

			MARKING SCHEME – 2017-18 BUSINESS STUDIES COMPARTMENT– 66/1-2-3 EXPECTED ANSWERS / VALUE POINTS	MARKS
66/1	66/2	66/3		
1	3	5	<p>Q. What is meant by ‘functional structure’ of an organization?</p> <p>Ans. Functional structure is an organisational structure formed by grouping of jobs of similar nature according to functions and organising these major functions as separate departments like production, finance etc.</p>	1 mark
2	5	7	<p>Q. How does planning reduces the risks of uncertainty?</p> <p>Ans. Planning reduces the risk of uncertainty by anticipating changes and developing managerial responses to the changes.</p>	1 mark
3	4	6	<p>Q. Zamon Ltd. is manufacturer of electronics goods based in Pune. On one hand it deals in items like books, music instrument, videotapes etc., and on the other hand it deals in laptops and mobile phones.</p> <p>The company had a functional structure with separate heads for production, marketing and finance. All the functional heads were looking after the products, but at times their activities overlapped. This led to problems related to coordination and inter-departmental conflicts. To facilitate specialization Ramit, the CEO of the company decided to group books, music instrument, videotapes etc. under ‘Media’ and laptops and mobile phones under ‘consumer electronics’. While doing so Ramit has performed a step in the process of one of the functions of management. Identify the step.</p> <p>Ans. Departmentalisation.</p>	1 mark
4	1	8	<p>Q.VXL Ltd. is a company dealing in dairy products. It procures these products from Rajasthan and sells them to various parts of Delhi. A month before ‘Merio Ltd.’ a Haryana based company entered Delhi market with a similar range of products. State the impact of entry of Haryana based ‘Merio Ltd.’ on the working capital requirements of VXL Ltd. Also, name the factor affecting the working capital requirements of VXL Ltd.</p> <p>Ans. The entry of Haryana based ‘Merio Ltd.’ will increase the working capital requirements of VXL Ltd as it may necessitate higher stocks of finished goods to meet urgent orders from customers.</p> <p style="text-align: center;">OR</p> <p>The entry of Haryana based ‘Merio Ltd.’ will increase the working capital requirements of VXL Ltd as competition may force it to extend liberal credit terms.</p> <p><u>Factor affecting working capital requirements is:</u> Level of competition.</p>	<p>$\frac{1}{2} + \frac{1}{2}$</p> <p>=1 mark</p>

5	6	1	<p>Q. 'Vani Oil Refinery' is a large company, engaged in processing crude oil and refining it into more useful products like Petroleum, Kerosene, LPG etc. It has build good reputation over the years. It has been consistently earning profits and paying regular dividend to its shareholders. It needs additional working capital immediately to finance a project. It expects to return this amount after seven to eight months. Ashish Batra, the Finance Manager of the company does not want to get into procedural requirements of securing finance from a Commercial Bank.</p> <p>Suggest how the company can raise the required finance for meeting its additional working capital requirements.</p> <p>Ans. 'Vani Oil Refinery' can raise the required finance for meeting its additional working capital requirements through <u>Commercial Paper</u>.</p>	1 mark
6	7	3	<p>Q. Give the meaning of Marketing Mix.</p> <p>Ans. Marketing mix is the combination of variables chosen by a firm to prepare its market offering.</p> <p style="text-align: center;">OR</p> <p>Marketing Mix is described as the set of marketing tools that a firm uses to pursue its marketing objectives in a target market.</p> <p style="text-align: center;"><i>(or any other correct meaning)</i></p>	1 mark
7	8	2	<p>Q. If the company has enough funds and the management also wants to have greater control on the channel members, which channel of distribution should the company adopt? Give reason in support of your answer.</p> <p>Ans. The company should adopt Direct Level Channel/ Zero Level Channel/ Short channel of distribution. Reason: The company has enough funds for starting own retail outlets or engaging large number of sales force.</p>	$\frac{1}{2} + \frac{1}{2}$ =1 mark
8	2	4	<p>Q. 'My Bakery', a biscuit manufacturing company, launched biscuits with different flavours based on quality and features like 'Crunchy biscuits', 'Sweet potato', 'Coffee Jolly' etc.</p> <p>The labels on the package of the biscuits are with pictures and different colours indicating and specifying the flavours of the biscuits and their contents.</p> <p>Identify the two functions of labelling discussed above.</p> <p>Ans. <u>Functions of labelling discussed above are:</u> (i) Describes the product and specifies its contents.</p>	$\frac{1}{2} + \frac{1}{2}$



