



MAHARASHTRA STATE BOARD OF TECHNICAL EDUCATION

(Autonomous)

(ISO/IEC - 27001 - 2005 Certified)

SUMMER – 16 EXAMINATION

Subject Code : 12219

Model Answer

Important Instructions to examiners:

- 1) The answers should be examined by key words and not as word-to-word as given in the model answer scheme.
 - 2) The model answer and the answer written by candidate may vary but the examiner may try to assess the understanding level of the candidate.
 - 3) The language errors such as grammatical, spelling errors should not be given more Importance (Not applicable for subject English and Communication Skills).
 - 4) While assessing figures, examiner may give credit for principal components indicated in the figure. The figures drawn by candidate and model answer may vary. The examiner may give credit for any equivalent figure drawn.
 - 5) Credits may be given step wise for numerical problems. In some cases, the assumed constant values may vary and there may be some difference in the candidate's answers and model answer.
 - 6) In case of some questions credit may be given by judgement on part of examiner of relevant answer based on candidate's understanding.
 - 7) For programming language papers, credit may be given to any other program based on equivalent concept.
-

Q.1 (a) (01 mark for definition and 03 for strengths and weakness)

Globalization : International companies seeking local market volume may spread their growth in more than one country. These companies can take advantage of their specialization and expertise in a particular field.

Strengths of globalization :

- 1) Scope for expansion for private sector.
- 2) Relaxations as foreign investment.
- 3) Foreign technologies may be inducted.
- 4) Lucid govt policies for license.
- 5) Better product mix for auto component.

Weakness of globalization :

- 1) Policy may create disparity in income in country.
- 2) May safeguard the interest of multinationals
- 3) International interest may over national interest.
- 4) Freedom to multinationals may create their monopoly.



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Q.1 (b):(02 marks for definition)

Management : Management is simply defined as getting workdone from others. It is the art of getting workdone through the frame work of organization.

Characteristics of management : (02 marks ½ for each)

1. It is a distinct process
2. It is goal/objective oriented
3. It organizes and channelize resources in a specific manner
4. It represents system of authority-hierarchy of command and control
5. It works as a catalyst to produce goods using labour, material and capital, resources in a systematic manner

Q.1 (c) (02 marks for objectives and 02 for formation)

Main objectives of the cooperative society are as follows

1. It is a voluntary organization. A member acan continue his membership as long as he desires. And can by giving notice withdraw his capital and cease to be a member.
2. There is no limit to the membership. Face value of the share is kept as Rs.10. Thus small value of share makes it possible to enroll large number of persons.
3. Its management is based on democratic basis of equality, therefore every member can cast only one vote whatsoever the number of shares he has.
4. Its objective to serve the members to earn profit.

Formation of co operative societies : To start a cooperative society an application is submitted to registrar of the cooperative society. The officials of this department will attend the first general body meeting in which bye-laws are formed to govern the society and the directors are elected by the share holders. If the authorities are satisfied about its soundness a license will be issued by the registrar and thus a society is formed, Board of Directors meet at least one in three months

Q.1 (d) (02 marks for need and 02 for methods)

Need of training workers :

All training activities must be related to the specific need of the organization and individual employees. In order to identify training needs the gap between the existing and required levels of knowledge, skills, performance and aptitudes should be specified, and the problem area need to resolved through training should be identified.

In industry the training of the following cadre of the employees is essential

1. Worker



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2. Supervisor and foreman
3. Executive

The following methods can be used for training workers

1. Training by experienced workers
2. On the job training
3. Training by supervisor
4. Training by apprenticeship method
5. By special training center

Q.1 (e) : (02 marks for management and 02 for objectives)

Financial management is concerned with the acquisition (Investment), financing (arranging funds) and management of assets with some overall goal in mind.

Financing decisions regarding mix of financing, types of financing employed, dividend policies and method of acquiring funds ,i.e getting a short term loan or long term lease arrangement, sale of bonds or stock.

Asset management decision means managing the assets efficiently. Success of firm depends on the ability to raise the funds, invest in assets and manage wisely.

Financial Objectives: Following are the basic financial objectives

1. Profit maximization
2. Maximization of share holders/owners wealth
3. Identifying the strengths and weaknesses of organization
4. Planning financial strategies
5. Analysis of capital projects or alternative method of funding.
6. Cash management and preparation of detail cash budgets
7. Disciplined accounting and budgeting.

