

PART- 1*Concept and Scope of Industrial Management.***Questions-Answers****Long Answer Type and Medium Answer Type Questions****Que 1.1.** Define industrial management.**OR****What is industrial management as a branch of engineering ?****Answer**

1. The branch of engineering that deals with the creation and management of systems that integrate people and materials and energy in productive ways.
2. The discipline dealing with the art or science of applying scientific knowledge to practical problems and solve problems in a systematic manner in effective and efficient ways.
3. Industrial management is a branch of engineering which deals with the optimization of complex processes or systems.
4. Industrial management work to eliminate waste of time, money, materials, man-hours, machine time, energy and other resources.

Que 1.2. Explain the features and importance of management.**Answer****A. Features of Management :**

1. Management is a specialty in dealing with matters of time and human relationships as they arise in organizations.
2. Management is an attempt to create a desirable future, keeping the past and present in mind.
3. Management is practiced in and is a reflection of a particular historical era.
4. Management act in relationship that are two way street; each party is influenced by the other. Also, management juggles multiple simultaneous relationships.

B. Importance of Management :

1. Management is a function beyond planning, so as to ensure how far the plans are performed and whether those needs to be changed depending upon changing environment and conditions.
2. Major tasks of management make it important for an organization. It is important for an enterprise because it performs the following functions :
 - i. Forecasting
 - ii. Planning
 - iii. Organizing
 - iv. Directing
 - v. Motivating
 - vi. Coordination
 - vii. Controlling
 - viii. Communication
 - ix. Leadership
 - x. Decision making

Que 1.3. Describe the scope of industrial management in the field of engineering.**Answer**

Industrial management covers following areas in the field of engineering :

- i. **Expertise Help :**
 1. Help in all decision making and problem solving.
 2. Help in the design of production system.
 3. Help in design, selection and implementation of new technology.
- ii. **Advice and Consultancy :**
 1. Interpretation of data and information.
 2. Review of data and information.
 3. Productivity measurement and improvement.
- iii. **System Analysis :**
 1. Identification of faults in the production system.
 2. Job analysis of the system.
- iv. **Training and Motivation :**
 1. Motivation practice of employee.
 2. Work and motion study.
 3. Training of workers in motion study.
 4. Application of new technology.

1-4 Y (Sem-6)

Introduction

5. Negotiation.

v. **Decision Making :**

1. Application of operation research in management.
2. Development and use of decision tools.
3. Use of MIS and Computers.

Que 1.4. What are the applications of industrial management in engineering ?

OR

What are the applications of industrial management ?

Answer

Applications of industrial management are as follows :

1. **Pre-production Planning :** Plant location, capacity planning, selection of machinery and equipments, plant layout, material handling.
2. **Pre-production Planning and Control :** Planning, routing, scheduling, dispatching, controlling.
3. Inventory management and store keeping.
4. Total quality management.
5. **To improve the process and service in :** Finance, Marketing, Human resource.

Que 1.5. What is industrial management ? Describe about the application and scope of industrial management in the field of engineering.

AKTU 2013-14, Marks 10

Answer

- A. **Industrial Management :** Refer Q. 1.1, Page 1-2Y, Unit-1.
- B. **Application of Industrial Management :** Refer Q. 1.4, Page 1-4Y, Unit-1.
- C. **Scope of Industrial Management :** Refer Q. 1.3, Page 1-3Y, Unit-1.

Que 1.6. Write a detailed note on development of industrial management.

AKTU 2014-15, Marks 05

AKTU 2016-17, Marks 10

Answer

The study of development of management can be put under three distinct phases as follows :

Industrial Management

1-5 Y (Sem-6)

A. Classical School of Thought :

F.W. Taylor	Development of scientific management
F.B. Gilberth	Time and motion studies
Henry L. Gantt	The Gantt chart
H. Fayol	General theory of management
Max Weber	Rules

B. Neo-Classical School of Thought :

Mary Parker Follett	Group influences.
Elton Mayo	Effect of human motivation on productivity and output.
Abraham Maslow	Relates human motivation to hierarchy of needs.
Douglas McGregor	Puts emphasis on human characteristics theory X and theory Y and the corresponding style of leadership.
Chris Argyris	Human & organizational development.

