

Entrepreneurship refers to the general trend of setting up new enterprises in a society.

Entrepreneurship is also the developing of potentiality hidden in a person to become an entrepreneur.

Entrepreneurship was traditionally believed to be an inborn quality and hence it was believed that entrepreneurs are born and not made.

Entrepreneurship is not a matter of heritage only it is with the individuals who respond to external opportunities.

Entrepreneur (person) + Entrepreneurship (process) = Enterprise (Outcome)

A person follows certain processes to set up and establish an enterprise, hence that person will be an entrepreneur, the process is entrepreneurship and the outcome would be enterprise/organisation.

Entrepreneurship is several process or mechanism or procedure followed by an entrepreneur to establish an enterprise or business enterprise to provide such products or services to the society.

### Definition of Entrepreneurship

Entrepreneurship is the process or activity of initiating, developing, managing and operating a startup company, while taking all the risks involved, so as to make profits.

Entrepreneurship can't be started by frustrated people who have failed every where. It can be started by persons with strong determination.

## Entrepreneurship

Definition:- Entrepreneurship refers to the process of creating a new enterprise and bearing any of its risks, with the view of making the profit.

Entrepreneurship- the process of starting and operating your own business.

Entrepreneurship is the process of designing and running a new business venture for earning profits. It is a process that brings innovation that is new ideas, products and services in the market.

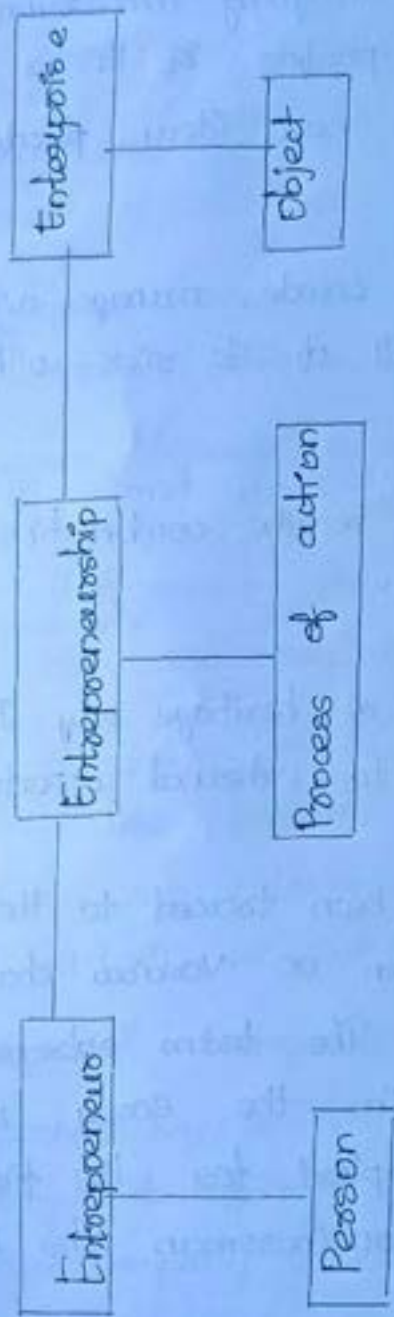
Entrepreneurship is the ability to create, manage and operate a new business and bears all of its risks with a view to earn profits.

Entrepreneurship is considered to be the combination of "Entrepreneur" and "Enterprise".

Entrepreneurship is not a matter of heritage only. It is with the individuals who respond to external opportunities.

The word 'Entrepreneurship' has been traced to the period of the crusaders and has taken on various shades of meaning down the centuries. The term 'entrepreneur' was used for army leaders in the early 16th century France. It was applied for the first time in the 18th century to a businessman who buys and sells goods at certain prices.





(Concept of entrepreneurship)

Setting up business with aim to make a profit.

## Difference between Entrepreneur and Entrepreneurship

Entrepreneur	Entrepreneurship
* Visualizer	* Vision
* Innovator	* Innovation
* Leader	* Leadership
* Risk Bearer	* Risk Bearing practices
* Coordinator	* Coordination
* Planner	* Planning
* Administrator	* Administration
* Initiator	* Initiatives
* Technician	* Technology

## Entrepreneurs

\* Entrepreneur refers to a person who creates an enterprise, by taking financial risks in order to get profit.

- Business start up
- Achievement
- Informal
- Owner
- Profit
- Intuitive
- Creativity and Innovation
- Risk taker.

## Managers

\* Manager is an individual who takes the responsibility of controlling and administering the organization.

- Ongoing operations
- Power
- Formal
- Employee
- Salary
- Calculative
- Preserving status quo
- Risk averse



## Need of Entrepreneurship

### 1. Passion, Perseverance

Passion is a strong and uncontrollable emotion which is based into something that is higher to achieve than what the person is carrying within himself.

Perseverance is a mature emotion which comes through experiences gathered and analysed.

### 2. Big Dreamer

Dreaming big further strengthens an entrepreneur with his ability to dream and see the wide picture. This is actually the very first step which sets the path to self discovery.

### 3. Learning

Learning is never to stop irrespective of age and thus arming oneself with education does play a vital role in forming leadership qualities when needed.

### 4. Good Listener

The ability to contribute will only come once we have abundance ourselves and this comes by absorbing the words by others.

### 5. Financing partner

Choosing a financing partner who understands the business need is very much essential. This is as critical as choosing the business which the entrepreneur want to pursue.

## Types of Entrepreneurs

### 1. Innovative Entrepreneurs:-

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country. Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.

### 2. Imitating Entrepreneurs:-

The imitating entrepreneurs are those who immediately copy the new inventions made by the innovative entrepreneurs. These do not make any innovations by themselves, they just imitate the technology, processes, methods pioneered by others. These entrepreneurs are found in the places where there is a lack of resources or industrial base due to which no new innovations could be made. All the small car manufacturers now are the imitating entrepreneurs.

### 3. Laggard Entrepreneurs:-

Laggard entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations. On the contrary, they like to wait for some development, which



would motivate them to initiate unless there is an imminent threat to their very existence.

#### 4. Drone Entrepreneurs:-

Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are 'die-hard conservatives' and even ready to suffer the loss of business.

#### 5. Social Entrepreneurs:-

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, worker's right, environment and enterprise development. Dr. Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.

#### 6. Manufacturing Entrepreneurs:-

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 process to satisfy the customer's needs.



## Barriers in entrepreneurship

### 1. Environmental Barriers.

- \* Raw material
- \* Labour
- \* Machinery
- \* Land and Building
- \* Other infrastructure requirement

### 2. Financial Barriers.

Availability of funds is one of the most important ingredients required for the successful running of a business.

### 3. Personal Barriers:-

- \* Lack of confidence
- \* Lack of dependability on others.
- \* Lack of sustained motivation
- \* Lack of patience
- \* Inability to Dream.

## 1. Environmental barriers :-

- \* Raw material :- Non-availability of raw materials required for production during the peak season. This leads to an increase in the price of raw material due to competition.
- \* Labour :-
  1. Shortage of skilled labour
  2. Lack of committed and loyal employees
  3. Quality and quantity of labour.
- \* Machinery :- Machines are necessary but they are also expensive and due to top change in technology they become obsolete and require replacement which requires cash in hand. It becomes very difficult for the small business organization to keep its production process updated.
- \* Land and buildings :- The acquisition of land and construction of a building at a prominent place requires huge expenditure. If the land is rented, it becomes a fixed cost and a constant concern for the entrepreneur.
- \* Infrastructure support :- Adequacy of electricity, proper road, water and drainage facilities, etc. Development authorities have little support due to red-tapism and corruption.



## 8. Financial constraints:-

The availability of funds is a major concern. Delay in starting or running business results in a delay in the source of finance.

## 8. Personal barrier:-

These are due to the emotional blocks of a person. They cause a mental blockage. They are:-

- \* Lack of confidence:- They feel that they will never get a successful business idea and will be unable to attract the necessary resources. Therefore, they reject the idea of being self employed.
- \* Lack of dependence on others:- The entrepreneur's aim is to gain their additional expertise through trial and error and experience rather than seeking further development or personal help from others.
- \* Motivation:- loss interest and lack of motivation when thoughts do not work.
- \* Lack of patience:- When entrepreneurs faced with business challenges/problems in the first attempt, the desire to achieve success or to become rich immediately, in which they lose interest. They give up during the initial loss.

\* Inability to dream:- Sometimes entrepreneurs are short of vision or satisfied with what they have achieved till now and lose interest in further expansion of their business enterprise.

4. Society barriers:-

1. Socio-cultural norms and values
2. The degree of approval or disapproval of entrepreneurial behaviour.
3. Financial stability and family background
4. Caste and religious affiliation.

5. Political barriers:-

1. Government incentives and concessions.
2. Facilitating socio-economic settings.
3. Interest in the economic development of society.

Entrepreneurship Scope in India:-

Individuals are choosing entrepreneurship as a career for reasons like -

1. The desire to control one's future.
2. Higher profits.
3. Lack of employment opportunity
4. Government measures to promote entrepreneurship.



Entrepreneurship provides people with a source of employment and earnings. This helps to reduce the monopoly of the rich businessman and achieve balanced regional growth and growth in the economy. To identify the entrepreneurial potential, the Government of India is running a development program and the entrepreneur is being provided with assistance from financial and non-financial institutions.

Entrepreneurship training institutes have been set up and financial and operational support is being provided to young entrepreneurs in India.

## Entrepreneurship

R.K. Sinha

Entrepreneur - A person

Entrepreneurship - A process

Enterprise - It is outcome

Entrepreneur + Entrepreneurship = Enterprise

### Qualities of an Entrepreneur

- (i) Need to achieve
- (ii) Moderate risk taking
- (iii) Ability to find and explore opportunity
- (iv) Analytical ability
- (v) Using feedback
- (vi) Facing uncertainty
- (vii) Independence
- (viii) Flexibility
- (ix) Planning
- (x) Motivator
- (xi) Stress bearing
- (xii) Positive self-concept.

Enterprise is defined as a unit of economic activity or an economic organisation especially a business organisation.



Entrepreneurship is considered to be the combining of entrepreneurs and enterprise.

Organising an enterprise is describe an entrepreneurship

### Entrepreneurship

- (i) Entrepreneurship is considered to be the combining of entrepreneurs and enterprise.
- (ii) Organising an enterprise is describe an entrepreneurship.
- (iii) Enterprise is defined as a unit of economic activity or an economic organisation especially a business organisation.
- (iv) Entrepreneurship is the process that a single person who take the risks is called entrepreneur.
- (v) Entrepreneurs manage and take risks in the organisation.
- (vi) Some qualities of entrepreneurs.
  - (a) He has a good planning before starting the organisation.
  - (b) He take the risks in the organisation.
  - (c) When he started a organisation facing uncertainty.

\* Entrepreneurship is the act of running your own business.

The needs under the present employment and economic condition in the country are as following:

- (i) Wealth creation and sharing
- (ii) Create jobs
- (iii) Balanced regional development
- (iv) GDP and capital income
- (v) Standard of living
- (vi) Exports
- (vii) Community development.



1. State and explain five qualities of a good entrepreneur.
2. Explain role of an entrepreneur in economic development of a country like India.

- Ans
- (i) Business focus
  - (ii) Confidence
  - (iii) Creative thinker
  - (iv) Delegator
  - (v) Determination.

- QAns
- (i) Wealth creation and sharing
  - (ii) create jobs
  - (iii) Balanced regional development
  - (iv) GDP and capital income
  - (v) Standard of living
  - (vi) Exports
  - (vii) Community development.

What do you understand by entrepreneurship? Explain its need under the present employment and economic condition in the country.

Ans Entrepreneurship :-

\* An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business or procedure.

## ⑨ Means of economic development :-

- It involves creation and use of innovative idea and maximization of O/P from given resources.
- So no. of enterprise can develop and economical connection of world can grow.

### Entrepreneur

Mean<sup>n</sup>:- Entrepreneur who creates enterprise or organisation.

Focus :- Business start up.

Status :- Owner

Reward :- Profit

Role :- Market owner

Motivation :- Achievement  
risks takes

Approach to task :- Informal

### Manager

→ Manager is an individual who takes the responsibility of managing an enterprise or organisation.

→ Controlling on going operation.

→ Employee.

→ Salary

→ Market player.

→ Power

like to avoid risks.

→ Formal



Definition:- The process of creating an entrepreneur is called entrepreneurship.

- An entrepreneur is created by an entrepreneur.
- Entrepreneurship is a process of action of an entrepreneur who is person always in search of something new and getting opportunities by accepting the risks.

### IMPORTANCE OF ENTREPRENEURSHIP

#### ① Development:-

Development of managerial capabilities.

- It helps in identifying and developing managerial capabilities of an entrepreneur.
- An entrepreneur studies a problem identifies its alternatives, compare the alternatives in terms of cost and effective.

#### ② Creation:-

Creation of an organisation. It creates organisation when entrepreneur assembles and co-ordinates physical human and financial resources and direct towards achievement of objective of an organisation.

#### ③ Improving:- Standard of living.

- By creating organisation, entrepreneurship helps in making in wide variety of goods and services available to society, which improves standard of living.

## BARRIER'S IN ENTREPRENEURSHIP

### 1) Poor Management

- \* Lack of Skill and Knowledge.
- \* Lack of experienced
- \* Lack of determination.

