

1st Assignment Test - 2020

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- ①
- ② In which year banks are nationalized in India first time? CO3
□→ Banks are nationalized in India first time in July 1969.
- ③ The higher the _____ level of the employee, the lower the job satisfaction.
□→ ⑥ Educational
- ④ Management is a creative and _____ process.
□→ ⑥ Continuous
- ⑤ The objectives in corporate governance are —
□→ ① All of the above.
- ⑥ The full form of SEBI is Securities and Exchange Board of India.
- ⑦ Explain in short on the implication of Liberalization, Privatization, and Globalization principle in Industry. CO1, CO3
□→ Liberalization →
Liberalization is any method of how a state raises limitations on some private individual ventures. Liberalization befalls when something which was forbidden or where government laws are loosened.
The basic aim of Liberalization was to put an end to those restrictions which became hindrances in the development and growth of the nation. The loosening of government control in a country and when private sector companies start working without or with fewer restrictions and government allow private players to expand for the growth of the country depicts Liberalization in a country.

• Some objectives of Liberalization Policy

- ① To increase competition amongst domestic industries.
- ② To encourage foreign trade with other countries with regulated imports and exports.
- ③ Enhancement of foreign capital and technology.

Privatization →

This is the second of the three policies of LPG. It is the increment of the dominating role of private sector companies and the reduced role of public sector companies. In other words, it is the reduction of ownership of the management of a government-owned enterprise.

Government companies can be converted into private companies in two ways -

- By disinvestment
- By withdrawal of governmental ownership and management of public sector companies.

• Some objectives of Privatization

- ⊗ Improve the financial situation of the government.
- ⊗ Reduce the workload of public sector companies.
- ⊗ Raise funds from disinvestment.

Globalization →

It means to integrate the economy of one country with the global economy. During Globalization the main focus is on foreign investment. It is the last policy of LPG to be implemented.

Globalization as a term has a very complex phenomenon. The main aim is to transform the world as a whole by setting various strategic policies. Globalization is attempting to create a borderless world, wherein the need of one country can be driven from across the globe and turning into one large economy.

• Some objectives of Globalization

- ⊗ To increase international trade.
- ⊗ Improve the status of various underdeveloped nations by giving a chance to showcase their goods and services in the global market.
- ⊗ It aims at bringing the market closer than before.

③ Write any five elements of 14 principles of Management Theory by Henry Fayol. Co2, Co4.

⇒ Five elements of 14 principles of Management Theory by Henry Fayol are —

① Division of Work →

In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

② Authority and Responsibility →

The authority and responsibility are related to each other. Authority means the right to give orders while the responsibility means being accountable. Thus, to whom so ever the authority is given to exact obedience must be held accountable for anything that goes wrong.

③ Discipline →

The individuals working in the organization must be well-disciplined. The discipline refers to the obedience, behavior, respect shown by the employees towards others.

④ Unity of Command →

According to this principle, an individual in the organization must receive orders from only one supervisor. In case an individual has the reporting relationship with more than one supervisor then there may be more conflicts with respect to whose instructions to be followed.

⑤ Unity of Direction →

Unity of Direction means, all the individual or groups performing different kinds of a task must be directed towards the common objective of the organization.

⑤ What are merits and demerits of a public limited company? (04/5/20)

⇒ Public Limited Company ⇒

A public limited company is a type of large business that has offered shares to the general public and has limited liability. Its shares can be acquired by anyone, either privately, during an initial public offering, or through trading on the stock market. For the business, that means shares can be sold to investors to raise capital to pump into the firm.

• Merits of a public limited company ⇒

① More Capital ⇒

(i) Selling shares to the public means that anyone can invest in your company, meaning greater options for where to source value funds.

(ii) Potentially, this can raise significant funds if your company is particularly appealing to the public and traders.

② More attention ⇒

(i) Being listed on an exchange ensures that hedge funds, mutual funds, and other traders take note of your business. More interest means more business opportunities for you on top of more capital to be gained.

(ii) It's the ideal way to make your business a more prominent name in your field.

③ Growth and expansion opportunities ⇒

(i) By having less risk, it's the perfect opportunity for growing and expanding your business - investing into new projects and products, through the money gained via shares.

• Demerits of a public limited company ⇒

① More regulation ⇒

(i) Regulation is far more stringent when you run your company as PLC. If you want your shares listed, you need to meet strict disclosure and filing requirements for the London Stock Exchange, and to keep up to date with such requirements on a regular basis.

* High initial financial commitment →

- (i) In order to trade, your company must start with at least £50,000 of nominal share capital with at least 25% of which is paid up.
- (ii) That's much higher than the financial needs of a private company, with further costs potentially coming from legal and investment professionals advising you on your listing process.

* Vulnerable to takeovers →

- (i) It's useful having the risk spread out, but that also means your company is vulnerable to takeovers. This is particularly relevant if a majority of shareholders agree to a takeover bid.
- (ii) It's much harder to control who is a shareholder of your company, so there's a possibility of losing control of the direction of your business.