

Second Year Second Terminal Examination , December 2023

Prepared by PRAKASH.P.N, Govt.HSS Nedumgolam, Kollam, 9447226258, 7012881563

80 SCORE

2 1/2 HOURS

Qn.No	Sub Qns	Answer Key/ Value Points	Score	Total Score
		Answer any 8 of the following questions from 1 to 10. Each carries one score (8 x 1=8)		
1		c. Top	1	8
2		a. Privatization, b. Globalization.	1	
3		a. Rule.	1	
4		c. Staffing.	1	
5		b. Positive Process.	1	
6		d. Grapevine	1	
7		b. Message.	1	
8		a. Review of past activities.	1	
9		Cash, debtors,(any current assets)	1	
10.		c. Retained earnings	1	
		II. Answer any 5 questions from 11 to 16. Each carries two score. (5 x2= 10)		
11.		a. Existence of theoretical knowledge, b. Personalised application, c. Based on practice and creativity. (any 2)	1 x2	10
12		The shortest way of communication in the scalar chain.	2	
13.		All the plans are based on certain assumptions. These assumptions are called planning premises.	2	
14.		Organization structure is the established pattern of relationships among various parts of the enterprise. It states the relationship among various positions and activities.	2	
15.		a. Day to day contact with the workers, b. Link between management and employees, c. Maintains group unity, d. Ensures performance of work, e. Provides on the job training, f. Influences workers. etc (Any two)	1 x2	
16.		Intelligence test, Aptitude Test., Personality tests, Trade test, interest Test . (Any two)	1x2	
		III. Answer any 6 of the following questions from 17 to 22. Each carries three score (5x3= 15)		
17.		It states that each employee should receive orders from one superior only.	3	15
18.		Delegation refers to the downward transfer of authority from a superior to a subordinate.	3	
19.		In this case an actual work situation is created in a classroom. Employees use the same materials and equipment for training.	3	
20.		On the job Training		

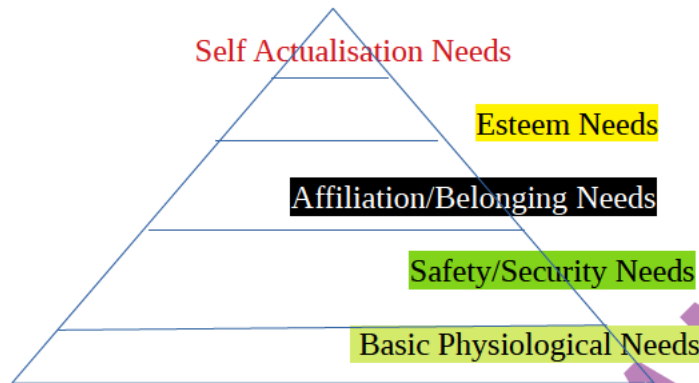
21.	<p>Under this method training is imparted among the employees while they are engaged in their work. Here the employees learn by doing. It includes job rotation, apprenticeship, coaching, committee assignments etc.</p> <p>Off the Job Training</p> <p>This is concerned with imparting training to employees outside the actual work place. The methods adopted include class room lectures, conferences, case study methods, films, TV shows, etc. The employees can concentrate on training alone since they are away from the work place.</p> <p>All deviations need not be brought to the attention of top management. Only those deviations which seem exceptionally high and which cannot be easily solved by lower level management alone should be reported to top management. (Any meaningful answer)</p>	3	25
22.	<p>Working capital is that part of capital required for investing in short term or current assets like inventory (raw materials, work in progress and finished goods), bills receivables, sundry debtors, cash required for day to day affairs like salaries, wages, rent, etc.</p> <p>Factors :</p> <p>Nature of business, Scale of Operations, Business Cycle, Seasonal Factors, Production cycle, Credit allowed, Operating efficiency, (Any two points)</p> <p>IV. Answer any 4 questions from 23 to 27. Each carries four score. (4x4 =16)</p>	1 1+1	
23.	<pre> graph TD FM[Factory manager] --> PI[Planning in charge] FM --> P[Production in charge] PI --> ICC[Instruction Card Clerk] PI --> RC[Route Clerk] PI --> TCC[Time and Cost Clerk] PI --> D[Disciplinarian] P --> SB[Speed Boss] P --> GB[Gang Boss] P --> RB[Repair Boss] P --> I[Inspector] ICC --> W[Workers] RC --> W TCC --> W D --> W SB --> W GB --> W RB --> W I --> W </pre>	4	16
24.	<p>A</p> <p>a. Change in life style -Social environment</p> <p>b. Change in interest rate – Economic environment</p> <p>c. Change in Law - Legal environment</p> <p>d. Change in the ideology of govt. - Political environment.</p>	1+1+1+1	
25.	<pre> graph TD MD[Managing Director] --> HR[Human Resources] MD --> M[Marketing] MD --> RD[Research & Development] MD --> P[Purchasing] </pre>	4	