### 2) Production Problem

- \* Lack of production planning and control.
- \* Frequent breakdown of machinery equipments or lack of modern machinery.
- \* Poor raw materials.
- \* Shortage of labours.
- \* Lack of technical knowledge.
- \* High risk of rejection.

### 3) High cost of fixed capital.

- \* Heavy investment in land and buildings.
- \* Increase administrative other over head.
- \* Market borrowing at high interest.

### 4) Financial Problem

- \* Lack of cash
- \* Allowing long credits to the purchasers of finished product purchasers.

### 5) Neglect of Business

- \* Fraud
- \* Disaster
- \* Natural causes (like fire & flood)
- \* Social causes (Strike and allegation against industry).



## FORMS OF BUSINESS

### Sole proprietorship

- When a business is started by a single person it is known as sole proprietorship, single ownership or one man business.
- In this the proprietor uses his own resources, skill, knowledge and manages the business alone.
- All the profits earned by the business belong to sole proprietor.
- Such business is owned by a single individual.
- It controlled by single individual.
- The individual invest his own capital.
- The sole proprietor bears all the risks.

### Partnership

The minimum number of members in this type is two. Partnership comes into existence due to the agreement entered by the partners.

- The main motive of the partner is earn profit and share it.
- Partnership is the result of mutual understanding, faith, confidence among the partners.

## Co-operative Society :-

- When a group of person belonging to a particular class or category or group associated & starts a business for their mutual benefits i.e, called co-operative society.
- The main aim is not only earn profit but also provide best possible services to its members.
- Here all for each and each for all which possible only by mutual and esstanding.

## Joint stock company :-

- It is a business organisation that is owned jointly by all its share holders.
- All the share holders own a certain amount of stocks in the company which is represented by their share.
- A joint stock company is treated as independent and separate body apart from its members. It can purchase properties and hold in its name. The minimum number in the case of public limited company is 7 and maximum is unlimited for private limited company minimum is two joint stock company.



→ The shares of joint stock company are freely transferable any one can become a member of a joint stock company by purchasing the shares of that company. These shares are freely transferable i.e., can be purchased & sold freely at a designated place known as a stock exchange.

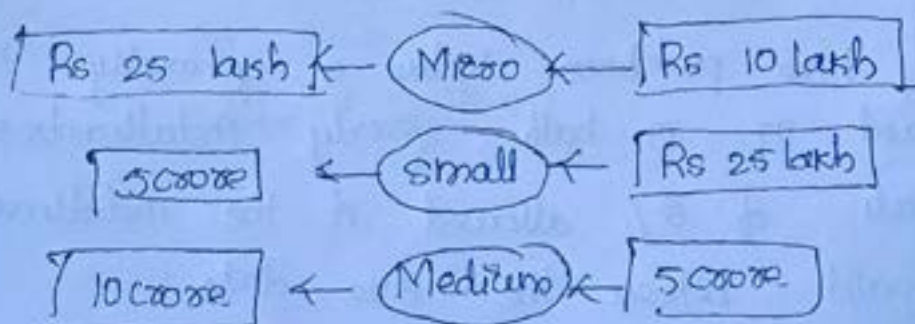
### Joint stock company

→ A joint stock company is an artificial person having separated legal existence, perpetual succession and a common goal features.

- \* Registration
- \* Limited liability
- \* Separate legal existence.
- \* Artificial person
- \* Common seal
- \* perpetual succession.
- \* Transferability of share.
- \* Separation of ownership and control.

### Enterprise

### Types of Industries





Micro: Its capital investment varies from 10 lakh to 25 lakh.

→ Its investment in plant and machinery does not exceed 25 lakh.

→ In small enterprise is an enterprise where the investment in plant and machinery is more than 25 lakh but does not exceeds 50000.

→ A medium enterprise is an organisation whose investment in plant & machinery is more than 50000 but does not exceed its to 100000.

1) SFC (State Financial Co-operation)

State finance cooperation grants term loans for the purchase of land construction of factory premises or purchase of machinery & equipment for the setting up of new industries.

2) NSI & SSICs Supply machinery on hire purchase basis to small scale and auxiliary industries the value of which should not exceed 25 lakh and 45 lakhs.

→ The hire purchase value is generally recovered in 13 half-yearly installments & a rebate of 2% allowed if the installments are paid before the due date.

### 5) Commercial Banks :-

- It provides short terms and medium terms financial assistance.
- Short term loans are granted for purchasing raw material, goods in process, finished product and receivables etc.
- Medium loans granted for purchasing land, construction of factory.

### Role of DIC (District Industry Centre)

- Technical support for preparation of project report.
- Information on sources of machinery & equipments.
- Promotions of electronic industry.
- Marketing information.
- Marketing assistance through NIBBIL, NSCT/CSO.
- Financial assistance for modernisation of cond.
- Export assistance.
- Setting of brogar plant.
- Access to Handicraft artisans.
- Pollution control.
- Standardization of product.
- Registration of industrial co-operative & financial assistance to them.
- Stis until revitalisation.



## NSIC & SSIC (National small industries co-operation)

- ✓ Impart training in various industrial trades
- ✓ Distribute basic raw materials among small scale industries through raw material depot.

## NABARD

- \* It provides refinance assistance to state co-operative banks, Regional rural banks & other industries, handicraft village industry cottage.
- ✓ It also helps to improve human resources, tribal development.
- \* From time to time it will also inspect the investment portfolios of Regional Rural banks.

## Technology Business Incubator -

- \* It is an initiative of department of science and technology, Govt. of India.
- ✓ It promotes the concept of growth through innovations and applications of technology, supports & economic development strategies for small business development.



# MANAGEMENT (Imp)

## Management:-

- An organised way of managing people & things of business is called management.
- The basic tasks of management includes both marketing and innovation.
- It consists of function of creating, organising, planning, controlling & directing an organisation resources in order to achieve the objectives of that policy.
- Important aspects of management. --  
allocation of finite resources like machine, men, material, money.

## Importance of Management

1. Maximum use of available resources
2. Competitive strength - which enables <sup>entrepreneur</sup> enterprise to develop & expand & profits.
3. Motivate employees:- It motivates employees to take more interest & <sup>initiative</sup> in the work.
4. New techniques:- Management facilitates the introduction of new machine & new method.
5. Expansion of business - By which enterprise enters good co-operative image.
6. Effective use of management:- It includes their experience, knowledge skill etc.
7. Strength organisation.
8. Smooth functioning

## MANAGEMENT

(i) Defn:- An organised way of managing people & things of business is called management.

(ii) Authority:- Middle and lower level

(iii) Concern with policy implementation

(iv) Decides:- Who will do the work? & how will it be done?

(v) Area of operation:- It works under administration.

(vi) Key person:- Manager

(vii) Represents:- Employee who works for remuneration

(viii) Rewards:- Salary

(ix) Avoids the risk.

(x) Approach to task:- Informal

## ADMINISTRATION

(i) Defn:- The process of administering an organisation by a group of people is known as Administration.

(ii) Authority:- Always top level.

(iii) Policy formulation.

(iv) Decides:- What should be done? & when it should be done?

(v) Area of operation:- It has full control over activities of an organisation.

(vi) Key person:- Administrator.

(vii) Represents:- Owner who get returns on capital that invests.

(viii) Rewards:- Profit

(ix) Likes to take risks

(x) Approach to task:- Informal



# FUNCTION OF MANAGEMENT (Imp)

It includes → planning → Organising → Staffing →  
Directing → Controlling → Motivation → Co-ordination  
→ Communication.

## 1. Planning :-

It is the most important function among all managerial functions which performs by ...  
at all level of work.

→ If planning is wrong or defective the entire work shall be defective.

→ It is the foundation of work.

→ Planning means deciding a future course of action to be performed by ~~an~~ the person in the management process.

→ It is the study of the study of future.

→ It is also selection of the best alternative among available alternatives.

→ Planning is deciding in advance the work to be performed in a desired manner in future.

→ Planning aims at maximum result at minimum possible/public efforts.

## 2. Organising :-

→ It creates a structure of functions duties to be performed by a group for achieving best result in an organisation.

→ Organising is the frame work for efficient manager of an organisation.



→ It is also administration process of work which involves dividing one work into different jobs to get better results.

### (3) Staffing :-

→ The main purpose of staffing is to put right man on right job.

→ It involves manpower planning like requirement, selection, placement, training, development, promotion & transfers.

→ Staffing is filling up the position created in the organisation structure.

→ It is the duty of the management to fillup the vacancies created in the organisation by appointment qualified efficient & appropriate person for such jobs.

### (4) Directing :-

Simply appointing competent person in different position is not enough to get good result, they need direction i.e proper order & instruction as per requirement.

→ Directing is a human function which involves managing the manager & workers by means of motivation & proper leadership effective communication.

### (5) Controlling :-

- The purpose of controlling is to ensure that everything occurs with right standard.
- Controlling is the process of checking whether proper progress is done or not to get organisation benefits.

### (6) Motivation :-

- Motivation is creating an important desire in the mind of a person to do something.
- In management it is powerful tool for achieving goal effectively.

### (7) Co-ordination :-

- It concerned with inter relating various works & parts of work of the organisation to achieve the objectives.
- Co-ordination is an orderly arrangement of group efforts to provide unit of action.
- It ensures that all individual & group works together is effectively common goal of the enterprise.

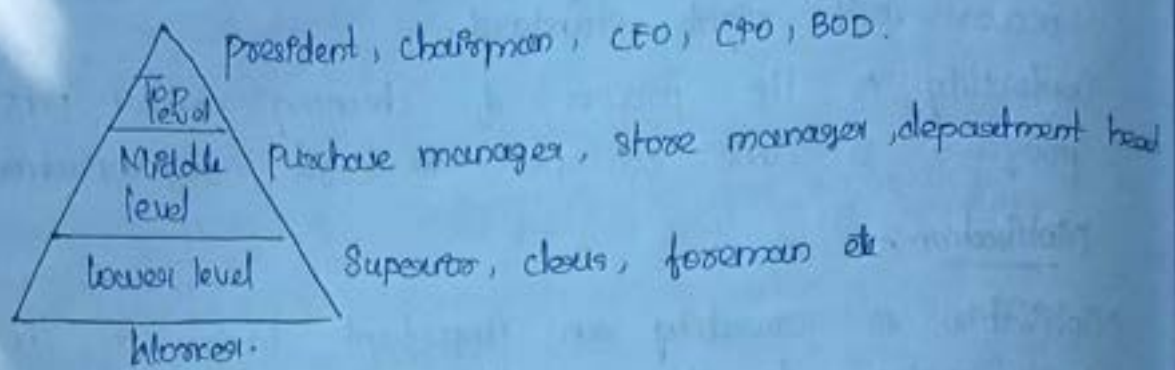
(8) Communication :- Communication is the management process which refers to the transmission of message, news, information from one person to another oral and verbal communication is the best form of communication.

- So communication is the transmission of information to other.
- It is also possible through speech, action, chart, graphs, figures, model etc.
- It is the duty of manager to see that message are properly communicated to the appropriate person.



Imp

## LEVEL OF MANAGEMENT



### Top level

- \* Set objectives
- \* Forming plans and policies
- \* Organising activities.
- \* Assembling of the resources.
- \* Well take & survival of the organisation.

### Middle level

- \* Implementation of policies
- \* Organising activities of departments
- \* Recruitment & selection of employees
- \* Motivate employees.
- \* Controlling & instruction employees
- \* Implementing the plans for forming top level.



## Lower level

Representing grievance of workers.

Good working condition.

Safety of workers.

Hitting middle level in recruitment.

Boosting the moral of workers.

## \* Principles of Management

1) Division of work.

2) Authority

3) Discipline

4) Unity of command

5) Unity of direction

6) Subordination of individual interest to general interest

7) The degree of centralization.

8) Remuneration.

9) Order

10) Equity

11) Stability.

12) Initiative.

## Subordination of individual interest to general interest

According to the principle the interest of individual must be given less preference than the interest of the organization.

## Principles of Management (Imp)

- 1) Division of work

→ According to this principle, the work is divided into different kinds such as technical, financial, commercial, accounting and managerial.

→ It is assigned to employees as per their qualities and capabilities.
- 2) Authority and Responsibility

Authority is the right to take decisions, if is necessary to get the things done appropriately from subordinates.
- 3) Discipline :-

Employee must obey and respect the rules that govern the organisation.
- 4) Unity of Command

Each member of organisation should receive orders from only one supervisor.
- 5) Unity Direction

This principle states that there should be one head and one plan in every organisation.
- 6) Sub-ordination of individual interests to the general interest

According to the principle the interest of an individual must be given less importance than the interest of the organisation.



## 7) The degree of Centralization:-

According to this principle there must be a proper balance between centralization and decentralization in the organisation.

## 8) Remuneration:-

→ Employees must be given fair remuneration, wage or salary to keep them satisfied financially as well as return them for long span of time within the organisation.

→ Skill, Expertise, knowledge, Tenure, cost of market trend, profitability of the organisation.

## 9) Line of Authority / Scalar chain:-

→ Scalar chain means the hierarchy of authority from the top level to the lower level for the purpose of communication.

10) Order:- This principle is based on a place for everything in its place.

11) Equity:- Management should be fair as well as friendly to the subordinates.

## 12) Stability of Tenure of personal:-

At the time of recruitment of employees, the management should assure them about stability of tenure or job security.

13) Initiative:- Initiative refers to volunteers to do all works in an innovative way.