C. Modern Approaches :

Quantitative school of thought	Different branches of quantitative approaches are management science, operation management, MIS.
System theory approach	It considers organization as a whole because of interdependent nature of activities requiring organization to interact with external environment factors.
Contingency theory approach	This approach discards the concept of universality in management principles and determines managerial decisions considering situational factors.

Que 1.7. Write detailed note on development and scope of industrial management.

AKTU 2015-16, Marks 10

Answer

- A. **Development of Industrial Management :** Refer Q. 1.6, Page 1-4Y, Unit-1.
- B. **Scope of Industrial Management :** Refer Q. 1.3, Page 1-3Y, Unit-1.

Que 1.8. Give a historical view on industrial management. Also explain the recent developments taken place in the field of IM.

AKTU 2017-18, Marks 10

Answer

- A. **Historical View on Industrial Management :** Refer Q. 1.6, Page 1-4Y, Unit-1.
- B. **Recent Developments taken Place in Field of IM :** Several forces are significantly shaping management practices today, including the pace of change, technology, globalization, diversity, and social expectations. To address all these challenges management has responded in two ways :
 1. Management has become more specific with the formation of different disciplines. Managers now focus on specific aspects of organizational management : operations management, financial management, marketing management, human resource management, etc. By limiting the number of factors and issues they must deal with, managers can develop practices that address the specific issues they face in their discipline.
 2. Management has also become more general. Managers are not provided with an instructional manual that tells them how to manage. Instead, they are given a toolbox of different theories and practices. Effective managers need to know what tool to use and how to use it in different circumstances.

PART-2

Productivity: Definition, Measurement.

Questions-Answers

Long Answer Type and Medium Answer Type Questions

Que 1.9. Define productivity. State its importance giving suitable examples.

AKTU 2014-15, Marks 05

Answer

A. **Productivity :**

1. Productivity is a ratio of actual output (production) to what is required to produce it (inputs).

2. Output means the amount produced or the number of items produced and inputs are the various resources employed, for example, land, building, equipment and machinery, materials, labours, etc.

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$

B. Importance of Productivity :

1. Productivity is a tool required in evaluating and monitoring the performance of an organization, especially a business organization.
2. Proper use of productivity measures can give the manager an indication of how to improve productivity: either increase the numerator of the measure, decrease the denominator, or both.
3. Productivity measures can be used to compare its performance with similar firms and competitors, compare performance among different departments within the firm.
4. Example : If two firms have the same level of output, but one requires less input leads to a higher level of productivity, that firm will be able to charge a lower price and increase its market share or charge the same price as the competitor and enjoy a larger profit margin.

Que 1.10. What are the basic objectives of productivity measurement? Explain different kind of productivity measurement.

Answer

A. Objectives of Productivity Measurement :

1. To study performance of a system over time.
2. To have relative comparison of different systems for a given level.
3. To compare the actual productivity of the system with its planned productivity.

B. Kind of Productivity Measurement :

- i. **Land Productivity :** The productivity of land and building is said to have increased if the output of goods and services within that area is increased.
- ii. **Material Productivity :** Output can be measured in total quantity produced and material can be measured in terms of cost of material required to produce that output.

$$\text{Material productivity} = \frac{\text{Number of units produced}}{\text{Cost of material}}$$

- iii. **Labour Productivity :** Output can be measured in total quantity produced and labour can be measured in total man hours required to produce that output.

$$\text{Labour productivity} = \frac{\text{Number of units produced}}{\text{Man hours utilized}}$$

iv. Machine Productivity : Output can be measured in total quantity produced and machine can be measured in total machine hours required to produce that output.

$$\text{Machine productivity} = \frac{\text{Actual output}}{\text{Actual machine hours utilized}}$$

v. Capital Productivity :

1. Capital productivity may be described as the ratio between the amount produced and the amount of capital used for that production.
2. To measure productivity we have to think in terms of time, since it is the output of goods or services from a machine or from a worker in a given number of machine hours.
3. So, capital productivity is the ratio of turn over to total machine hours required to produce that turn over.

$$\text{Capital productivity} = \frac{\text{Turn over}}{\text{Actual machine hours utilized}}$$

Que 1.11. What are the benefits of increasing productivity to the workers and management ?

