

ENTREPRENEURSHIP MANAGEMENT & SMART TECHNOLOGY

TH-1

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PREPARED BY



MR. Krishnendu Ghosh

LECTURER, Dept of Mech, KALINGA NAGAR POLYTECHNIC.

TARAPUR, JAJPURROAD

1. CONCEPT OF ORGANIZATION & ENTERPRISE MANAGEMENT

What is Entrepreneurship :-

- Entrepreneurship is considered as to be the combination of "Entrepreneur" and "Enterprise" so organising and enterprise is described as entrepreneurship
- Enterprise is defined as a unit of economic activities or an economic organisation especially a business organisation.
- Entrepreneur is generally understood to be the owner of such an enterprise.
- Entrepreneur is a person who already an enterprise or is in the process of starting an enterprise.
- Entrepreneur is one who organises, manages and assumes the risk of a business enterprise

(OR)

- Entrepreneurship is the process of designing, launching and running ~~and~~ a new business, which is often initially a small business
- Entrepreneurship has been described as the "capacity" and willingness to develop, organize and manage a business venture along with any of its risks to make a profit.

What is Management :-

→ Management is a set of Principles related to Planning, organising, directing, controlling, activities by utilising the resources to achieve the goal of the organisation.

(OR)

→ To manage is to forecast, to Plan, to organise, to command, to co-ordinate and to control.

CONCEPT OF ORGANISATION

→ An organisation is an establishment or a work place where activities are carried out in order to achieve a defined purpose.

→ It is an entity with specific objectives

- a) Structure of authority.
- b) Division of work
- c) Collection of resources
- d) System of communication
- e) A set of customs or culture.

MEANING OF BUSINESS :-

→ Business may be defined as the economic activities connected with ~~manufa~~ manufacturing, assembling, extracting, collecting, purchasing, selling, servicing etc of any goods and services ~~etc~~ with to the motive of earning revenue and profits.

→ These activities are performed to satisfy the needs of the people.

→ The person who carried out all such activities of business as businessman.

FEATURES OF A BUSINESS :-

The following are the essential features of a business and if any of the feature is absent, we can not call such an activity to be a business

- 1) PLURALITY OF PERSONS
- 2) PURCHASE AND SALE
- 3) GOODS AND SERVICES
- 4) MONETARY CONSIDERATION.
- 5) REPEATION OF DEALING.
- 6) PROFIT MOTIVE
- 7) RISK TAKING

① PLURALITY OF PERSON :-

- There must be at least two persons or organisations to carry on a business.
- There can not be any business where there is only one individual or organisation is involved.
- That means a person can not have business involving himself only. he needs at least one customer to have a business.

② PURCHASE AND SALE :-

- There must be ~~purpose~~ purchase and sale.
- That means, in a business, there must be a seller and a purchaser. without purchase and sale there ~~is~~ can not be any business.

③ GOODS AND SERVICES

- There must be some goods and services.
- There can be no business without involving any goods or services. ~~from~~ ~~one person to another for monetary~~
- The person conducting business must deal in certain goods or services for gain.

④ MONETARY CONSIDERATION :-

- There must be monetary consideration
- In a business there must be transfer of goods or services from one person to another for monetary consideration or any other consideration which can be expressed in monetary terms.

⑤ REPEATATION OF DEALING

- There must be the repetition of the dealing.

→ ~~The~~ Such economic activities of purchase and sale of goods or services must be repeated.

- An isolated or single transaction is usually not treated as business for ex :-

If a person purchase a car and sales it at a profit, then purchase a flat and sold it at a profit, then purchase a piece of land and sales it at a profit and carries on similar activities, such a person shall be treated as businessman and the activities known as business.

⑥ PROFIT MOTIVE

- The motive behind such economic activities must be to earn profit.

→ If the motive is for any social, charitable, voluntary or mutual benefit or gain, it is not a business.

→ The aim should be to earn profit. However, if there may be losses but the motive should be the generation of profit.

⑦ RISK TAKING :-

→ Business is always associated with risk and uncertainty. So, risk is an inseparable component of a business.

→ There can be no business without any risk.

→ For a business, there may be the risk of not selling, risk of theft, risk of losses due to many reasons, etc.

→ Usually, the profit of a business depends on the risks involved in it.

→ Usually, higher is the risk, higher is the chance of profit and lower is the risk, lower is the chance of profit.

COMPONENTS OF BUSINESS

Broadly speaking, business has two major components such as

- i) INDUSTRY
- ii) COMMERCE

INDUSTRY :-

→ Industry refers to those economic activities which are responsible for the production of goods or services. That means, industry is a place where goods or services are produced.

→ Such industries can be divided into various sub-categories depending on size, nature of product, amount of investment etc.

→ Industries ~~are~~ can be classified into five categories.

- i) Manufacturing industries
- ii) Extractive industries
- iii) Genetic industries
- iv) Construction industries
- v) Service industries.

MANUFACTURING INDUSTRIES

→ Those industries where raw material process into finished goods with the help of machinery and labour.

→ Manufacturing industry further classified into 4 categories

a) ASSEMBLING INDUSTRIES

b) PROCESSING INDUSTRIES

c) ANALYTICAL INDUSTRIES

d) MIXED TYPE OR SYNTHETIC TYPE INDUSTRIES

Assembling Industries :-

→ This type of industries procure or purchase different components, parts, accessories and assemble them into usable products.

Ex :- bicycle industries, automobile industries, watch industries, TV industries, etc.

→ Such industries is usually done in factories.

PROCESSING INDUSTRIES :-

→ This type of industries purchase raw material and after going through several process it converted into complete product.

→ This Industries Includes some kinds of activities like modification, grinding, polishing, shaping, heating etc

Ex:- Furniture, Textile, Paper, Jute

ANALYTICAL INDUSTRIES

→ Under this Industries the raw material produced the product by different tests, analysis, segregation, separation etc.

→ Such product may be byproducts or joint product.

Ex:- Ghee, cheese, butter, cereal milk powder, condensed milk, etc.
Sugar Industries, petroleum refinery, flour mills etc.

MIXED TYPES OR SYNTHETIC TYPE :-

→ Under this Industries different raw material are combining at different process or steps to produce finished goods

Ex:- Food Processing Industry, ayurvedic medicine preparation, cosmetic industries, chemical industries.

2) EXTRACTIVE INDUSTRIES

→ This type of industry involves the process of extraction of different material from nature like mine of ore and minerals, collection of forest product, collection of marine product, ~~the~~ huntings.

→ These industries depend on nature and nature exploitation for their business activity

3) GENETIC INDUSTRIES

→ This type of industry involves the process of reproduction or multiplication of the product.

→ It takes time to complete the life cycle for production process

EX - Poultry farming, Hatching eggs, fisheries, cattle breeding

4) CONSTRUCTION INDUSTRY

This type of industries involves construction of various infrastructure like road, bridge, buildings, flyover, factory, Dam

⑤ SERVICE INDUSTRY

This type of industries provides services to the people to the Industry or Organisation.

EX:- Service station, customer care, service, Auto mobile service, telephone service, hospital, hotel

COMMERCE :-

→ Commerce includes all economic activities of buying and selling of goods and services

→ It helps the industries to deliver the goods to the ultimate user

→ It involves the activities of transfer of goods from production unit to the destination.

→ It includes two-words

i) Trade and

ii) Aids to Trade

TRADE

- Trade refers to the actual transfer of goods and services from the producer to the consumer through various middle men
- It is impossible to build up and maintain direct contact with the large number of consumers, hence the producer takes the help of some middle men to establish the relation with the customer
- So the trade can be classified into 4 types

- I) RETAIL TRADE & WHOLESALE
- II) LOCAL TRADE AND REGIONAL TRADE
- III) NATIONAL TRADE & INTERNATIONAL TRADE
- IV) IMPORT TRADE AND EXPORT TRADE

RETAIL AND WHOLESALE TRADE

- I) Retail trade refers to the sale or transfer of goods and services directly to the consumer.
- II) The consumer can get the goods or services in small quantities as per their requirement from the retail

and the person selling the goods is known as Retailer.

→ These retailers get the commodities in large amount from the wholesaler or from the manufacturers

→ The wholesale trade refers to the sale of goods or services by a large scale to the small scale retailers

→ The wholesalers get their requirement in huge quantity from the manufacturers or from the area distributors

→ The wholesalers do not sell to the customer directly.

→ These wholesalers are appointed by the manufacturers to fulfill the needs of the consumers of a specified area

LOCAL AND REGIONAL TRADE :-

→ Local trade refers to the buying and selling of a commodity in a particular locality

→ They deal in small quantities of goods and services for the consumers.

→ The regional trade refers to the selling and buying of goods and services within a particular region.

→ There is free flow of goods and services among various localities of a particular region.

NATIONAL AND INTERNATIONAL

→ The national trade refers to the buying and selling of goods and services within a country where both the buyer and seller are within the country.

→ It includes flow of goods and services from one region to another region of the country, it is also called internal trade.

→ International trade refers to buying and selling of goods and services between two nations.

→ It covers both the import and export of goods and services among different countries of the world.

IMPORT AND EXPORT TRADE :-

Import trade refers to buyings of goods from other countries of the world to meet the domestic demand of a country.

→ The purchaser remains within the country and the seller is from another country.

→ Export trade refers to the selling of or the supply of surplus goods and services to other countries for satisfying their needs.

AIDS TO TRADE

→ The additional activities required to facilitated trade is known as aids to trade.

→ These activities helps the marketer in buyings and selling of goods and services.

→ Transportation of commodities
advertising banking insurance
packaging warehousing etc.

1 MANAGEMENT :-

→ The management is a technique through which goals are objective can be achieved.

→ It is an art of getting things done through other people.

→ According to Koontz and Odolles management is defined as the creation and the manufacture of an internal environment in an enterprise where individuals working together effectively towards the attainment of group goals.

DIFFERENCE BETWEEN MANAGEMENT AND ADMINISTRATION :-

① Management is a term which found in the business, but the administration is a term which found in an organisation which do not carry any business like school, college, hospital, club etc.

② Some expert says administration ~~term~~ is a top level function concerned with ~~determ~~ determination of plans and policies in an organisation.

Whereas management is a lower level of function concerned with consult with execution with plan and policies governed by administration.

(2) Thus organisation which carry business activities use the term management for decision making and its implementation.

Where the administration term is used for decision making and its implementation is known business organisation.

(3) For some other expert management is a very broad term which includes the process of planning, co-ordinate, maintaining, controlling, etc. to attain the goal.

but the administration is a sudden part management which includes planning and controlling only that is administration is a branch of management.

IMPORTANT OF MANAGEMENT

1) It has in achieving group goals

2) It utilise all human and animal physical resources product without any wastes.

3) It getes maximum result through minimum input by proper planning so it helps in cost reduction.

4) It establish effective authority and responsibility relationship for sound organisation structure.

5) It established ~~effective~~ equilibrium in the organisation to service in changing environment.

6) Effective management leads to better economic for the prosperity of the society.

FUNCTION OF MANAGEMENT :-

→ Management include everything which is necessary for the performance of a work all the activities ~~Per form~~ performed by various managers at different level to get the desire output usually there are 9 functions of management.

- i) FORECASTING
- ii) PLANNING
- iii) ORGANISING
- iv) STAFFING
- v) CO-ORDINATING
- vi) DIRECTING
- vii) MOTIVATING
- viii) COMMUNICATING
- ix) CONTROLLING

① FORECASTING

→ It is the first step in the management process which forms the base for planning process.

→ It is nothing but the prediction of the future based on the analysis of the passed experiences.

Study of the present and estimation of the future.

→ It helps to add certain level of certainty to the future events and challenges.

→ forecasting is essential for bringing the perfection to all the activities of an organisation.

→ for achieving goal successfully forecasting is necessary.

(a) PLANNING

→ It is the function of management performed by all the managers at all level of work

→ Planning considered as the foundation of work

→ If planning is wrong or defective the entire one is meaningless.

→ Planning includes selection of best alternative amongst the available alternative so it requires proper analysis, study and research

→ Planning make the bridge between "where we are" and where we want be in future

→ It also involves what to do, when to do, where to do, how to do and whose is to do

→ Planning necessary for realisation of goal with maximum profit with minimum efforts

③ ORGANISING :-

→ It helps to carry out the plan successfully

→ It includes bringing all together the physical facility workers, capital, machinery, raw material, executives etc.

→ Organising creates the provision within which subsequent managerial function are performed.

→ It established the relation among various posts, department sections, units, resources etc.

→ It is responsible for allocating different duties to different department towards achieving the goal.

④ STAFFING

→ Staffing is nothing but filling of the position created in the organisation structure.

→ Staffing includes various activities like recruitment, selection, Training, Placement, Transfer, Promotion, administration, compensation etc.

→ It aims at optimum utilisation of human resources of an organisation.

→ Usually staffing is the function performed by managers who are capable of handling the matter or responsible for all the activities related to staffing.

⑤ DIRECTING :-

→ Simply appointing persons in different positions is not enough to get good result, It requires direction i.e. proper orders,

and instruction as per requirement.

→ So directing is a human function which involves managing the managers and workers by means of motivation, leadership, communication and co-ordination.

→ A manager must use his leadership and motivational quality to direct and guide the subordinates to get the work done.

→ Directing helps the Plan into Performance.

⑥ MOTIVATION :-

→ without motivation things do not move smoothly

→ Motivation is a process of creating and internal desire in the mind of a person to do something

→ In the management process motivation is a powerful to achieve the goal effectively

→ It inspire people to intensify their desire and willingness to execute their duty properly

→ It creates Interest in a Person to work efficiently within an organisation.

⑦ CO-ORDINATION

→ In the management Process co-ordination achieves harmony and unification of action of a group towards common goal

→ It includes equal division of work and distribution of duties and responsibilities among individual or group of individual working in an organisation.

→ Co-ordination is a function linking all the functions of management through unification of both human and resources.

⑧ COMMUNICATION

→ It is the process of transferring messages, news, feelings, information, suggestion, instruction and understanding, from one person to another.

→ It also includes sharing of ideas, through various modes of ~~non~~ communication like oral and verbal communication.

→ The transmission of information may be of 3 types like upward communication, downward communication, horizontal communication.

→ A manager has to develop good communication skill to avoid communication gap.

→ Communication requires additional features like action, posture, gesture, chart, graph, proper wording, diagram, model, picture etc.

⑨ CONTROLLING :-

→ It is the last phase of management process.

→ It is a continuous process through which discipline is ensured in all the activities.

→ It ensures qualitative production and performance of the plan as per expectation.

→ Control helps realisation of the plan.

→ It involves the following steps.

- i) Define the objective of control
- ii) Determine the strategic point
- iii) Setup the standard performance
- iv) ~~find~~ Measure the actual performance
- v) find out the deviation
- vi) find out the reason of deviation
- vii) Decide the corrective measure.
- viii) put up the corrective measures to minimise the deviation.
- ix) Collect necessary resources and create facilities corrective measures.
- x) Carry on the corrective measure and kept in measure as updated one.