## 14) Esprit de corps / Team work

If all employees are working as a unit and with mutual trust the difficulties can be solved quickly.

## Ch-5 PRODUCTION MANAGEMENT

Production Management :- Management looks after all the activities relating to the manufacturing of goods & services of the organisations.

→ It helps to achieve cost reduction through economical measures in the utilization of resources.

→ Production means conversion of raw materials into finished product.

Q) Explain different steps to implement production planning control programme (PPC)

(i) Routing (ii) Scheduling (iii) Dispatching (iv) Follow up (v) Inspection.

(i) Routing :-

→ It determines the way or exact route through which all the raw materials will flow from one process to another until it is completed as finished product.

→ Routing is deciding or advance the path over which the work will flow from one stage to another.

→ Before selecting the exact route through which raw materials will become finished goods, it is essential to study various routes & decide the best route which will be essential, economical, efficient & less time consuming.



## (ii) Scheduling :-

Scheduling provides a time table for manufacturing & all other activities starting from the procurement of raw materials to the delivery of timely goods to the customer as per scheduled.

After the exact route is decided the next step is to make a schedule i.e., a list or time table for the production activities.

It also includes total time required for completion of each operation & entire operation.

## (iii) Dispatching

It involves the actual initiation of work to carry on the production & ensure that the target in scheduling is achieved well in time. Its function include

Issue of necessary material to different individuals, department or sector.

Allocation of appropriate labour force & required machinery for performance of the work.

Issuing necessary orders, instruction & guidance to the person to carry on production according to date and time.

Issuing necessary order for inspection at various stage while the work is in progress.

## Quality of Production :-

It is used to maintain a desired level of quality in a product or service.

It is a systematic control of various factors that affect the quality of the product.

It depends on material, tools, machine working condition etc.

## Steps in Quality Control :-

- \* Formulate quality policy.
- \* Set the standard or specification on the basis of customer & preferences cost & profit.
- \* Select inspection plan and setup procedure for checking.
- \* Detect deviations from set standard of specifications.
- \* Take corrective action or necessary changes to achieve standard.
- \* Co-ordination of quality problems.
- \* Developing quality consciousness both inside and outside the organisations.
- \* Developing good public relation.



### (iv) Follow-up :-

- It involves the checking the progress of the work and see whether the work is being performed as per plans.
- It is also includes evaluation of efficiency of man, machine & material while the work is in progress.
- If it is not done timely, thing may not progress as per plans & quality production can't be achieved in time.

### (v) Inspection :-

- It is the last stage of production planning and control.
- It involves checking the quality of goods produced & ensure that they conform to the standard.
- It is always better to ~~far~~ have inspect at various points where there are chances of mistake or deviation.
- Final product should be compare & tested with keep of the standard already established.

## Productivity

- It is the ratio of production to cost of production.
- Productivity is the o/p of any production process per unit of input.
- To increase productivity means to produce more with less.

## Group Function of Production Management

### ① Selection of product & design :-

- Production management first selects the right product for production.
- Then it select the right design for the product.
- The design must be according to the customer requirements.

### ② Selection of production process :-

- The management select right production process. It includes type of technology, machine, material system etc.

### ③ Selecting right production capacity :-

- Management must be select the right production capacity to match the demand for the product because more or less capacity will create problems.

### ④ Production Planning :-

- It includes planning that follow routing is scheduling.



→ Budgeting means path of action, smooth running of every activities.

→ Scheduling means maintaining time table.

### ⑤ Production Control

It checks whether the actual production is done as per plans or not. Then it takes necessary step to correct these deviations.

## FINANCIAL MANAGEMENT

→ Financial management is a branch of general management which looks after the finance function of a business.

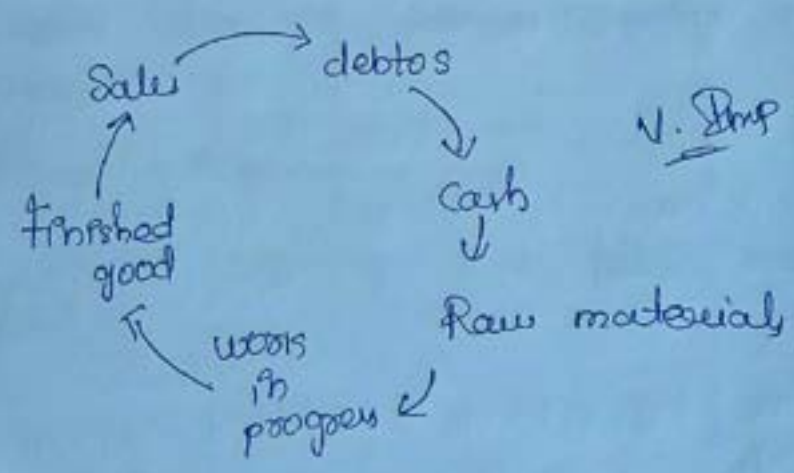
→ Financial management is the custodians of funds of a business.

→ Finance function managed by a separate dept & headed by a finance manager.

→ Finance manager should be quiet capable experienced & qualified to enough to handle the finance function independently to ensure services.

Working Capital Management

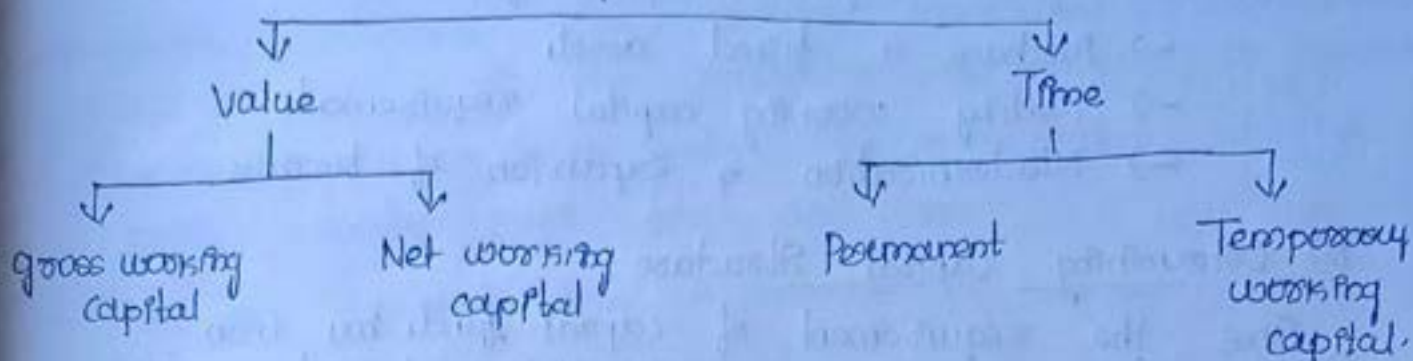
- It is that portion of capital which is utilised to meet the day to day requirements for smooth running of a business.
- It is required for purchase of raw material, salary of staff, rent, taxes, electricity bill, transportation charges etc.
- Working capital is known as revolving capital or circulating capital.
- As per production is a continuous process, the need for working capital is continuously required for all the time.
- Cash is converted into raw material, raw material into work in progress, work in progress into finished goods.
- Finished goods into sale.
- Sales into debtors & debtors into cash.
- The process of converting cash into cash once again through various stages is a cycle process & it is known as operating cycle or working capital cycle.





# TYPES OF WORKING CAPITAL

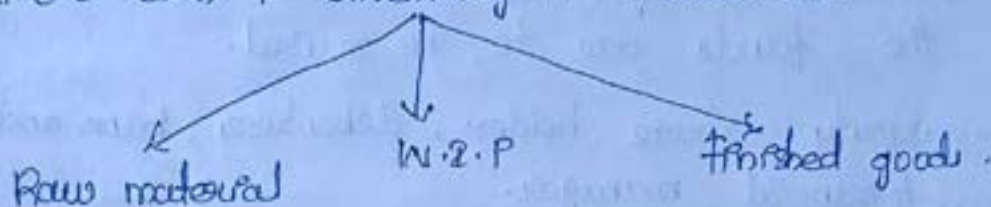
## Working Capital



\* Gross working capital: —

→ Investment in current assets

$$\text{Gr. W.C} = \text{Cash} + \text{Inventory} + \text{Receivable}$$



\* Net working capital: —

Current assets - Current liability:

Gross working or capital. Current liability.

\* Permanent working capital: —

Capital i.e. covered by a firm / organisation in the normal course.

\* Temporary working capital: —

Capital that required temporary for short period of time.

# FUNCTION OF FINANCIAL MANAGEMENT

① Estimating the amount of capital required:-

- Business firms required capital for
  - Purchase a fixed asset
  - Making working capital requirements.
  - Modernisation & expansion of business.

② Determining Capital Structure:-

Once the requirement of capital funds has been determined, a decision regard the kind and proportion of various sources of funds has to be taken.

③ Choice of sources of funds:-

- The financial manager has to decide the source from which the funds are to be raised.
- Like - equity share holders, debentures, loans and other financial manager.

④ Utilization of funds:-

The funds invested in various assets so as to maximize the return on investment, management should be guided by 3 principle like safety, perfect.

⑤ Management cash:-

It involves forecasting the in flow & out flow to ensure that there is neither shortage nor surplus of cash with the firm.

- Sufficient funds must be available for purchase of raw materials, payment of wages & meeting day to day expenses.

⑥ Financial Control:-

It involves budgetary control, cost control, instance a/cet, break even analysis & ratio analysis.



## COST CONCEPT

Cost refers to an amount to be paid for acquiring any resources or services.

Cost can be defined as a momentary valuation of efforts, materials, resources, time, utilities consumed, risks incurred and opportunity in the production of a good or services.

The cost principle states that cost is recorded at the price actually paid for an item.

There are different types of cost :-

Fixed cost :-

The cost which do not vary with changing output. Fixed cost might include the cost of building a factory insurance & legal bills.

Even if your output changes or you do not produce anything, your fixed costs stay same.

Variable Cost :-

Cost which depend on the output produced or if you produce more product, you have to use more raw materials.

Semi Variable cost :-

Labour might be a semi variable cost. If you produce more product, you need to employ more workers. If you don't produce any product you may still need some workers to look after an empty factory.

Marginal cost :-

Marginal cost is the cost of producing extra unit if the total cost of 3 unit is 1600, & total cost of 4 unit is 2000, the marginal cost of 4 unit is 400.


## \* Accounting Cost :-

- This is the monetary out lay for producing certain goods.
- It includes fixed cost and variable cost.

## \* Explicit cost :-

These are the cost of a firm that a firm pay directly and can be seen on the accounting sheet.

## \* Implicit cost :-

- Which doesn't necessarily appear on its balance sheet but affect the firm.
- Example - printing press to print legal, for a charity (donation) etc.

## \* Journal entry :- (Jmp)

- A journal entry is a recorded of the business transaction in the accounting books of a business.
- A journal entry consist of the correct data amount to be debited and credited & a unique reference no.
- Journal entry are the foundation for all other financial report.
- They provide important information that are used by auditors & to analysis how financial transaction impact a business.

## Basic format

	debit	Credit
Account name & number	₹xxx	
Account name & no		₹xxx



## \* Petty Cash books

→ The book in which those small payments are recorded which are not convenient to record in main cash books is called petty cash books.

→ It is maintained to record small expenses such as postage, stationery etc.

→ The difference between the total of debit items & that of the total column on the credit represent the balance of the petty cash in hand.

## \* Profit and Loss account:-

→ It is financial statement that summarizes the revenues cost and expenses, worked during a specific period.

→ It issues quarterly & annually, along with the balance sheet & the cash flow statement.

→ The account that shows annual net profit or net loss of a business is called profit or net loss of a trade.

→ It is prepared to determine the net profit or net loss of a trade.

→ Profit and loss account is a component of final accounts.

## \* Balance sheet:-

A balance sheet is a financial statement that reports company's assets liabilities & share holder equity at a specific point in a time.

The 3 important sections of any balance sheet are.

\* Assets:- This is a resource owned / owned by an entity to produce positive economic value.

\* **Liability** :- This provides a list of debts an entity owes to others.

\* **Equity** :- This is the amount of invested by the share holders.

Books keeping :-

→ Books keeping is the recording of financial transactions as part of the process of accounting in business.

Transaction include purchase, sales, receipt & payments by an individual person or organisations.

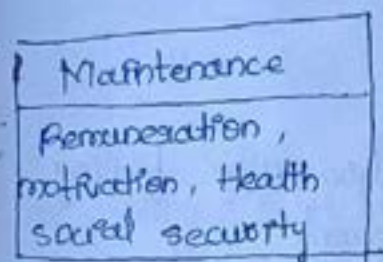
→ With proper books keeping companies are able to track all information on its books to make operating, investing and financial decision.



V.V.  
Rmp

# HUMAN RESOURCES MANAGEMENT

⇒ HRM is an art of managing people at task in such a manner that they give best to the organisation.



Human resources is used to describe both the people who work for organisation as the dept.

HR is primarily concerned with management of people within organisation.

It designed to minimize employee performance in an organisation.

The responsibility of a HRM is staffing, designing work, employee compensation.

## Importance of HRM

To create, provide / motivate - employee to accomplish objective of an organisation.

To secure integration of an individual or group for securing effectiveness of an organisation.

To create opportunities to provide facilities, necessary motivation to individual & group for their growth.

To maintain high moral & good human relation with the organisation.

→ HR is the valuable assets of an organisation.