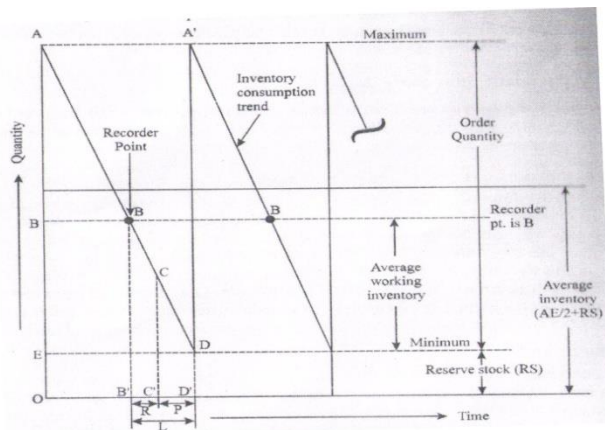
Q.1 (f) (02 marks for need and 02 for definition)

Safety stock : The safety stocks are maintained to meet uncertainties a of demand and supply. Such buffer inventories which are in excess of those necessary to just meet the average demand during the lead time are kept for protecting against the fluctuations in demand and lead time and hence are called safety stocks.



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Need of safety stock: It is required in case of any emergencies the work should not hamper and shut down. In case of any emergency this stock is utilized and the work is carried out .

Q.1 (g) (04 marks for each, any four)

Differentiate between CPM and PERT

Sr. No.	CPM	PERT
1	CPM is a critical path method	PERT is a Program Evaluation and Review Technique
2	This technique is activity based	This technique is event based
3	CPM is a deterministic tool	PERT is a probabilistic tool
4	CPM does not considers uncertainties	PERT considers uncertainties
5	CPM allows explicit estimate of cost and time	PERT basically used for planning and controls time
6	CPM is best suited for routine and those projects where time and cost estimates can be accurately calculated	PERT is more suitable for R&D related projects where the project is performed for the first time and the estimate of duration are uncertain

Q.No. 02 a) (01 marks for definition and 03 for advantages and disadvantages)



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F.W Taylor suggested the functional organization in which the duties are to be assigned according to the function performed. Each function is to be controlled by one specialist of the concerned field instead of having one supervisor as in line organization it was suggested by Taylor. He separated the clerical and official work from the production work.

The principle of specialization is used and each executive of his function becomes topmost expert in his field.

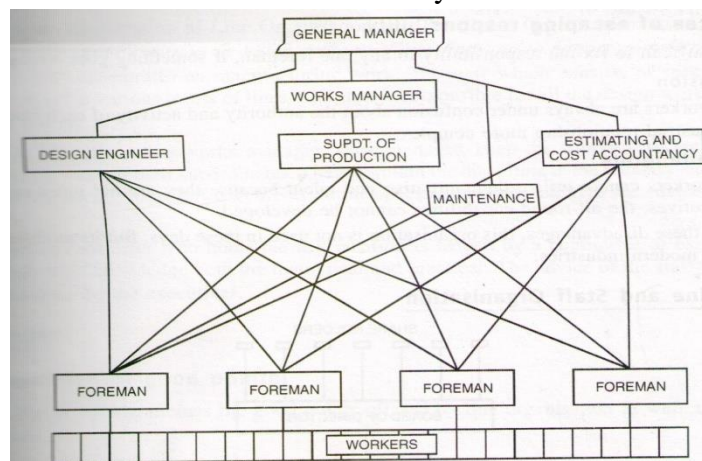
The specialist of one function bears no responsibility for other functions. The functional head can look after with greater, ability confidence and skill than the department head in the line organization.

Advantages:

1. Specialization: Specialists and experts in their own field.
2. Quick training of workers: It conveys specific knowledge and guidance to each work man through experts.
3. Scope for research a growth of industry: The specialists and experts can improve and invent the existing product.
4. Expert guidance reduces accidents and wastage of materials
5. Since each foreman is responsible for one function hence can perform his duty efficiently.
6. It fully utilizes the principle of division of labour.