AKTU 2014-15, Marks 05

Answer

Benefits of increasing productivity to the workers and management are as follows :

A. For Management : It helps management :

1. To earn good profit because of reduction in costs.
2. To sell more, to earn profit.
3. To have better utilization of resources.
4. To stand better in the market.
5. Provide overall prosperity and reputation of the company.

B. For Workers :

1. Higher wages.
2. Better working conditions, improved morale.
3. Higher standard of living.
4. Job security and satisfaction.

PART-3

Productivity Index.

Questions-Answers

Long Answer Type and Medium Answer Type Questions

Que 1.12. Write short notes on productivity index.

AKTU 2013-14, Marks 05

Answer

1. Productivity index is used to compare the productivity during the current year with the productivity during the base year.

$$\text{Productivity index} = \frac{\text{Productivity during the current year}}{\text{Productivity during the base year}}$$
2. Base year is any year which the company uses for comparative study.
3. Since productivity is a relative measure, for it to be meaningful or useful it must be compared to something.
4. By tracking productivity indexes over time, managers can evaluate the success, or lack thereof, of projects and decisions.

PART-4

Types of Production System.

Questions-Answers

Long Answer Type and Medium Answer Type Quest

Que 1.13. Explain different types of production systems with appropriate examples.

Answer

Types of production systems are as follows :

A. Intermittent System :

1. In this system, the goods are manufactured specially to fulfill orders made by customers rather than for stock.
2. Intermittent production systems are those where the production facilities are flexible enough to handle a wide variety of products and sizes.

i. Features of an Intermittent System :

1. Demand can be discontinuous.
2. All operational stages may not be balanced.
3. Elaborate sequencing and scheduling is required.
4. Needs high investment.
5. Planning, routing and scheduling changes with fresh orders.
6. Storage is necessary at each stage of production process.
7. Can adjust to new situation and specification.
8. Inspection is not in line with production.

ii. Types of Intermittent System : There are two types of intermittent system :

- a. **Job Production or Project Type Production :** In this system, the goods are produced to definite customer's orders.

Example : Ship building, dam construction, bridge building, book printing, etc.

- b. **Batch Production :** The items are processed in lots or batches unlike job type system where one item is produced during each production run.

Example : Biscuit and confectionery and motor manufacturing, medicines, tinned food and hardware like nuts and bolts etc.

B. Continuous System :

1. In this system, the items are produced for the stocks and not for specific orders.

2. Here the inputs are standardized and a standard set of processes and sequence of processes can be adopted. In continuous manufacturing system each production run manufactures in large lot.

i. Features of Continuous Systems :

1. There must be continuity of demand.
2. The product must be standardized.
3. Material should be as per the specifications and delivered in time.

4. All operational stages in the process must be balanced.

5. Work must conform to quality standards.

6. Appropriate plant and equipment must be provided.

7. Maintenance must be by anticipation and not by default.

8. Inspection must be in line with production.

ii. Types of Continuous System : There are two types of continuous system :

- a. **Mass Production :** Here items are produced in large quantities and much emphasis is not given to consumers orders. Uniform and uninterrupted flow of material is maintained through predetermined sequence of operations.

Example : Newspapers and magazines etc.

- b. **Process Production :** This system is analogous to mass production system with more stress on automation in production process. The volume of production is very high.

Example : Process manufacturing goods include food, beverages, refined oil, petroleum, pharmaceuticals, chemicals and plastics, etc.

Que 1.14. Define productivity. Explain different types of production systems with appropriate examples.

AKTU 2015-16, Marks 10

Answer

- A. **Productivity :** Refer Q. 1.9, Page 1-6Y, Unit-1.

- B. **Types of Production System with Appropriate Examples :** Refer Q. 1.13, Page 1-9Y, Unit-1.