			(ii) Helps in grading of products.	=1mark												
9	12	11	<p>Q. Distinguish between ‘delegation‘ and ‘decentralization‘ on the basis of (i) Freedom of action; (ii) Status and (iii) Purpose.</p> <p>Ans. Distinction between ‘delegation‘ and ‘decentralisation‘:</p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Delegation</th> <th>Decentralisation</th> </tr> </thead> <tbody> <tr> <td>Freedom of action</td> <td>Delegation involves more control by superiors leading to less freedom to take own decisions by subordinates.</td> <td>Decentralisation involves less control over executives leading to greater freedom of action to subordinates.</td> </tr> <tr> <td>Status</td> <td>It is a process followed to share tasks.</td> <td>It is the result of the policy decision of the top management.</td> </tr> <tr> <td>Purpose</td> <td>The purpose of delegation is to lessen the burden of the manager.</td> <td>The purpose of decentralization is to increase the role of the subordinates in the organisation by giving them more autonomy.</td> </tr> </tbody> </table>	Basis	Delegation	Decentralisation	Freedom of action	Delegation involves more control by superiors leading to less freedom to take own decisions by subordinates.	Decentralisation involves less control over executives leading to greater freedom of action to subordinates.	Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.	Purpose	The purpose of delegation is to lessen the burden of the manager.	The purpose of decentralization is to increase the role of the subordinates in the organisation by giving them more autonomy.	<p>1 x 3</p> <p>=</p> <p>3marks</p>
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10	13	10	<p>Q. State any three financial incentives other than ‘Pay and Allowances‘ to motivate employees.</p> <p>Ans. Financial incentives other than ‘Pay and Allowances‘ to motivate employees: (Any three)</p> <p>(a) <u>Productivity linked wage incentive</u> involves linking payment of wages of employees to the increase in their productivity at individual or group level.</p> <p>(b) <u>Bonus</u> involves offering an amount of funds over and above the wages/ salary to the employees.</p> <p>(c) <u>Profit Sharing</u> involves providing a share in the profits of the organization to employees.</p> <p>(d) <u>Co-partnership/Stock option</u> is an incentive under which the employees are offered company shares at a set price which is lower than market price.</p> <p>(e) <u>Retirement Benefits</u> include benefits such as provident fund, pension and gratuity that provide financial security to employees after their retirement.</p> <p>(f) <u>Perquisites</u> include incentives such as car allowance, housing, medical aid and education to the children etc., which</p>	<p>=</p> <p>1 x 3</p> <p>=</p> <p>3marks</p>												



			are offered over and above the salary. <i>(If an examinee has given only the heading, ½ mark for each heading should be awarded.)</i>	
11	9	12	<p>Q. Lakhan, an expert in the area of Financial Management, sent an e-mail to his subordinate Thomas about a new project for a client in France. Though, the mail was in English, a language known to Thomas, he was not able to understand the actual meaning of many words used in the mail. He was also not a specialist in the field of Financial Management. Not only this, some portions of the mail were translated from French to English in such a manner that many mistakes crept in, causing different meaning to the message.</p> <p>(a) Identify two specific barriers to communication in Lakhan’s e-mail.</p> <p>(b) State any two measures which can be taken by Lakhan to overcome the barriers identified in part (a) above to improve in future the effectiveness of his communication.</p> <p>Ans. <u>Two specific barriers to communication in Lakhan’s e-mail were:</u></p> <p>(i) Faulty translations (ii) Technical jargon</p> <p><u>Measures to overcome communication barriers: (Any two)</u></p> <p>(i) Lakhan should <u>communicate according to the needs, education and understanding levels of subordinates.</u></p> <p>(ii) He should take a <u>proper feedback</u> to improve the communication process and make it more responsive.</p> <p>(iii) He should regularly <u>follow up communication</u> and review the instructions given to subordinates.</p> <p>(iv) He should <u>be aware of languages, tone and content of the message</u> to make it understandable to the receiver.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded.)</i></p>	$\frac{1}{2} + \frac{1}{2}$ $=$ 1 mark $+$ 1×2 $=$ 2marks $=$ $1 + 2$ $=$ 3marks
12	11	13	<p>Q. Neelabh Sarin, the Finance Manager and Atul Chopra, the Managing Director of Ghokerns Ltd. were discussing regarding the source of finance to be raised for modernization of their existing plant. Quoting that ‘Sensex has soared by 5078 points’ in the last three years, Neelabh Sarin suggests that equity should be preferred while Atul Chopra wanted to opt for debt.</p> <p>Keeping in mind the high operating costs of the company, suggest the source of finance that should be used for modernization of existing plant. Also, explain the two factors highlighted above which should be kept in mind for taking this</p>	



