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Internal Assessment Test 3

Sub:	MANAGEMENT AND ENTRENEURSHIP					Code:	10AL61
Date:	/ /2017	Duration: 90min	Max Marks: 50	Sem:	6	Branch:	CSE

Note: **Answer to the point. Sketch figures wherever necessary.**

Answer any five of Q1 to Q6.

Q1 a. Explain the steps in planning. [6]

Recognizing Need for Action:

The first step in planning process is the awareness of business opportunity and the need for taking action. Present and future opportunities must be found so that planning may be undertaken for them. The trend of economic situation should also be visualized. For example, if thinking of the government is to develop rural areas as industrial centres, a farsighted businessman will think of setting up units suitable to that environment and will avail the facilities offered for this purpose. Before venturing into new areas the pros and cons of such projects should be evaluated. A beginning should be made only after going through a detailed analysis of the new opportunity.

2. Gathering Necessary Information:

Before actual planning is initiated relevant facts and figures are collected. All information relating to operations of the business should be collected in detail. The type of customers to be dealt with, the circumstances under which goods are to be provided, value of products to the customers, etc. should be studied in detail. The facts and figures collected will help in framing realistic plans.

3. Laying Down Objectives:

Objectives are the goals which the management tries to achieve. The objectives are the end products and all energies are diverted to achieve these goals. Goals are a thread which bind the whole company. Planning starts with the determination of objectives. The tie between planning and objectives helps employees to understand their duties. Objectives are the guides of employees. It is essential that objectives should be properly formulated and communicated to all members of the organization.

4. Determining Planning Premises:

Planning is always for uncertain future. Though nothing may be certain in the coming period but still certain assumptions will have to be made for formulating plans. Forecasts are essential for planning even if all may not prove correct. A forecast means the assumption of future events. The behaviour of certain variables is forecasted for constituting planning premises.

5. Examining Alternative Course of Action:

The next step in planning will be choosing the best course of action. There are a number of ways of doing a thing. The planner should study all the alternatives and then a final selection should be made. Best results will be achieved only when best way of doing a work is selected. According to Koontz and O'Donnell, "There is seldom a plan made for which reasonable alternatives do not exist." All the pros and cons of methods should be weighed before a final selection.

6. Evaluation of Action Patterns:

After choosing a course of action, the next step will be to make an evaluation of those courses of actions. Evaluation will involve the study of performance of various actions. Various factors will be weighed against each other. A course of action may be suitable but it may involve huge investments and the other may involve less amount but it may not be very profitable. The evaluation of various action patterns is essential for proper planning.

7. Determining Secondary Plans:

Once a main plan is formulated then a number of supportive plans are required. In fact secondary plans are meant for the implementation of principal plan. For example, once production plan is decided then a number of plans for procurement of raw materials, purchase of plant and equipment, recruitment of personnel will be required. All secondary plans will be a part of the main plan.

8. Implementation of Plans:

The last step in planning process is the implementation part. The planning should be put into action so that business objectives may be achieved. The implementation will require establishment of policies, procedures, standards and budgets. These tools will enable a better implementation of plans.

Q1 b. Briefly explain the functional areas of management. [4]

Human Resources

The human resources or personnel department is responsible for hiring employees and ensuring that they get the proper training to perform their jobs. Human-resources directors or managers have employees fill out proper paperwork, including W-4 and I-9 forms. The W-4 form determines how much is deducted from each paycheck; the I-9 or employment eligibility verification form ensures that a recently hired worker can legally work in the United States. Human-resources professionals establish pay scales for all employees, basing salaries on comparable compensation packages in the industry.

Marketing

Marketing professionals determine the products that their companies introduce to the marketplace, often using marketing research surveys to determine what consumers need and want. This helps the company to better align its strategies. Marketing workers help to establish prices for products, based on manufacturing costs. Marketing managers and directors decide which types of advertising and promotions their companies use. Some marketing departments have advertising directors or managers who handle these functions; they establish budgets for various types of advertising, such as television, radio and Internet ads, and track the results. The marketing department determines the right distribution channels for the company's products. For example, a consumer products company may sell its products in grocery stores and mass-merchandiser outlets.

