p>	<p>+</p> <p>(1/2 mark each for any four features of sole proprietorship)</p> <p>$\frac{1}{2} \times 4 = 2$</p> <p>+</p> <p>(1/2 mark each for any four features of partnership)</p> <p>$\frac{1}{2} \times 4 = 2$</p>	
32	<p>Three advantages of franchising to Reena</p> <p>(i) Product acceptance The franchisee operates under an established brand name with recognised products or services. This reduces the effort and cost required to build credibility, as customer trust and brand reputation already exist. It also helps attract customers quickly, as the brand already has a market presence and goodwill.</p> <p>(ii) Management expertise The franchisor provides training and ongoing support in areas such as operations, marketing, accounting, and management. This guidance helps the franchisee run the business more effectively and reduces the chances of operational mistakes. Continuous assistance also supports business growth and problem-solving.</p> <p>(iii) Knowledge of the market Franchisors offer industry experience and market insights, including information about target customers, competition, and effective business strategies. Their established systems and research help the franchisee adapt to local market conditions and improve decision-making.</p> <p>Two disadvantages of franchising to Reena</p> <p>(i) Right and the only way of doing things Entering into a franchise contract limits the degree of freedom for the franchise. As such, one gets an over guided and over influenced degree of control exerted by the</p>	<p>(1/2 mark for heading + 1/2 mark for explanation)</p> <p>$1 \times 5 = 5$</p>	5

	franchisor. This results in losing the freedom to innovate to some extent.								
	(ii) Continuing costs implications Apart from the initial franchise fee, the franchisee must pay ongoing royalties and other charges, making it a costly arrangement. These recurring payments may reduce profit margins and financial flexibility.								
33	Product	Chocolate Cake	Vanilla Cake	1 mark for calculating contribution margin per unit + 1 mark for calculating WACM + ½ mark for BEP formula + ½ mark for overall BEP in units + 1 mark for BEP in units for individual products + 1 mark for BEP in Rs.	5				
	Selling price per unit (₹)	200	150						
	Variable cost per unit (₹)	120	90						
	Contribution margin per unit	80	60						
	Sales Mix %	40%	60%						
		$80 \times \frac{40}{100} = 32$	$60 \times \frac{60}{100} = 36$						
	Weighted-average contribution margin per unit = 32 + 36 = ₹ 68								
	Overall Break-even point = $\frac{\text{Total Fixed Cost}}{\text{Weighted average contribution margin per unit}}$ $= \frac{1,15,600}{68}$ $= 1700 \text{ units.}$								
	Product wise Break-even point Break-even point of Chocolate Cake = 1700 x 40% = 680 units Break-even point of Vanilla Cake = 1700 x 60% = 1020 units								
	<table><tr><td>Product units at break-even point x selling price per unit</td><td>680 x 200</td><td>1020 x 150</td></tr><tr><td>Product wise BEP in rupees</td><td>₹ 1,36,000</td><td>₹ 1,53,000</td></tr></table> Total BEP in ₹ = 2,89,000			Product units at break-even point x selling price per unit		680 x 200	1020 x 150	Product wise BEP in rupees	₹ 1,36,000
Product units at break-even point x selling price per unit	680 x 200	1020 x 150							
Product wise BEP in rupees	₹ 1,36,000	₹ 1,53,000							

<p>34 (a)</p>	<p>A capital market may be defined as an organized mechanism meant for effective and smooth transfer of money capital or financial resources from the investors to the entrepreneurs.</p> <p>Capital markets are crucial for entrepreneurs because they:</p> <p>a) Mobilize financial resources on a nation-wide scale. b) Secure foreign capital and know-how. c) Ensure effective allocation of resources by directing funds to projects with the highest potential yield or to underdeveloped priority areas.</p> <p>Financial Intermediation The process of transferring financial resources from the surplus units to the deficit units is referred to as "Financial Intermediation".</p> <p style="text-align: center;">OR</p> <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 style="text-align: center;">Or</p> <p>Venture capital is an equity based investment in a growth-oriented small to medium business to enable the investors to accomplish objectives, in return for minority shareholding in the business or the irrevocable right to acquire.</p> <p>Early-stage financing</p> <p>Early-stage financing includes: (a) Seed capital (b) Start-up finance (c) Second-round financing.</p> <p>a) Seed capital finance: Capital provided at the pre-commercialisation stage for research and initial development of an idea or prototype. The venture capitalist (VC) evaluates the technical and economic feasibility of the idea. Risk is very high, so the entrepreneur must demonstrate strong capability and market potential.</p> <p>b) Start-up finance: Funding is provided once the idea qualifies for further investment. The entrepreneur presents a business plan to the VC, develops the product/prototype, and establishes the organisation and management team.</p>	<p>1 mark for defining capital market + 1 mark each for three importance of capital market (3×1=3) + 1 mark for meaning of financial intermediation</p> <p>1 mark for definition (any of the two) + 1 mark each for three stages of early-stage financing (1×3=3)</p>	<p>5</p> <p>5</p>
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	<p>c) Second-round financing: Provided when the product is already being produced and sold. Funds are used for expansion, modernisation, or diversification to achieve growth and stability. Larger investment is involved, so proven performance and market competitiveness are essential.</p> <p>Last stage financing / Bridge / Pre-public stage: This is the final stage of venture capital financing, with the main objective to prepare the venture to go public so that investors can exit with profits. At this stage, the business has already achieved a certain amount of market share and now needs funds for expansion, mergers, strengthening market position, and preparing for public issue.</p>	<p>+</p> <p>1 mark for last stage financing</p>	
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