			<p>decision.</p> <p>Ans. The source of finance that should be used for modernization of existing plant is Equity.</p> <p>Two factors highlighted above which should be kept in mind for taking this decision are:</p> <p>(a) Stock market conditions/ State of capital market. (b) Fixed operating costs/ Risk considerations.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p>	<p>1 mark + ½ mark for heading + ½ mark for explanation = 1 x 2 = 2 marks = 1 +2 = 3 marks</p>
13	10	9	<p>Q. Explain any three points of importance of consumer protection from the point of view of consumers.</p> <p>Ans. Importance of Consumer protection from the point of view of consumers:</p> <p>(i) Consumer ignorance. (ii) Unorganized consumers. (iii) Widespread exploitation of consumers.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p>	<p>½ mark for heading + ½ mark for explanation = 1 x 3 = 3 marks</p>
14	16	18	<p>Q. Vardan Patel started the business of preparation and supplying sweets through home delivery at a production cum show-room ‘Express Sweets’ at Ahmedabad.</p> <p>He made a plan forecasting the sales of different types of sweets in various localities of Ahmedabad for each month of the year to earn a profit of 20% on Capital employed.</p> <p>He sets a sales target of ₹20,00,000 in the current year with a 10% increase every year.</p> <p>He then set the criteria for selecting suppliers from whom he would make purchases of raw material. The planning paid off and the business was able to achieve its targets.</p> <p>(a) Identify any two types of plans by quoting the lines from the above.</p> <p>(b) Also give the meaning of the types of plans identified in part (a) above.</p> <p>Ans.(a) The two types of plans are: (i) <u>Objective</u> <i>‘He set a sales target of Rs. 20,00,000 in the current year with a 10% increase every year.’</i></p>	<p>½ mark for identification + ½ mark for</p>



			<p style="text-align: center;"><i>OR</i></p> <p><i>'He made a plan forecasting the sales of different types of sweets in various localities of Ahmedabad for each month of the year to earn a profit of 20% on Capital employed.'</i></p> <p>(ii) <u>Policy</u> <i>'He then set the criteria for selecting suppliers from whom he would make purchases of raw material.'</i></p> <p>(b) <u>Objective</u>: An objective is the end which the management seeks to achieve within a given time period, expressed in quantitative terms.</p> <p><u>Policy</u> : A policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.</p>	<p>quoting line = 1 x 2 = 2 marks</p> <p>+</p> <p>1 mark each for the meaning = 1 x 2 = 2 marks = 2+2 = 4 marks</p>
15	15	17	<p>Q. A.V.M.Ltd. set-up its electric appliances manufacturing factory in a backward area of Himachal Pradesh where subsidies are provided by the government and labour is available at cheaper rates.</p> <p>A.V.M Ltd. was able to produce its products at low cost thereby generating enough profits in the first year itself. It was because of the fact that the limits of authority and responsibility of the employees were clearly defined and the activities of various departments were coordinated and integrated. The Production Manager of the company also came to know about the availability of raw material at cheaper rates from a vendor. For this he wrote a letter to the Managing Director of the company for getting sanction. But because of procedural delays in getting this sanction and procuring funds from the Finance Manger, the order could not be placed.</p> <p>(a)Identify the type of organization that led to procedural delays and because of which the company could not get the advantage of procuring raw material at cheaper rates.</p> <p>(b)State an advantage of the type of organization identified in (a) above other than those discussed in the above case.</p> <p>(c)Also, state any two values communicated by A.V.M Ltd. to the society.</p> <p>Ans.(a) Formal organisation.</p> <p>(b)<u>Advantage of formal organisation (Any one):</u></p> <p>(i) It helps to maintain <u>unity of command</u> through an established chain of command.</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for advantage</p>