• PRINCIPLES OF SCIENTIFIC MANAGEMENT.

↳ SCIENTIFIC MANAGEMENT :-

- Scientific management is connected with finding the solution to managerial problem which include scientific method of studies and observation.
- According to F.W Taylor scientific management is the substitution of exact scientific investigation and knowledge for the own individual judgement or opinion in all matters relating to the work done in the shop.
- It includes scientific study at analysis of works, scientific selection, training and placement of workers.
- standardisation of all other resources like raw material, machinery, tools, equipment etc.
- scientific way of performing each and every work.

PRINCIPLE OF SCIENTIFIC MANAGEMENT :-

The principle state that

- (i) Replacement of old rules of thumb
- (ii) Scientific selection and training of workers
- (iii) Co-operation between Labour and Management
- (iv) Maximisation of output
- (v) Equal distribution of responsibilities

Replacement of old rules of thumb

→ Under this principle business decision should not be taken based on tradition convention opinion, intuition or the rule of thumb.

→ Rather decision should be made on scientific lines after proper investigation evaluation and study of facts at consequences

→ The aim of such scientific procedure should be to increase the productivity of all the factors and inputs.

→ So a new setup rules and regulation based on scientific method must be laid out for the performance different work.

ii) Scientific Selection and Trainings of workers.

→ This Principle involves the selection of right people for the right job at the right time and provides them with proper training to handle their jobs on scientific basis.

→ The selection procedure for those workers have to be made scientific and should be design in such a manner that the workers must be posted in their suitable places.

→ For effective production management has to adopt scientific selection involving various tests by experts and train them scientifically to improve their skills, ~~and~~ talent and ability.

iii) CO-OPERATION BETWEEN LABOUR AND MANAGEMENT.

This principle emphasizes the need of mutual faith and ~~under~~ understanding along with creation of goodwill to maintain cordial relation between the workers and the management.

→ To increase the Productivity and efficiency the harmony in relation between Labour and management is necessary.

→ The worker should be disciplined, sincere, loyal, honest and trustworthy and the management should be co-operative, friendly and believable.

→ The principle of co-operation aimed at increasing

→ i) Productivity

ii) Mutual trust and confidence

iii) Developing and applying scientific attitude towards problem

~~iv) Maximisation of output~~

MAXIMISATION OF OUTPUT

→ This principle state that the management and the worker should increase the productivity at minimum possible cost.

→ To achieve this principle there is a need to performed each and every work on scientific lines by providing standardised material, qualitative tools and equipments to create and maintain a better working condition to reduce wastage at different level of work.

→ It emphasizes on every efforts made to apply scientific routes like standardisation, automation, simplification etc. to achieve the desired target.

→ So a good knowledge of time and motion study is highly essential to achieve efficiency and economy in the performance of work.

→ EQUAL DISTRIBUTION OF RESPONSIBILITIES

→ They are must be proper division and distribution of responsibilities among the managers and workers.

→ The manager should decide the method of work, the time for starting and completion of work, working condition etc. whereas the worker should

→ ~~the~~ responsible for ~~the~~ execution of the work as per the instruction given ~~to~~ by the manager.

→ In between manager and worker there must be a supervisor for the realisation of work in the proper manner.

2. ENTREPRENEURSHIP & MANAGEMENT OF MSME

* MEANING OF ENTREPRENEURSHIP

- Entrepreneurship is considered to be the combination of "entrepreneur" and enterprise
- Organisation and enterprise is described as ~~entire~~ entrepreneurship
- Enterprise is defined as a unit of economic activities within an organisation.
- Entrepreneur is the owner of the enterprise who undertakes a business venture by combining the resources for production
- The entrepreneur organises, manages and takes risks of a business ~~entire~~ enterprise and motivate the workers to achieve the goal

NEED OF ENTREPRENEURSHIP :-

- i) creation of job opportunities
- ii) Innovation
- iii) Impact on community development
- iv) Enhance the standard of living.
- v) Promote research and development
- vi) Increase national Production
- vii) Social benefits
- viii) Employment generation.
- ix) Balance economic development.

* QUALITIES OF AN ENTREPRENEUR :-

- i) Self confidence
- ii) Competitive spirit
- iii) Disciplined
- iv) Open minded
- v) Decision making
- vi) Risk taking
- vii) Independent thinking
- viii) Managerial skill
- ix) Organising ability
- x) Intelligence
- xi) Desire for ~~unique~~ Unique Production.
- xii) Emotional tolerance
- xiii) Achievement orientation
- xiv) ~~visual~~ visualisation ability
- xv) ~~conflict~~ conflict resolving
- xvi) Budgeting ability
- xvii) Reality oriented
- xviii) Reasoning ability
- xix) ~~observational~~ observational ability
- xx) Co-operative
- xxi) Quality control capacity
- xxii) Goal directed thinking
- xxiii) Motivation ability
- xxiv) Communicability

* Relevance of entrepreneurship of socio-economic gain

- Entrepreneurship plays a very vital role in economic and social development
- Economic development ~~essentially~~ ^{essentially} means a process of upward change where by the real per capita income of a country increases over a period of time
- Entrepreneurship also ~~has~~ influence the standard of living in the society
- Some of the importance of entrepreneurship for the economic development of the society are given below

① It helps in wealth creation and sharing.

- By establishing the business entrepreneur invest his own resources and attract capital from investors ~~and~~ ^{and} labour and the public
- This helps to generate wealth national and its distribution is according to the basic requirement and the goal of economic development.

(ii) Creating employment opportunities

- Entrepreneurship generate job opportunity for the job ~~seeker~~ seeker.
- To establish an enterprise an individual must be self employed himself and also provide employment to others.
- This is the basic goal of economic development.

(iii) Improve standard of living

- Entrepreneurship helps to increase the standard of living of people in a society not just by creating jobs but also ~~to~~ by developing and adopting innovation that help to improve the quality of life among the employees, customers ~~and~~ stakeholders etc.

(iv) Creating wages :-

- Entrepreneurship plays an important role in the employment generation and the settlement of wages.
- The wages are the monetary compensation paid by the entrepreneur (employer) to the workers, employees within an organisation.

- The compensation may be in the form of salary, wages, remuneration etc.

(v) Developing MSME enterprises

- The entrepreneurship develop enterprises of different categories
 - i) Micro enterprises
 - ii) Small enterprises
 - iii) Medium enterprises
 - iv) Large enterprises

- All these enterprises are either manufacturing or service time.

(vi) Optimising human and natural Resources :-

- Entrepreneurship involve the resources like human beings, raw materials, machinery, natural resources etc.
- It helps to utilised all these resources and their optimisation upto larger limit.

(vii) Building Enterprising Personalities and Society

- Entrepreneurship helps to build up the enterprising personality among the individual
- It also contribute towards self independent personality in the entrepreneurs
- It also enhance the social and ethical value of the entrepreneurs and the employees also

MICRO, SMALL AND MEDIUM ENTERPRISES: -

- Before enterprise the term industry involves all the activities related to business purpose but
- But industries is usually mean the manufacturing industry only but a part from from manufacturing unit there are several type other type of organisation which provide service to the society so a new term is implimented instead of industry known as enterprise
- All the enterprises are classified by the government into 4 categories
 - i) Micro Enterprise
 - ii) Small Enterprise
 - iii) Medium Enterprise
 - iv) Large Enterprise
- All these enterprises are basically two types as manufacturing type and service type.
- The limit of investment also different for different enterprises.

① MICRO Enterprise

→ Where the amount of investment plant and machinery does not exceeds 25,00,000 rupees

→ The cost of equipments such as tools, Jigs, mould, die, Spare Parts. For maintenance and consumable stores are not included while calculating the value of plant and machinery.

→ It also does not include the cost of installation and the cost of land and buildings.

→ It also does not include the cost of generation for supply of power.

② MICRO ENTERPRISE SERVICE

→ In case of micro enterprise where the provision of providing the service takes place and the amount of investment in the equipment does not exceeds 10 lakh rupees

~~③~~

③ SMALL ENTERPRISE MANUFACTURING

→ A small enterprise is an enterprise where the amount of investment in plant and machinery is more than 25 lakh but is more than 250 crore rupees.

Small Enterprise Service :-

It is an enterprise where the investment in plants and machinery more than 10 ~~lakh~~ rupees but does not exceed 20 crore rupees.

④ LARGE ENTERPRISE :-

→ This is an enterprise where the amount of investment in plants and machinery is more than 10 crore rupees.

Large enterprise Service

In this type of enterprise the amount of investment and equipment is more than 5 crore rupees.

④ MEDIUM ENTERPRISE :-

→ It is an enterprise where the investment in plant and machinery more than 5 crore rupees but does not exceed 10 crore rupees.

PROJECT REPORT

① → An entrepreneur should prepare the project report of his enterprise before the selection of industry and the product.

→ This project report is necessary to get registration licence, permission loans from financial institution for his project.

→ It is the mirror through which any one can see the entire picture of an organisation in advance.

→ Project report can be of two types
i) PPR (Preliminary Project Report)
ii) DPR (Detailed Project Report)

PPR (Preliminary Project Report) :-

A PPR is a brief summary of a project describing the expected inputs and outputs like finance, manpower, material, machinery, technology, expenses, production, profit, sales, etc before the project is implemented.

PRELIMINARY PROJECT REPORT

1. INTRODUCTION :-

A. Information about the entrepreneur:

NAME _____ Date of Birth _____

Address _____ Age _____

_____ Sex _____

Present Monthly Income : Rs _____

Educational qualification : _____

Special Trainings, if any : _____

Work experience : _____

Category : SC/ST/Ex-military/NRI/Physically handicapped/

General/ : _____

B. Information about the Proposed Product/Project

Product : _____

Location of the Project : _____

Type of organisation : _____

Name of the firm : _____

General Information about the product :

(Under the entrepreneur has to write the details of the product, like its uses, its quality, size, specification and other details including its application, advantages over similar products etc)

2. MARKET POTENTIAL

Under this ~~sub~~ section the entrepreneur has to mention the area over which his product may be sold. he has to mention the present demand of product in area wise with quantity and value in a tabular manner. He has also mention the supply position in quantity and their sources of supply into the area with quantity in tabular form if there is any source of supply with their quantity in the table. Supply of the product from outside the market area can also be mention with their quantity in the table. At the end the entrepreneur has to make a conclusion in favour of the product showing a good market scope in that area.

3. BASIS OF PRESUMPTION

Under this section the entrepreneur has to mention the following details:-

- The average working hour per day, per month and per year have to be mentioned.
- When the plant will operate in its full capacity has to be mentioned.
- What will be the pay back period of the term loan may be mentioned.

- The entrepreneur have to invest 30% to 35% of the enter fund any rest from the banks should be mentioned.
- The rate of interest for the long term loan as well as working capital loans may be stated.
- The cost of land and building (In square feet area) or rented should be mentioned.

4. IMPLEMENTATION SCHEDULE :-

The entrepreneur had to mentioned the time taken for the completion of project.

Example

- Preparation of Project report, selection of site, registration ——— 1 month
 - selection of loans ——— 3 month
 - construction of building, procurement of machinery, equipment & installation ——— 3 month
 - ~~Procurement~~ Arrangement of utilities (like electricity, water) ——— 3 month
 - Procurement of raw material, recruitment of labour & staff ——— 1 1/2 month
 - Trial production ——— 1/2 month
- Total time ——— 15 month

5) PRODUCTION TARGET

The entire entrepreneur has to mention the production of goods in unit per annum in tabular manner.

ITEMS	Total quantity Per year	Sales Volume Per year (Rs)	Capacity utilization
A	45 tonne	9,00,000	100%
B	68 tonne	6,12,000	95%

6) TECHNICAL DETAILS

Mention about manufacturing process, quality and standard, power requirement, pollution control measures, disposal of waste etc.

7) FINANCIAL DETAILS

→ Under this the entrepreneur has to mention the amount of investment need on various items

FIXED CAPITAL

A. LAND AND BUILDING

	Area	Value
i) Land		
ii) Building		
for building of	250/- Per square feet	
for building of	of flat roof - 280/- Per square feet	
	of flat roof - 200/- Per "	

B. Machinery and Equipments

In this section entrepreneur has to mention the name of the machine equipment, their quality, price, quantity, total value and the name with address suppliers

Sl. No.	Description of machinery equipments	No. Requiring	Price Rate	Total Value	Name of addresses of the suppliers
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1.	---	---	---	---	---
2.	---	---	---	---	---
3.	---	---	---	---	---

Total value in Rs _____

Add installation and electrification charges i.e. 10% of the value of Plant & Machinery Rs _____ = Rs _____

C. Miscellaneous Fixed Assets

1. Tools and Tackles Rs _____

2. Furniture Rs _____

3. Office equipments Rs _____

Total Rs _____

Total fixed Assets = A + B + C

D. Preliminary & Preparative Expenses

In this section the entrepreneur has to mention the amount spent to get registration licence, permission, security deposit, travelling and allied expenses of the above

→ This expenses include the charges payable to consultant, architect etc

WORKING CAPITAL

(a) RAW MATERIALS

Under this different types of raw materials are mentioned which are used for production per month with the respective values

SL NO	ITEMS	Total monthly requirements in quantity	Value in Rs.	sources
1.	P	1 tonnes	9,00,000/-	X PVT Ltd
2.	Q	2 tonnes	2,00,000/-	Y PVT Ltd
3.	R	3 tonnes	10,00,000/-	Z PVT Ltd

Total Raw material Required per month _____ Rs _____

(b) Salaries & wages of Labour/staff per month

The entrepreneur has to mention the name of the posts numbers of persons needed and salary payable per month in the following table total expenses

SL NO	NAME of THE post	no. of person	Rate per Month	Total expenses
1.	Manager	01	-	-
2.	Skilled workers	02	-	-
3.	Supervisor	02	-	-
3.	Skilled workers	18	-	-
4.	Unskilled workers	36	-	-
5.	clerk / Accountant	04	-	-
6.	Sales representative	06	-	-
7.	Store - keeper	01	-	-
8.	Peon	02	-	-
9.	Watchman	02	-	-

Total Rs _____

Total salary & wages per month Rs _____
(An additional office allowance, for house rent, Education, ESI, Provident fund etc)

Total Salary & wages p.m Rs _____

Add 20% of the total Rs _____

Grand total Rs _____

(c) Utilities (Per month)

SL NO	Particulars	Monthly requirement in Qty	Monthly expenses in rupees
1.	Electricity	-	-
2.	Water	-	-
3.	Coal	-	-
4.	Oil	-	-
5.	LPG	-	-

The electricity charges is to be calculated in hour per month in total

(d) Other contingent expenses

- i) Repair and Maintenance @ 1% of the cost of machineries & equipments Rs —
 - ii) Transportation expenses Rs —
 - iii) consumable stores Rs —
 - iv) Postage & stationery Rs —
 - v) Telephone Rs —
 - vi) Advertising & publicity Rs —
 - vii) Insurance & charges Rs —
 - viii) Rent Rs —
- Total Rs —

The total working capital Per month equy to $\frac{A+B+C+D}{12}$

8. Total capital investment / cost of the Project

- (a) working capital p.m.v. = Rs —
 - (b) fixed capital = Rs —
 - (c) Preliminary expenses = Rs —
- Total cost of the Project = Rs —

9. COST OF PRODUCTION PER ANNUM

- a) Working capital P.M X 12 = Rs —
 - b) Depreciation
 - i) plant & machinery @ 10% = Rs —
 - ii) Building @ 5% = Rs —
 - iii) Miscellaneous fixed assets @ 20% = Rs —
- Total = Rs —
- c) Interest Per annum on the total investment, say @ 15% = Rs —
- Total cost = Rs —

10. TURNOVER PER ANNUM

Sr No	ITEMS	QUANTITY	VALUE IN RUPEES
1	A	45 tonnes	Rs —
2	B	68 tonnes	Rs —
3	C	1 Lakh Units	Rs —
Total			Rs —

11. Profit before Tax:-

Turnover per annum in rupees - Cost of Production per annum = Profit before tax,

12. Break even Point (BEP)

$$BEP = \frac{\text{Total fixed cost}}{\text{Total fixed cost} + \text{Profit}} \times 100$$

Where total fixed cost =

Total depreciation + Total interest + 40% of salary and other contingent expenses and of utilities.