Disadvantages:

1. Lack of coordination: Co-ordination of efforts of various foreman is difficult. It affects production
2. Lack of discipline: There are a number of executives of equal rank so there are chances of friction and clashes of authority among them. This leads to indiscipline and team spirit is lost.
3. Chances of escaping responsibility: It difficult to fix the responsibility to any one foreman.
4. Confusion: Workers are confused about the authority





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Functional organisation

Q.No. 02 b) (04 marks)

The accidents make an impact on productivity of an organization in so many ways

i) **Industry**

- Money is spent in repairing the damaged equipment.
- Production drops
- Money spent for compensation to the injured worker.
- Loss of money due to idle equipment.

ii) **Worker:**

- Time lost by the injured worker
- Time lost by the fellow employee who stops the work to assist the injured, stops working due to curiosity and sympathy.
- Supervisor loses the time to assist the injured, to investigate the cause of accident and reschedule the work to train the replaced worker and to prepare the accident report.
- Time spent by the first aid staff.

iii) **Society:**

- Accidents lower the morale of the work force
- Shock wave created by accident cannot be measured in terms of money.
- No form of accounting can ever recover the distress to the accident victim and his colleagues.

Hence it is imperative that accidents are avoided at any cost from economic as well as social point of view.

Q.No. 02 c) (02 marks for listing and 02 for description any two)

The main objectives of the employee's state Insurance Act, 1948 is to provide certain benefits to the employees of a factory in case of sickness, maternity, injury on duty, death of an employee etc. Where a workman is covered under ESI scheme, he cannot claim compensation from his employer under workman's compensation from his employer under the compensation Act in respect of employment injury.

Following are the different benefits provided in ESI act :

1. Medical Benefit
2. Sickness Benefit (SB)
3. Maternity Benefit (MB)



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4. Disablement Benefit
5. Temporary disablement benefit (TDB)
6. Permanent disablement benefit (PDB)

Q.No. 02 d) ((02 marks for definition and 02 for features)

The VAT was introduced into the Indian Taxation system from 1st April 2005. The existing General Sales Tax sales laws tax was replaced by Value Added Tax act. The VAT is a consumption tax that taxes the value added by businesses at each point in the production chain. It applies to manufactured goods. The business pays VAT on its purchase of inputs and collect it on its sale, whether those sales are to another businesses or the final consumer. VAT is also applicable on resale of goods. It is multipoint sales tax with set off for tax paid on purchases.

It is basically tax on value addition on the product. It is not a charge on the companies. It is charged as a percentage of prices.

Important features of VAT :

1. Rate of Tax VAT proposes to impose two types of rate of tax mainly:

4% on declared goods or the goods commonly used.

10-12% on goods called Revenue Neutral Rates (RNR).
2. Uniform Rates in the VAT system, certain commodities are exempted from tax.
3. No concession to new industries
4. Collection of tax by seller/dealer at each stage.
5. VAT is not cascading or additive though the tax on the goods sold is collected at each stage, it is not cascading or additive because the net effect would be as follows: - the tax, previously paid on the sale of goods, would be fully adjusted. It will be like levying tax on goods, sold in the last state or at retail stage.

Q.No. 02 e) (02 marks for listing and 02 for description any two)

The following are the sources of finance for raising fixed capital :

- **Banks**
- **Finance companies and Insurance companies**
- **Plants leasing companies**
- **National small industries Corporation NSIC**
- **State fiancé corporation**
- **Private discounting agencies**
- **Private money lenders**



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Plant leasing: Leasing of plant and equipments in the most recent and popular source of external finance. Leasing companies provide the required equipments on lease basis i.e. purchase on behalf of the client and give them on lease. The clients pay some nominal deposits and monthly rent for the equipments taken on lease.

Hire- purchase: The fixed assets are given on hire purchase basis to the clients where some initial down payment/deposit is required to be made and rest of the amount is payable in installments. However ownership is not transferred to the client till all amount is repaid.

Many types of machineries and buildings are provided on hire purchase basis

Q.No. 02 f) (02 marks for definition and 02 for structure)

Quality Circle: - It is basically a small group of employees who volunteer to meet regularly to undertake work related projects and evolve recommendations to improve efficiency in the selected functional area. Members are not selected / nominated in quality circle. An ideal size of group is 8 to 10 members.