			<p>(ii) It leads to <u>effective accomplishment of goals</u> by ensuring that each employee knows the role he has to play.</p> <p>(iii) It provides <u>stability to the organization</u> as behavior of employees can be fairly predicted.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded.)</i></p> <p>(c) <u>Values communicated by A.V.M Ltd. to the society:</u></p> <p>(i) Development of backward areas/ Balanced regional development.</p> <p>(ii) Optimum utilization of resources.</p>	<p>+</p> <p>1 mark for each value</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>1+1 +2</p> <p>=</p> <p>4 marks</p>
16	14	14	<p>Q. Explain the steps to be followed in the process of controlling function of management after ‘Setting Standards’.</p> <p>Ans. <u>Steps to be followed in the process of controlling function of management after ‘Setting Standards’:</u></p> <p>(i) Measuring actual performance</p> <p>(ii) Comparing actual performance with standards</p> <p>(iii) Analysing deviations</p> <ul style="list-style-type: none"> • Critical Point Control • Management by Exception <p>(iv) Taking corrective action</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p> <p><i>(If the examinee has not followed the correct sequence of steps, ½ mark to be deducted.)</i></p>	<p>½ mark for heading</p> <p>+</p> <p>½ mark for explanation</p> <p>=</p> <p>1 x 4</p> <p>=</p> <p>4 marks</p>
17	19	16	<p>Q. After passing his secondary school examination, David left the school at the age of 15 years and started getting training under his father. His father, a renowned electrician, had worked for many companies. He everyday started accompanying his father on work and watched him carefully while working. David was a good learner and learnt the techniques of work quickly. Now his father started passing on the tricks of the trade to David. With the passage of time David acquired a high level skill and became a well-known electrician at Indore. Big business-houses started calling him for electrical -wiring .</p> <p>(a)Name the method of training discussed in the above para.</p> <p>(b) State any three benefits which David could get on being trained.</p> <p>Ans.(a) <u>Apprenticeship Training</u></p> <p>(b)<u>Benefits which David could get on being trained: (Any three)</u></p> <p>(i) It may lead to his <u>promotion and career growth</u> due to improved skills</p>	<p>1 mark for naming the method</p> <p>+</p> <p>1 mark for stating each</p>



			<p>and knowledge.</p> <p>(ii) It will <u>help him to earn more</u> due to improved performance.</p> <p>(iii) It will <u>reduce accidents</u> as he will be more efficient to handle machines.</p> <p>(iv) It will <u>increase his satisfaction</u> and morale.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded.)</i></p>	<p>benefit = 1 x 3 = 3marks</p> <p>= 1+3 = 4 marks</p>
18	17	19	<p>Q. Describe any four functions of Financial Market.</p> <p>Ans. <u>Functions of Financial Market:</u></p> <p>(i) Mobilisation of savings and channelising them into most productive use.</p> <p>(ii) Facilitating price discovery.</p> <p>(iii) Providing liquidity to financial assets.</p> <p>(iv) Reducing the cost of transactions.</p> <p><i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i></p>	<p>½ mark for heading + ½ mark for explanation</p> <p>= 1 x 4 = 4 marks</p>
19	18	15	<p>Q. Sara was pursuing her graduation. Everyday she saw her mother working tirelessly at home after coming back from her work-place. She decided to start a tiffin service to increase her family income. To begin with she started supplying tiffin only in the neighbourhood. Everyday she detailed out the menu after consulting her mother. For informing the people about her service she designed a beautiful informative pamphlet, got it printed and started distributing it through the daily newspapers. She also appointed two delivery boys to deliver tiffins.</p> <p>The business was slow to begin with but picked-up well afterwards. She was able to earn a profit of 20% of the revenue in the first month.</p> <p>(a) Identify the promotional tool used by Sara to communicate to the customers about her tiffin service.</p> <p>(b) State any three roles of the promotional tool identified in (a) above in marketing of goods and services.</p> <p>Ans. (a) Advertising</p> <p>(b) <u>Role of advertising in marketing (Any three):</u></p> <p>(i) It helps to <u>create demand</u> by informing the prospective customers about the product.</p>	<p>1 mark for identification</p> <p>+</p> <p>1 mark for stating each</p>