### function of HRM

- ✦ Recruitment and training
- ✦ Performance appraisal
- ✦ Managing disputes
- ✦ Developing public relation.

Q) Explain about different selection method.  
It includes different steps like.

#### ① Screening of application form :-

→ Its objective is to eliminate application who failing to meet minimum qualifying requirement.

#### ② Attitude Test :-

These test are designed to know the applicants tendency towards favouring or otherwise to people, situations, actions and a host of such other things.

#### ③ Achievement Test :-

→ Achievement tests measure a persons potential in a given area/ field in which applicant belong to.

→ In other words, these tests measures skill or knowledge already acquire by him/her.

→ In every marks & grade were enough to explain the competencies but now recruiter conduct their own tests.



### ④ Intelligence test

- No. of questions or series of exercises designed to measure the intelligence.
- There are many types of intelligence test and they may measure learning ability in wide variety of areas & skill.
- Score may be presented as an IQ - mental age or a scale.

### ⑤ Judgement test

- In this test real time problem or puzzle are given.
- The whole idea to test the problem solving skill of any candidate.
- Recruitment is always intent in testing the application level of any candidate.

### ⑥ Personality test

- These test are also known as "personality inventories".
- These tests are designed to measure the dimensions of personality i.e., personality traits such as introversion, self confidence, ability to lead & ambition.

### ⑦ Interest test

- These test are designed to discover a persons area of interest & to identify the kind of work that will satisfy him.

### ⑧ Aptitude :-

Aptitude test measure ability and skill of the applicants.

- These test measure and indicate how well person would be able to perform after training & not what he/she has done.
- These aptitude test are used to predict the future ability / performance of a person.

### ⑨ Wages sampling :-

- It is an effort to create a replica of a job.
- The applicant demonstrate that they possess the necessary skill by actually doing the task.

### ⑩ Interview :-

- It includes assessing candidate motivation ability to work interpersonality skill etc.

### ⑪ Explain different method of training?

#### ① Orientation or induction training :-

This type of training given to new employees for adapting of the new working environment.

They also know about policies, procedures & rules work atmosphere of an organisation.

#### ② On the job training :-

The new worker is generally attached to a senior worker who will tell him the technique of doing that job.



The success of this method will depend upon the ability of trainees.

Off the job training :-

It can be given in no. of ways like lectures, conferences, group discussion & pigmistraction.

Refresher training :-

Refresher training is helpful in acquainting person with latest improvement in their work.

Changing technology or new methods requires fresh training to existing employee for better experience.

Vestible training :-

It is used to impart training in a class room in the plant.

It means workers are trained at some place in the factory.

### Minimum stock

It represents as the lower limits of inventory presents.

### Standard order:-

It is the quantity to be purchased of any product until the order is received.

### Ordering point:-

This represents that quantity required to ensure against exhaustion of the supply during the interval b/w the placement of an order is delivery.

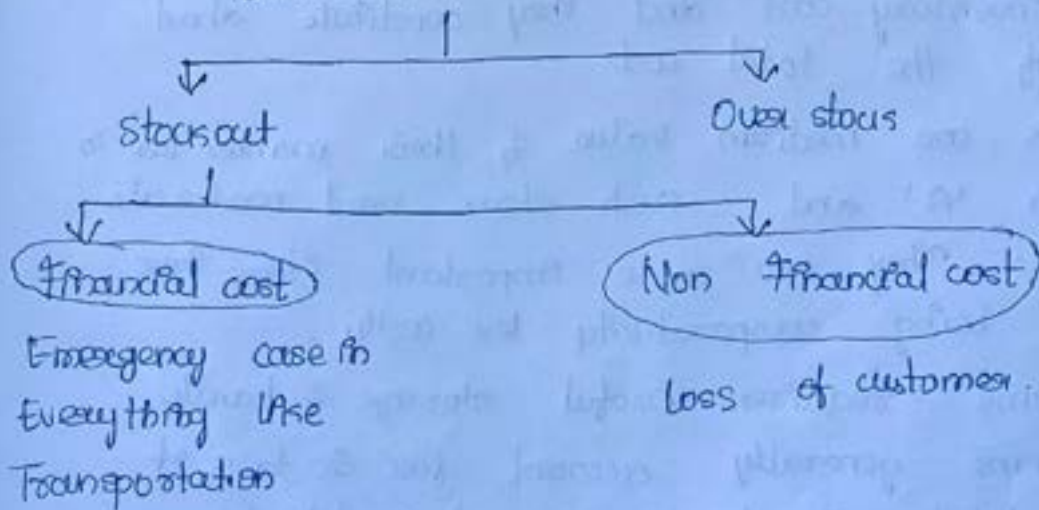
When the balance falls to the level, new purchase order should be placed.

### Procurement time:-

It is the time when takes the stock to reach from point to minimum stock level.

Ex. If the one order is placed today and after 40 days it is fulfilled then 40 days period is procurement time. So it shows that the order should be placed 40 days earlier.

## INVENTORY CONTROL





## INVENTORY MANAGEMENT

### Need for Inventory Management

- Inventory allows for a smooth flow of production process by ensuring the adequate supply of raw materials are available to production time.
- Inventory serve as buffers against usage.
- Reduce stock out situations.
- It avoids irregularities in supply.
- To maintain continuity to operation in production process.
- Up to date and accurate record keeping.
- Periodic inventory check up.

### INVENTORY:-

It is a detailed list of moveable goods such as raw materials, materials in process, finished products, generally supplies and equipment etc and give the quantity and value of each time.

### INVENTORY CONTROL

It is a systematic location, storage & recording of goods in such a way that an organisation can move smoothly.

### TECHNIQUE OF INVENTORY MANAGEMENT

There are different types of techniques.

#### Maximum Inventory:-

It represents maximum inventory present or largest quantity.

(c) Items are low valued, but maximum numbered items.

These items do not need any control rather controlling them is an economical 'c' items generally account for 10 to 5% of the total inventory cost & they constitute about 75% of the total items.



## Techniques



Total valued Item	A	10%	70%	→ Fast moving → Regularly review for better controlling → slow moving → Periodic review → Non moving → avoid stock disposal
	B	20%	10%	
	L	70%	10%	
	H	High cost		V - Vital (critical) E - Essential W - desirable
	M	Medium cost		
L	Low cost			

### ABC Analysis

A - Items are high value but are limited or few in number they need careful & close inventory control.

→ Such item being costly are purchased in small quantities efficiently.

→ A items generally account for 70 to 80 of the total inventory cost and they constitute about 10% of the total cost.

→ B items are medium value & their number lies in between 'A' and such items need moderate control. They are more important items these items being comparatively less costly.

→ B items requires careful storage & handling  
 B items generally account for 80 to 95 of the total inventory cost and constitute about 15 to 20% of the total items.

### 'A' Items

- 1) It covers 10% of the total inventory
- 2) It consumes about 10% of the total investment/capital.
- 3) It requires strict control.
- 4) It requires either no safety stock or low safety stock.
- 5) It requires maximum follow up.
- 6) It handle by senior officer.

### 'B' Items

- 1) It covers 20% of the total inventory.
- 2) It consumes about 20% of the total investment/capital.
- 3) It requires moderate control.
- 4) It requires low safety stock.
- 5) It requires periodic follow up.
- 6) It can handle by middle management.

### 'C' Items

- 1) It covers 70% of the total inventory.
- 2) It consumes about 10% of the total investment/capital.
- 3) It requires low control.
- 4) It requires high safety stock.
- 5) It requires very follow up.
- 6) It handle by any official management.



4- First moving (based on frequency of use, material)

S- Slow moving

N- Non moving

H requires timely control.

If there is no use of items during 2 to 3 years  
i.e., considered as non moving items, it may be  
~~dispose~~ dispose.

H - High value (based on unit of item used)

M - Medium value

L - Low value

High unit of value  $> 1000$  (per annum unit)

Medium unit of value  $< 100 > 1000$

Low unit of value  $< 100$  (unit of items)

V - Vital items without which it is difficult to  
manage

E - Items without which an industry can function but  
may affect quantity of the services.

D - Desirable items which can be easily purchased  
when required.

Can tolerate for 2 to 3 days & can be stock in  
medium amount

Stocked in small amount & purchased is based  
on usage.

F - Fast moving (based on frequency of use material)

S - Slow moving.

N - Non moving

H requires timely control.

If there is no use of items during 2 to 3 years  
i.e., considered as non moving items, it may be  
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medium unit of value  $(100 > 1000)$

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E - items without which an industry can function but  
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D - Desirable items which can be easily purchased  
when required.

Can tolerate for 2 to 3 days & can be stock in  
medium amount

Stored in small amount & purchased is based  
on usage.



# MARKETING MANAGEMENT

What is marketing :-

- Marketing refers to activities of an company to promote the selling of a product or services.
- Marketing includes advertising, selling and delivering product to consumer or other business.
- It creates demand about the product in the mind of a customer to buy that product or services.

Imp Marketing management :-

- It is the organizing way of managing every activities to achieve marketing goals like satisfaction of customer's need.
- Increase in sales volume.
- Increase in organizational profits.

Imp Concept of 4Ps

Marketing as a discipline involves all the actions a company undertakes to draw customers and maintain relationships with them.

Here 4ps includes product, price, place and promotion.

Product :-

- Product refers to an items that plans to offer to customers.
- The product is either a tangible good or an intangible services that is to meet a specific customer need or demand.
- As product follow a logical product life cycle.
- It is vital for understand & make plan for the various stages & many challenges.

→ Problem associated to product should be solved.

→ Selling position should be studied.

→ The potential buyers of the product need to be understood and identified.

Price:- The price covers the actual amount the end user is expected to pay for a product.

→ How a product price will directly affect how it sells.

→ If a product is priced higher or lower than its perceived value then it will not sell.

→ If there is a positive customer value than a product, it may be sometimes fully priced higher than its objective monetary value,

→ Conversely if a product has little value in the eyes of the customer, then it may need to be under priced to sell.

Promotion:-

→ The marketing communication strategies and technique all are under the promotion heading.

→ It includes advertising, sales promotion, special offers & public relation, whatever the channel used, it is necessary for it to be suitable for the product, promotion is just the communication aspect of the entire marketing functions.



## \* Place :-

- Place or placement refers to how the product will be provided to the customer.
- Distribution is a key element of placement. The placement strategy will keep assess which channel is the most suited to a product.
- When a company makes decision regarding place, they are trying to determine where they should sell a product & how to deliver the product of the market.

V.V.  
Imp

## Different types of advertisement :-

### \* Indoor advertisement :-

- Under this method the prospective customer stay inside his home & messages reach him.
- Various modes such as newspaper, TV, radio, film, leaflet, inserted, inside the pages of newspaper.

### \* Outdoor :-

- Under this method advertiser informs the buyer outside his home.
- Poster.
- Painted display or advertisement advertising board with advertisements at different people.
- Electric sign usually at night at busy centres.

## EMST

\* Entrepreneurship → Process

\* Entrepreneur → Person

\* Enterprise → Outcome

### Characteristics of an Entrepreneur:-

- (i) Innovator
- (ii) Plan Maker
- (iii) Decision Maker
- (iv) Pioneer of economic development.
- (v) Financial soundness
- (vi) Risk-taker
- (vii) Self-confidence.

### Problems of an Entrepreneurship:-

- (i) Poor Management
- (ii) Lack of skill knowledge
- (iii) Lack of financial / cash problem.
- (iv) Unavailable of Resources
- (v) Lack of technical skills.
- (vi) Frequent breakdown of machinery equipments.
- (vii) Shortage of Raw material.



## Different form of Business :-

- \* Solo-proprietorship :- When a single man start a business / single man business.
- \* Unlimited liabilities.
- \* Partnership :- In partnership the minimum member is two
  - They make an agreement
  - They share the capital of investment equally.
  - Profit will also be shared equally.
  - Mutual understanding.
  - Trust.
- \* Joint-stock company :-
  - Number of member they equally share.
  - Unlimited liabilities
  - Artificial person
  - Common seal
  - Transferable share
  - Perpetual succession.

Management Principles

\* Management:- An organised way of managing group of people (or) an organisation.

\* Principles of Scientific Management:-

- Harmony not discord
- Science not rule of thumb.
- Co-operation not individualism.

\* Functions of Management:-

Functions of Management includes

- (a) Planning
- (b) Organising
- (c) Staffing
- (d) Directing
  - (i) Communication
  - (ii) Motivation
  - (iii) Leadership
- (e) Controlling.

(a) Planning:- It is the most important function among all managerial function which performed by all the managers at each level of work.

→ If planning is wrong (or) defective the entire work will be defective.

→ It is the foundation of every work.

→ It is the study of future.

→ It is also rough estimation of every work.



→ It is the selection of best alternative among available alternative.

→ Planning also decide What to do?

When to do?

How to do?

Why to do?

→ It bridges the gap between where we are now and where we want to go in our desired future.

→ Planning aims at maximum result at minimum possible effort.

\* Organising :- Structure of function (or) duties to be performed by group of people for achieving best result of an organisation.

→ Organising is the frame work for efficient management.

→ It also an administration process, which divides a big work into number of job (or) tasks to get better result.

Staffing :- The main purpose of staffing is putting right man on right job.

→ Staffing is the filling of position created in the organisation structure.

→ It involves man power planning like recruitment, selection, career development programme etc.

→ Promotion and transfer also includes in staffing process.