Organisational structure for quality circle :

A Quality Circle has an appropriate organisational structure for its effective and efficient performance.

1. A steering committee: This is at the top of the structure. It is headed by a senior executive and includes representatives from the top management personnel and human resources development people. It establishes policy, plans and directs the program and meets usually once in a month.
2. Co-ordinator: He may be a Personnel or Administrative officer who co-ordinates and supervises the work of the facilitators and administers the programme.
3. Facilitator: He may be a senior supervisory officer. He co-ordinates the works of several quality circles through the Circle leaders.
4. Circle leader: Leaders may be from lowest level workers or Supervisors. A Circle leader organises and conducts Circle activities.
5. Circle members : They may be staff workers. Without circle members the programme cannot exist. They are the lifeblood of quality circles. They should attend all meetings as far as possible, offer suggestions and ideas, participate actively in group process, take training seriously with a receptive attitude.



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Q.No. 3 a)(1/2 mark for each any eight)

Following are the eight areas in industrial sectors in India

1. Iron and steel industries
2. Petrochemical industries
3. Jute industries
4. Cotton and textile
5. Paper industries
6. Sugar industries
7. Cement industries
8. Electronics industries
9. Automobile industries

Q.No. 3 b) (01 mark each any four)

Stages in effective decision making :

1. Defining the problem
2. Analyzing the problem
3. Developing alternative solution
4. Deciding upon the best solution
5. Converting the decision into effective action
6. Implementing and verifying the decision

Q.No. 3 c)(02 marks for explanation 01 for advantages and 01 for disadvantages)

Individual or single ownership : This is also called private undertaking : When an individual exercises and enjoys these rights in his own interests it is called as individual ownership . It has little capital . Examples are printing press, auto repair shop, wood working plant etc,

Advantages :

1. Easy to establish as it does not require to complete any legal formality.
2. Simplicity of organization
3. Expenses in starting the business are minimal
4. Owner is free to make all decisions



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Disadvantages :

1. The owner is liable for all obligations and debts of the business
2. Business may not be successful if the owner has limited money and lack of ability to run the business
3. Due to unstable nature of business , it is difficult to raise capital for expanding the business
4. There is limited opportunity for employees as regards monetary rewards and promotions.

Q.No. 3 d)(04 marks for complete description)

Investigation procedure and analysis for an accident by a supervisor: The basic purpose of accident investigation is to determine specific cause or causes due to which accidents has taken place, and also the circumstances under which accidents has occurred. For all these supervisor has to collect all the necessary factual information, analyze it and make necessary corrective action so as to prevent such accidents in future.

The procedure for accident investigation should contain some following questions for which supervisor should look for answers.

1 What exactly happens?

1. Who got hurt and extent of injury and at what time it has happened
2. The type and quantity of materials or parts spoiled
3. Whether damage occurs to machine or equipment? If so extent of damage.
4. Whether machine or equipment so affected can use without repair . If not possible repairing cost.
5. Whether anybody was involved in accident (Manmade) the person or department who can be held responsible

B) Why it is happened?

1. Is it a human error? If yes, is it due to carelessness, lack of knowledge / skills ?
2. Whether the machine working properly, all the preventive measures are taken and relays operating properly
3. How to prevent recurrence of such accidents.



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4. Does it require special training to improve the knowledge and skills to the required level?

By referring the answers of all these questions supervisor can make analysis of the particular accident.

Q 3 e) (04 marks for complete solution)

We have,

$$U = 16000$$

$$P = 45, C = 2, I = 10\% = 0.1$$

$$EOQ = \sqrt{\frac{2UP}{CI}} = \sqrt{\frac{2 \times 16000 \times 45}{2 \times 0.10}}$$

$$Q = 2683.30$$

$$\text{Cycle time} = \frac{16000}{2683.30} = 6 -$$

$$\text{Units} = \frac{16000}{6} = 2883 \text{ Units.}$$

$$\begin{aligned} \text{Variable cost} &= \sqrt{2ADH} \\ &= \sqrt{2 \times 2 \times 16000 \times 45} \\ &= \sqrt{288000} \end{aligned}$$

$$= 536.65$$

Q.No. 3 f) (04 marks for complete description)