			<p>(ii) It provides <u>economies of scale</u> as increased demand leads to higher production.</p> <p>(iii) It <u>educates consumers</u> by informing about the availability of different products in the market.</p> <p>(iv) It <u>generates employment</u> by creating various kinds of jobs to artists, script writers etc .</p> <p>(v) It <u>improves standard of living</u> by giving information regarding new products and increasing income levels of people.</p> <p>(vi) It <u>sustains the media</u> by acting as a source of revenue.</p> <p><i>(If an examinee has given only the heading, ½ mark for the heading should be awarded.)</i></p>	<p>point of role</p> <p>=</p> <p>1 x 3</p> <p>=</p> <p>3 marks</p> <p>=</p> <p>1 +3</p> <p>=</p> <p>4 marks</p>
20	22	21	<p>Q. State any five characteristics of co-ordination.</p> <p>Ans. <u>Characteristics of co-ordination: (Any five)</u></p> <p>(i) It <u>integrates group efforts</u> by unifying diverse interests into purposeful work activity</p> <p>(ii) It <u>ensures unity of action</u> by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) It is a <u>continuous process</u> as it starts at the planning stage and continues till controlling.</p> <p>(iv) It is a <u>pervasive function</u> as it is required in all types of organisations, in all the departments and at all levels.</p> <p>(v) It is the <u>responsibility of all managers</u> at the top, middle and lower level.</p> <p>(vi) It is a <u>deliberate function</u> as every manager has to co-ordinate the efforts of different people in a conscious and deliberate manner.</p> <p><i>(If an examinee has given only the heading, ½ mark for each heading should be awarded.)</i></p>	<p>1 x 5</p> <p>=</p> <p>5 marks</p>
21	20	22	<p>Q. Deewan Ltd. is a multinational consulting company with its headquarters at Washington D.C. It hires young people from different countries of the world.</p> <p>It is a company in which people dream to work because of its work-environment, pay and growth prospectus. The company has a culture of open communication and people of various nationalities work together in a discrimination free environment. The behaviour of managers of Deewan Ltd.</p>	



		<p>emphasizes kindness and justice which ensures loyalty and devotion of workers.</p> <p>It also promotes mutual trust and belongingness among team members. In this way management of Deewan Ltd. is able to achieve its objectives by promoting team work. By doing so managers of Deewan Ltd. are following some principles of management.</p> <p>Identify and explain any two such principles.</p> <p>Ans. <u>The two principles of management followed by managers of Dewan Ltd are:</u></p> <p><u>Equity</u></p> <ul style="list-style-type: none"> ▪ Equity states that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. ▪ It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. <p><u>Espirit de Corps.</u></p> <ul style="list-style-type: none"> ▪ Management should promote <u>team spirit of unity and harmony among employees.</u> ▪ This will give rise to spirit of <u>mutual trust and belongingness among team members</u> and will minimise the need for using penalties. 	<p>½ mark for identification of each principle</p> <p>+</p> <p>2 marks for its explanation</p> <p>=</p> <p>2 ½ x 2</p> <p>=</p> <p>5 marks</p>	
22	21	20	<p>Q. Aditi set-up a company ‘Dantik Ltd.’ to manufacturer toothpastes using herbs found in her village instead of chemicals that are hazardous to health. The package of the product was eco-friendly and had details like price, quantity, ingredients, directions for use and other relevant information. It also carries the contact details like address, phone number and e-mail id of ‘Dantik Consumer Services and Grievance Cell’. The toothpaste became very popular and she started getting orders from reputed traders.</p> <p>(a) Identify and explain any two Rights of Consumers discussed above.</p> <p>(b) State any two values being communicated by ‘Dantik Ltd.’ to the society.</p> <p>Ans. (a) <u>Rights of Consumers</u> discussed above:</p> <p>(i) <u>Right to be Informed</u> states that a consumer has a right to have complete information about the product he intends to buy such as ingredients, date of manufacture, price, quantity etc.</p> <p>(ii) <u>Right to be Heard</u> states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p> <p>(b) <u>Values communicated by ‘Dantik Ltd.’ to the society: (Any two)</u></p> <p>(i) Concern for health.</p> <p>(ii) Optimum utilization of resources.</p> <p>(iii) Social responsibility.</p>	<p>½ mark for identification of each Right</p> <p>+</p> <p>1 mark for explanation</p> <p>=</p> <p>1 ½ x 2</p> <p>=</p> <p>3 marks</p> <p>+</p> <p>1 mark for each value</p> <p>=</p> <p>1 x 2</p> <p>=</p> <p>2 marks</p> <p>=</p> <p>3+2</p>