13. Profitability Ratio

$$\text{Profitability} = \frac{\text{Profit}}{\text{Turnover}} \times 100$$

14. Rate of Return on investment.

$$R = \frac{\text{Profit}}{\text{Total Investment}} \times 100$$

15.

(A) List of suppliers of Plants and machineries.

- i) —
- ii) —

(B) List of suppliers of Raw material

- i) —
- ii) —

(C) Bank and branches having financial operation

- i) —
- ii) —

Date :

Signature of the entrepreneur.

DPR (DETAILED PROJECT REPORT)

→ It is a detailed elaboration of each and every information and estimates mentioned in DPR.

→ While preparing DPR the entrepreneur needs the help of experts detailed analysis which takes lot of time for completion of DPR.

* Find the break-even point in units from the following information

fixed cost = 20,000/-

Variable cost = 40 Rs Per unit

Selling price = 120 Rs Per unit

$$\text{BEP} = \frac{\text{fixed cost}}{\text{Selling Price/unit} - \text{Variable cost/unit}}$$

$$= \frac{20,000}{120 - 40} = \frac{20,000}{80} = 250 \text{ unit.}$$

* INCENTIVES AVAILABLE TO MSME AS PER THE LATEST IPR :-

ROLE OF DIC (DISTRICT INDUSTRIAL CENTRE)

→ In the context of MSME

→ The District Industrial Centre was started in the year ^{1st} 1978 to provide integrated administrative framework at the district level to encourage the entrepreneurs in the rural areas.

→ DICs provide various schemes for promoting the growth of rural and industrial setup in different micro-small, ~~and~~ medium enterprises.

→ DICs give full assistance to the entrepreneurs who are going to start their own business in their regional place.

→ The centre provide service and support to the small entrepreneurs under a single ~~roof~~ ^{roof} at both pre and post investment.

→ DICs are the implementing arm of the centre, and state ~~and~~ government of the various schemes and programs.

→ The registration of MSME enterprises is done at the district industrial centre and its management is done by state government

for

PMRY

Pradhan Mantri Rojgar Yojana

OBJECTIVE OF DIC

→ To identify the new entrepreneurs and provide them information or assisten regarding their own business setup

→ To provide financial assistance and other facilities to smaller blocks

→ To rise the complete efforts industrialisation at distance level

→ To enhance the rural ^{industrialisation} and development of hand craft.

→ To reach ~~to~~ economic quality on people area of district.

→ To aware the various ~~various~~ govt. schemes to the new entrepreneurs.

→ To fault the regional imbalance of development.

FUNCTION OF DIC

→ To spot the entrepreneurs, to find new entrepreneurs through out the district.

ii) Purchase of fixed asset :-

DICs suggest loan application to the need entrepreneurs from financial situation, Commercial bank

iii) Offer Subsidies and other Incentives :-

→ The DIC help the rural people to subsidies of arbed by Govt. under various scheme.

iv) Guidance of Import and Export :-

→ The licence to the Importer and Exporter is issued on the basis of recommendation of DIC

v) ENTREPRENEUR TRAINING PROGRAMME

DIC conduct training programme for the rural entrepreneurs, who are new to the business world.

vi) Provide employment to the employed educated ones :-

→ DIC provide employment to the employed educated with according to their qualification and market list.

→ The age limit between 18 to 25 year and minimum qualification matric (10th)

→ It provide information on machinery and equipment, It allotted raw material for the constant industries at district level

→ It improved managerial capacity by organising Seminars and workshop. It greater information about marketing and influence the entrepreneurs to participate in

② OSFC (ODISHA STATE FINANCIAL CORPORATION)

→ The OSFC is a state financial corporation establish in 1956 under state financial corporation act 1951 and state financial amendment act 2000

→ The main objective of this corporate is to provide loan assistance to the micro, small, medium enterprise.

→ Loan assistance is provided for country of factory building, purchase of plant and machinery, to met electrification & installation expenses and for.

v) Under this act of state financial corporation, 1951 and SFC amendment act of 2000, the Industry concerns for the are engagement of the following activities are eligible to avail of financial assistance from the corporation

- a) Mining or
- d) Manufacture, Processing of goods or Preservation of goods
- b) Mining or development of mines
- c) Hotel or industry
- d) Transportation
- e) Generation or distribution of electricity or any form of power.
- f) Maintenance, repairing, testing or Servicing of machinery or vehicle, motor, tractor etc.
- g) Assembling, packaging, associated with machinery or power.
- h) fishing.
- i) setting and development of industry
- j) Providing way bridge facility
- k) Providing engineering technical financial management
- l) Providing medical or health service etc.

The maximum loan that can be advance to a company or co-operative society is limited to 1000 Lakh rupees. For Partnership and Proprietorship the limit is 400 Lakhs

③ ROLE OF OSIC

- Odisha small Industries Corporation limited was established on 3rd April 1972
- The basic objective of this corporation is add, assist and Promote the MSME in the state for their sustain growth to improve the industrialisation process in the state
- This Corporation function under the administrative control of MSME department govt. of odisha.
- OSIC working with following material
- i) To Provide equality raw material of MSME to the state
 - ii) To Provide equality building material to MSME
 - iii) To assist in marketing the Product of MSME
 - iv) To act as syndicate leader of MSME.

④ ROLE OF IDCO IN MSME

→ It was established in 1981 under OIIDC Act Odisha Industrial Infrastructure Development Corporation Act 1980.

→ Function of IDCO

- i) Development, Manage and maintenance of industrial complexes
- ii) Land acquisition of mega project.
- iii) Facilitated Infrastructure development through Private sector participation,
- iv) Civil, electrical and PWD engineering
- v) Planning and co-ordination
- vi) Personnel and administration
- vii) Finance

⑤ ROLE OF SIDBI

→ Small Industrial Development Bank of India.

→ It is a wholly owned subsidiary IDBI (Industrial Development Bank India)

→ It was established under the special act the Parliament 1988 which became operative from April 02, 1990

→ SIDBI was responsible of administering Small Industries development fund and national equity fund.

→ It is the Primary financial institution for promoting developing and financing developing MSME sectors.

FUNCTION OF SIDBI

- i) It re finance loans to small scale industries and also offer resources assistance
- ii) It discounts and Rediscunts bill
- iii) It helps in expanding marketing channel both, as well as both domestic and international market.
- iv) It offers service like factoring, leasing small scale industries
- v) It create employment opportunities in semiurban region
- vi) It co-promotive state level venture fund

⑥ ROLE OF IPICOL :-

→ Industrial Promotion and Investment co-operation of Odisha Limited.

→ It was incorporated on 12 April 1973 by Govt. of Odisha to promote medium and large scale industries in the state by providing support services including equity participation and long term financial assistance

FUNCTION OF IPICOL

- i) Strategic Planning.
- ii) Investor targeting
- iii) Investment Facilitation.
- iv) Industrial After Care.
- v) Research and advocacy
- vi) Investment Promotion.
- vii) System and technology

v) It helps the business owners to create financial report of the company

ROLE OF COMMERCIAL BANK :-

- i) A commercial bank makes money by lending to its individual and business
- ii) It gets the money laid from deposit customers in the bank
- iii) An investment bank can hold stocks and bonds may offer those to the investors in the market place

FUNCTION OF COMMERCIAL BANK :-

- i) Provide Loan for MSE Enterprises
- ii) Investment services
- iii) Corporate credit card in the name of company for the business purchase
- iv) Help in book-keeping which helps the details about bank statement, categories expenses, tax document, taxable income etc.

Financial Accounting & Cost Control :- Accounting :-

→ Accounting is a systematic process of identifying, recording, measuring, verifying and communicative financial information or transaction.

Double Entry System :-

→ This system is based on the principle that every transaction includes two persons.

→ One of the givers and other one is the receiver.

→ That's why every transaction have two side. one side is debit and other side is credit.

→ Thus every transaction will includes two accounts for recording of every transaction into separate accounts, this method is called double-entry system.

Type of Account :-

① Personal Account :-

→ These type of account are generally related to some Person, bank and organisation.

Ex :- LIC, SBI, BDI, ICICI, AXIS

② Real Account :-

→ These type of account are generally related to thing which are visible and tangible

Ex :- Machineries, building, furniture.

③ Nominal Account:-

- These type of account are related to things those have existence but can't be seen with our eyes.
- Ex:- payment, salary, Commission.

Journal:-

- When ever a transaction takes place, it has to be recorded in the journal first which is known as the book of primary entry.
- All the transaction are recorded in the journal and for that all entries made in the journal are known as journal entry.

Ledger:-

- All the entries in the ~~general~~ journal are transferred to the respective account is called ledger.
- Some of the accounts will have entries only the debit side of the accounts, some only the credit side and some on both debit and credit side.

Date → 09.10.18

Cash book:-

- The cashbook is a financial journal that contains all cash ~~received~~ receipts and payments, including bank deposits and withdrawals.
- It contain two side divided vertically from the middle of the register.
- The left side is the debit side also called receipt side and the right side is the credit side is called payment side.
- All the cash receipt are recorded on the debit side or receipt side of the cash book and all the payments are recorded on the credit side also known as payment side.

Trial Balance:-

- Trial balance is prepared before the preparation of final accounts and after the all accounts are closed.
- Trial balance is not an account.
- Trial balance is a statement which contains the summary of all the accounts.
- Trial balance is divided into two sides, the left side is debit side and the right side is credit side.
- If there is a difference or if the totals of both sides of trial balance don't tally we have to presume that there is a mistake in the preparation of account.

Components of Final Account:-

- (i) Trading account
- (ii) Profit and Loss account
- (iii) Balance sheet

(i) Trading Account:-

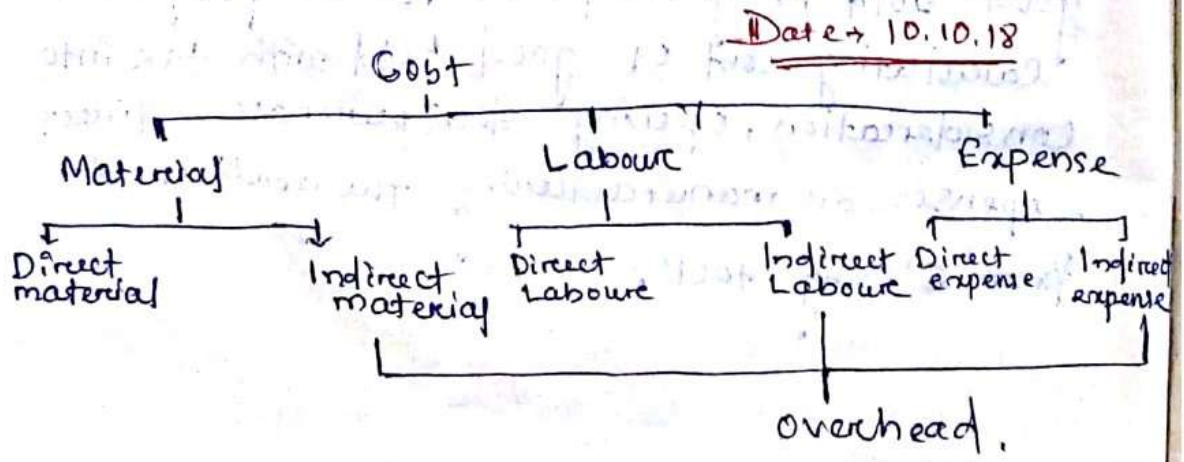
- Trading account is prepared to know the trading result of the business such as how much gross profit the business has earned from buying and selling during a particular period.
- The difference between the sales and cost of goods sold is gross profit for the purpose of calculating cost of goods sold with taking into consideration, opening stock, purchases, direct expenses on manufacturing the goods and closing stock.

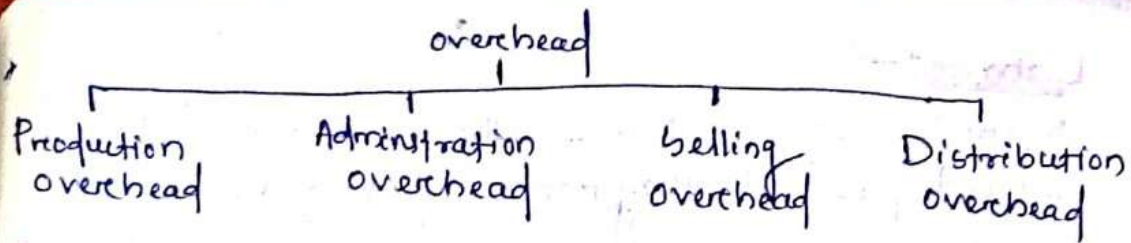
(ii) Profit/loss account:-

- There is a certain item of income and expenses of the business which must be taken into consideration for calculating net profit of the business. these are indirect nature.
- Indirect expenses may be selling and distribution expenses, management expenses, financial expenses, extra ordinary loss etc.
- This account prepared from nominal account.

(iii) Balance sheet:-

- Balance is a statement prepared with a view to measure the exact financial position of a business on a certain fixed date.
- The financial position of a concern is indicated by its assets on a giving date and its liabilities on that date.
- It is a statement prepared from real and personal account.
- The left hand side of a balance sheet is called liabilities and right hand side is called assets.
- If the totals of both sides don't tally of balance sheet we have presume that there is a mistake and is not acceptable.





Cost:-

→ A amount that has to be paid or given up in order to get something is called cost.

element of cost:-

Material

→ Material is use for manufacturing of any product
 → The cost of material used in making a finished product also covers a ~~measure person~~ majre portion of the cost of the final product.