1. Implementation methodology of ERP: Following is the methodology of ERP:
2. Definition of the scope of the project



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3. Identification of the objectives and deliverables
4. Project organization
5. Identifying an executive responsible for successful implementation of ERP
6. Establish a senior management steering committee
7. Establish a project team
8. Define the role of consultant
9. Work plan development
10. Assessment of business of the company: where it is today and where it wants to go
11. Execution of key managers
12. Cost benefit analysis

Q.No. 4 a) (02 for listing and 06 for description, any four)

1. Plan has the following elements:-
2. Aim
3. Objectives:
4. Policies:
5. Procedures:
6. Methods:
7. Rules:
8. Budget:
9. Programmes:
10. Strategics:

1. Aim:

Any organisation should have definite aim. The aim should be clearly defined so that it can guide and direct the activities of the enterprise. The main aim of a cooperative organisation is to do service and to improve the economic conditions of members. Calvert's definition of cooperation clearly exhibits this aim.

2. Objectives:

People say "Effective management is management by objectives". A cooperative organisation can have sub-objectives for each department or sections and they can be united to have board based objective.



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3. Policies:

policy is a verbal, written or implied basic guide that provides direction to a manager for action. Policies guide the actions of an organization's performance and its objectives in the various areas of operation.

4. Procedures:

Procedures spell out the actions to be taken out in practice to achieve the organizations objectives as stated in the policies. Procedures may be static or changed often. Organizations have set procedures for procuring raw materials, recruitment of personnel etc.

5. Methods:

Methods are work plans, since they provide the manner and order, keeping the objectives, time and facilities available. Methods involve only one department and one person. They contribute to the efficiency in working and help work planning and control. Methods are used in manufacturing, marketing and office work.

6. Rules:

Rules are different from procedures and policies. A rule requires a specific and definite action be taken or not taken with respect to a situation. Rules do not allow any discretion in their application. Also they do not allow any leniency to come in the way of their application.

7. Budget:

Budget is essentially a plan expressed in quantitative terms. Budgets involve both planning and control element. Like the plan, budget is flexible, realistic and operates within a framework. A budget is differentiated from other plans in the following respects:-

- a. It is a tool for planning and control.
- b. A budget covers specific period.
- c. Budget is expressed in financial terms.

8. Programmes:



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Programmes show the way and lay down procedure for activities to take place within a time limit for accomplishing, the stated objectives. The constituents of a programme are objectives, policies, procedures, rules, methods and resources to be made use for obtaining the objectives. Programmes enable the management to anticipate and prepare them ahead to meet future eventualities.

9. Strategics:

Koontz and O'Donnell consider this as an important planning element. "Strategy concerns the direction in which human and physical resources will be deployed and applied in order to maximize the chance of achieving a selected objective in the face of difficulties".

Q.No. 4 b) (04 marks for need and 04 for principles)

Need of taxation :

Although unpopular (and many may argue, unfair), taxes are a necessary . The standard of living of a modern society demands it; governments must collect the revenues in order to provide the goods and services that their citizens need, want and demand.

Principles of taxation :

1. The principle of simplicity

This is Ability of the taxpayer to understand. The principle of simplicity is one of principles of taxation and it advocates that Tax system should be plain, simple to understand by the common taxpayers. It should not be complicated to understand how to calculate and ultimately ascertain how much to be paid. This principle of taxation is so important in that it helps in avoiding corruption as well as exploitation by the taxing Authority

2. The principle of convenience

This principle emphasizes that both time and manner in which payments are executed should be convenient to the taxpayer. An Economist by Names of Adam Smith said that



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'Every Tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay'. For instance the payment of Value Added Tax and Excise duty by the consumer is very convenient because the consumer pays the Tax when he buys the commodities at the time when he has the means to buy the product. Furthermore, the manner of payment is also convenient because these Taxes are inclusive in the prices of the commodities

3. The principle of certainty

According to Adam Smith, there should be certainty in taxation because uncertainty creates favourable climate for tax evasion hence compromising with the Taxation objectives. By this principle, it means that, the tax which each individual taxpayer is bound to pay should be certain. The time, the manner of payment and the amount to be paid must be clear to the taxpayer. Thus, this requires that there should be no element of arbitrariness in a tax. It should be in relation to ascertaining as to when, what and where the tax is to be paid