			(or any other correct value)	= 5 marks
23	24	25	<p>Q. With rapid advancements in the field of replacing manual work with machines, a Robot named ‘Sujan’ has been invented and developed and is likely to get the citizenship of the country of its origin.</p> <p>It has led to a stage where machines are being used in place of human beings. ‘Sujan’ is doing all types of work whether routine or hazardous and even answering the queries of people. However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life. Through the orders and decisions of various commissions and agencies at Centre, State or local level the Indian Government is playing a very significant role in balancing the use of human and machine power. Various dimensions of business environment are being discussed in the above para.</p> <p>By quoting the lines from the above identify and explain any three dimensions.</p> <p>Ans.(i) <u>Technological Environment</u></p> <p><i>‘With rapid advancements in the field of replacing manual work with machines, a robot named ‘Sujan’ has been invented and developed’.</i></p> <p>Technological Environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.</p> <p>(ii) <u>Social Environment</u></p> <p><i>‘However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life’.</i></p> <p>Social Environment includes social forces like customs and traditions, values, social trends and society’s expectation from business.</p> <p>(iii) <u>Legal environment</u></p> <p><i>‘Through the orders and decisions of various commissions and agencies at Centre, State or local level the Indian Government is playing a very significant role in balancing the use of human and machine power.’</i></p> <p>Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government— Centre,</p>	<p>½ mark for identification of each dimension</p> <p>+</p> <p>½ mark for quoting</p> <p>+</p> <p>1 mark for explanation</p> <p>=</p> <p>2 x 3</p> <p>=</p>



			state or local.	6 marks
24	25	23	<p>Q. There were two vacancies for the post of Assistant Manager in ‘Gyan Electrics Private Ltd.’ ‘Parth’ the Human Resources Manager identified one suitable candidate ‘Vishwas’ from within the organization and promoted him to the post of Assistant Manager. For another post, the Manager ‘Parth’ took help of a placement agency and selected ‘Saleem’. After six months, Parth observed that ‘Vishwas’s’ performance was much better than ‘Saleem’s’ performance though ‘Vishwas’ was less qualified than ‘Saleem’. Hence, ‘Parth’ decided that in future he will not make any appointment with the help of an outside source.</p> <p>Explain any four reasons on the basis of which ‘Parth’ would have taken the above decision.</p> <p>Ans. <u>Reasons on the basis of which ‘Parth’ would have taken the decision not to make appointment with the help of an outside source are:</u> (any four)</p> <p>(a) <u>Internal sources are more reliable way of recruitment</u> since the candidates are already known to the organisation whereas external sources.</p> <p>(b) If internal source are used, there is no need for <u>induction training</u> as the employees are already familiar with the organisation.</p> <p>(c) Internal sources help to improve the <u>motivation, loyalty and satisfaction level of existing employees.</u></p> <p>(d) Promotion at a higher level may lead to a chain of promotions at lower levels in the organisation.</p> <p>(e) They <u>simplify the process of selection</u> as the candidates are already known to the organisation.</p> <p>(f) They help in <u>adjustment of surplus staff</u> in those departments where there is shortage of staff.</p> <p>(g) Filling of jobs internally is cheaper as compared to getting candidates from external sources.</p>	<p>=</p> <p>1 ½ mark for each reason</p> <p>=</p> <p>1 ½ x 4</p> <p>=</p> <p>6 marks</p>
25	23	24	<p>Q. What is meant by ‘New Issue Market’? Explain the various methods of flotation of new securities issues in this market.</p> <p>Ans. <u>New Issue Market</u> is a market in which new securities are issued for the first time to the investors.</p> <p>The various methods of floatation of new securities in this market are:</p> <p>(i) Offer through Prospectus</p> <p>(ii) Offer for Sale</p>	<p>1 mark for the meaning</p> <p>+</p> <p>½ mark for the heading</p> <p>+</p> <p>½ mark for explanation</p>



		(iii) Private Placement (iv) Rights Issue (v) E-IPO <i>(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)</i>	= 1 x 5 = 1+5 = 6 marks
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