Customer Service

Customer-service representatives answer calls or in-person requests from customers. Some customers may want additional information about a product or service; others have problems related to the products they purchased. Customer-service managers train representatives on certain policies, such as handling refunds. Customer-service departments offer courtesy services to customers, such as accepting payments, cashing checks and selling stamps. Manufacturers, particularly those that sell technical products, often have several levels of customer service, including phone, email and technical support. Part of a customer-service representative's job is to determine where to route calls or inquiries, according to the Bureau of Labor Statistics.

Accounting

Accounting professionals usually work in one of three areas: accounts receivable, accounts payable and payroll. Accounts-receivable specialists track the debts owed to the company. For example, customers who purchase items on credit fall within the bailiwick of accounts-receivable employees. These professionals prepare and send invoices to apprise customers when payments are due. Accounts-payable employees track payments that the company owes, including amounts owed for parts or to repair and maintenance vendors. Payroll specialists ensure that employees are paid on time and distribute annual W-2 and 1099 forms to employees and independent contractors, respectively, for tax purposes

Q2 a. What are the different types of organisation? [6]

Line organization is the most oldest and simplest method of administrative organization. According to this type of organization, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. This is the reason for calling this organization as scalar organization which means scalar chain of command is a part and parcel of this type of administrative organization. In this type of organization, the line of command flows on an even basis without any gaps in communication and co-ordination taking place.

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives. Personal Secretary to the Managing Director is a staff official.

MANAGING DIRECTOR

↓	↓	↓
Production Manager	Marketing Manager	Finance Manager
↓	↓	↓
Plant Supervisor	Market Supervisor	Chief Assisstant
↓	↓	↓
Foreman	Salesman	Accountant

Functional organization has been divided to put the specialists in the top position throughout the enterprise. This is an organization in which we can define as a system in which functional department are created to deal with the problems of business at various levels. Functional authority remains confined to functional guidance to different departments. This helps in maintaining quality and uniformity of performance of different functions throughout the enterprise.

The concept of Functional organization was suggested by F.W. Taylor who recommended the appointment of specialists at important positions. For example, the functional head and Marketing Director directs the subordinates throughout the organization in his particular area. This means that subordinates receives orders from several specialists, managers working above them

Matrix organisation

Q2 b. Discuss the methods of establishing control. [4]

1. Direct Supervision and Observation
'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers.

This technique is most suitable for a small-sized business.

2. Financial Statements
All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations.

3. Budgetary Control
A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4. Break Even Analysis
Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. Return on Investment (ROI)
Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. Management by Objectives (MBO)
MBO facilitates planning and control. It must fulfill following requirements :-

Objectives for individuals are jointly fixed by the superior and the subordinate.
Periodic evaluation and regular feedback to evaluate individual performance.
Achievement of objectives brings rewards to individuals.

7. Management Audit
Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)
In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. MIS collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

Q3 a. Describe the following:

KSSIDC, SISI, KIADB and KSIMC [4]

KSSIDC_Karnataka State Small Industries Development Corporation is the industrial and investment promotion agency of the Government of Karnataka. The growth of Small Scale Industries in our country since independence is rightly regarded as one of the most significant features of planned economic development. The very concept of small-scale industries, as we know, was not in vogue on the eve of independence. Rural and Cottage industries, which constituted the "indigenous sector" of our industries, were wide spread throughout the length and breadth of our country. Various programmes to sustain, modernise and further develop this group of industries were initiated soon after the independence and the modern small-scale industry scheme has gradually emerged out of this programme. The Small Scale Industries have provided opportunities for self employment to educated young men and experienced technicians from the middle level of society and contributed full to the growth of industrial entrepreneurship in our country. Today small-scale industries are regarded as power tool for balanced regional economic development. These achievements are primarily due to the dynamic enterprising spirit of the small-scale industrialists themselves.

The Corporation's principal objective is to promote and develope Small Industries in the State. Construction and utilisation of infrastructure, especially in backward areas, procurement and marketing of Raw Materials, technical support and assistance are means to reach the goals. A concern for results, emphasis on quality and timely work and willingness to understand the problems of entrepreneurs-are the staff creed, and KSSIDC constantly strive for this end. An Industrially prosperous Karnataka is our vision. Concern for results, emphasis on quality and timely work and willingness to understand the problems of entrepreneurs-are the staff creed, and KSSIDC constantly strive for this end. An Industrially prosperous Karnataka is our vision.