→ For cost accounting purpose material are divided into two category (a) direct material (b) indirect material

(a) Direct material:-

→ Direct material are those material which are used in manufacturing of finished product.
 → It enters production process as raw materials and becomes a part of finished product.
 → Material can be directly charge to the product
 Ex:- wood use in furniture making, wool_{we} in sweaters

(b) Indirect material:-

→ Indirect material are not easily identified in a finished product and can't be measure
 → There are not enter the production process directly.
 → The cost of such material can't be directly charged.

Ex:- Lubricants, Cotton, waste

Labour:-

Material can't automatically be converted into finished product. they required human efforts i.e. labour to be converted into finish product.

Direct labour:-

→ Direct labour is that labour which can be easily identified conveniently be measured on charge to product.

→ Direct labour is the labour which is directly engaged in a production i.e. converting the raw material into finished product.

Indirect labour:-

→ Indirect labour is the labour which supports the production process but doesn't directly involve in the active conversion of material into finish product.

Ex:- production supervisor
Purchasing staff.

Expenses:-

Expenses is defined as the cost of something.

Ex:- buying a brand new car.

Direct expenses

→ Direct expenses directly related to the production of the product sold or service rendered costily.

→ Direct expenses can be easily measured in a product and can be directly added to the cost of the finished product.

Ex:- factory rent, cost of raw material

Indirect expenses:-

Indirect expenses are those expenses which can be allocated and can't be charge directly to a particular product.

Ex- Salary, telephone bill

Overhead:-

Overhead is nothing but the combination of indirect material, indirect labour and indirect expenses spend in the organisation.

→ overhead can't be directly charged to a specific product job or process.

Production overhead:-

→ The overhead opened inside the factory for production ~~purpose~~ purpose is known as production overhead.

→ production overhead includes all the indirect cost from the receive of order until its completion.

Ex:- Repair and maintenance of plants and machinery.

Administrative overhead:-

→ Administrative overhead include all the expense made in the office to carry of the administrative work.

→ It includes all the expense made in the direction control and administration of the entire organization.

Ex:- general manager salary, other office staff office rent (GD)

Selling overhead:-

→ Selling overhead include all the indirect material, indirect labour and indirect expenses spend in the selling the product.

→ It refer to all the expenses made after the completion of the product to make its ready for sell.

Ex :- Sales office expenses, Sales men salary.

Distribution overheads :-

→ After the product is ready it is the duty of the Producer deliver the product to the ultimate users i.e. Customer.

→ This work can't be achieved automatically it involves lot of expenditure to distribute the product to various Customer at various place.

→ So all the Indirect material indirect labour and indirect expenses spend to distribute the product at various center and customer is known as distribution overhead.

Ex :- Expensive on delivery van, payment to delivery staff, cost of packing the bulk transfer.

CW

Break even analysis :-

→ Break even analysis is a calculation of the point at which the total cost is equal to the total revenue.

→ It helps to maintain of accounts. to know the profit and loss of an organisation at the end of specific period of time.

→ Break even point also known as the ~~profit~~ point of no profit and no loss.

→ for the purpose of break even analysis the cost is divided into two types.

- (i) Fixed Cost
- (ii) Variable Cost

Financial Management :-

CH - 4

→ Financial Management means planning, organising, Directing and controlling the financial activities such as procurement and utilization of funds of the organisation.

Importance :-

→ Financial management considered to be the blood of a business without which can't survive.

→ Finance is not only required to start a business but also to run it successfully on a day to day basis and ensure its growth.

→ Financial management is responsible for the systematic, efficient, effective and appropriate management of the financial activities of an organisation.

→ The main aim of the financial management is to increase the profit and profitability of an organisation and ensure effective utilization of all the financial resources.

→ Financial management helps to achieve the goal of the enterprises through effective planning, utilization and control of the financial resources of an organisation.

Function of Finance :-

→ To raise capital to operate a business.

→ To make the best use of resources to reach objectives and expect returns.

→ To manage the cash flow of the company between its ~~debt~~ liabilities and assets.

→ To perform good financial management.

→ Finance is the backbone of any business.

Type of Capital :-

- ① Fixed Capital
- ② Working Capital
- ③

① Fixed Capital :-

- Fixed Capital is the amount of money invested in fixed assets (ಗೋಲಾಳಿ ಸೀಸಿ) like land, building, plant, machinery equipment, tool etc.
- Fixed capital is that portion of the total capital which means for the long term of the organisation.
- Fixed capital also known as block capital.
- Fixed capital needed once only.
- Fixed capital are called permanent assets.

Working Capital:-

The amount of money invested by the business in the current assets and to meet day to day expenses is known as working capital.

- working capital is needed to meet the day to day expenses to run the business.
- The amount of working capital requirement depends upon the type of business, type of product, volume of the production area of production.

Capital:-

→ The amount of money invested in a business or the amount of money invested to start a business and run it on day to day basis is known as capital.

Component of working capital:-

(i) Account receivable:-

→ Account receivable are listed as assets on a company's balance sheet, but they are not actually assets until they are collected.

Or,

Account receivable is the money or credit that a company has a right to receive because it ~~has~~ has provided customers with good and service.

(ii) A/C Payable:-

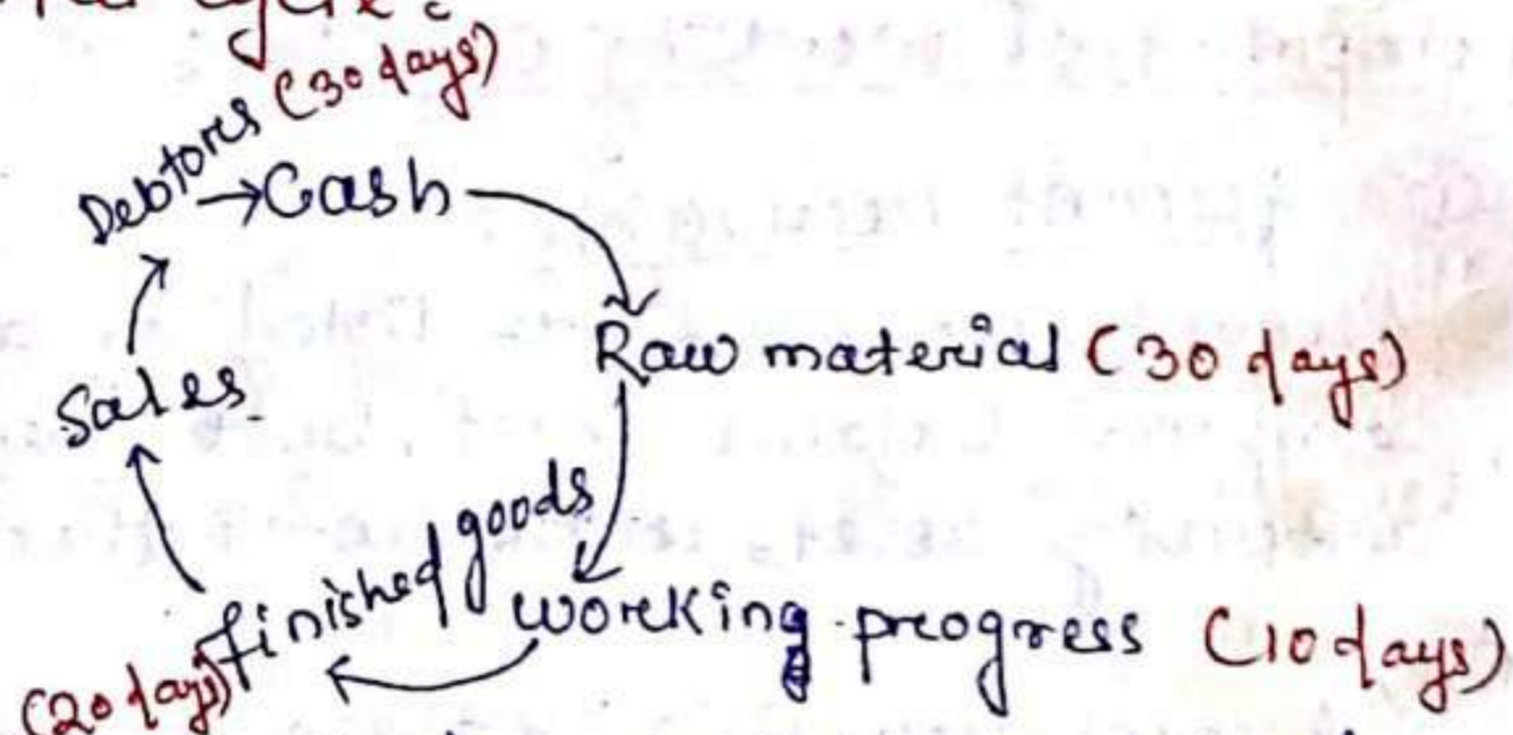
→ A/C payable is a term that refers to the money that a person or business must pay its creditors within a certain period of time.

→ It is the unpaid invoice, bills, or statement for goods or service.

(iii) Inventory ^(stock) :- ~~(stock)~~ → List of material

- Inventory or stock is the goods and material that a business hold for the ultimate goal of resale
- It is required at different location of an supply network to produce the regular and planned course of production and stock of material.

Working Capital Cycle :-



→ The working capital cycle is amount of time it takes to turn the net current assets and current liabilities

→ In this process cash is converted into raw material, raw materials with the help of labour and other materials and process are converted semifinished good.

→ finished goods are converted into sales and sales into Debtors.

→ The Debtors pay cash or ~~check~~ cheque.

5 STORES AND PURCHASE MANAGEMENT

INVENTORY CONTROL

→ In an organisation inventory means the storage of or stock of raw material, spare parts, tools, equipment, consumables, stationaries, semi-processed materials, machine parts, packaging material etc.

→ It is very essential to maintain adequate stock in an organisation for smooth functioning of production activities.

→ An organisation can't survive without inventory so there is the need of maintaining inventory of various items at perfect level.

→ It determines the requirement of various material according to rate of consumption, storage space, cost of material, safety level etc by maintaining minimum possible investment upon them.

IMPORTANCE OF INVENTORY CONTROL

i) It helps to maintain uninterrupted flow of production.

ii) It helps to increase operational efficiency and production target in time.

iii) It helps to avoid delay in delivery to the customer.

iv) It helps to avoid the piling of stock at different point.

v) It helps to avoid shortage and scarcity of inventories in an organisation.

vi) It helps to achieve effective utilisation of all the inventories.

INVENTORY TECHNIC

i) ABC analysis

ii) Just in time analysis (JIT)

iii) Material Requirement Planning (MRP)

iv) Economic Order Quantity (EOQ) Model

v) Minimum Safety Stock (MSS)

vi) VED (Vital Essential & Desirable)

vii) First, Slow and Non-moving (FSN)

ABC ANALYSIS

→ The items in B category are relatively lesser expensive inventory as compare to A

→ The numbers in B items is middlecum so control also moderate

→ In C category the items are higher in numbers which requires less control and investment

JUST IN TIME (JIT) METHOD :-

→ In this method the company keeps only that much of items which will be required during the production process

→ With no excess inventory in hands the company saves cost of storage and insurance

→ The company orders further inventory when the old stock is closed to ~~reple~~ replenish

→ This a risky method because due to delay in ordering may happen the production process thus this method require ~~Pro~~ Proper planning

MRP (Material Requirement Planning)

→ In MRP method the manufacturer orders the inventory items after considering the sales forecast

→ This system based on data from various areas of business and demand in the market

→ Then the manager place the order upon the ~~own~~ ^{above} information

(EOQ)

(ECONOMIC ORDER QUANTITY)

→ This method focuses on taking decision regarding how much quantity of inventory should the company order and when to place the order

→ In this model the store manager re-orders the inventory when it reaches the minimum level

→ It helps to save the cost of ordering and transportation etc

MINIMUM SAFETY STOCK :-

→ In this method the organisation maintain a minimum level of inventory to avoid the stock out situation

→ It is the level when we place the new order before the existing inventory is over

v

VED (VITAL ESSENTIAL DISPOSABLE)

- i) Organisation uses this technique for controlling spare part of inventory.
- ii) A higher level of inventory required vital part which are very costly and essential for production.
- iii) The essential spare parts is necessary in the inventory because their absence may slow down the production process.
- iv) The desirable parts are maintain at the lower level of inventory which are rarely ~~used~~ required for production.

FSN (Fast, Slow, Non-Moving)

- i) All the item of inventory are not used in same order, i.e. Some required frequently and some are not required for production, at all.
- ii) So this method classified into 3 categories:
 - a) Fast Moving Inventory
 - b) Slow Moving Inventory
 - c) Non Moving Inventory

PURCHASE MANAGEMENT

- i) Purchasing task usually perform by each and every individual.
- ii) Before purchasing a person required certain factors like finance availability of fund, availability of storage space, required material, quantity, price rate of consumption, purchasing capacity etc.
- iii) Purchasing includes what to ~~buy~~ ^{buy} fast, when to ~~buy~~ ^{buy}, from where to ~~buy~~ ^{buy}, how much to buy, at what price to buy.
- iv) For the business to be successful and has to purchase right goods at right price at right time & in right quality, hence every organisation should have a ~~separate~~ ^{dept.} separate purchase ~~dept.~~ to perform all the purchase function.
- v) The purchase department make a purchase policy according to the organisation prospect.

STEP OR PROCEDURE IN MAKING PURCHASE

- i) Receiving the purchase requisition
- ii) Exploring the source of supply & choose the supplier
- iii) Placing purchase order
- iv) Making follow up & letters after placing the order.
- v) Receiving ^{materials} testing and inspection the
- vi) checking & passing the bills for payment

① RECEIVING THE PURCHASE REQUISITION

- i) For any item to be purchased in an organisation, first the store-keeper, because he keeps the material in the store and issues them to different departments when needed.
- ii) The store-keeper prepares a purchase requisition for the material and sends it to the purchase department.
- iii) Usually, 3 copies of purchase requisition are made; the original is sent to the purchase department, one copy is sent to the department requiring the material, and the last copy is kept by the store-keeper himself.
- iv) Purchase requisition is a form to be filled in by the store-keeper, which contains all the relevant information regarding purchase, such as the date, purchase requisition no., name of the materials, code no., quantity, size, specification, time within which required, etc.
- v) It is a form of request by the store-keeper to the purchase manager to purchase specific material.
- vi) Purchase requisitions are of two types

- i) Regular PR for less costly material
- ii) Special PR for costly material

② EXPLORING THE SOURCES OF SUPPLY AND SELECTING THE SUPPLIER :-

- The purchase department usually maintains a list of all the materials needed in the organisation and also maintains a list of various suppliers for different materials.
- On receiving the purchase requisition from the store-keeper, the purchase department from open market by sending some representative, if the material requirement is in urgent basis.
- But for other materials, the purchase department may invite quotation by issuing tenders in the newspaper or government portal or notice board.
- The interested suppliers may send their quotation mentioning their prices and other terms and conditions of their offer.
- On receiving the quotations from various suppliers, they may send their quotations mentioning their prices and other terms and conditions.