Que 1.15. Differentiate between intermittent and continuous production process.

Answer

S.No.	Intermittent Production Process	Continuous Production Process
1.	Same product is not produced continuously.	Same product is produced continuously.
2.	Items produced for order.	Items produced for stock.
3.	Production process is flexible.	Process is not flexible.
4.	Equipment used for limited time.	Regular use of equipment.
5.	Wide range of products can be produced.	Only particular type of product is produced.
6.	Smaller scale of production.	Large scale of production.
7.	Planning and control operations are complicated and tedious.	Planning and control operations are simple and easy.
8.	Capital investment may be low.	Capital investment is high.
9.	Change in location is easy.	Change in location is difficult.
10.	Product and process are not standardized.	Product and process are standardized.

Que 1.16. Differentiate between job production, batch production and mass production.

AKTU 2014-15, Marks 05

Answer

S. No.	Mass Production	Batch Production	Job Production
1.	Quantity produced is very large.	A limited batch quantity is produced.	One or few products are produced.
2.	Product is highly standardized.	Product is standardized.	As specified by the customer.
3.	Mostly single purpose machines and special purpose machines are used.	Special purpose machines and general purpose machines are used.	General purpose machines are used.
4.	Production planning is done thoroughly.	Production planning is necessary for each batch.	Production planning is done for each product.
5.	Product layout is used.	Combination of process and product layout is used.	A process layout or layout by fixed position is used.
6.	Scheduling is fixed.	Scheduling is done for each batch.	Scheduling is prepared for each job.
7.	Control function is easy.	Control function is sometimes easy.	Controlling is difficult.
8.	Semi-skilled workers are sufficient.	Semi-skilled workers are sufficient.	Highly skilled workers are needed.
9.	Unit cost is less.	Unit cost is high.	Unit cost is very high.
10.	Supervision is easy.	Supervision is not that easy.	Supervision is difficult.

Que 1.17. Differentiate between production and productivity.

Answer

S.No.	Features	Productivity	Production
1.	Definition	It is defined as the rate at which goods are produced.	It is defined as the act of manufacturing goods for their use or sale.
2.	Use	It is the utilization of resources to form goods.	It is the actual process of conversion.
3.	Work Done	It is the amount of work one gets for a certain spending cost.	It is the amount of work done or manufactured that is the output.
4.	Measurement	It is the measure of efficiency.	It is the measure of produced goods.

PART-5*Industrial Ownership.***Questions-Answers****Long Answer Type and Medium Answer Type Quest**

Que 1.18. What are the different types of industrial ownership?

Answer

Following are the different types of industrial ownership :

1. Single ownership (Sole proprietorship).
2. Partnership.
3. Joint Hindu undivided family.
4. Public sector.
5. Cooperative societies.
6. Joint sector.

Que 1.19. Explain sole proprietorship (single owner) in detail.

Answer**A. Sole Proprietorship :**

1. Sole proprietorship is a one-man business organisation.
2. It is the type of entity that is fully owned and managed by one natural person (not a legal person/entity) known as the sole proprietor.
3. It is the simplest form of business organisation and the ideal choice to run a small or medium scale business.

B. Features of Sole Proprietorship :

- i. **Lack of Legal Formalities :** A sole proprietorship does not require incorporation or registration of any kind, only a license is required to carry out the desired business.
- ii. **Liability :** Since there is no separation between the owner and the business, the liability of the owner is also unlimited.

- iii. **Risk and Profit :** The owner is the only risk bearer in a sole proprietorship. So he must bear the full risk in exchange for enjoying full profits.
- iv. **No Separate Identity :** In legal terms, the business and the owner are one and the same.
- v. **Continuity :** The death, retirement, bankruptcy, insanity, imprisonment etc will have an effect on the sole proprietorship. In most of such cases, the proprietorship will cease and the business will come to an end.
- C. **Advantages of Sole Proprietorship :**
 - i. **Easy to Setup :** A sole proprietorship does not require incorporation or registration of any kind, only a license is required to carry out the desired business.
 - ii. **Complete Control :** A proprietor will have complete control of the entire business.
 - iii. **Confidentiality :** Law does not require a proprietorship to publish its financial accounts or any other such documents to any members of the public. This allows the business a great deal of confidentiality.
 - iv. **Maximum Incentive :** The owner derives maximum incentive from the business. He does not have to share any of his profits.