→ It is the duties of management to fillup the

vacancy by appointing qualified and efficient person for each job.

→ Directing :- Simply appointing efficient candidate is not enough to get good result they need some instruction (or) direction as per requirement / How to do work.

→ Directing is entirely a human function which involves managing the manager, labour by means of motivation, proper communication and leadership.

→ It has following elements like motivation, communication and leadership.

① Motivation :- Motivation is creation of internal desire in the mind of a person to do something.

→ In management it is a powerful tool for achieving goal of an organisation effectively.

② Communication :- It is refer to transmission of message information, thought, ideas from one person to another.

→ Verbal communication is the best form of communication.

→ Manager should be a good communicator and ensure that there is not communication gap between sub-ordinate and other people in an organisation.

→ It is the duty of manager to follow that message are properly communicate to the appropriate person.

→ It is also possible by speech, seminar, model etc.



### (iii) Leadership :-

- The action of leading a group of people or an organisation.
- Leadership is the art of motivating a group of people to act toward achieving a common goal.
- Inspire followers.
- Emphasizes innovation.
- Willingness to listen.
- Honesty.
- Trust.

\* Controlling :- The process of monitoring, comparing, correcting performance for any activities and taking necessary

- It says that right things happen in the right way and at the right time.

### Management :-

- It consist the function of organising, planning, controlling & directing an organisation's resources in order to achieves the objective of that policy.
- Important aspects of management is the allocation of limits resources like human, financial.

# Differentiate between Administration and Management.

## ADMINISTRATION

(i) Definition:- The process of administering an organisation by a group of people is known as Administration.

(ii) Authority:- Always top level

(iii) Area of operation:- It has full control over activities of an organisation.

(iv) Policy formulation

(v) Decides:- What should be done? When it should be done?

(vi) Key person:- Administrator/owner

(vii) Rewards:- Profit

(viii) Approach to task:- Informal

## MANAGEMENT

(i) Definition:- An organised way of managing people & things of business is called management.

(ii) Authority:- Middle level/ lower level.

(iii) Area of operation:- It works under administration.

(iv) Concerns with policy implementation.

(v) Decides:- Who will do the work? How will it be done?

(vi) Key person:- Manager/Employee

(vii) Rewards:- Salary.

(viii) Approach to task:- Formal.



## IMPORTANCE OF MANAGEMENT

- \* Maximum use of available resources.
- \* Competitive strength - which enables entrepreneurs to develop and expand profit.
- \* Motivate Employees - It motivates employees to take more interest and initiative to do any work.
- \* New technique - Management make facilities for the introduction of new method of production and new technology.
- \* Expansion of business - By which enterprise creates good social image.
- \* Effective uses of manager :- It includes their skills, knowledge and experience. It helps in smooth functioning of every activities of an organisation.

Level of Management :- The levels are low-level management, middle level management & top level management.

Low level of Management :-

This level of management consists of supervisors, foremen, section officers & all other executive whose work must do with HR oversight & direction of operative employees.

Assigning tasks to various workers.

Guiding & instructing workers in day to day activities.

Upholding discipline, harmony within the workplace.

## (ii) Middle level of Management:-

The branch & department managers form this middle management.

Executing the plan of the organization in accordance with policies formulated by top management.

Evaluating the performance of junior managers.

Inspiring lower level manager for improving their performance.

## (iii) Top level of Management:-

Top level managers are responsible for controlling & overseeing the entire organization.

The board of directors, president, vice-president & CEO are in top management.

Issuing necessary instructions for the preparation of department schedule for different works.

Preparation strategic plans & policies for the organization.

Appointing the executives for middle level management i.e. departmental managers.

## Principle of Scientific Management:-

- ① Science not rule of thumb:- According to this we should not do works with old-technology, we should experiment to develop new techniques & adopt it for efficient performance.



② Harmony not discord :- As per this such an atmosphere should be created in the organization, so that sub-ordinate & management considered as complement to each other.

③ Co-operation not individualism :- All the activities done by different people must be carried on mutual co-operation.

- Here management & the workers should jointly determine standard.
- Each for all & all for each should be followed.

## 5th Chapter (Functional Areas of Management)

### (a) Production Management

\* Production:- The conversion of raw materials into finished products.

\* Production Management:-

→ The management which looks after any activities related to production process.

→ It helps to achieve cost reduction through economical measures in the utilization of available resources.

#### Functions of Production Management (Pmp 5 marks)

1. Selection of product and design:-

→ Production management first selects the appropriate product to be produced.

→ Then select design of that product.

→ Here design depends upon demand of the customer.

2. Selection of Production Process:-

→ Management must select right production process.

→ It includes what type of technology to be used then machinery equipment, material system etc.

3. Selection of Right Production Capacity:-

→ Management must select the right production capacity to match the demand for the product.

→ Because more or less capacity will create problems.



(Management of assets and liabilities) related to

#### 4. Production Planning

→ It includes both routing and scheduling.

Routing :- The path or the exact route through which raw materials converted into finished product.

Scheduling :- Scheduling means preparing time table for any activities related to production process.

#### 5. Production Control :-

→ It checks whether the actual production process is done according to our planning or not.

→ If there is any deviation we should take appropriate measures to correct it.

#### Steps in Quality Control :-

1. Formulate quality policy.
2. Select inspection plan and setup procedure for checking.
3. Detect deviation from set standard of specification.
4. Take corrective action or necessary changes to achieve standard.
5. Developing quality consciousness both inside and outside the organization.
6. Set the standard or specification on the basis of customer's preference cost & profit.
7. Coordination of quality problems.
8. Developing good public relation.

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7. Coordination of quality problems.

8. Developing good public relation.



Q) What is productivity?

Ans Rate of production / Ratio of production.  
(or)

It is the output of any production process per unit of input.

→ To increase productivity means to produce more with less.

Q) What is production planning & control (PPC)?

Ans It involves the function of directing and regulating the orderly movement of product through the entire manufacturing process from the purchasing of raw materials to the delivery of the finished product and ensure proper consumer satisfaction.

✓ Quality of Production:- It is used to maintain a desired level of quality in a product or service.

- It is a systematic control of various factors that affect the quality of the product.

- It depends on material, tools, machine working condition etc.

## \* Different steps of Production Management.

- (a) Routing :- It determines the path or the exact route through which the raw materials converted to finished production / product is called routing.
- Routing is deciding in advance the path over which the work will follow from one stage to the another.
  - Before selecting the exact route we have to study available path or alternative then choose the best one which is cost effective or less time consuming.
- (b) Scheduling :- It provides a time table for manufacturing of goods (or) products, from purchasing of raw material till delivery of the product to the customer as per schedule.
- It also includes total time required for completion of each process and entire process (or) operation.
- (c) Dispatching :- It refers to actual initiation of work to carry on the production and ensure that the target in scheduling each achieved well in time.
- Issue of necessary raw material to different department (or) section.
  - A location of appropriate manforce and machinery equipments to carry out the production process.



- Issuing necessary instruction or guidance to the person to achieve objective of an organisation.

- Ensuring necessary order for inspection at various stages while the work is in progress.

\* Follow up :- It involves the checking the progress of the work and see whether the work is been performed as per planning or not.

- It also includes evaluation of efficiency of man and machine while the work is in progress.

- If it is not done timely things may not progress as per plans and qualitative product may not be produced.

\* Inspection :- It is the last stage of production planning and control.

- It involves checking the quality of goods produced and ensure that the conform to the standard.

- It is always better to have inspection at various point where there are chances of deviation (or) mistake.

- Final product should be compared and tested with help of the standard which are already maintained.

## Importance of PPC

- \* It increases the productivity by means of planning and controlling production at each and every stage to ensure economical and efficient utilization of available resources.
- \* It is highly essential for cost control purposes.
- \* It arranges the production process in such sequence so that the production target will be achieved in time.
- \* It helps in regulating production process and maintain quality.
- \* A well organised production planning ensure maximum utilization of available resources like material, man, money and machine.



## © Financial Management

Financial Management:- Financial Management is the branch of general management which looks after finance function of the business.

It is the custodian of funds of a business/organisation.

Finance not only require to start the business but also require for smooth running of any activities.

Finance function managed by separate department called financial department and headed by finance manager.

Finance manager should be quiet capable, experienced and qualified enough to handle finance function successfully and ensure (or) achieve objective of an organisation.

### Finance function:-

The finance function is usually managed by the Entrepreneur himself.

He has to plan and collect funds for entire enterprise.

Assistants in the form of capital usually available from banks (or) any financial institutions.

He has to make an estimate of all the expenses from the initial stage till the completion of entire project.

## \* Types of Capital:-

\* Capital:- The entire amount of money invested in a business is known as the capital of the business.

- Requirement of capital depends upon types of business, size of unit, volume of production and technic of production.
- Capital of business may come from various sources like owners fund, borrow from banks etc.
- It is of two types and they are:
  - (a) Fixed capital
  - (b) Working capital

(a) Fixed Capital:- The amount of money invested in the fixed assets like purchasing land, construction of building, machinery equipments and furniture etc.

- It is that portion of capital which is utilized to create physical infrastructure to carry out the production process (or) any activities.
- It is used to meet the long term requirement of any organisation.
- A large amount of capital or money blocked for a long period of time. So, fixed capital also known as block capital.
- The amount of blocked capital depends upon nature of Industry, size of unit & Volume of production.
- Usually heavier the size of an organisation the requirement of fixed capital also high.



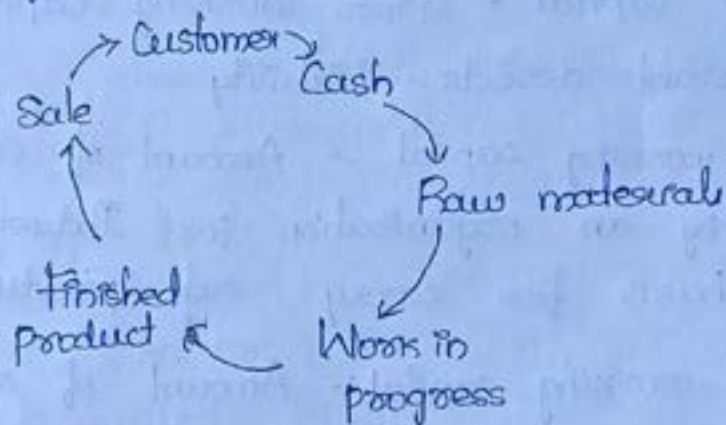
(b) Working Capital:- It is the amount of capital which is utilized to meet our day to day requirement for smooth running of a business.

It is required for purchasing raw materials, electricity bill, house rent, salary to an employees, taxes etc.

Working capital is known as circulating capital (or) revolving capital.

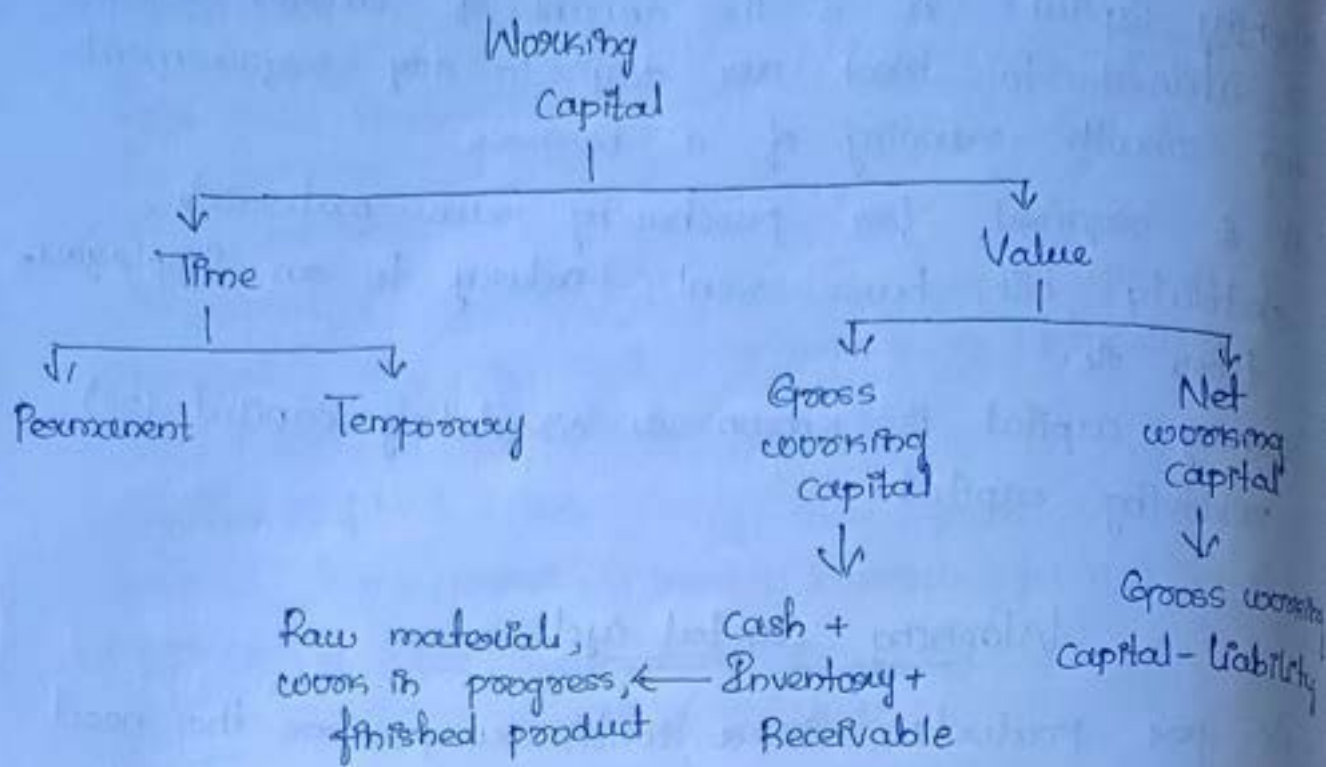
### Working Capital cycle

As per production is a continuous process the need for working capital is continuous for all the time.