26.	<p>1. supervision : It means overseeing the subordinates at work.</p> <p>2. Motivation : It means a process of stimulating people to action to accomplished goals.</p> <p>3. Leadership : It is the process of influencing the behaviour of employees at work towards goal.</p> <p>4. Communication: It is the process of passing ideas, facts, opinion, etc from one person to another persons.</p>	1x4	
27.	<p>Planning and controlling are inseparable twins of management. Planning is the basis for evaluation of actual performance. Planning without controlling is meaningless. Similarly, controlling is blind without planning. If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling. Thus, planning and controlling are interrelated and, in fact, reinforce each other in the sense that</p>	4	
28.	<p>1. Planning based on facts makes controlling easier and effective; and</p> <p>2. Controlling improves future planning by providing information derived from past experience.</p> <p>IV. Answer any 3 questions from 28 to 31. Each carries five score. (3x5= 15)</p> <p>Management is a process of getting things done through others with the aim of achieving organizational goals effectively and efficiently.</p>	2	15
29.	<p>a. Management is goal oriented,</p> <p>b. Management is Pervasive,</p> <p>c. Management is multidimensional,</p> <p>d. Management is a continuous process,</p> <p>e. Management is a group activity,</p> <p>f. Management is a Dynamic Function,</p> <p>g. Management is an intangible force (Any 3 points)</p>	1x3	
30.	<p>1. Setting the objectives – The first step in planning is the establishment of objectives. The objectives must be clear and specific.</p> <p>2. Develop Planning Premises – Planning is done for the future which is uncertain, certain assumptions are made about the future environment. These assumptions are known as planning premises.</p> <p>3. Identifying alternatives – There are alternative ways for achieving the same goal.</p> <p>4. Evaluating alternatives – The positive and negative aspects of each alternative should be evaluated based on their feasibility and consequences.</p> <p>5. Selecting the best alternative – After analyzing the merits and demerits of each alternative, the most appropriate one is to be selected by evaluating cost, risk, benefit to organization etc.</p> <p>6. Implementation of plans – Implementation means putting plans into action to achieve the objective. For the successful implementation, the plans are to be communicated to the lower levels at every stage.</p> <p>7. Follow Up – Plans are to be evaluated regularly to check whether they are proceeding in right way, shortfalls can be located and remedial actions can be taken well in advance.</p> <p>a. Autocratic leader: He gives orders and expects his subordinates to obey those orders.</p>	1x5	
30.		2 1/2	

31.	<p>b. Formal Communication : Communication through official chain of command . It flows through the scalar chain.</p> <p><u>1. Cash flow position</u> – The size of projected cash flow must be considered before we include the borrowed fund in capital structure. This cash flow in future must be enough to meet the payment obligations in the matter of normal business operations, investment in fixed assets and to meet the debt service commitments such as payment of interest and repayment of principal.</p> <p><u>2. Interest coverage ratio</u> – ICR refers to the number of times, EBIT earnings before interest and taxes covers the obligation. Higher the ratio means lower the risk for the company to pay off interest in time.</p> <p><u>3. Debt Service Coverage Ratio (DSCR)</u> – The cash profits1×5 generated from the operations must be enough to service the debts and preference share capital.</p> <p><u>4. Return on Investment (ROI)</u> – If ROI is higher than rate of interest for debt, borrowed fund can be increased in capital structure, otherwise, increase in equity portion is good.</p> <p><u>5. Cost of debt</u> – If the firm is able to borrow at a lower rate, it may prefer more debt than equity in capital structure.</p> <p><u>6. Tax rate</u> – Income tax liability can be reduced by employing borrowed funds in capital structure, as the interest on debt is a deductible expense.</p> <p><u>7. Cost of Equity</u> – When a company increases debt in their capital structure, the financial risk faced by the equity shareholders may increase, so that the company cannot use debt beyond a point.</p> <p><u>8. Floatation cost</u> – It is the cost incurred for floating (issue) securities such as brokerage, underwriting commission etc. It is generally less in case of debts.</p> <p><u>9. Risk Consideration</u> – A business has two types of risks; they are financial risk (to pay interest, preference dividend, repayment of debt etc.) and business risk (operating risk). It must be considered while choosing a suitable capital structure.</p> <p><u>10. Flexibility</u> – The capital structure should be capable of being adjusted according to the needs of changing conditions. To maintain flexibility, the company should maintain some borrowing power to take care of unforeseen circumstances.</p> <p><u>11. Control</u> – If the control of the management is to be retained, debt financing is recommended for raising additional fund.</p> <p><u>12. Regulatory Framework</u> – Rules and regulations framed by SEBI etc. must be considered while choosing a capital structure.</p> <p><u>13. Stock Market Conditions</u> – During depression in capital market, investors will prefer fixed interest bearing securities for safety and hence it is not advisable to issue shares that</p>	2 1/2	
-----	--	-------	--