D. Disadvantages of Sole Proprietorship :

- i. **Unlimited Liability :** One of the biggest limitations of a sole proprietorship is the unlimited liability of the owner.
- ii. **Limited Capital :** Own personal savings and money he can borrow may not be enough to expand the business. Banks and financial institutions are also wary lending to proprietorships.
- iii. **Life Cycle :** The life cycle of a sole proprietorship is undecided and attached to its owner.
- iv. **Limited Managerial ability :** A sole proprietor cannot be an expert in all the fields of the business. This may lead to the business suffering from mismanagement and poor decisions.

Que 1.20. Explain partnership firm in detail.

Answer**A. Partnership :**

1. The Indian Partnership Act 1932 defines a partnership as "the relation between two or more persons who have agreed to share the profits from a business carried on by either all of them or any of them on behalf of/acting for all".
2. A partnership must be a result of an agreement between two or more individuals.

3. The agreement must be built to share the profits obtained from the business.
 4. The entity is collectively called a "Partnership Firm" and all the individual members are the "Partners".
- B. Features of Partnership :**
- i. **Formation/Contract :** According to the act, a firm must be formed via a legal agreement between all the partners. So, a contract must be entered to form a partnership firm.
 - ii. **Unlimited Liability :** The partners are all individually and jointly liable for the firm and the payment of all debts. This means that even personal assets of a partner can be liquidated to meet the debts of the firm.
 - iii. **Continuity :** The death or retirement or bankruptcy or insolvency or insanity of a partner will dissolve the partnership. The remaining partners may continue the partnership if they so choose, but a new contract must be drawn up.
 - iv. **Number of Members :** As we know that there should be a minimum of two members for a partnership. For a banking business, the number of partners must not exceed ten. For a business of any other nature, the maximum number is twenty.
 - v. **Principal Agent Relationship :** While dealing with firm's transactions, each partner is entitled to represent the firm and other partners. In this way, a partner is an agent of the firm and of the other partners.
- C. Advantages of Partnership :**
- i. **Easy Formation :** It is relatively easy to form. Legal formalities associated with formation are minimal. Though, the registration of a partnership is desirable, but not obligatory.
 - ii. **More Capital Available :** Partnership overcomes the problem of funds, because there is more than one person who provide funds to the enterprise. It also increases the borrowing capacity of the firm.
 - iii. **Combined Talent, Judgment and Skill :** As there is more than one owner in partnership, all the partners are involved in decision making. Usually, partners are pooled from different specialised areas to complement each other.
 - iv. **Diffusion of Risk :** In partnership, the losses of the firm are shared by all the partners as per their agreed profit sharing ratios.
 - v. **Flexibility:** The partners can easily appreciate and quickly react to the changing conditions.
- D. Disadvantages of Partnership :**
- i. **Unlimited Liability :** In partnership firm, the liability of partners is unlimited. The partners, personal assets may be at risk if the business cannot pay its debts.
 - ii. **Divided Authority :** Sometimes disagreements between the partners over enterprise matters have destroyed many a partnership.

- iii. **Lack of Continuity :** Death or withdrawal of one partner causes the partnership to come to an end. So, there remains uncertainty in continuity of partnership.
- iv. **Risk of Implied Authority :** Risk involved in decisions taken by one partner is to be borne by other partners also.
- v. **Lack of a Central Figure :** Leadership can both uplift and derail a firm. Combined ownership takes away the possibility of leadership and lack of leadership leads to directionless operations.

Que 1.21. Explain joint Hindu Undivided Family with its features, advantages and disadvantages.