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966.This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior government officers in their ex-officio capacities. The Board of members meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first government organisation in Karnataka to obtain ISO 9001 certification in the year 1997.

Karnataka Small Industries Marketing Corporation Limited is a Public incorporated on 12 September 1984. It is classified as State Govt company and is registered at Registrar of Companies, Bangalore. Its authorized share capital is Rs. 30,000,000 and its paid up capital is Rs. 17,100,000.It is inolved in Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy.

Small Industries Service Institutes (SISI)
The small industries service institutes have been set up in state capitals and other places all over the country to provide consultancy and training to small entrepreneurs both existing and prospective.
The main functions of SISI include
:
(1) To serve as interface between central and state government.
(2) To render technical support services.
(3) To conduct entrepreneurship development programmes.
(4) To initiate promotional programmes.
The SISIs also render assistance in the following areas:
(1) Economic consultancy/information/EDP consultancy.

(2) Trade and market information.
(3) Project profiles.
(4) State industrial potential surveys.
(5) District industrial potential surveys.
(6) Modernization and in plant studies.
(7) Workshop facilities.
(8) Training in various trade/activities.

Q3 b. Name different types of entrepreneurs. [6]

Based on the Type of Business:

1. Trading Entrepreneur:

As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufacture products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.

Based on the Use of Technology:

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

Based on Ownership:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she it's the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called ‘state entrepreneur.’

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called ‘joint entrepreneurs.’

Based on Gender:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called ‘men entrepreneurs.’

2. Women Entrepreneurs:

Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

Based on the Size of Enterprise:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called ‘small-scale entrepreneur.’

2. Medium-Scale Entrepreneur:

The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore but below Rs 5.00 crore is called ‘medium-scale entrepreneur.’

3. Large-Scale entrepreneur:

The entrepreneur who has made investment in plant and machinery more than Rs 5.00 crore is called ‘large-scale entrepreneur.’

Based on Clarence Danhof of Classification:

Clarence Danhof (1949), on the basis of his study of the American Agriculture, classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds, they become more innovating and enthusiastic.

Based on this, he classified entrepreneurs into four types:

These are discussed in seriatim:

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganise the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved, and people look forward to change and improvement.

2. Imitative Entrepreneurs:

These are characterised by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:

Fabian entrepreneurs are characterised by very great caution and skepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterised by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers. Such entrepreneurs may even suffer from losses but they are not ready to make changes in their existing production methods.

Following are some more types of entrepreneurs listed by some other behavioural scientists:

1. Solo Operators:

These are the entrepreneurs who essentially work alone and, if needed at all, employ a few employees. In the beginning, most of the entrepreneurs start their enterprises like them.

2. Active Partners:

Active partners are those entrepreneurs who start/ carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business. Entrepreneurs who only contribute funds to the enterprise but do not actively participate in business activity are called simply ‘partners’.

3. Inventors:

Such entrepreneurs with their competence and inventiveness invent new products. Their basic interest lies in research and innovative activities.

4. Challengers:

These are the entrepreneurs who plunge into industry because of the challenges it presents. When one challenge seems to be met, they begin to look for new challenges.

5. Buyers:

These are those entrepreneurs who do not like to bear much risk. Hence, in order to reduce risk involved in setting up a new enterprise, they like to buy the ongoing one.

6. Life-Timers:

These entrepreneurs take business as an integral part to their life. Usually, the family enterprise and businesses which mainly depend on exercise of personal skill fall in this type/category of entrepreneurs.

Q4 a. Describe the role of entrepreneurs in economic development [6]

Introduction

Entrepreneurs have a critical role to play in shaping the futures of the economies of nations. By creating value through starting businesses and ventures, they ensure that the wealth of the nations increases. Similarly, by exporting goods and services, they ensure that the economies earn valuable foreign exchange that is vital for the countries to import the necessary goods and services. In addition, by creating jobs, they ensure that the people in the nations are gainfully employed. Moreover, through their social causes and championing of public good endeavors, they actualize sustainability, social justice, and environmental responsibility. Perhaps the biggest contribution or the underlying theme that runs through all these contributions is their innate ability to innovate that ensures speedy and efficient development of nations and their economies. As we shall discuss in the next section, innovation is the differentiator between the success and failures of nations and their economies.