32.	<p>time. In a booming situation, issue of share will be more preferable.</p> <p><u>14. Capital Structure of other Companies</u> – Capital structure followed by other companies in the same industry may be adopted by considering whether they are in conformity with the industry norms or not.</p> <p>V. Answer any 2 of the following questions from 32 to 34. Each carries eight score. (8x2= 16).</p> <p>1. Direct recruitment – Under this method a notice is published on the notice board of the enterprise regarding job vacancies. The candidates are assembled on a particular date and the selection is done on the spot.</p> <p>2. Casual callers from waiting list – Most of the employers are maintaining a database with details of applications received from casual applicants and it may be used as a source of recruitment.</p> <p>3. Advertisement – It is the most effective means to search potential employees from outside the organization.</p> <p>4. Employment Exchanges – This is a network of employment exchanges run by the government. Job seekers get themselves registered with these exchanges and their names will be supplied to the business organizations on the basis of their requisition.</p> <p>5. Placement Agencies and Personnel Consultants – Some specialized agencies in the form of personnel consultancy services have been developed in recent times. These agencies also undertake total functions of recruiting and selecting personnel on behalf of the employer and they charge fees for these services.</p> <p>6. Campus interviews – Many organizations conduct preliminary search of employees by conducting campus interviews in universities and colleges.</p> <p>7. Recommendations of Present Employees – Some employers treat the recommendations of their present employees as a useful source of recruitment. This ensures reliability and suitability for the post and it helps in boosting the morale of existing employees.</p> <p>8. Labour Contractors – This is a method of hiring skilled, semi-skilled and unskilled workers. The contractors keep in touch with a large number of workers and bring them at the places where they are required.</p> <p>9. Advertising on Television – This method of recruitment is gaining importance these days. The detailed requirements of the job and the qualities required to do the job are published by the organisations through television.</p> <p>10. Web Publishing – It is now a common source of external recruitment. (Any 4)</p>	4x2	16
33	<p><u>Basic Physiological Needs:</u> These needs are most basic in the hierarchy . Eg: Hunger, thirst, shelter, sleep and sex etc.,</p> <p><u>(ii) Safety/Security Needs:</u> These needs provide security and protection from physical and emotional harm. Eg: job security, stability of income, Pension plans etc.,</p> <p><u>(iii) Affiliation/Belonging Needs:</u> These needs refer to affection, sense of belongingness, acceptance and friendship.</p> <p><u>iv) Esteem Needs:</u> These include factors such as self-respect, autonomy status, recognition and attention.</p> <p><u>(v) Self Actualisation Needs:</u> It is the highest level of need in</p>	5+3	

the hierarchy. Self actualization is the need to maximize one's potential, whatever it may be.



Fixed Capital

Fixed capital represents a long term investment which needed to acquire fixed assets like land and building, plant and machinery, vehicles etc., benefits of which are expected to be received over a number of years in future.

Factors affecting fixed capital.

1. Nature of Business – The nature and character of business determine how much fixed capital is required. In a manufacturing concern fixed assets require huge investments.
2. Scale of Operations – Large scale business generally require huge investments in fixed capital than a small scale business organization.
3. Choice of technique – Highly mechanized and automated industries require large amount of fixed capital.
4. Technology up gradation – Assets in certain industries become obsolete sooner, this requires replacement faster which will demand more fixed capital, e.g., computers, mobile phone manufacturing equipments etc.
5. Growth prospects – Higher investment in fixed capital is necessary, if the organization is in the way of growth and expansion.
6. Diversification – When a firm diverts its operations to new segments, higher fixed capital requirement arises,
7. Method of acquiring fixed assets (financing alternatives)
If it is on hire purchase or lease system, less amount of investment is required for cash purchase.
8. Collaboration – By collaborating with other firms, the requirement of fixed capital can be reduced.

34.