Answer

A. Joint Hindu Undivided Family :

1. The Joint Hindu Family Business or the Hindu Undivided Family (HUF) is a unique form of business organisation found only in India.
2. It is governed and dictated by the Hindu law.
3. The head of such a joint family business is the eldest member of the family, the "Karta". He is the main person responsible for the business and the finances.
4. Any person born into the family (boy or girl) upto the next coming three generations is a part of the HUF. These members are the co-parceners.

B. Features of a HUF :

- i. **Formation :** To begin a Hindu Undivided Family there must be a minimum of two related family members. There must be some assets, business or ancestral property that they have inherited or will eventually inherit. The formation of a HUF does not require any documentation and admission of new members is by birth.
- ii. **Liability :** The liability of all the various co-parceners is only upto their share of the property or business. But the Karta being the head of the HUF has unlimited liability.
- iii. **Control :** The entire control of the entity lies with the Karta.
- iv. **Continuity :** The HUF can be continued perpetually. At the death of the Karta, the next eldest member will become the Karta
- v. **Minority :** Even minor members will be a part of the HUF. But they will enjoy only the benefits of the organisation.

C. Advantages of the HUF :

- i. **Easy to Start :** It is very easy to start the Joint Hindu Family Business. No legal formalities are required to be faced, such as registration. It requires no agreement.
- ii. **Secrecy :** In Joint Hindu Family Business, all the decisions are taken by the 'Karta' himself. He is in a position to keep all the affairs to himself and maintains perfect secrecy in all matters.

- iii. **Prompt Decision :** Karta being the sole master, he takes prompt decisions and makes advantage of the opportunity.
- iv. **Credit Facilities :** In Joint Hindu Family Business the credit facilities are more. One reason for this is that liability of the 'Karta' is unlimited. Karta is having personal relations with others, which are also helpful in raising credit.
- v. **Freedom regarding Selection of Business :** The Karta is at freedom to select any business of his choice. He has not to depend on others.
- D. **Disadvantages of the HUF :**
 - i. **Limited Membership :** The membership of the business is limited to the members of family only. No outsider can become the member of Joint Hindu Family Business.
 - ii. **Limited Sources of Capital :** The capital is limited only upto the resources of one family.
 - iii. **Limited Managerial Skill :** The Karta may not be able to perform all managerial functions because of limitation of time, energy and skills.
 - iv. **Unlimited Liability :** The liability of the Karta is unlimited. The Karta is not only liable to the extent of his share in the business but his separate property is equally attachable and amount of debt can be recovered from his separate property. This factor puts a ceiling on the growth and expansion of the business.
 - v. **Misuse of Power :** The management of a Joint Hindu Family Business is centralised in the hands of Karta of the family. No other member can interfere in his management. This may lead to the misuse of power and the Karta may use the power for his personal interest.

Que 1.22. What is public sector organization? What are its aims and objectives ?

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Answer

A. **Public Sector Organization :**

1. A public sector enterprise is owned and managed by the state.
2. The aim of such enterprises is not to earn profit but to prevent unbalanced growth of industries and ultimately attain self reliance.
3. Such enterprises are accountable for their results to parliament and state legislature.
4. Public enterprises are mostly operated in case of public utility services like water supply, electricity, transportation, etc.

B. **Objectives of Public Sector Organization :**

1. Equitable distribution of wealth and income by preventing concentration of economic power in few hands.

- 2. Balanced economic development through dispersal of industrial location.
- 3. Adequate employment opportunities.
- 4. Speedy agricultural and industrial development without the growth of monopolies.
- 5. Self-sufficiency of the nation in modern technology and managerial skills so that in due course, the country need not depend on foreign collaboration in capital technology, skill, etc.
- 6. To act as role-model for private sector by avoiding exploitation of workers and consumers.

Que 1.23. What are cooperative societies? Explain them with their advantages and disadvantages.

Answer

A. **Cooperative Societies :**

1. It is a voluntary association of persons joined together on the basis of equality for fulfillment of their economic and business interests.
2. To protect the interest of weaker sections, the cooperative society is formed.
3. A group of ten persons can form a cooperative society.
4. In India, such societies function under the cooperative societies act, 1912 and other state cooperative societies act.
5. On the basis of objectives, various types of cooperatives are formed. They are consumer cooperatives, producers cooperatives, marketing cooperatives, housing cooperatives and credit cooperatives.

