Date : 23/06/2025	**Improvement CIE-A**	**Max. Marks : 10 + 50**	
Semester : VI	**UG**	**Duration : 30 + 90 Min**	
Course Title: Principles of Management & Economics		**Course Code : HS261TA**	

SCHEME & SOLUTIONS

Sl. No	Solutions with Scheme	M
	Part – A	
1.	Physiological, Safety, Social, Esteem, Self-actualization	1
2.	Concern for people and Concern for production	1
3.	Hygiene factors and Motivators	1
4.	Vroom's Expectancy Theory	1
5.	Adam's Equity Theory	1
6.	Hersey and Blanchard's Situational Leadership Theory	1
7.	Consumer Price Index (CPI)	1
8.	Consumption and Investment	1
9.	IS-LM Model	1
10.	Output Method, Income Method, and Expenditure Method	1
	Part – B	
1.	According to Adams' Equity Theory employees compare their inputs (effort, skills) and outputs (rewards, recognition) with others to assess fairness. ------2M, In this case, the employee feels frustrated because despite working hard (high input), they receive few promotions or rewards (low output), leading to a perceived inequity –4M To restore motivation, management should address this imbalance by increasing rewards, providing recognition, or ensuring fair treatment, thereby restoring the employee's sense of equity and fairness –4M	10
2.	This theory suggests that effective leadership depends on the readiness level of followers, which includes their ability and willingness to perform a task. --------4M The theory identifies four leadership styles: directing, coaching, supporting, and delegating, which leaders should adapt based on the maturity of the team members. In managing teams managers assess the development level of their employees and adjust their leadership style accordingly to enhance team motivation, productivity, and effectiveness.—6M	10
3.	The manager's assumption reflects McGregor's Theory X which views employees as inherently lazy and needing strict supervision. This approach often lowers employee morale due to lack of trust and autonomy. ----5M Theory Y which assumes employees are self-motivated and seek responsibility, can improve motivation by empowering employees, encouraging participation, and fostering a positive work environment.---5M	10

4.	The IS-LM model represents the interaction between the goods market (IS curve) and the money market (LM curve) in an economy. • The IS curve shows combinations of interest rates and output where the goods market is in equilibrium (investment equals savings). • The LM curve shows combinations of interest rates and output where the money market is in equilibrium (money demand equals money supply). The intersection of IS and LM curves determines the equilibrium levels of interest rates and national income (output).-----------5M Significance: • Helps to analyse the effect of fiscal policy (shifts IS curve) and monetary policy (shifts LM curve) on income and interest rates. • Provides a framework to study short-run economic fluctuations and policy impacts in macroeconomics. Bridges real economy (output) and financial markets (interest rates), aiding policymakers in balancing growth and inflation.----------5M	10
5.	Components of Gross Domestic Product (GDP):-----------5M GDP measures the total value of all final goods and services produced within a country in a given period. Its main components are: 1. Consumption (C) 2. Investment (I) 3. Government Spending (G) 4. Net Exports (NX) Three Methods of Measuring GDP -----------------5M 1. Output (or Production) Method: Calculates GDP by adding the value added at each stage of production across all sectors of the economy. 2. Income Method: Adds up all incomes earned by factors of production in the economy, including wages, rents, interest, and profits. 3. Expenditure Method: Measures GDP by summing total spending on final goods and services in the economy: GDP = C + I + G + (X - M)	10