Innovation is the Key to Success

To understand the role and the importance of innovation, one must consider how Europe pulled ahead of China and India through the “great divergence” in the time of the First Industrial Revolution in the late eighteenth and nineteenth centuries. Before this, Asia was the dominant economic player in the world. However with the advent of the First Industrial Revolution, European economies took off in a big way. The reason for this was the entrepreneurial spirit and the innovative use of technology in the Continent which was responsible for its aggressive growth and subsequent dominance which continues to this day. Hence, this aspect which underscores the importance of innovation is the biggest contribution that entrepreneurs make in the development of nations. Indeed, the First Industrial Revolution is a testament to the individual hard work, collective innovation, and national renaissance which was all due to the astounding courage and initiative displayed by the entrepreneurs.

How Some Nations Prosper and others Fail

Turning to the aftermath of the world wars when countries had to be rebuilt and economies had to be developed, it is indeed the case that through the same qualities noted above, the entrepreneurs in some countries succeeded in ensuring that those countries emerged out of the rubble and the chaos to become successes. We are talking about Germany, Japan, and some Asian countries such as South Korea wherein the entrepreneurial spirit in addition to and with some help from the governments ensured that these economies pulled ahead of others such as China and India. Indeed, if not anything, the governments and the state should at least not come in the way of the entrepreneurs and stifle their creativity and innovation if they cannot enable and empower them. As we shall discuss in the next section, China realized this aspect sooner than India which again accounts for the differences in the development of these countries.

The Role of the State

As mentioned earlier, the unleashing of entrepreneurial spirit and dynamism in addition to innovation calls for an increased role of the state where it has to provide the infrastructure or the hardware for the entrepreneurs to succeed. Similar to a computer where the software sits on top of the hardware, the entrepreneurs can succeed by creating the necessary software only when the hardware is in place. It is indeed to the credit of the Chinese government and the leadership that though this realization came late, they were able to jumpstart the economy and ensures that their country becomes an economic superpower. As for India, the fact that it has realized that it is better late than never in ensuring that entrepreneurial energies are unleashed means that it is on its way to emerging from the abyss of underdevelopment and backwardness.

Entrepreneurs keep Economies going

Some experts in recent years have gone so far as to state that it is the entrepreneurs who keep the countries from collapsing due to social and political factors. Imagine how a typical day begins and plays it out in our everyday lives. No matter what would have happened the previous day, the first thing you get in the morning is the milk and the essential goods in addition to the newspapers and other items that are critical for everyday existence. Who delivers all these items rain or shine are the entrepreneurs millions of whom contribute and lubricate the levers of the everyday lives of peoples and shape the economic trajectories of nations. Indeed, the fact that it is entrepreneurs who keep the country from collapsing is made clearer when one considers how countries like India seem to bounce back from crises and step back from the abyss whenever there is a social or a political event that threatens the socioeconomic fabric of the nation.

Conclusion

As the founder of modern economics, Adam Smith, put it, it is the economic incentives of the entrepreneurs that ensures that you get bread on your tables every morning. In other words, the entrepreneur is not being altruistic when he goes about his or her business. Rather, it is his selfishness in making a profit that contributes to the economies of nations. Therefore, one must realize the fact that profit is not a bad word and that once everybody agrees that economic aspects keep us going, and then all of us would benefit since we would think rationally and objectively about the need to create an ecosystem for ourselves and by extension, contribute to the economic development of nations. In short, let us celebrate the astounding entrepreneurial spirit in ourselves and in others, and instead of creating impediments, let us ensure that we enable and empower ourselves and others in fostering creativity and innovation.

Q4 b. Explain the process of selection and recruitment. [4]

The **Employee selection Process** takes place in following order-

Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligiblity criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
Application blanks- The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.
Written Tests- Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.
Employment Interviews- It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.
Medical examination- Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.
Appointment Letter- A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

- **Internal Recruitment -** is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three - Transfers, promotions and Re-employment of ex-employees.

Internal recruitment may lead to increase in employee’s productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily 3

Transfers
Promotions (through Internal Job Postings) and
Re-employment of ex-employees - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

- **External Recruitment -** External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money. The external sources of recruitment include - Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.