B. **Features of Cooperative Societies :**

1. As it is a voluntary association, the membership is also voluntary.
2. It is compulsory for the cooperative society to get registration.
3. It does not get affected by the entry or exit of its members.
4. There is a limited liability of the members of cooperative society. Liability is limited to the extent of the amount contributed by members as capital.
5. An elected managing committee has the powers to take decisions.
6. The cooperative society works on the principle of mutual help and welfare.

C. **Advantages of Cooperative Societies :**

1. It is easy to form a cooperative society.
2. The liability of every member is limited to the extent of capital contributed by him.
3. Any individual can be a member of any cooperative society.

4. Cooperatives get a financial assistance from the state governments and enjoy exemptions and concessions in taxes.
 5. The middleman's profit is eliminated as the consumers control their own supplies through cooperative societies.
 6. Each member has only one vote. Hence, it is managed in democratic manner.
 7. It has got perpetual succession and enjoys legal entity.
- D. Disadvantages of Cooperative Societies :**
1. Cooperatives do not function efficiently due to lack of managerial abilities.
 2. It does not enjoy professionalism as they cannot employ professionals at initial stages due to limited funds.
 3. Cooperatives are formed to render service to its members than to earn profit.
 4. Among the members, there exists lot of conflicts due to personality differences, ego etc.
 5. Secrecy cannot be maintained in cooperative societies.
 6. The cooperative societies mostly depend on government for financial assistance.

Que 1.24. Explain the features of Joint Stock Company with its advantages and disadvantages.

Answer

A. Joint Stock Company :

1. A joint stock company is a business organization that is owned jointly by all its shareholders.
 2. All the shareholders own a certain amount of stock in the company, which is represented by their shares.
 3. When dealing with business on a fairly large scale, a joint stock company is the most suitable form of business organization.
- B. Features of a Joint Stock Company :**
- i. **Artificial Legal Person :** A company is a legal entity like a natural person, it can do certain things, like own property in its name, enter into a contract, borrow and lend money, sue or be sued etc.
 - ii. **Separate Legal Entity :** A member of the company is not liable for the company and similarly, the company will not depend on any of its members for any business activities.
 - iii. **Incorporation :** Without incorporation, a company simply does not exist.
 - iv. **Perpetual Succession :** Members or shareholders of a company keep changing, but this does not affect the company's life.

- v. Limited Liability :** Only the company's assets can be sold off to repay its own debt. The members cannot be made to pay up.
- vi. Common Seal :** A common seal is engraved seal with the company's name on it. No document is legally binding on the company until and unless it has a common seal along with the signatures of the directors.
- vii. Transferability of Shares :** In a joint stock company, the ownership is divided into transferable units known as shares.
- C. Advantages of a Joint Stock Company :**
- i. **Limited Liability :** The liability of the member is only limited up to the unpaid amount on their shares. Since their personal wealth is safe, they are encouraged to invest in joint stock companies.
 - ii. **Transferability :** The shares of a company are transferable.
 - iii. **Perpetual Succession :** The death/retirement/insanity/etc does not affect the life of a company. Only liquidation under the Companies Act will shut down a company.
 - iv. **Efficient Management :** Very proficient, talented people are elected to the board and this results in effective and efficient management. Also, a company usually has large resources and this allows them to hire the best talent and professionals.
- D. Disadvantages of a Joint Stock Company :**
- i. **Complex and Lengthy Procedure :** One disadvantage of a joint stock company is the complex and lengthy procedure for its formation. This can take up to several weeks and is a costly affair as well.
 - ii. **Lack of Secrecy and Freedom :** According to the Companies Act, 2013 all public companies have to provide their financial records and other related documents to the registrar. These documents are then public documents, which any member of the public can access. A company has to follow a numerous number of laws, regulations, notifications etc. It not only takes up time but also reduces the freedom of a company.
 - iii. **Conflict of Interest :** A company has many stakeholders, all these stakeholders look out for their benefit and it often leads to a conflict of interest.