4. Principle of Equality :

Taxes should be allocated among individuals fairly and reasonably. In taxation systems, the principle of equality is considered as the most important. As Adam Smith put it forward 'The subjects of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities'. This implies that every person should pay the tax according to his ability and not the same amount. It further means that every taxpayer should not pay at the same rate; rather every taxpayer should pay the tax proportion to his income of the taxpayer blanket

Q.No. 4 c) (04 marks for definition 02 for formula and 02 for importance)

EOQ:-

The Economic Order Quantity (EOQ) is the number of units that a company should add to inventory with each order to minimize the total costs of inventory such as holding costs, order costs, and shortage costs.

$$EOQ = \sqrt{\frac{2 * U * P}{C * I}}$$

Where,
Q = Economic order quantity
U = Annual usage quantity
P = Procurement cost
C = Per unit cost
I = Inventory carrying cost



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Importance : It enables us to control stock in stores , it enables the manufacturer to know how much to produce.

The EOQ provides a model for calculating the appropriate reorder point and the optimal reorder quantity to ensure the instantaneous replenishment of inventory with no shortages. It can be a valuable tool for small business owners who need to make decisions about how much inventory to keep on hand, how many items to order each time, and how often to reorder to incur the lowest possible costs.

Q.No. 5 a) Comparison between co operative society and Joint Stock company (Any eight points, one mark each)

Sr. No	Points	Co operative society	Joint stock company
1	registration	Co operative societies can be registered with the registrar of cooperative societies at every district place	Public limited or joint stock company can be registered with the registrar of companies at state capital
2	Members strength	Minimum 10 members, maximum no limit, but like minded persons	Minimum 7members, maximum no limit,
3	Motives	Main motto is to provide service to the members of the society	Main motive is to earn profit to make business
4	Capital formation	Capital is raised through contribution by members or by loans from cooperative banks	Capital is raised by selling shares or debentures or loans from industrial banks
5	Management and remuneration	Management is done by an office bearers, may be 02 or 03, but salary is not provided to office bearers	Management is done by board of directors may be 10-12. They are paid employs
6	Shares	Shares can not be transferred to any members or outside persons	Shares can be transferred without any legal hitch



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7	Financial liability	The liability of the member is restricted to the share money only, but one member can not purchase share of other	The liability is restricted to the share money only. However one member can purchase share of other person
8	Voting right	Every member has only one vote irrespective of share purchased	Every member will have the votes according to the shares he possesses
9	Governing law	Any matter can be dealt with as per the cooperative societies act by registrar of co operative society	Any matter can be dealt with as per Indian companies act and registrar of joint stock companies
10	Dissolutions	The society can be dissolved as per the rules of society act	The company can be dissolved as per the company act

Q. 5 b) (04 marks for description 04 marks for application)

The workman compensation act 1923 aims at providing payment to certain claims of employees for injuries or death due to accidents. The workman compensation act provides the guideline and legal aspect for the compensation to the concern workman for the injury occurred due to accident while working in for organization. Workman compensation act provides legal support to the workman for their claims for compensation also specifies the conditions at which employer should be payable to the workman so that these guidelines reduces the quarrels between employer and employee.

The main objectives of the act are:-

- 1) To provide workman / their dependents compensation in case of accidents
- 2) To lay various amounts payable in case of accidents to workman
- 3) To clarify various terms such as dependent, nominee, minor etc.
- 4) To define partial and total disablement conditions
- 5) To specify various conditions for compensation

Application: It is applicable to all parts of Indian union except to the state of Jammu and Kashmir.

Q.No. 5 c) (04 marks for description 04 marks for significance)

ABC Analysis:-



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It is a technique which is used to classify the items in store into A, B and C class items based on demand of the stock. If the stock on hand of a particular items becomes less than or equal to its reorder level immediately an order is placed for its economical quantity.

A: -Items are high valued items but are limited or few in numbers. They need careful and close inventory control.

B: -Items are medium valued items and their number lies between A and C. Such items need moderate control. They are more important than C-Items and also required careful storages and handing.

C: -Items are low valued but maximum number of items. These items do not need in any control rather controlling them is uneconomical. They are generally produced just before they finish.