→ On receiving the quotation the Purchase manager open the envelop at a specific time before the committee

→ Then a comparative statement may be prepared keeping in mind the price, quality, quantity, term and condition of payment, term and condition of delivery etc.

→ At last best supplier ^{will} be chosen according to genuineness, reliability, past experience, past performance, financial stability and past records of suppliers.

③ PLACING PURCHASE ORDER :-

→ After selecting the supplier the purchase department has to prepare purchase order.

→ Purchase order is a request by the purchase department to the supplier to supply specific materials as per quotation or agreement.

→ Usually five copies of purchase order are prepared, the original is sent to the supplier, one copy is sent to receiving and inspecting department, one copy is sent to the store keeper,

one copy is sent to the accounting department and the last copy is kept in the purchase department for record.

→ Purchase order contains the name of the materials, its specification, size, description, quantity, price, discount, quality, date of delivery, transportation, instruction, packing instruction, billing instruction, term and condition of payment and other conditions to be specified by the purchase department.

④ MAKING FOLLOW-UP LETTERS

→ After placing the order the purchase manager should not remain silent and wait for the arrival of the materials, and should ensure that the purchase order has reached to the supplier by confirmation

→ The confirmation of order may be in the form of follow up letter or telegram or talk over telephone etc.

→ If ~~the~~ no-response from the supplier then the purchase manager should make alternative arrangements.

⑤ RECEIVING, TESTING AND INSPECTING THE MATERIAL

- According to the organisation structure there may be a separate receiving & testing department for the receiving and inspection of material in big organisation.
- But in small organisation the work of receiving and inspecting may be done by store-keeper.
- In receiving department, the receiving clerk (personnel) receive the material and compare the challan with the copy of purchase order and he is to ensure that the order for that material is actually made and the supply is from that specific supplier only.
- He will sign both the copy of the challan and handover one to the person bringing the materials as a token of receipt and one copy left him with self.
- Then the packet opened and the material are counted physically.

→ If any shortage and brokerage or deviation it may be brought to the purchase department and they

will inform the supplier immediately.

- In testing department after receiving the material the material go for testing where an expert may be called to inspect the quality of material.
- On the basis of the test he will prepare an inspection note which is known as (GRN) Goods Received Note.
- Usually 5 copies of GRN will be prepared. One for receiving department and other ~~four~~ four copies are sent to the store-keeper department with the material.
- After counting and comparison with the purchase order copy the store keeper sign all the four copies of GRN.
- He will send one copy to purchase department, one copy to accounting dept, one copy to receiving department, one copy kept with him self.

⑥ checking and passing the bill for payment.

- This is the last step of purchase management.
- After the supply is over the supplier prepare bill or bill and send to the purchaser.

→ The purchase department, receive the bill and compare with the copy of Purchase orders, channel, GRN and inspection note.

→ If everything is satisfactory the bill will be sent to the accounting department.

→ The accounting department then checks the arithmetical accuracy of the bill and compare with copy of charge order, GRN,

→ After that the accounting department Pass the bill to the cash section for ~~Payment~~ Payment.

→ Then the cashier on received of instruction from accountings dept. sent Payment to the supplier by cheque.

BIN CARD

→ All the material in the store are kept separately at different places for easy identification

→ The space or place assigned to a Particular material is called a bin card, a card is attached to the bin which is attached to the bin which is known as bin card.

→ All the card have there are distinctive numbers so that for each type of the store.

→ The bin card contains many column and all the receipt and issues of materials are recorded in it.

→ Bin card maintained by the store-keeper and is answerable for any mistake in it

→ It helps the store keeper to control the stock without counting the material physically.

→ This card provide information about maximum stock level, minimum stock level, ordering level, re-ordering level, danger level.

STORES LEDGER

→ The store keepers maintain a big register for recording the receipt, issue and balances of different material in the stores, this register is known as Store ledger.

→ Store ledger contains many pages and page is for a particular material.

→ In some organisation this register is maintained by costings department.

→ It is same as bin card except the quantity with the money value in the store ledger.

→ It is highly useful for pricing the material issue.

→ The store ledger also provides information about the maximum stock level, minimum stock level, orderings stock level, re-orderings stock level and danger levels of different material,

GOODS RECEIVED NOTE

- The receiving and inspecting department prepare a note on receiving the material from the supplier after counted tested and verified.
- This note is known as GRN or goods received Note. in some organisation it is also known as material received note.
- It is a Proforma which contain the details of material receive such as quantity, specification, Price date of receive, name of the supplier, Purchase order number etc.

6. PRODUCTION MANAGEMENT

PRODUCTION :-

- Production is the process of converting the raw material into finished goods.
- It is the act of producing or making something.
- In the business sense production can be defined by 4 factors ...

- 1) LAND
- 2) LABOUR
- 3) CAPITAL
- 4) ENTREPRENEURSHIP

LAND

The resources available for production

LABOUR

Human or personnel required for production process

CAPITAL

It refers to the goods used in the supply of product.

ENTREPRENEURSHIP

The individuals who bring the finished goods to the market with their investment from the capital and with risk

PRODUCTIVITY

- It is the measure of output per unit of input.
- An input could be any of the 4 factors of production while the output could be revenue or inventory.

PLANNING :-

→ Planning is the process of forecasting and deciding in advance a future course of action.

→ Planning is essential to carry out certain activities in the best possible manner

→ It makes uncertain into certainty and achieve the target

→ Planning involves the selection of best alternative among all the alternative available.

PRODUCTION PLANNING

→ It is defined as the forecasting or deciding as to when, by whose and how the raw material shall be finished product.

→ It ensure smooth flow of production program to achieve economical efficiency

→ It involves the proper arrangement of production activities for better utilisation of available resources.

CONTROL

controlling involves the checking and ensuring that the plans are carried out as per the expectation

- Control helps the realization of the plans in the best possible manner
- without control things may go wrong.

PRODUCTION CONTROL

- It guides the flow of production so the products of desired quality are produced at the appropriate time in the most economical manner.
- The main is to facilitate the task of manufacturing and ensure all the production activities are carried out as per the plan

STEPS IN PRODUCTION PLANNING AND CONTROL

→ These are the following steps adopted for implementation of production planning and control command.

- 1) Planning.
- 2) Routing.
- 3) Scheduling.

- 4) Loading.
- 5) Dispatching.
- 6) Follow up.
- 7) Inspection.

① PLANNING

- It is the first step where the management has to prepare a broad plan for the production activities of the organisation.
- At this stage the management decides the product to be produced.
- It also decides the quantity, raw material, size, colour, design, shape, equality, quantity specification cost of production etc.
- Hence the management decides the resources like requirement of main machinery, material, method, infrastructure to carry the production
- Planning also includes the procurement of all the resources.

② ROUTING

- It determines the way through which all the raw material will flow from one process to another before as a finished goods

→ Before selecting any path it is essential to study various paths and decide the best one which will be economical, efficient and less time consuming.

→ It also includes selection of men, machinery and process to carry out the work in desired manner.

SCHEDULING

→ It means listing out the time table from production activities

→ It involves the fixing up time and data for starting and completion of each operation.

→ It also determines the total time required for completion of entire process and also scheduling of delivering the finished goods at the destination point as per the schedule time.

LOADING :-

→ It is associated with the quantity of work assigned to a machine or worker to be performed individually.

→ Loading of works to different sections or department or units is essential

for proper distribution of duties as per their capacity.

→ There should not be overloading ~~or~~ underloading of works to any body, there should be a perfect balance between them.

DISPATCHING

→ It involves the actual initiation of work to carry on the production and ensure that the target in scheduling is achieved well in time.

→ Dispatching involves the actual execution of the plans in the manner prescribed and most decided. Before it involves the issue of orders and instructions to carry out and the work.

→ Dispatching function includes issue of necessary material to different individuals or department etc.

→ Allocation of ~~department~~ appropriate labour and machinery.

→ Issue of necessary tools, equipment etc to individual in time.

→ Issuing guidance to the person to carry on production.

→ Maintenance of records for all the orders issued for time to time.

FOLLOW UP :-

- It involves the checking of Program in the work as per the Plan
- It also include evaluation of efficiency of men, machinery and material
- If follow up is done timely then we can ~~not~~ achieved the quality of product in time
- It involves following steps
 - i) checking of raw material and equipment etc reaches the shape in time or not
 - ii) Check the progress of the work
 - iii) See the obstacle in the performance of product.
 - iv) Regulate the timely and orderly flow of material.
 - v) Maintain proper all works.

INSPECTION

- It is the last stage of production planning controlling.
- It checking the quality of goods products and confirm their standard
- It can be done by comparing and testing with the help of standard established.

→ It includes to inspection result the final product may be accepted or rejected.

7. SALES & MARKETING MANAGEMENT :-

- Sale means the exchange of goods and services between the buyers and the sellers.
- Sale is the life of a business and the ultimate goal of each and every enterprise.
- Sale is the conversion of goods into cash or money.
- Sale is the ~~measure~~ ~~source~~ major source of revenue of an organisation so selling helps to maximise the profit of an organisation.
- Marketing and selling are two different terms but are related with each other. Selling is concerned with conversion of finished goods into cash and increase in the sales volume but marketing is concerned with creation of demand and needs among the people for buying the product.
- Sale is one of the activities of marketing.

↑

IMPORTANCE :-

- i) Sales management is responsible for increase in sales volume and increase in the profit for every business
- ii) It is responsible for equally distributed distribution of goods and service to all the region of country,
- iii) It helps to maintain uninterrupted flow of goods and services
- iv) It helps to achieve marketing management objective like timely supply, customer satisfaction, demand fulfillment etc.
- v) It is responsible of delivering goods and services to the customer at the nearest point
- vi) It helps to avoid unnecessary piling of stock
- vii) It gives the various information like competitors, customer, marketing status, fashion, test habits etc.
- viii) It helps to written old customer by providing effective offers
- ix) It helps to develops the business according to present state of competition in the market.

Selling Methods :-

There are following method are usually adopted by different organisation to achieve these objective but selection of appropriate method of selling, type of product, policy of the organisation, No. of customer location of the customer

- 1) Hire ~~High~~ Purchase or instalment
- 2) self servicing
- 3) ~~set~~ sale by sending travelling sales man approaching door to door.
- 4) Sale by offering quotation against tender.
- 5) Mail order
- 6) Retailing
- 7) Wholeselling
- 8) Appointing agent at different cities and town
- 9) company own showroom
- 10) Teleshopping
- 11) E-commerce
- 12) Auto vending
- 13) Auction sale
- 14) counter sale
- 15) Networkings

1) Higher Purchase or installment

Under this method the buyers do not pay the full price of the goods at the time of purchase the amount will be paid in the form of instalment on the monthly basis or yearly basis.

→ The first installment or the initial payment during the purchase is known as down payment.

→ If the buyer fails to pay any instalment amount then the seller can claim for the product against the buyer.

For example → car, scooter, refrigerator, TV, flat etc.

2) Self servicing :-

In the modern society where the people are conscious about their prestige and purchase the goods by themselves self moving one corner of the shop to the other corner and put them in a trolley.

→ The person in charge of a counter prepares a bill and pack the goods in packets ~~and~~ after receiving the payment from the customer.

Ex:- shopping mall, Big Bazaar

3) Sale by sending travelling salesman approaching door to door.

→ In this method the customers do not go to the market for the purchasing product rather the seller send travelling salesman to the customer who demonstrate, convince and negotiate the terms and condition and collect the money.

→ The sales man collect the names and address of the prospective buyers ~~for their~~ ~~from~~ contacting.

Ex:- UReka-forbes Ltd.

4) Sale by offering quotation against tenders :-

→ In this method large organisation or business group or government make purchases by issuing tenders in news papers or govt. portal.

→ The organisation purchase goods in large quantity from the seller who will be selected from tendering process according to the ~~cost~~ quotation. For ex:- Industry, purchase, institution purchase, company purchase.

⑤ MAIL ORDER :-

- When the customer of a Product are spread over the country and the product is quite handy the mail order selling method are very effective
- The sales advertisements in various medias like news paper TV etc regarding the product also mention the product is not available in the shop than the customer may request over mail to supply the product by post.
- On receiving the letters of customer the seller send the product by VPP (Value Payable by Post) mode and the Postman collect the amount during the delivery of parcel and the amount will be remitted to the seller by postal authority.

⑥ RETAILING :-

- In this method the manufacturer appoint a number of retailers through out the country to handle the needs of the people.

- The retailers are appointed at the important city in town who sale the product on behalf of manufacturer
- The retailers collect the product from the manufacturer and directly sale the product to the customer in small quantity

- For that the retailers get the Percentage of sale as a commission
- For ex: Petrol, diesel, kerosene etc.

⑦ WHOLESALING :-

- In this method the manufacturer appoints a number of wholesalers for selling the product bulk quantities to the retailers
- These wholesalers are appointed at the cities and towns from where the retailers get their product.
- These wholesalers are not directly sale the product to the customer.
- appointing agent

APPOINTING AGENT AT DIFFERENT TOWN AND CITIES

- Some producers do not have retailers and wholesalers but they appoint agent to sell their product in different cities and town
- The collect orders and supply the goods to the consumer.

→ The agents move from one prospective buyers to another and convinces them for the product and get the order for the producer.

→ for ex:- Insurance company.

COMPANIES OWN SHOWROOM :-

→ Some company directly sale to the customer through their own showroom.

→ In the showroom the producer maintain stock of all varieties of product produced by them

→ These showrooms are situated at all cities and town

→ These showroom are decorated to attract the customer.

for ex:- Bata Showroom, Khadims, Shree leather

TELESHOPPING :-

→ In this method television plays a very vital role for shopping.

→ Business organisation of telecast programs on television and demonstrate different product, tell them about their uses, advantages, price etc and convinces the viewers

→ Interested viewers can order such product just by phone call or by facts or by writing letters or by E-mail,

→ The products are delivered at the door of the customer and money is collected on delivery

for ex:- Naptol, etc

E-COMMERCE :-

→ In this method the business takes place through electronic media

→ Through this method the middle class and upper class people are benefited for selling and buying of

Product at cheaper cost.

→ This concept is adopted by big companies for their business all over the world

for Ex: - Flipkart, Amazon

AUTOVENDING :-

→ This is an innovative method of selling where an automatic vending machine for a particular product is placed at the market place where the consumer gets the product by inserting the required amount of money into the machine

→ These methods do not require any employee to operate the machine

for Ex: - weight machine, ATM, Cold drinks vending machine etc.

AUCTION SALE :-

→ In this method the selling is carried out through public auction.

→ Usually the auction are organised by seller or the agent who invite the prospective purchasers (~~called the~~ called the bidder) at a particular place and a particular time.

→ When the bidding is in process one bidder can over ride the other by announcing higher rate.

→ The sale is complete on the fall of the hammer

→ The highest bidder is allowed to some time to deposit the rest of the amount of the product and take the possession.