Que 1.25. Compare Joint Stock Company with partnership organization.

OR

What is meant by Joint Stock Company ? Compare it with partnership organization.

AKTU 2014-15, Marks 05

Answer

A. Joint Stock Company : Refer Q. 1.24, Page 1-20Y, Unit-1.

1-22 Y (Sem-6)

Introduction
B. Comparison between Joint Stock Company and Partnership Organization :

S.No.	Features	Partnership	Joint Stock Companies
1.	Minimum Number of Members	Minimum number of members is two.	Minimum number is two in a private company and seven in a public company.
2.	Maximum Number of Members	Maximum number of members is 20 in general business and 10 in banking firms.	Maximum number of members is 50 in a private company and there is no maximum limit in public company.
3.	Separate Legal Existence	No separate legal existence.	Separate legal existence.
4.	Legislation	Regulated under the Partnership Act, 1932.	Regulated under the Companies Act, 1956.
5.	Capital	Huge capital cannot be secured.	Possibility of securing huge capital.
6.	Liability	Liability of each partner is unlimited.	Liability of each shareholder is limited.
7.	Management	Managed by the partners themselves.	Management will be in the hands of elected directors.
8.	Perpetual succession	No continuous existence.	Continuous existence.

Que 1.26. Distinguish between limited and unlimited liability.

Answer

S.No.	Limited Liability	Unlimited Liability
1.	In this, liability of the investors or owner of a company is limited to the amount of money they have contributed.	In this, the liabilities of the owners or investors are not limited to the amount that they have contributed.
2.	The owners of the business are responsible for the debt equal to the value of his shares.	The owners of the business are responsible for any debt.
3.	Exists in partnership firm.	Exists in proprietorship.

Industrial Management

1-23 Y (Sem-6)

Que 1.27. What are the different patterns of industrial ownership ?

Detail any one.

AKTU 2013-14, Marks 10

Answer

- A. **Different Patterns of Industrial Ownership :** Refer Q. 1.18, Page 1-14Y, Unit-1.
 B. **Sole Proprietorship :** Refer Q. 1.19, Page 1-14Y, Unit-1.

Que 1.28. What are the different patterns of industrial ownership ? Explain them with their advantages and disadvantages.

AKTU 2016-17, Marks 10

Answer

- A. **Different Patterns of Industrial Ownership :** Refer Q. 1.18, Page 1-14Y, Unit-1.
 B. **Advantages and Disadvantages :**
 i. **Single Ownership :** Refer 1.19, Page 1-14Y, Unit-1.
 ii. **Partnership :** Refer 1.20, Page 1-15Y, Unit-1.
 iii. **Joint Hindu Undivided Family :** Refer 1.21, Page 1-17Y, Unit-1.
 iv. **Public Sector :** Refer 1.22, Page 1-18Y, Unit-1.
 v. **Cooperative Societies :** Refer 1.23, Page 1-19Y, Unit-1.
 vi. **Joint Sector :** Refer 1.24, Page 1-20Y, Unit-1.

Que 1.29. Joint Stock Company does not suffer from limitations of capital and management. Justify.

AKTU 2017-18, Marks 10

Answer

1. A joint stock company sells the shares, debentures, and bonds on large scale. So, a joint stock company can collect a large amount of capital.
2. As the number of members is not restricted, it is easy to raise huge amount of capital for a joint stock company.
3. A company has better chances of obtaining finance and credit facility as it enjoys better public confidence and reputation in the market.
4. Since the directors of companies are elected by the shareholders, they will elect efficient people who will manage the business affairs in an efficient manner.
5. These directors are generally experienced and qualified in business field. This increases the efficiency of the company.

1-24 Y (Sem-6)

Introduction

Que 1.30. Discuss the different types of ownership. Distinguish between limited and unlimited liability. AKTU 2017-18, Marks 10

Answer

- A. Different Types of Ownership : Refer Q. 1.18, Page 1-14Y, Unit-1.
B. Difference between Limited and Unlimited Liability : Refer Q. 1.26, Page 1-22Y, Unit-1.



2

UNIT

Management Function

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