Employment at Factory Level - This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as “badli” workers.
Advertisement - It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.
Employment Exchanges - There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.
Employment Agencies - There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.
Educational Institutions - There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.
Recommendations - There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.
Labour Contractors - These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern

Q5. Give a note on development of management thoughts [10]

Traditional Approach (5)
Psychological- scientific- administrative (14 principles) –Human resource movement approach

Modern Approach (5)
Behavioral – quantitative- systems- contingency approach

(or)

Q6. Analyze the scope of SSI in economic development. [10]

Role of Small Scale Industries in Economic Development

Small Scale Industries (SSIs) play an important role in the economic development of a country. Their role in terms of production, employment generation, contribution to exports and facilitating equitable distribution of income is very critical. The small scale sector consists broadly of 1) the traditional cottage and household industries viz., khadi & village industries, handicrafts, handlooms, sericulture and coir industries; and 2) modern small scale industries.

The traditional village and cottage industries as distinguished from modern small scale industries are mostly unorganised and located in rural areas and semi-urban areas. They normally do not use power operated machines/appliances and use relatively lower levels of investment and technology. But they provide part-time employment to a very large number of poorer sections of the society. They also supply some essential products for mass consumption and exports.

The modern small scale industry is mostly defined in terms of the size of investment and labour force. The Industries (Development & Regulation) Act 1951 defines SSI having less than 50 workers with the aid of power or less than 100 workers working without the aid of power. The more formal definition is in terms of the fixed assets less than Rs. 35 lakh (1981). In 1991 the limit was raised to Rs. 60-75 lakh. The Ninth Plan fixed the ceiling at Rs. 100 lakh and the Tenth Plan increased to it to 50 corers in the case of hi-tech and export oriented sectors.

Government is extending various steps to the SSI. In India, a unique instrument called reservation in the sense of legal ban on production by large units introduced in 1970s was for the protection and promotion of SSI. During Ninth Plan period, SSI was producing about 8000 items out of which 812 items (15%) were reserved for protection in the small scale sector. In addition, the SSI has been supported and encouraged by various government policies for infrastructure support, technology upgradation, preferential access to credit, preferential policy support, etc.

Over the last five decades the small scale industries (SSIs) have emerged as a dynamic and vibrant sector of the Indian economy by helping to generate more new employment avenues, supplying variety of products, contributing to exports facilitating equitable distribution of income, emerging as outsourcing designations.

The SSI sector has been able to achieve 1 to 2 percentage points higher growth than the growth achieved by the whole industries sector. There were 3.4 million small scale industrial units in India that account for more than 40% of the gross value of output in the manufacturing sector and about 35 % of total exports by the end of march 2002.

The following are some of the specific contributions of SSIs.

The contribution of SSIs to the manufacturing sector and GDP as a whole is significant in terms of its share in total value added.
SSI performs a very significant role in generating employment opportunities in a sustainable manner.
SSI can play a role in mitigating the problem of imbalance in the balance of payment accounts through its export promotion.

While the large scale industries are expected to increases the inequities of income and concentration of wealth, SSI is expected to help widespread equal distribution of income and wealth.
SSI may provide opportunities to a large number of capable and potential entrepreneurs who are deprived of appropriate opportunities.

It can help to release scarce capital towards productive use.
SSI can reap the benefits of lean production and can find new cost-efficient techniques of lean production. As small units can use resources more efficiently to the full capacity without any wastage, they may have higher allocated efficiency. As the element of risk is minimum in small scale sectors, more resources will be employed by large number of labor force.

Problems of Small Scale Industries

SSIs are facing many problems. The following are some of their major problems.

Scarcity of inputs

Inadequate capital

Marketing

Under-utilization of capacity

High cost of production

Government Policy on SSI

Having realized the importance of small scale industries to the Indian econmy, the government has supported the SSI through various policy measures since independence.

The appointment of Karve Committee by the Planning Commission in 1955 was the first major effort towards the improvement of small scale industries.

During the second Five Year, a Japanese team of experts studied the organisation of SSIs in India and made many recommendations including the setting up of industrial estates in large numbers to promote small scale industries.

The policy of reservation of items for manufacturing in small scale industries was introduced in 1967. This has received a statutory banking in 1984.

A policy package for SSI has been announced in 1991 with the primary objectives of imparting more utility and growth impetus to SSIs.