Cash converted into raw materials, then raw materials converted into work in progress, then work in progress converted into finished product, then finished product converted into sale, then sale converted into customer, then again customer converted into cash.

The conversion of cash into cash once again through a various stages is a cyclic process and it is known as operation cycle (or) working capital cycle.



- Net working capital = Gross working capital (or) current assets - Liability.
- Permanent working capital :- Amount of capital required by an organisation (or) Industry on normal basis for carry out production process.
- Temporary working capital :- Amount of capital required by an organisation (or) Industry for short period of time / temporary basis.



# Function of Financial Management

① Estimating the amount of capital Required -

→ Business firms required capital for

- Purchase a fixed asset
- Meeting working capital requirements
- Modernisation & expansion of business.

② Determining Capital Structure :-

Once the requirement of capital funds has been determined, a decision regarding the kind and proportion of various sources of funds has to be taken.

③ Choice of Sources of funds :-

→ The financial manager has to decide the sources from which the funds are to be raised.

→ like - equity share holders, debenture, banks and other financial manager.

④ Utilization of funds :-

The funds invested in various assets so as to minimize the return on investment, management should be guided by 3 principle like safety, profit etc.

⑤ Management of Cash :-

It involves forecasting the cash in flow & out flow to ensure that there is neither shortage nor surplus of cash with the firm.

Sufficient funds must be available for purchase of raw materials, payment of wages & meeting day-to-day expenses.

⑥ Financial control :- It involves budgetary control, cost control, internal ~~set~~ audit, break even analysis and ratio analysis.

### Costing (Cost concept)

- Cost refers to an amount to be paid for acquiring any resources or services.
- Cost can be defined as momentary valuation of efforts, materials, resources, time utilities consumed.

→ There are different types of cost like :-

(a) Fixed Cost :- Fixed remains fixed in total and do not increase (or) decrease with increase (or) decrease in production.

Example :- Rent, taxes, watch man salary etc.

If there is no production or full production the rent payable does not change.

(b) Variable Cost :- Variable cost are the cost which vary & not remains fixed. Variable cost vary in direct proportion to the volume of output.

→ If there is no product the variable cost is Nil. Variable cost is directly proportional to the volume of production.

Example :- cost of raw materials manufacturing wages.

(c) Semi-variable cost :- Semi-variable are neither fully fixed nor are fully variable.

→ This cost partly fixed and partly variable.



labour might be a semivariable cost. If you produce more product, you need to employ more workers. If you do not produce any product, you may still require some workers for look after an empty factory.

(1) Accounting cost :- It is the monetary out lay for producing certain products.

It includes fixed cost and variable cost.

e) Explicit cost :- These are the cost that a firm pay directly and can be seen on the accounting sheet.

(2) Implicit cost :- Which do not necessarily appear on its balance sheet but affect the firm.

Ex:- Profiting

### Journal Entry

A journal entry is a record of the business transaction.

Journal entry consists of the correct date, amount be debited & credited and unique reference number.

Journal entry are the foundation for all other financial reports.

It is used by the auditor to analyze how financial transaction impact of a business.

### Basic Format

Account name & No	debit \$xxx	Credit
Account name & No		\$xxx

Petty Cash:- The books in which those small payments are recorded, which are not convenient to record in main cash book, is called petty cash.

- It is maintained to record small expenses such as postage, stationery etc.
- The difference b/w the total of debit items & that of total credit represents the balance of the petty cash in hand.

Books Keeping:- Books keeping is the recording of financial transaction & is part of the process of accounting in business.

- Transaction includes purchase, sales receipt & payment by an individual person or organizations.
- With proper books keeping companies are able to track all information on its books to make key operating, investing & financing decision.

Balance Sheet:- A balance sheet is a financial statement that reports company's assets, liabilities & share holders equity at a specific point in a time.

→ The 3 important section of any balance sheet are

\* Assets:- This is a resources owned by an entity to produce positive economic value.

Assets	Liabilities	Equity
xxxxx	xxxxx	xxxxx



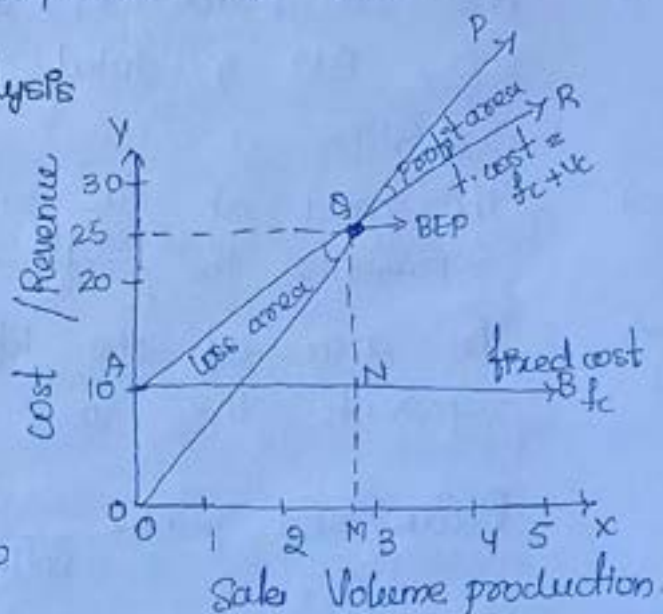
- \* Liability :- This provide a list of debts an entity owe to others.
- \* Equity :- This is the amount invested by the share holder.

Profit and loss Accounts :- It is a financial statement that summarizes the revenues, cost and expenses, occurred during a specific period.

- It issues quarterly & annually, along with the balance sheet & the cash flow statement.
- (or)
- The account that shows how annual net profit or net loss of a business is called P & L account.
- It is prepared to determine the net profit or net loss of a trader.
- P & L account is a component of final account.

### Breaks even analysis

- Breaks even analysis helps us to find out the Breaks even point.
- Breaks even point is a point where the total cost is equal to the total revenue.
- Breaks even point is also known as the point of no profit & no loss.
- At this point the total expenses is equal to the total income.
- At this point the total expenses recovered leaving nothing extra as surplus or profit.



- The production level at which there is no profit (or) no loss is known as Breaks even production.
- Sales at the point is known as Breaks even sales.
- $\overline{OX}$  axis represents production in units &  $\overline{OY}$  axis represents cost or revenue.
- AB represents the fixed cost curve which is a horizontal line because fixed cost always remains constant at all the level of output.
- AR represents the total cost curve which moves upwards to the right i.e., as production increases total cost also increases. Total cost is equal to fixed cost plus variable cost.
- OP represents the total sales or revenue line. The OP curve crosses the AR curve at point Q. At the point Q both sales & cost are same i.e., total sale at that point is ₹M & total cost at that point also ₹M.
- The area at the right of the breaks even point represents the profit area.
- The area at the left of the breaks even point represents the loss area.

$$\text{Breaks even point} = \frac{\text{fixed cost}}{\text{selling price per unit} - \text{variable cost per unit}}$$

$$= \frac{f_c}{S_p - V_c} = \frac{f_c}{\text{contribution margin}}$$

where,

$f_c$  = fixed cost

$V_c$  = variable cost

$S_p$  = selling price per unit

$$BEP = \frac{f_c}{1 - \frac{V_c}{P}}$$

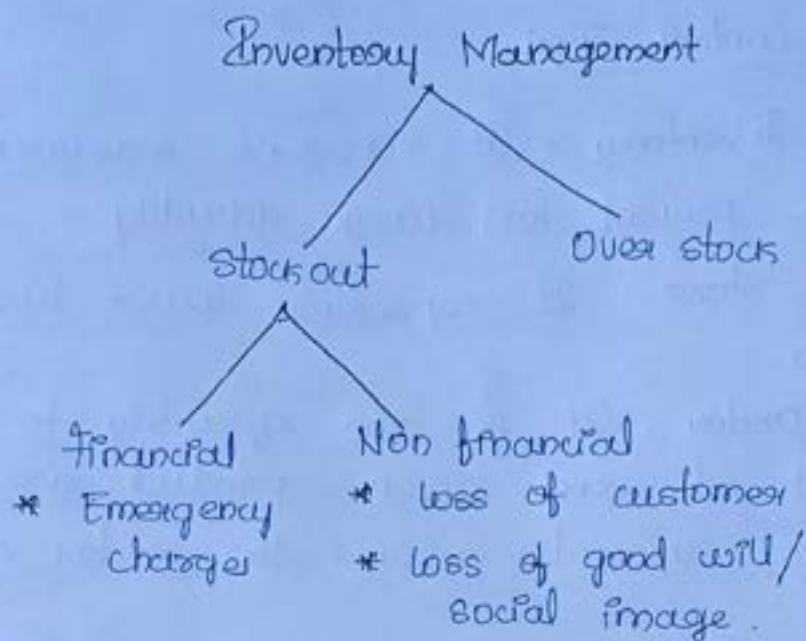
[P = profit]

[V = Volume of sale]



## 5th chapter

### (b) Inventory Management



\* Inventory :- It is a details list of movable items such as raw material, work in progress and finished product.

\* Inventory Management (or) Control :- It is a systematic location, storage and recording of goods (or) items in such a way that an organisation can run smoothly.

\* Importance of Inventory Management :-

→ It helps for smooth flow of production process by ensuring the adequate supply of raw materials are available for production process.

→ Inventories serve as buffer against uncertain uses.

→ It reduces stock out situation.

→ It avoids irregularities in supply.

- Upto date and accurate record keeping
- It helps for periodic inventory checkup.

### \* Inventory Control Tool :-

- (i) Maximum Inventory :- It represents maximum inventory present (or) large quantity.
- (ii) Maximum Store :- It represents lower limits of inventories.
- (iii) Standard Order :- It is the quantity to be purchased at any given product are always for this amount when the order is revised.
- (iv) Ordering point :- It represents that quantity required to ensure against exhaustion of the supply during the interval between the placement of an order and delivery of the product.  
When the balance to this level it is an indicator that a new purchase order must be placed.
- (v) Production Procurement Time :- It is the time which takes the stock to reach from reorder point to minimum stock level.

Example :- If one order is placed today and after 2 weeks it will be fulfilled then two weeks is procurement time.

- So, it shows that the order should be placed before 2 weeks.



## ABC Analysis (Inventory Management Technique)

A - Items are high value but are limited (or) few in number they need careful and close inventory control.

→ Such ~~to~~ items being costly and are purchased in small quantities.

→ A items generally account for 70 to 80% of the total inventory cost and they constitute about 10% of the total cost.

B - Items are medium in value and their number lies in between (A) and such items need moderate control. They are more important items these items being comparatively less costly.

→ B items requires careful storage and handle.

B items generally account for 20 to 15% of the total inventory cost and constitute 15 to 20% of the total items.

C - Items are low valued, but maximum numbered items.

→ These items do not need any control rather controlling them in an economical (C) items generally accounts for 10 to 5% of the total inventory cost & they constitute about 75% of the total items.

(A) Items

- 1) It covers 10% of the total inventory
- 2) It consumes about 70% of the total investment/capital
- 3) It requires strict control.
- 4) It requires either no safety stock (or) low safety stock.
- 5) It requires maximum follow up
- 6) It can be handled by senior officers

(B) Items

- 1) It covers 20% of the total inventory
- 2) It consumes about 20% of the total investment/capital.
- 3) It requires moderate control.
- 4) It requires low safety stock
- 5) It requires periodic follow up
- 6) It can be handled by middle management

(C) Items

- 1) It covers 70% of the total inventory
- 2) It consumes about 10% of the total investment/capital.
- 3) It requires low control.
- 4) It requires high safety stock.
- 5) It requires low follow up.
- 6) It can be handled by any official management.



- F - First moving (based on frequency of uses materials)
- S - Slow moving
- N - Non moving

If there is no use of items during 2 to 3 yrs i.e., considered as non moving items, it may be disposed.

- H - High value (based on unit of item used)
- M - Medium value
- L - low value

H requires timely control

High unit of value  $> 1000$  capitanium unit

Medium unit of value  $(100 > 1000)$

low unit of value  $< 100$  (unit of items)

V - Vital items without which it is difficult to manage.