COUNTER SALE

→ To facilitate the selling activity the manufacturer opens centers at their factory or at different location of the towns and cities

→ In this method there is no involvement of middle man

→ Here the manufacturer sell the product directly to the customer.

for Ex: - Bakery shop

NETWORKING :-

- Under this method the producer or the seller creates a network of people and supply the product through the network.
- The people present in the network are the members and having registration for the supply of goods and services.
- It does not require advertising or storing at the wholesaler, retailer, dealer, showroom.
- The members in the chain share the commission amount.
for Ex - AMWAY, MODICAPE

Highlights

This chapter contains the following points

- *Types of manpower required for a project*
- *Recruitment of appropriate manpower*
- *Methods of recruitment*
- *Selection*
- *Training*
- *Importance of training and development of manpower for higher productivity*
- *Performance Appraisal*

Introduction TYPES OF MANPOWER REQUIRED FOR A PROJECT

While preparing the detailed project report, the entrepreneur must have made a detail analysis of the manpower required for his project. He has to make a detail estimate of the quality, quantity and the types of manpower required for running his project. So while going through the actual execution of the project, he has to make a detail study of manpower requirement of his project. For this reason, he has to make a proper job analysis, job description, and job specification. Accordingly the entrepreneur has to forecast the manpower needs of his project. While doing so the entrepreneur has to take into account the number of posts created in the organisation structure. How much managerial, how much operational, how much clerical, how much skilled, how much unskilled and how much allied persons are required should be calculated properly. A precise division, grouping and distribution of work is essential for this purpose. The detail study of the organisation structure shall be helpful to do this.

The entire work of the project should be suitably divided into various departments, divisions, sections and jobs and manpower requirement should be based on that. While deciding the manpower requirement, the jobs, duration of employment, work load, efficiency and financial

MAN
burden on the organisation should be taken into account. A proper job description plays an important role in forecasting the manpower requirement for a project. Apart from the job description and job specification, a precise staffing standard may be the base for calculating the manpower requirement. It is highly necessary to achieve the organisational goal. All the manpower is not required at a time while launching the project. When how much and what type of manpower shall be required in the project should be decided in advance.

A job specification statement may be prepared to know the details of persons required for different jobs. List of machines, tools, equipments and processes also decides the manpower requirement. Identification of jobs play a vital role in forecasting the manpower requirement for a project.

RECRUITMENT OF APPROPRIATE MANPOWER

After deciding the manpower requirement of the project, the entrepreneur has to plan his recruitment drive to appoint appropriate manpower for his project. There is a need to search prospective candidates for different posts created in the organisation structure. It is the duty of the management to select the right person for the right job with qualification, experience, skill and knowledge. The selection should be made at the most appropriate time and appropriate place. Recruitment of appropriate manpower has become a complex problem in the present business environment. Almost all the big organisations have a separate department called the personnel department to perform the function of recruitment and related activities. But small organisations cannot afford to create a separate department for the same. The entrepreneur has to do all the exercises so far the recruitment of appropriate manpower is concerned or else he has to depend on others to perform this task.

Recruitment of manpower is considered to be the process of discovering the sources of manpower as per the job recruitment and job specification. Discovering the appropriate sources and selecting the appropriate persons for the appropriate jobs is a complex problem and one has to approach it scientifically. Due to this clever employers nowadays depend upon consultants to bring more specialisation to the process of recruitment. In advanced countries, entrepreneurs largely depend upon the consultants for their manpower requirements with an aim of using scientific selection procedures to get the best and most appropriate talent for the job. In India also the use of consultants for selection and recruitment of appropriate manpower is gaining popularity. It is due to the advancement of science and technology, competition in business and specialisation in jobs which are making the right selection more difficult.

A small organisation cannot afford to have a separate personnel department to scientifically test, select and appoint appropriate manpower for different jobs. Hence, they prefer to pay a small fee to the consultants to do the job for them. Secondly, the cost of selecting is so large and time consuming that many organisations prefer to get the works done through others. The entrepreneur should keep in mind that, if a person possesses more abilities than the requirement, he may be considered unfit for the job. He cannot work properly as per the requirement of the post. So while appointing, the capability of the person and the capability required for the job should be matched. It is just like arranging marriage between the most handsome boy and the most ugly girl even if both of them are otherwise suitable in all other respect.

Different sources of Recruitment

The sources of recruitment may be broadly divided into two categories, such as; internal sources and external sources. Internal sources includes—transfer, promotion and own training centers. External sources include—advertisement, campus interview, walk-in-interview, employment fair or job mela, consultancy organizations, employment exchanges, direct recruitment, unsolicited applications, recommendations, labour contractors, placement cell/employment bureau, other similar organizations, etc.

Internal Sources

(a) Transfer. Under this system, recruitment is made by transferring employees from one post to another. The employer makes a search effort among its employees and the eligible/capable/suitable individuals are shifted from their posts to other posts or new posts and the process is called transfer. Transfer usually does not involve any extra financial benefits to an employee. Employees are simply shifted from one job to another or one place to another for administrative convenience. The nature of duties, responsibilities, status, etc. of the employees usually does not change and remains same in case of a transfer. The new post or job is usually similar in nature. This is an easier method of recruitment to solve some immediate problems.

(b) Promotion. Under this system, positions or posts are filled up by upgrading persons to higher status by offering them promotions to higher posts. Here, there is a change in the nature of duties, responsibilities, status, remuneration, privileges, etc. It is a process of filling vacancies of higher posts by individuals from lower grade to higher grade from within the organization. It is a sort of career advancement

for an employee. Promotions are usually based on seniority or merit or both. It may be time bound or may depend on the vacancy position. It offers a scope for self-development for an employee.

(c) Own Training Centers. A large number of organizations have opened their own training centers where they take trainees on a regular basis to develop skilled manpower as per their own need so that they can be recruited as and when they are required. They provide both theory as well as practical skill to the trainees for a definite period of time. Under this system, fresh students are selected and are given training in various skills. Some of the successful trainees are absorbed by the organization itself and some find employment elsewhere. Such training centers are owned and managed by the employer and are provided the entire required infrastructure.

External Sources

(a) Advertisement. Under this system, applications are invited from eligible candidates for different posts through open advertisement in news papers, magazines, radios, TVs, etc. Such practices are common by big organizations while recruiting for higher posts or post with higher skills or when the number of post is large. Such advertisements are drafted carefully to create interest in the eligible candidates. This type of advertisements reaches a large number of people spread over a large area. This type of advertisement is essential when the management is interested to select the best talent from a large number of applicants. But this process is costly as well as time consuming.

(b) Campus Interview. Now a days recruiters go to different technical, professional, management and allied institutions for the purpose of selecting young and fresh talent for their manpower requirement. They conduct tests, interview, etc. for the final year students or just passed out students and offer them placement in their organization. The placement cells of such institutions provide all necessary help to conduct test, interviews, etc. in the institution itself. Such selected candidates are usually appointed as trainees for a definite period and after successful completion of their training/probation, posted or appointed as regular employees.

(c) Walk-in-Interview. It has become a fashion today for the employers to organize walk-in-interviews at different towns and cities to recruit manpower for their organizations. The venue, date, eligibility criteria and other formalities are advertised in the local news paper earlier and the applicants come to the centers to face the selection process. There is no need of prior applications or information by the candidates. They simply bring their bio-data and submit just before the interview.

Such interviews are usually conducted in big hotels or at prominent places where such facilities can be available at very short notice. Under this system urgent manpower requirement can be solved.

(d) **Employment fair/Job Mela.** It has become a fashion today to organize employment fair or job mela at important places for the purpose of attracting large number of applicants for the purpose of recruitment. A number of employers or consultants combined together organize the fair in important cities and towns giving wide publicity to the event to attract a large numbers of job seekers. The employers/consultants open stalls inside the mela where they display their requirement. Eligible/interested candidates come and approach the stall to make queries about the vacancies. They submit their bio-data at the stall and after preliminary screening they may be called for interview at a specified place and time where the recruitment process is carried on.

(e) **Employment consultant.** Consultancy organizations providing manpower solutions are larger in number and provide specialized services to the employers by providing appropriate manpower as per their need. They remain in touch with number of organizations to collect their orders for manpower supply. They also remain in touch with various sources of different types of manpower. They advertise, conduct tests and interviews to select the appropriate candidates and submit the list of selected candidates to the employers for issue of appointment letters. They are professionals in this field and perform their jobs with perfection for which they charge certain fees from the employer for the service. Employers are usually not skilled in the art of recruitment and selection and as a result there may be wrong selection. They also do not have much time for this job hence take the services of the professional organizations to select manpower for their own requirement. This type of recruitment is usually done for skilled personnel and for top managerial jobs.

(f) **Employment Exchange.** This is a very old source of recruitment of manpower. Government employment exchanges are there through out the country and employers take advantage of this source. Job seekers go to employment exchanges and get their names registered and employers can readily get the information about various types of manpower. In some cases recruitment through employment exchange is compulsory. The employment exchange does not charge any fees to the employers or to the job seekers. Recruitment of skilled, semiskilled and non-skilled manpower is made for lower and middle level of management. It acts as an agent between the job seekers and the employers.

(g) Direct Recruitment. Under this system the employer notifies the requirement of manpower in its notice board which is usually at the factory gate. Interested applicant report at the venue at the specified time for selection. This is an old method of recruitment usually adopted for the purpose of recruitment of non skilled casual workers.

(h) Unsolicited Applications. Many candidates submit application for different post at different times even if there is vacancy in the organization. The personnel department usually maintains record of such applications. Such applicants can be called in for the purpose of recruitment whenever there is vacancy in the organization. This is a common practice in almost all organizations in private sector.

(i) Recommendation. Sometimes appointments are made based on the recommendations made by committees, important persons, friends and relatives, employees, retired employees, government (for land outstees or displaced persons) and others, provided such persons are qualified for the posts and possess the right skill required for the jobs available.

(j) Labour Contractor. Large scale industries usually require a large number of unskilled workers but do not appoint them rather they hire their services through labour contractors. The labour contractors supply such unskilled workers in sufficient numbers as and when required. The contractors appoint them and make their pay roll. Such contractors make payments to the workers at their own rate agreed and collect the payment from the organization at timely intervals. They re usually registered contractors with the organization.

(k) Placement cell/Employment Bureau of Universities and Institutes. Different universities, professional institutions and other academic institutions maintain records of their passed out students. This information is usually maintained by the placement cell or employment bureau created specifically for the purpose of arranging jobs for the passed out students. They remain in touch with various employers and send the bio-data of the students for the purpose of recruitment. Employers also take advantage of the facilities provided by such institutes to collect information about different candidates for different posts.

(l) Other Similar Organizations. An organization does not run only with fresher, they also require some experienced people to run the business. Such experienced people are usually employed in different organizations. So, for the recruitment of experienced persons one has to depend on the similar organizations, competitors, suppliers, dealers who have adequate number of experienced persons. One has to attract those experienced persons of other organizations by offering better remuneration, facilities, perquisites, etc. In this way an organization can get skilled and experienced persons from different organizations.

METHODS OF RECRUITMENT

The methods of recruitment aims at the process as to how an appropriate candidate shall be selected for a job. There are generally three methods of recruitment of manpower, such as, direct method, indirect method and third party method. All the above methods are discussed in details below :

(a) Direct Method : Under this method the employer does the entire process himself and does not depend on others. Employers usually move from one place to another in search of appropriate candidates. They go to schools, colleges, universities, technical institutions, management institutions to look for technicians, engineers, designers, specially skilled persons and professionals. They take the help of such institutions to conduct tests, interviews, group discussions, etc. at the same institutes to select appropriate prospective students who may be appointed after passing their examinations from such institutes. This type of selection by travelling employer is known as "Campus Interviews". Usually, the employers contact the placement cell or employment guidance cell of the institutions, who provide assistance in attracting students, arranging interviews and making arrangements of space for interviews, tests and group discussions. They also provide the students' resumes or biodata. Sometimes the employer or recruiter may request the principals of different institutions to sponsor the names of three or four deserving students from the final year with their complete biodata, so that the employer can directly call the candidates for interviews.

Direct method of recruitment also includes sending the recruiters to establish exhibits at job fairs, use of mobile camp and special recruiting booklets for the candidates to attract them.

(b) Indirect Methods : This is the most widely adopted method of recruitment which includes mainly advertising through newspapers, journals, magazines, technical and professional journals, etc. Nowadays, the most common form of filling up vacancies are done through wide advertisement in local, regional, national, international newspapers, magazines and journals. This method of recruitment is usually adopted for recruitment of skilled and experienced professionals for blue collar jobs. In case of unskilled or semi-skilled manpower, the local employment exchange or local newspaper, radio and TV may be useful.

In case of advertisement in newspapers and journals, it should be drafted properly to attract the best talent. The advertisement should carry brief note about the organisations, the jobs, eligibility, remuneration and perks, future prospects, etc. Sometimes the advertisers use post box number system to invite applications for some posts. This is adopted by those

failure of
Nowadays in big cities and towns recruitment is done through "Walk-in-interviews". Under this the employer advertise in newspapers about the post, its eligibility, the date and time of interviews and place of interviews, etc. Candidates are advised to come directly to the interviews without any prior information or application at the time, date and venue mentioned in it. Any eligible candidate can go and attend the interview and gets a chance of being selected. Advancement in information technology like, internet, teleconference, etc are widely used in advanced countries for this purposes.

(c) Third Party Method : Under this method, the recruitment is usually done through employment exchanges, private placement bureau, consultants, employment agencies, etc. Government employment exchanges are established throughout the country in each and every district as well as in towns and cities. They usually cater to the need of the organisations for skilled, semi-skilled, unskilled, clerical and allied manpower. The services rendered by Government employment exchanges are free of cost. While the private employment agencies and consultants provide specialised consultancy and placement services for which they charge certain fees. In the present day environment, consultancy organisations like, ABC consultants, AF Ferguson & Co., Personnel Search Services, etc. play an important role in the recruitment of professionals for higher posts. Such private consultancy organisations are preferred because, they do the jobs with lots of skill, talent and efficiency and select the manpower with minute details.

✓ SELECTION

Selection should not be viewed as a process of rejection. Selection is usually understood to be the process of choosing an alternative from the alternation available. But, so far human resource management is concerned, selection refers to the process of attracting eligible and prospective candidates for an organisation. This is most of the times confused with recruitment. Recruitment is a method or tool to choose the right persons for the right posts. But, selection is a system which includes recruitment in its field and hence recruitment is a sub-system under it.

Selection is the process of finding out the perfect match between the requirement of the jobs and the capabilities of the applicants. Selection is possible only when there are alternatives. If no alternative is available

determined and as far as practicable selection has to be made depending on such requirement. The selection criteria has to be decided by the Personnel Manager and should be best suited to the requirement. The selection process includes :

- (1) Inviting applications.
- (2) Screening the applications received.
- (3) Conducting tests, interviews, etc.
- (4) Conducting physical and medical fitness examination.
- (5) Collecting references and checking the antecedents.
- (6) Verifying the certificates.
- (7) Issue of selection letters after final selection.

Inviting Applications. The first step in the selection process is to invite applications from the eligible candidates. Application form may be designed and supplied to the applicants on request or the proforma may be advertised according to which the applicants shall apply. The main problem here is to design the proforma of application carefully so that the application will reveal the necessary information which are essential for screening them. The format may be designed in such a manner that the applicants have to give the details of their education, training, experience, age, family back ground, previous employment, previous salaries, reasons for leaving the previous jobs, extra-curricular activities, hobbies, etc. The proforma may be designed depending on the post and the information required.

Screening the Applications. A number of applications may be received and all the applicants may not be called for tests or interviews. Some of the applicants may be rejected at the application stage due to any reasons. Hence, there is the need of making a preliminary screening of the applications received. The main idea behind this sort of screening is to minimise the number of applicants to make the selection process easy and effective. At this stage the unsuitable or unfavourable applicants may be rejected. For this, there may be a screening committee. Who is to go through the application to sort out the most suitable applicants fit to be called for further tests/interviews. The committee members make a policy for screening the applications and accordingly make a list of the applicants qualified in the preliminary screening. This needs analysing the applications to find out the reasons for selection or rejection.

Conducting Tests/Interviews: After the preliminary screening is over, the short-listed applicants may be called for employment tests which may include a written examination, interview, group-discussion, etc. to test the skill, intelligence, knowledge, aptitude, personality etc. There are a varieties of tests to examine the specific qualities and abilities of the applicants. Such tests may be designed depending on the type of person required for specific post. The questions in the written examination as well as interview should be designed in such a manner that the applicants can be evaluated from all possible angles to make the selection process scientific. Different types of testing tools may be used to examine the applicants.

Usually the applicants found suitable in the written examinations are called for interviews, because conducting interviews is a time-taking affair. So, only a limited number of successful candidates of the written examination may be called for interview. Interview may be of two types i.e., interview by a committee and interview by an expert in the relevant field. The purpose of both the interviews should be to select the best suited applicant for the post. As far as practicable such interviews should be conducted only by professionals who have adequate knowledge and experience in such art. The interviewer shall make a list of the suitable candidates for the post in order of their merit.

Conducting Physical and Medical Fitness Tests. All the candidates qualified in the interviews should be called for a test of physical fitness to be conducted by a group of experts. The physical tests may include running, swimming, jumping, driving, cycling, etc. The physical examination may depend on the nature of job to be handled by the individual. Apart from the physical test, there may be a medical examination of the candidates to check the eye sight, ears, heart, kidney, etc. to ensure that there is no organic disease or invalidity in the candidate and is otherwise suitable for the post. Such tests may be done by a team of doctors belonging to different specialized fields. The purpose of the medical test is to handle the job efficiently and ensure that the candidate's fitness meets the job requirement.

Collecting References and Checking the Antecedents. After the medical and physical tests are over, there is the need of making a collection of information about the candidate from the list of references. Usually, the applicants give the names of those persons who will give favourable report. Apart from that the employer may write to the former employer of the applicant, to the institution where he was reading or to any other person who might be knowing the person well. There is also the need of checking the past records of the applicant including the

on payment of some remuneration or fees.

Verifying the Certificates. After all the above processes are over, the applicant may be called once again with his original certificates for the purpose of verification to see that the certificates furnished are authentic. If required the authorities issuing such certificates may be referred to.

Issue of Selection Letter after Final Selection. All the successful candidates are to be ranked in order of their merit and final selection may be made depending on the number of posts lying vacant. Appointment/selection letters may be issued to the successful applicants in order of their rank and may be given a time limit to report for joining. If any candidate fails to turn up, the next rank-holder may be issued selection letter. It is not a guarantee that the persons issued selection letters may ultimately join the organisation because by that time he or she might have got better opportunities. So the merit list prepared shall be helpful to issue selection letters to the next best candidates.

TRAINING

Training is a learning process which imparts skill, knowledge, attitude, behaviour, etc. to an individual to make the performance of jobs as per plans. It is a means of educating employees aimed at increasing resources in them to perform different jobs with perfection and as per standards. Training is also regarded as the transfer of skill, knowledge, etc. from the trainers to the trainees with specific objectives. It is aimed at improving the performance of individuals in doing tasks and achieving results. Training helps better performance of works and achievement of the desired results with minimum possible resources. Training can be defined as the process of learning by the employees for the employers. Training is essential before a person is given an independent assignment. Hence, after the recruitment and selection of employees, there is the need of providing adequate training to those new employees before assigning them any activities. Training helps the employees to enhance their efficiencies to contribute more towards the achievement of the goal of the enterprise.

Training is a continuous process from the recruitment till retirement. It is aimed at increasing the skill, talent, knowledge, aptitude and performance of an employee to bring more perfection to the jobs to be performed. Training is always objective-oriented. It enables a person to carry out an activity independently. Here an individual is taught the art, manner, process, etc. of performing activities in the best possible manner. Here, the employees also get the chance to acquire skill, talent

and knowledge or enhance them which help them in development. Training helps the employees to cope up with the changing business environment and challenges of technology. Training is not only needed to fresh employees but also to the old employees to keep them away from obsolescence. Training is also essential for the old employees whenever they are put to new assignments due to promotion, transfer, change in the nature of job, change in technology, change in product, process, machines, business policies, working conditions, etc. Training is essential whenever there is a negative gap between the actual performance and the standard or expected performance.

Employees may be put to training or sent for training at appropriate intervals so as to acquaint them with the new development taken place or taking place related to their works. Training is essential to enhance the skill and performance of the existing employees. It keeps the workforce efficient and up-to-date. Training is always predetermined and the main purpose of training is always predetermined and the main purpose of training is knowledge.

Types of Training

1. Induction Training. Induction training is a type of training given to the new entrants or new employees who are given an overall idea about the organisation so that they shall be familiar to all the activities going on in the organisation. This training is also known as orientation training aimed at providing adequate inputs to the new employees about the organisation, product, policies, plans, organisation structure, duties and responsibilities including authorities enjoyed by different posts and persons. It also enables the new employees to learn the rules and regulations, discipline, safety measures, conditions of employment and many other matters relating to their employment, organisation and different jobs. Induction training also gives adequate knowledge to the new workers about the use of machineries, plants, equipments, etc. and making them familiar with other workers, departments, sections, etc.

2. Apprenticeship Training. Under this type of training, fresh students are selected for training in an industry. This training is usually for a long period of time. It is not employment-oriented but it is practical knowledge-oriented. It is just like an academic course where both practicals as well as theories related to the practicals are taught to the trainees. This type of training is usually adopted for developing or making operators, workers, helpers, skilled craftsmen, etc. Under this type of training, training is usually regular and there are regular instructors or trainers for the purpose. Such trainees are usually young persons who get a monthly stipend during the period of their training. They are taught

different jobs and they practice them inside the organisations. In some organisations, such trainees are regular and a cheap source of labour. After the training period is over there may be some examination. On the successful completion of the training, some, all or none of them may be employed by the organisation as regular workers. This sort of training does not guarantee employment to the trainees in the same organisation. This type of training is given for jobs which require some technical skill, knowledge and experience.

As per the Apprentices Act 1961, the passed out technicians, such as I.T.I. certificate holders, Vocational certificate holders, Diploma certificate holders in different branches of engineering and allied studies are allotted apprentice training in different industries with a provision for stipend by the Government as well as by the concerned industry. Such trainees are given detail training for their trade or branch. This Act applies to both public sector as well as private sector undertakings.

3. Refresher Training. This type of training is imparted to the existing employees to acquaint them with the new methods, latest technologies, new processes, new machineries and plants, etc. to increase their efficiency and performance on their jobs. This type of training is organised to keep the workforce up-to-date so that they shall be able to adjust themselves to the new developments taking place related to their jobs. Such types of trainings are usually organised either inside or outside the organisation or both. Such trainings are usually for a short period of time like; 3 days, 5 days, one week, two weeks etc. which may include both theories as well as practicals.

Refresher training courses are organised during the holidays or in the off season or may be required urgently due to change in technology, taste, fashion, etc. Such trainings are conducted by experts or professionals who have adequate experience in conducting such training and have a thorough knowledge on the subject-matter. The managements usually spend some money for the purpose of such training which may be organised at distant places or even at other industries or institutes.

4. Special Training. Such types of training programmes are organised for the existing employees to acquire skill, knowledge, talent, etc. relating to new development taken place relating to their jobs, thus making their jobs obsolete. This may be due to invention of new substitute or alternative products, technologies, processes, procedures, etc. Such training programme can not be planned much in advance but are required urgently all of a sudden. The management has to hire such professionals to impart the special skill, knowledge to its employees so as to perform different jobs, operate machineries, plants, equipments, etc. This type of training includes both theories as well as practicals.

Special Skill, knowledge, etc.

5. Training for New Jobs. These types of trainings are organised to make the employees capable to handle the new jobs they are going to be assigned. This is also applicable for the new employees, who must be given adequate training to handle the jobs independently. Management usually does not appoint separate persons for the new jobs. It may select some employees out of the present workforce and train them for the new jobs. Such training may include both theoretical as well as practical training. Such training may be organised inside or outside the organisation. After being trained, the trained workers or employees shall train the other workers also.

Sometimes due to promotions or transfers, an employee may be given some training for the new jobs to handle the new assignment properly. They are given adequate exposures relating to their new jobs to be performed by them. Usually they are given more on the job training to be imparted by the outgoing employee. Such an arrangement is made well in advance so that an experienced person is always available to take up the new job before the old employee leaves the job due to transfer or promotion or retirement or resignation. Such trainees are kept as assistants to the experienced employee who will train and keep on watch over them while assigning practical training on the job. He will help and guide the trainees to learn the new jobs.

6. Internship Training. This type of training is essential for professionals freshly completed their education. They are given practical exposures to actual work situations. Such trainings are provided to the trainees with the joint efforts of the institutes and organisations. The theoretical portion is taken care of by the institutes and the practicals are done in actual work situations in organisations where such activities are carried on. Here the theoretical training is supplemented by practical training.

Training Methods :-

Training may be organised on the job or off the job. It may be theoretical as well as practical. It may be done by external agencies or by the internal trainers or experienced persons. There can be various methods of training to be adopted which depend on the objectives of the training, nature of training, type of trainees, cost of training, availability of quality trainers, availability of training facilities, affordability of the management, etc. There shall be different methods of training for

executives, supervisors and workers. Different methods of training may also be recommended for different types of jobs handled by the executives, supervisors, workers and others. When we speak of training, it is usually confined to non-executives *i.e.*, the supervisors and workers. The training to be given to the managers and executives are usually known as "Management Development Programmes". Training given to the employees can be classified into three categories such as (i) On-the-job training, (ii) Off-the-job training, and (iii) Vestibule training.

On-the-job Training

1. Under-studies. Under this method of training, the trainee is placed under an experienced person as an assistant or sub-ordinate, who is to acquire skill, knowledge, experience by doing the job under the direct supervision and guidance of the experienced person. This process will enable the trainee to develop himself as a capable person to handle the jobs independently. Working under an experienced person will be a good learning process for a new person.

2. Coaching by Experts on the Jobs. Under this method the trainees are taken to the spots where the works are being performed. Different expert trainers of different jobs train the trainees the art of performing the jobs. They demonstrate the jobs by performing them in front of the trainees so that the trainees get the chance of learning on the spots. The trainees are also given chances to handle the jobs themselves. The trainees develop the art of doing things themselves and this creates confidence in the trainees as well as the trainers. This type of coaching by experts followed by handling the jobs by the trainees themselves makes the training perfect and the trainees become capable of performing the jobs independently.

3. Job Rotation. Under this system, the trainees get the opportunities of learning different jobs during their employment. They are not specifically trained only for one job but are trained on various jobs on rotation basis so that they get thorough knowledge on different jobs. After they are trained in one job, they are sent for training to another job and in the process they acquire good experiences of different jobs of the organisation. This is known as job rotation in which the trainees are periodically rotated from one job to another.

Off-the-Job Training

1. Classroom Training. Under this type of training, training courses are organised for the employees either inside the organisation or outside the organisation. Lecturers or instructors act as trainers, teach the topics and give adequate technical and theoretical knowledge about the activities to be performed. This includes both theory as well

as practical classes. For such types of training, there may be the use of models, slides, overhead projectors, video, audio, films, computers, etc. to train the employees. Persons training are usually experts and can handle large group of trainees at a time. Here, there is a good chance of interaction between the trainers and the trainees or among the trainees themselves. This method is also known as lecture method.

2. Conference. Under this method of training, a small group of trainees are selected and they work together to train themselves. They make open discussion, exchange ideas and experience, share the knowledge. They learn together to come to conclusions or for solutions to different problems and develop new techniques, skill, etc. in them. This type of training is suitable for homogenous trainees preferably highly qualified and matured trainees preferably supervisor level.

3. Written Instruction Method. Under this method, written or printed training materials are supplied to the trainees. The trainees go through the texts and learn the techniques, process, skill, etc. for performing jobs. These types of written materials for training are quite descriptive to answer any questions that may arise in the mind of the trainees. Such study materials are useful immediately as well as in future for reference of the trainees. Such written instructional books or booklets may contain all the instructions for operating different machines, plants, equipments, etc. and performing different jobs.

4. Institutional Training. There are specific institutions or organisations for specific type of training else cannot be imparted else where. They have the permanent infrastructure, experienced and up-to-date trainers for the purpose of training. Such training courses are conducted by them regularly. So persons requiring such types of training may be sent to those specific centres or institutions to get such training. The training period may depend on the type of job to be handled. It is difficult, costly as well as in-effective to train people by organising such training independently for few people by the organisation. Such professional training institutions make research and development in conducting such training and their training is highly effective. They charge some fees for conducting such training. For example, training pilots for aeroplanes, training nurses for hospitals, etc.

5. On-line Training. Now-a-days, with the use of computer and internet facilities knowledge has become more affordable. Anyone can access to knowledge with the use of these modern communication technologies. Staying at his home one can acquire knowledge, skill, talent, etc. or train himself in-different fields to perform different activities. It is quite easy to remain in touch with quality trainers, quality institutions staying at any corner of the world. Such on line trainings are usually

applicable for educated professionals who have some knowledge to operate computer and on the subject-matter.

Vestibule Training

Under this type of training, training is imparted neither on the job nor off the job. Under this method a similar to the actual working conditions is created and training is imparted to the trainees under such conditions. As far as practicable, actual machineries, actual materials, actual plants are used and actual like working condition is created so that the trainers and the trainees feel like working in real working situations. Creation of such same or similar working conditions is difficult as well as costly. This type of training is done without disrupting the actual activities of the organisation. This sort of training makes the trainees capable to handle actual work situations. For example, Firemen training for fire fighting. In this example, a house may be built and fire shall be intentionally lit to the house built for the purpose and the firemen shall be trained to rescue the life and property there in.

as per the need of the organization

PERFORMANCE APPRAISAL

Performance refers to the execution of duties entrusted to an individual or group with some specific purpose. Here, it refers to the carrying out of the orders of the superiors for the purpose of showing certain results. In between the activities and the results, there are two elements which are also considered to be part of performance. They are: the manners of executing the duties and the manners of achieving results. Hence, performance includes—

- (a) Carrying out the duties,
- (b) Manners of executing them,
- (c) Achieving the results and
- (d) Manners of achieving results.