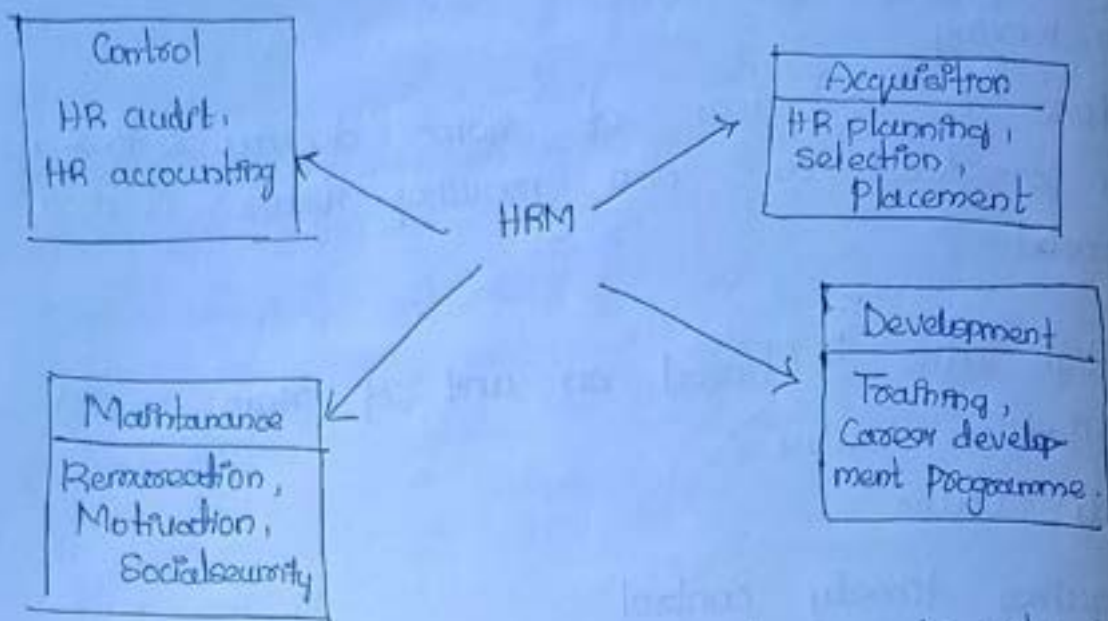
E - items without which an industry can function but may affect quantity of the services.  
(Essential items)

D - Desirable items which can be easily purchased when required.

↳ Can tolerate for 2 to 3 days & can be stock in medium amount.

↳ Stocked in small amount & purchased is based on usage.

# Human Resources Management



- Human Resources - It refers to the people who work for an organisation.
- HRM is primarily concerned with management of people within an organization.
- It designed to maximize employee performance in an organisation.
- The responsibility of a HRM is staffing, designing work planning related to human resources function.

## Function of HRM

- \* Recruitment & training
- \* Performance appraisal
- \* Managing dispute
- \* Developing Public Relationship
- \* Information sharing
- \* Policy formulation
- \* Career development programme
- \* Administrative responsibility.
- \* Health and safety policy
- \* Providing compensation & Benefits -



## Importance of HRM

HR is the valuable asset of an organisation.

To maintain High moral & good human relationship within an organization.

To create opportunities & provide necessary motivation to individual & group for their growth.

To secure integration of an individual or group for achieving goal of an organization.

It focuses on how to increase productivity and profit

To match demand & supply of human resource.

To create team spirit among employees.

Q) Explain about different selection methods.

Ans It includes different step like

① Screening of application form -

Its objective is to eliminate application who failing to meet minimum qualifying requirement.

② Attitude test - These test are designed to know the applicants tendencies towards favouring to people or situations actions

③ Achievement test - Achievement test measures a person's potential in a given area / field in which applicant belongs to.

In other words, these tests measure skill & knowledge already acquire by him/her.

- ④ Intelligent test - No. of questions or series of exercises designed to measure intelligence of a candidate.
- There are many type of intelligence test and they measure learning ability in wide variety of areas & skill.
  - Score may be presented as an IQ or a mental age.
- ⑤ Judgement test - In this real time problem or puzzle are given.
- The whole idea to test the problem solving skill of any candidate.
  - Recruiter is always interest the test to application level of any candidate.
- ⑥ Personality test - These tests are designed to measure the dimension of personality i.e., personality traits such as inter-personal competence, dominance, extra-version or introversion, self confidence etc.
- ⑦ Interest test - These test designed to discover a person's area of interest & to identify the kind of work that will satisfy him.
- ⑧ Aptitude Test :- Aptitude test measures ability & skill of the applicant
- It is used to predict the future ability/performance of a person.
- ⑨ Inhouse sampling - It is an effort to create a replica of a job.

The applicants demonstrate that they possess the necessary skill by actually doing the task.



10) Interview:- It includes guessing candidate's motivation, ability to work & interpersonal skills etc.

9) Explain different methods of training.

Ans ① Orientation or Induction Training:-

→ This type of training is given to new employees for adopting the new working environment.

→ They also know about policies, procedures & rules, work at the spheres of an organisation.

② On the job training:- The new worker is generally attached to a senior worker who will tell him the technique of doing that job.

→ The success of this method will depend upon the ability of the trainer.

③ Off the job training:- It can be given in a no. of ways like lectures, conferences, group discussions etc.

④ Refresher training:- Refresher training is helpful in acquainting a person with the latest improvement in their work.

- Changing technology (or) new methods require fresh training to existing employees for better expertise.

⑤ Vestibule training:- It is used to impart training in a class room in the plant.

- It means workers are trained at some place in the factory.

Q) Explain different sources of recruitment.

\* Internal Source :- It is the common method of recruitment.

- It includes filling up vacancy using person who is already in organization. The cost of recruitment is relatively less because employee being already acquainted with work atmosphere of an organization.

- It includes promotion, retired employee to temporary position, present temporary position to permanent position, transfer within same organisation.

\* External Recruitment :-

① Advertisement :- It is the simple way of Recruitment

② Campus Recruitment :- It is the case where recruiter contact to educational institution such as college & university for list of suitable candidate.

③ Website :- With the advent of internet it is very easy to recruit new candidate & provide about job vacancies.

④ Employee Referral :- Some organisation encourages ~~em~~ current employees to refer their friends & known people for the position in the organisation who full fill that required criteria.

⑤ Walk in :- It is the most easy and quick method of recruitment.



\* Wages: A wage is momentary compensation paid by an employer to an employee in standard units of working time.

(or) It defined as payment for the use of labour.

① Nominal wages - When wages are paid in terms of money, they are called nominal wages.

② Real wages - The real-wages consist of the amount of necessities, comforts, luxuries which can be bought by nominal wages & other advantages offered by an organisation.

### Types of wages

\* Minimum wages :- Minimum wages covers the basic necessities of life such as provision for shelter, food & clothing.

- Minimum wages provided by only cash.

- Minimum wages level is fixed by the govt for different categories of workers.

\* Living wages :- Living wages not only provides for basic necessities of life such as food, shelter & clothing but also make provision for other comfort such as education, protection against ill health, recreation etc.

- It aims at increase the standard of living of the workers.

\* Fair wages :- Fair wages is more than minimum wages but is usually less than living wages.

- Fair wages is that wages which is paid to similar worker in similar jobs in similar organisation.
- Fair wages are minimum wages rates for specific occupation.

\* Differentiate between wages and salaries.

Ans

Wages

- Wages are payment for manual work.
- Wages are paid weekly or daily or at short interval.
- Wages are a variable cost, varying with output.

Salaries

- Salaries are payment for non manual work.
- Salaries are paid at long interval i.e., a month.
- Salaries are a fixed cost & so don't vary with output.



## Payment & Wages

Payment :- - For technical workers or employees

- Monthly basis
- Salary not varies with output.

Wages :- For non-technical workers or labourers

- Daily basis
- Salary varies with output

Wages  $\rightarrow$ 

Nominal
Real

Minimum wages < Fair wages < Living wages.

## 6th chapter

### Leadership and Motivation

#### (a) Leadership.

Definition leadership is the human factor, which binds group of people together & motivates them towards goals.

It is the process of influencing a group in a particular ~~situ~~ situation at a given point of time & in a specific set of circumstances that stimulates people to take more interest in work to achieve objective of an organisation.

#### Importance:-

Influencing the behaviour of people :-

A leader impresses his sub-ordinates with leadership ability.

→ He brings them under his control in such a way that they give their best.

② Helps Employees in full filling their needs:-

A leader establishes personal relationship with his sub-ordinates & tries to meet their requirements.

→ People follows a leader because he provides them security & opportunities to earn, gives them right to work.

③ Solving conflicts :- A leader can solve every type of conflicts between employees & employees or employer & employees.

→ A leader allow his follower the liberty to express their view.



① Setting a clear vision:- A good leader will influence his followers to perform their duties by setting the vision/goal.

② Training & development of sub-ordinates:-

A leader helps in the training & development of the employees.

He makes aware of the modern techniques.

③ Building Moral:- This involves pulling every one together towards a common goal.

A good leader will let to employee know how well their work is appreciated.

④ Motivating the employees:- A good leader always motivate his sub-ordinate & boost them for better work.

Qualities of leader

- A sense of mission.

- Accomplishment (effective uses of time)

- Skillful - broad as well as technical.

- High Intelligence - Has the capacity to manage all activities.

- Good character - Honesty, sincerity etc.

- Administration - Ability to plan & organize the work & controlling all.

- Socialness - Sincere interest in people.

- Open mindedness

- Good communicator.

- Predict future events.

- Self confidence - Self assurance,

- Knowledge of industrial psychology
- Constructive
- Group spirit
- Flexibility - quickly adjust to change condition.
- Initiative - self starting to any activities.
- Analysis & Judgement
- Decision maker -
- Approachability - The extent to which he is willing to talk with his sub ordinate.

### function of leadership

- \* leader develops team work
- \* Representative of sub-ordinates
- \* Appropriate counselor
- \* Uses power properly.
- \* Manages the time well
- \* Integrates the efforts of the followers, of the organizational objective.
- \* Representing the enterprise.
- \* Guiding or directing the organization.
- \* Decision making.

### Types of leadership

- ① Autocratic :- In this type leader makes all the decisions in matter it is right or not.
  - All the policies are determined by the leader without consulting the sub-ordinates.
  - Decision can be taken quickly.
  - It is a fashioned technique.
  - The leader decides the particular work task for each sub-ordinate.



① Democratic:- It is most popular today.

→ The leader discusses & consult with his sub-ordinates before any work.

② Participative:- It promotes participation of sub-ordinates & develops team work.

### Manager

Def<sup>n</sup>- Manager is some one who is responsible for managing the entire organisation.

Aims- Directing & controlling people.

People- Manager has sub-ordinates

Skill- Skills decision making & co-ordination.

- leadership style  
Transformational means  
Reward & Punishment

- focuses on process

- Avoids conflict

- Manager are appointed officially

- Manager protect himself

### leader.

- A leader is some one who influences the sub-ordinates towards achieving the desired.

- Motivating & Inspiring people.

- leader has followers.

- foresightedness.

- Transformation means (Inspiration)

- focuses on followers.

- Uses conflict as an asset to hope people to do better than other.

- leader may or maynot have official appointment

- leader protects always to their followers.

## (b) Motivation

- \* Motivation:- Motivation is the need or reason that makes people to work.
- It is the process of stimulating people to achieve goal.

### Characteristics:-

- Continuous process
- Psychological concept.
- Satisfied Human needs
- Applicable on Human Resource.
- Positive or negative motivation.
- Produces goal oriented.
- Energising force.

### Maslow's Hierarchy of needs theory

Maslow proposed that motivation is the result of person's attempt at fulfilling five basic needs like physiological, safety, social, esteem, self actualization.

\* Physiological Needs:- It requires for human survival like food, shelter, clothing & sleep. So a manager should provide comfortable working condition, work hour & necessary breaks.

\* Safety needs:- It provides a person with sense of security & well being like personal security, financial security, good health etc.



\* Social need:- Social needs are important to human so that they don't feel alone, isolated and depressed.

Managers should make sure that every employee know one another, encouraging team work & good work life balance.

\* Esteem needs:- It refers to the need for self esteem & respect.

A manager maintain it by effecting praise & recognition when the employee does well & offering promotion.

\* Self-actualization:- It describes a persons need to reach his full potential.

The need to become what one is capable of something that is higher personal.

## \* Motivational Techniques:-

- ① Praise the workers & give them credit for all good work done by them.
- ② Take a sincere interest in subordinates as individual persons.
- ③ Promote healthy competition among the individual employees, let the sub-ordinate feel pride in work or in job accomplishments.
- ④ Delegate a substantial amount of responsibilities to the subordinates.
- ⑤ Fix fair wages or group incentives for the employee.
- ⑥ Formulate a suitable suggestion system.
- ⑦ Provide opportunities for growth & promotion.
- ⑧ Promote good working condition.
- ⑨ Promote good & satisfying interpersonal relationship at work & outside.

There are few negative motivational technique  
Use fines, demotion, lay off discharge.



→ Leadership:- leadership style, participative leadership consults employees and seriously considers their ideas when making decisions. When a company makes changes within the organization, the participative leadership style helps employees accept changes easily because they had given a big role in the process.

Intellectual property Right -

IPR refers to the general terms for the assignment of property rights on some assets.

- Intellectual property refers to the creation of the human mind, like inventions, literary and artistic works, symbols (logo), images & designs used in business.
- Intellectual property right allow innovative entrepreneurs to protect their invention. It also give an edge over your competitors.
- Intellectual property is the product of human intellect and the rights granted on its owner to benefits monopoly over it.

Such benefits is not always a natural right but requires recognitions.

There are different IPR act.

- \* The patents Act 1970
- \* The Trade Marks Act 1999
- \* The copy right Act 1957
- \* Geographical Indication of goods Act 1999.



## Copy Right

→ It is given to authors of novels, musical works, films, computer programme etc.

→ When someone creates a product that viewed as original & that required mental activity means intellect power to create, this product become an intellectual property, that must be protected from unauthorized duplication.

Ex- Artistic works like art, poetry, graphic design, musical lyrics & composition.

→ Original owners are protected by copy right laws all of their property until 70 years after their death.

Trade Marks - This law protect materials used to distinguish an individuals, creativity, it includes symbols, like logos, slogans, brand name.

→ It is used to identify the particular product from similar product.

→ The owner has the right on trademarks of any product & product are these.

→ There are different type of trade mark like word marks, device marks, sound like musical tone.

→ Small like perfume etc.

\* Patents :- It is an intellectual property right for a  
confidential technical invention.

→ It allows you to prevent others from your  
invention for commercial purpose for up to  
20 years.

→ Patent gives you monopoly on selling, using,  
making or improving on invention.

→ Invention should be unique & useful.

→ It may be method, process or technique etc.

\* Not applicable on

- Rule of nature

- Natural things → Abstract.



## Features of Factories Act 1948

- ① Working hours - According to the provision of working hours of adult, no adult worker shall be required or allowed to work in a factory for more than 48 hours in a week. There should be a weekly holiday.
- ② Health:- For protecting the health of worker. The factories should have proper drainage system, adequate lighting, ventilation, temperature etc.  
- Adequate arrangement for drinking water.
- ③ Safety - According to act the machinery should be fenced, no young person shall work at any dangerous machine.
- ④ Welfare - Facilities for storing & drying, clothing, facilities for sitting, first aid appliances, shelters, rest rooms, lunch rooms, canteens etc should be there.
- ⑤ Penalties - If factories act is violated the following penalties can be imposed like
  - \* Bulk fine & imprisonment
  - \* Fine may be extended to one lakh.
  - \* Imprisonment term may extend to 4 years.

## Features of Payment of Wages Act 1946

- Responsibility for payment of wages.
- \* An employer shall be responsible for the payment of wages to all his employees.
- \* An employer shall fix wage period by which he shall pay wages to his employees.
- \* Wages shall be paid on a working day.

### Deduction from wages

- \* Only those deductions as authorized by the payment of wages act will be made from the wages of an employee such as:
  - \* those for absence from duty.
  - \* for house accommodation supplied by employer.
  - \* for recovery of advanced and loan given to employee.
  - \* for income tax.
  - \* Provident fund.



## Chapter - 7

### TQM

(Work Culture, TQM & Safety)

Total - All person of all divisions at every level are involved.

Quality - Continuously improving service to customer.

Management - Process of dealing with or controlling things or people.

More knowledge about environment quality, HR etc are required.

EC's of TQM.

\* Commitment from employees.

\* Culture & participative

\* continuous improvement.

\* co-operation employees work with mutual understanding.

\* customer focus.

\* Control.



### Principle of TQM -

① Customer focus - Organisation should understand their current and future customer.

That can be done through Training employee, integrating quality into the design & process, upgrading system etc.

By customer focused organisation will get benefited by higher customer satisfaction which leads to addition of new customer.

- ⑤ Total employee Involvement -  
Participation of all employees in working towards common goals.  
- Self managed work team is the best example of empowerment.

⑥ Process Centered - Process centeredness is a fundamental part of TQM.

- \* Define step required to perform the process
- \* Decide process performance parameters.
- \* Continuously measure & monitor performance.
- \* Detect unexpected variation & act on it.

⑦ Integrated system - Everyone must understand the vision, mission, guiding principle, quality, objective of an organization.

- \* Business performance monitor & communicate continuously.
- \* Adopt good quality culture to achieve excellence.

⑧ Systematic Approach - Systematic approach is a critical part of TQM to achieve organization's vision, mission & goal.

- \* follow systematic planning / management.
- \* Integrate quality as a core element.
- \* Consider quality as a critical parameter for each process.



③ Continual Improvement - TQM focuses on continual improvement of processes.

Continual improvement helps organizations to become more competitive & effective in exceeding customer's requirements.

④ Fact Based on Decision Making - Actual collected data called fact. Data based decision making increases probability of getting it right.

In order to know how well an organization is performing, data on performance measures are necessary.

TQM requires that an organization continually collect & analyze data in order to improve decision making accuracy.

⑤ Communication - Communication is the key to success in TQM.

\* During times of organizational change as well as part of day to day operation effective communication plays a large part in maintaining morale & motivating employees at all levels.

⑥ Human relationship and performance in organization - A human relation is the relationship between human resources of the organization. It incorporates management employees, employees - employees relationship between the

organization's human resources & outsiders such as clients, suppliers who are directly or indirectly involved in organization's function.

Hence Healthy human relation leads to increased productivity & efficiency.

It also plays crucial role in growth & success of an organization.

In order to increase the efficiency of organisation's. It is the process of integration of man to man & man to organizations.

PPE - A clothing or equipments which gives protection to our body from external hazards condition is known as PPE (Personal, protection equipments)

like helmet, cap, mask, safety shoes etc

Benefits of TQM:-

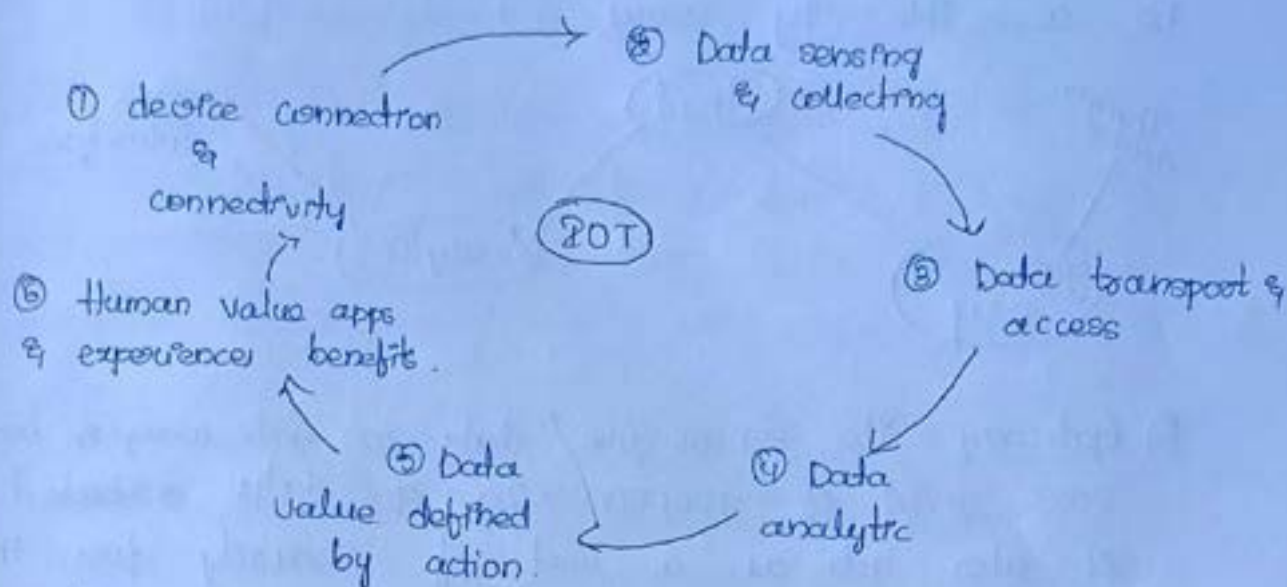
- \* Enhanced market image.
- \* Improve customer satisfaction.
- \* Enhance share holders.
- \* Total quality improved.
- \* Increase loyalty of customers.
- \* Reduce defects.





## 9th chapter Smart Technology

IoT - The IoT is the network of physical devices with unique identity that are connected with each other & are embedded with electronic b/w & sensors which enables these objects to collect & exchange data.



technology - wireless sensor networks (WSN)  
- Cloud computing.

Components of IoT / How it works?

There are 4 fundamental components.

① Sensors - It collect data from their environment continuously & transmits the information to clouds.

Sensors use \* temperature sensors & thermostat.

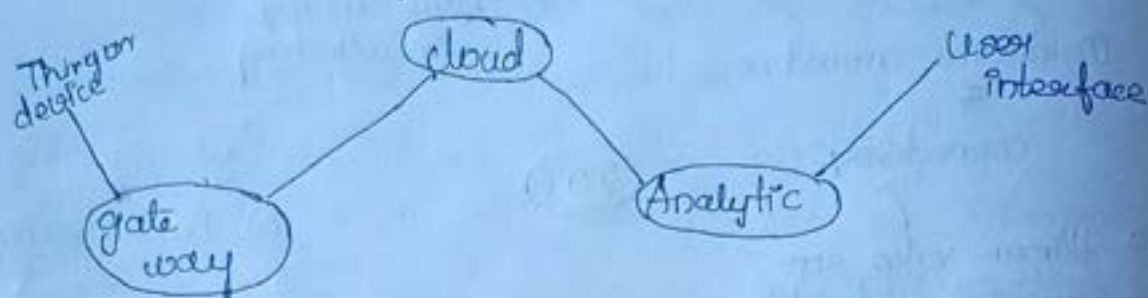
\* Pressure sensors \* Humidity & moisture level.

\* Light intensity detectors \* RFID tags.

→ IoT gateway manages the directional data traffic between different networks & protocol.

Clouds - clouds system integrates billions of devices, sensor, gateway, protocols, data storage & provides predictive analysis.

User Interface - User interfaces are the visible tangible part of the IoT system which can be accessible by users.



- ② Gateway: The sensors give data to gateway & have some kind of preprocessing of data embedded. It also acts as a level of security for the networks & for the transmitted data. The devices are connected with internet by means of satellite, wifi, LAN according to our requirement.
- ③ Cloud: The data after being collected at is uploaded to cloud. cloud in simple term is basically set of servers connected to internet 24x7.
- ④ Analytic: The data after being received in the cloud processing is done.
  - Various algorithms are applied here to proper analysis of data like (machine learning techniques)
- ⑤ User Interface - User end application where users can monitor or control the data.



## Characteristic of IoT

- ① Intelligence - H/w, s/w (algorithm) provides the intelligent spous, that makes a product smart & intelligent.
- ② Identity :- Each IoT device has a unique identity. This identification is helpful in tracking the equipments & at times for knowing its status.
- ③ Scalability :- The number of elements connected to the IoT zone is increasing day by day. Hence IoT setup should be capable of handling the massive expansion.
- ④ Safety :- There is a danger of the sensitive personal details of the users. So data security is the major challenge.
- ⑤ Architecture :- IoT architecture cannot be homogeneous in nature. It should be hybrid, supporting different manufactures product to function in the IoT networks.
- ⑥ Expressing :- Expressing enables interactive with people and the physical world.
- ⑦ Connectivity :- Connectivity enables networks accessibility & compatibility.
  - Accessibility is getting on a network which compatibility provides the common ability to consume data & produce data.

## 2<sup>nd</sup> Chapter

### Market Survey & Opportunity Identification.

- Small Scale Industry :- Small scale industry means an industry in which the investment in fixed assets in plant and machinery, whether held on ownership terms or by lease or by hire purchase, does not exceed Rs 35 lakh.
- In Ancillary Industry :- In Ancillary Industry, means an industry in which the investment in fixed assets in plant and machinery, whether held on ownership terms or by lease or by hire purchase, does not exceed Rs 45 lakh.
- And it produce different parts, component, subassemblies, tooling or inter mediator or the rendering of service.
- Tiny Unit :- Is an undertaking industry having investment in fixed assets in plant and machinery not exceeding in Rs 2 lakh.
- Cottage - when manufacture is carried out by the owner himself with help of his family member or relative or a few wage earners.  
Ex - handloom, cotton, khadi
- when all of the above industry setup in village area called village industry.



## Techno Economic feasibility

Technical details - The entrepreneurs has to mention all the technical details of project including the details of manufacturing process, quality, standard, power requirement, pollution control, measures, energy conservation measures etc.

Financial details - Under this the entrepreneurs has to mention the amount of investment needed on various items to arrive at the total capital requirement for the project. The items to be shown are given as under.

\* Information about the product / project. (3rd chapter)

### Product

Location of the project \_\_\_\_\_

Types of organisation \_\_\_\_\_

Name of the firm \_\_\_\_\_

- It has to write details of the product like its uses, its quality, size, specification & other details including its application advantages over other similar product etc.

## 3rd chapter

(Project Report Preparation)

Project Viability - It refers to the assessment of whether the project has the capacity to meet defined objective and in addition to generate significant financial & economic gain to the stake holder.

- Project Viability depends on a number of factors in addition to economic & decision like.

\* Benefit cost ratio - The ratio of total discounted benefits to total discounted costs. A BCR greater than one indicates a viable project.

\* Cost Benefit analysis - The general term which is used to analyze to present and future cost benefits of a project. This involves the discounted cash flow.

\* Cost effective analysis - It analyzes which project alternative can produce a set level benefits for the cheaper cost.

\* Discount ratio -



→ A feasibility study is defined as an evaluation or analysis of the potential impact of a proposed project.

\* Technical feasibility - The project is considered technically feasible when the input technology available.

\* Financial feasibility - If the required capital or funds for the project idea are so large that these cannot be arranged within the available means then it is said to be financially unfeasible.

\* Economic feasibility - Sometime, a project is rejected because it might not be very profitable. Generally businessmen prefer to carry on the idea which are profitable.

⇒ It is concerned with specifying equipment & S/W that successfully support the task required.

→ Feasible facility to produce o/p in given times.

→ Ability to process certain transition at given speed.