Appraisal here, refers to the evaluation or judgement of the above four elements of performance and also takes into account the resources used in the performance of those activities. Appraisal may be the critical evaluation of a matter by an individual to give an expert opinion on it. Appraisal is a tool for examination which includes collection of information and measurement, test, assessment, evaluation, etc. of the activities and the information there of.

Hence, performance appraisal is related to the measurement of the performance of an individual on the job, with a definite objective, in comparison to others or standards established. In the human resource management, performance appraisal is a tool used by the management to measure the performances of individuals on the jobs. Apart from that, it can be described as a technique used for measuring the qualities, abilities, skill, knowledge, output, etc. of individuals. Performance appraisal can also be described as a process by which individuals are evaluated with a definite objective.

Performance appraisal is known by various names, such as; merit rating, performance evaluation, performance rating, etc. The purpose

Performance appraisal

Performance appraisal includes :

- (1) Collection of information about the performances of employees.
- (2) Measurement of the performances and the results there of.
- (3) Measurement of the resources utilised.
- (4) Analysis of the information, performances, results and resources utilised.
- (5) Interpretation of the analysis.
- (6) Opinion framing and impartial judgement.
- (7) Making a comparative analysis aimed at decision making.

Need of Performance Appraisal

- (1) It is useful to identify the employees' need for training and the area of training.
 - (2) It is needed to determine the salaries or wages if they are based on quality and quantity of works.
 - (3) Performance appraisal is needed to identify the employees eligible for promotions.
 - (4) It is useful to identify the strengths, weaknesses, merits, demerits associated with employees.
 - (5) It is an useful tool to locate the employees suitable for reward or punishment.
 - (6) It helps the management to fix targets, assign additional duties and responsibilities or reduce the work burden on employees, etc.
 - (7) It serves as a means for self-development of the employees because they are able to know their own weaknesses.
 - (8) It creates awareness in the employees because they know that their performances are being monitored. This helps to achieve motivation to put their best.
 - (9) Performance appraisal is needed to make the workers, supervisors, managers, sub-ordinates and others more vigilant because some of them shall supervise and some of them will be supervised.
 - (10) It is needed to decide the transfer of employees from one post to another or from one place to another with proper justification to promote and preserve efficiency.
 - (11) It helps the management to determine the training policy, wage policy, incentive plans, promotion policy and discipline with in industry.
 - (12) Performance appraisal is needed for effective manpower planning.
-

Goods received Note (GRN)

→ GRN is performa which contain the detail of Material Received such as quantity, specification, price date of receipt, Name of the Supplier and order number etc.

Industrial Sickness:- CH-9 Date → 28.08.18

→ Industrial Sickness usually refers to a situation where an Industrial firm performs poorly, incur losses for several years and ~~often~~ often defaults in its ^{Debt} repayment obligation.

→ To reduce the problem of Industrial Sickness, the central Govt has passed an act in the Parliament known as the Sick Industrial Companies Act 1985.

→ The Govt has constituted many companies and group to recommends / strips to overcome industrial sickness.

Symptoms of Sickness:-

- Increase in inventories
- ~~low~~ low capacity utilisation
- ~~poor~~ poor industrial relation
- frequent industrial disputes
- Delay in making payment to creditors.
- higher rate of labour turnover.

Causes of Industrial Sickness:-

(i) Internal causes

This causes usually take birth inside the organisation and become the reason of sickness for the industrial unit.

(a) Obsolete technology Date-29.08.13

→ Due to the old outdated ~~technology~~ technology production may not be qualitative, speedy, and economical leading to in efficiency and higher cost of production.

(b) Non-Flexibility

⊕ The unit may lack flexibility which may be essential to adopt to any structural changes ~~needed~~ under the changing business environment.

→ Incorporation of changes become difficult and ~~that~~ at time possible and this may be the reason of sickness of the unit.

(c) Poor Industrial Relation

→ If the relation between the Management and workers is not friendly and there is no healthy working condition the workers ~~often~~ often ~~disturb~~ restore to strike, labour unrest due to poor industrial relation may also be measure reason of industrial sickness.

(d) In-efficient Management

→ An In-efficient management can easily ~~convert~~ convert the profit into heavy loss. This is only due to the mis-management of resources. So an In-efficient management may play a measure ~~rule~~ making the Industrial sickness

(e) Increase in repair and Maintenance

- If there is increase in periodical maintenance activity it is not only costly but also causes idleness to other machine, process, manpower etc.
- frequent stoppage or slowdown of activities for repair and maintenance we lead to lower productivity, ~~very~~ lower production which make result sickness.

(f) Poor quality control

- There shall be more rejection of goods by customers leading to loss of reputation, loss of customers and benefit of the competitors this will lead to sickness in Industrial.

External causes :-

→ ~~non-accept~~

(a) Non-acceptance of product by consumers :-

- If the product produce by the organisation are not accepted by the consumers due to any reason, the ~~industrial~~ industry is bound become sick.

(b) Shortage of raw material :-

- There may be shortage of raw material which are beyond the control of the Enterprise, due to this the plant, people and other physical facilities remain idle without any job.

(c) Shortage of power:-

If there is shortage of power industrial activities can't go on smoothly, frequent ^{area} interruption of power also causes many ~~many~~ problem on the industry.

(d) Competition:-

→ Some time due to heavy competition producers are usually force to sale there product at even losses. to eliminate to the competitors
→ In such case poor financial strength fail to perform as per ~~acceptation~~ expectation and hence become sick.

(e) Reduction in demand:-

→ If the demand of the product of the organisation goes down due to many reason such as invention of new product, price and quality of the substitute and alternative product, changes in technology etc.

(f) changes in Government policy:-

→ Due to changes in Govt policies on some product, some business become un-profitable and hence their become sick.

Ex:- If the govt decided to import paper at low price the domestic paper industry may become sick.

Entrepreneurial causes

(a) Improper Planning:-

→ Planning is a foundation of business and if it is wrong effective the industry may become sick.

→ Many Industry failed ^{and} become sick due to Improper planning of the activities by entrepreneurs

(b) Lack of Creativity, Innovation and Skill:-

→ All time the entrepreneur has to think of ~~new~~ newness, innovative facts, new ideas to ~~beat~~ beat others and success on business.

→ Many People causes such that talent and depend on others, hence they make the industries sick.

(c) Attitude of a Entrepreneur:-

→ If the entrepreneur are lazy, dull, and non achievement oriented, it is difficult for him to run a business successfully. Such business usually become sick very soon.

(d) Lack of Experience:-

→ If the entrepreneur doesn't have adequate experience, he may not able to solve many business programme.

→ Failure to ~~pass~~ pass such ~~task~~ task and experience may be the reason for sickness of a Industries.

(e) Lack of Entrepreneur characteristics:-

→ Entrepreneur is the major element in the business, ~~what~~ ^{but} if the entrepreneur doesn't possess all characteristics, quality, ability, skill, and talent, there is very chance that it will become sick very soon.

Remedial measures of sickness:-

- All the activities ~~and~~ ~~be~~ should be planned carefully and the Implication of such activities be capture before hand.
- A good Industrial relation should be created and maintained.
- Entrepreneur, worker, and managers should be keep them update and should be aware of various techniques and development taking place around them.
- Excessive dependence on others should be avoided.
- Keep a watch on the competitors and their activities and prepare your self.
- Non your ~~at~~ own faults, weakness, mistake, ignorance and see that they don't bring ~~progress~~ problem to your organisation.

CH-10

Industrial Legislation

Date → 3.9.18

- The factory act, 1948 is applicable to the whole of India. This act came in to force with effect on first April 1949.
- This act deals with laws relating to employment to labour in factories.
- The main aim of this act is to secure health, safety, welfare, proper working hour, leave and other benefits to the workers working in factories.

Health provision:-

- Health provision have been made in the factories act 1948.
- The employ have to make adequate arrangement to preserve and promote the health of the workers working on the factories. The following provisions have been made act.

(i) Cleanliness (Section-11)

- gathering of dirt shall be remove daily by sweeping or by another effective method from the floor and benches of the work rooms and disposed on the suitable manner.
- The floor of every workroom shall be clean at least once every week by washing, disinfected or by some other effective method.

(ii) Disposal of wastes and Effluent (S-12)

Effective arrangement shall be made by every factory for the treatment of wastes and effluent due to the manufacturing process carried on therein so as to render them fit for their disposal.

(iii) ventilation and temperature (S-13)

→ This section focuses ^{on} ventilation and temp maintenance at the work place.

→ every factory should work on proper arrangement for adequate ventilation and circulation of fresh air.

(iv) Dust and fume (S-14)

→ This section deals on the proper Exhaustion of dust and fume in the factory.

→ It is mentioned that factory which deal on manufacturing process should take care of the proper exhaustion of dust, fume and other impurities from its origin point.

Artificial humidification? — 0 —

Date - 04.09.18

→ ~~over crowding~~ in the work rooms not only affect the workers in their efficient discharge of duties but their — also.

→ ~~Section (16)~~ has been

Overcrowding (S-16) :-

- Overcrowding in the work room not only effect to the workers in their efficient discharge of duties but their health also.
- Section-16 has been enacted with a view of provide sufficient air space to the worker.
- This act atleast 500 cubic feet of space of every worker employed therein.

Lighting (S-17)

→ Under this section it has been described that there should be proper arrangement of lighting in the factories.

→ In every part of the factory where workers are working or passing should be well equipped with lighting arrangement either by natural

Drinking water :- Source or artificial sources.

This section specified regarding arrangement for sufficient and pure drinking water for the purpose.

→ As it that drinking water point should not be within 6m range of any washing place, ~~urinal~~ urinal, latrine, open drainage carrying effluents

→ In addition to this a factory where there are more than 250 workers provision for cooling drinking water during hot time ~~and~~ should be made.

Latrine and urinals (Section-19) :-

This section provide details relating to urinals and latrine construction and factories.

→ It mention that in every factory there should be sufficient recommendation for

recommendation of urinal which should be ~~provided~~ ^{provided} at which conveniently situated place
→ It should be keep clean and maintain, there is provision to provide separate urinals both male and female workers.

Spittons (S-20)

→ This section specified regarding proper arrangement of spitton in the factory.
→ It is mention that in every factory there should be sufficient number of spitton situated at convenient place and should be properly maintain and cleaned and keep in hygienic condition.

Date - 05.09.18

Safety Provisions:-

(i) Fencing of machinery (S-21)

→ It is mandatory on the part of management of a factory to fence with guards of a substantial construction every dangerous part of any machinery part such as moving part of prime movers and flywheel connected to it.
→ Head race and tail race of water wheel and water turbine, every part of electric generator, rotary converter and transmission machinery.

(2) Work on near machinery in motion (S-22) -
A specially trained adult male worker should examine, adjust & lubricate part of a machine while in operation.

- He should wear tight fitting clothing.
- He should not handle a belt on a moving pulley more than 15 cm ⁱⁿ width.

(3) Employment of young person on dangerous Machine (S-23) :-

- No young person shall be allowed to work on any machine unless he has been fully instructed to beware of dangers arising from the machine to observe precautions and has received training in work under the supervision of a person who has a thorough knowledge and experience of working that machine.

(4) Striking Gear and Devices for cutting & power (S-24) :-

- In every factory suitable striking gear or other efficient mechanical appliances shall be provided and maintained and driving belt when not in use shall not be allowed to rest on ~~right~~ side open shaft in motion.

- A suitable device for cutting of power in emergency be provided and maintained in every work room.

(5) Self acting machines (5-25) :-

→ No transverse ^{to machine} part of a ~~self~~ self acting machine and no material carried there ~~can~~ shall be allowed to rest on its outward or in-ward transverse within a distance of 18 inches from any fixed structure which is not part of the machine.

(6) Casing of new machinery :- (26)

→ In all machinery driven by power, every screw bolt or key, revolving shape, spindle wheel shall be drop or securely guarded to prevent danger.

→ All worm and toothed or friction gearing while in operation shall be completely encased.

Type of partnership - 1 x

Entrepreneurship - 1

Function of management - long - 1

Ind. sickness - long - 1

Selling method - 1

Internal Selection

Welfare provision:-

(i) washing facilities (S-42):-

→ In every factory adequate and suitable ^{washing} facilities shall be provided and maintain for use of workers.

→ Separate and adequately screened facilities shall be provided for use of male and female workers.

(ii) Facilities for storing and drying clothes (S-43)

→ In every factory provision for suitable place should exist for keeping, clothing not worn during working hours and for drying of ~~wet~~ wet clothings.

(iii) Facilities for sitting (S-44) :-

→ In every factory suitable arrangement for sitting shall be provided and maintain all workers who are obliged to work in a standing position so that the workers may take advantage of any opportunity for rest which may occur in the course of work.

→ If in any factory workers can efficiently do their work in a sitting position, the chief inspector may require the occupier of a factory to provide such sitting arrangement as may be practicable.

(iv) First Aid appliance (S-45)

→ Under this act the provision for first aid appliances ^{are} obligatory.

→ At least one first aid box with the prescribed contents should be maintain for every 150 workers. It should be readily accessible during all working hours.

→ Each first aid box shall be kept in the charge of a separate responsible person who holds a certificate in the first aid treatment recognised by the state govt and who shall be always for readily

available during the working hours other factory.

(v) Canteens (S-46) :-

- In every factory employing for the 250 workers. the state govt may make rules requiring that the canteen shall be provided for the use of workers.
- Such that by which the canteen shall be provided the standards in respect of constitution and the other equipment of the canteen.
- The food staffs to be served there in charges which may be paid.

(vi) Welfare officers (S-49) :-

- In every factory where in 500 or more workers are ordinarily employ^s the occupier shall employ in the factory such number of welfare officers as may be prescribed under section 49.
- The state govt may prescribe the duties ~~condition~~ qualification and condition of service such officers.
- There should be a welfare officer if the number of employ must be more than 500

Hours of work (S-51)

- Weekly working hours should not be exceed 48 hrs.
- There should be ^{at least} 1 weekly off.
- Daily working hours should ~~be~~ not be more than 9 hours.
- They must be take rest after continuously work 5 hrs.

Employment of women - (S-61)

- No women can be allowed to work more than 9 hours a day.
- No women shall be allowed to work in a factory only between the hours of 6 AM to 7 PM.
- There shall be no change of shift except after a weekly holiday or any other holiday.

Duties and Powers of Factory Inspector

- Inspector is allowed to use his powers within the district specified.
- Inspector can visit the factory premises with Assistants without getting any permission.
- Examine the plan, Machine, Article or Substance on the premises.
- Take hold or copies of all registers or records and any other document, that is connected to the factory.
- Inquiry into any accident or dangerous occurrence resulting in bodily injury, visibility or not and take on the spot otherwise state ~~board~~ ment or any person he may consider necessary such injury.