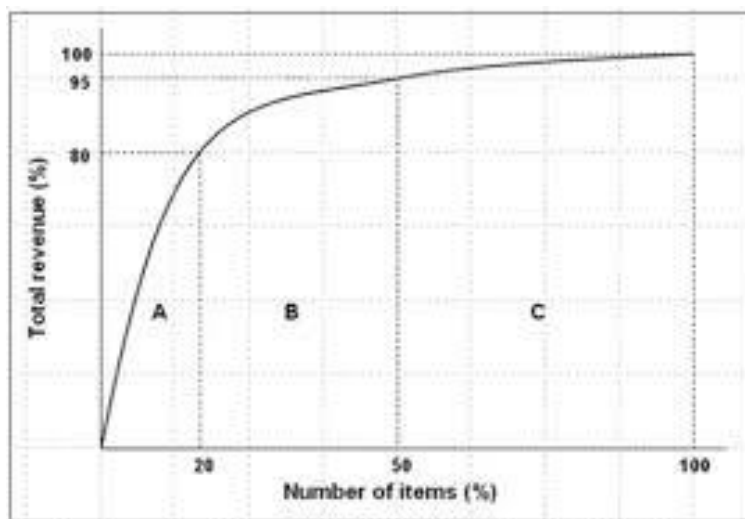


Figure:- Graphical Representation of ABC analysis

Example of ABC Analysis (Any other similar type of example for explanation can be considered)

Item number	101	102	103	104	105	106	107	108	109	110
Unit cost	5	11	15	8	7	16	20	4	9	12
Annual demand	48000	2000	300	800	4800	1200	18000	300	5000	500

	Percentage of items	Percentage value of annual usage	
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Class A items	About 20%	About 80%	Close day to day control
Class B items	About 30%	About 15%	Regular review
Class C items	About 50%	About 5%	Infrequent review

Significance of ABC Analysis :

By concerning on 'A' category the materials manager is able to control inventories and show visible results in a short span of time, By controlling the 'A' its and doing a proper inventory analysis, obsolete stocks are automatically pinpointed. Many organizations have claimed that the ABC analysis has helped in reducing the clerical costs and resulted in better planning and improved inventory turnover. ABC analysis has to be resorted to because equal attention to 'A' 'B' and 'C' items will not be worth while and would be very expensive. Concentrating on all the items is likely to have a diffused effect on all the items irrespective of the priorities.

Q.No. 6 a) (01 mark each, any four)

Relationship between Administration, Management and Organization:

- Management is a process actuated by manager/leader for achieving the goals of organization.
- Management is liaison between organization and administration.
- Management receives directions and policies from administration and it will be implemented by manager by using organization.
- Administration is deciding the goals, formulating policies but not an implementing agency.
- Administrative functions are by and large legislative and determinative.
- Organization is a group which includes management and administrative structure.
- The administration decides goals, policies for an organization/ enterprise and management strives hard to achieve these goals of course by using the skills and resources available in organization itself.
- For administration and management to function properly organization provides the proper structures.
- Administration provides direction (directive body), Management properly execute it (Executive function) with the help organization's resources.



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Q.No. 6 b)(02 marks for description and 02 for contents)

Partnership Deed: A partnership deed is a document which is must for partnership to exist and commence. The Indian partnership act defines certain rights and duties of a partner, but mostly provision of Act comes into operation only when there is no agreement among the partners. It is for this reason that Partnership Deed is the document which is duly prepared and stamped.

The contents of partnership deed are listed below.

- The type and nature of business
- The exact name of business, place and town.
- The amount of capital to be collected from all partners.
- The method of preparing accounts and agreements for audit.
- The distribution ratio of profit between the partners.
- The method by which a partner may retire.
- The method of admission of goodwill on addition, on retirement or on death of any partner.
- The method of revaluation of assets and liabilities on admission and retirement of any partner.
- Procedure for expulsion of partner if necessary.
- Arbitration in case of disputes among partners.
- The circumstances under which the partnership stands dissolve.

Q.No. 6 c) (01 mark each, any four)

The various provisions related to health as mentioned in factories act are listed below.

1. Cleanliness: Every factory should be kept clean and free from drain and dirt. It should be white washed at least once in 14 month period, or painted at list once in 5 years. Floors should be swept and cleaned at least once in every week with some disinfectant fluid.
2. Disposal of wastes and effluents: Effective arrangement shall be made for disposal and treatment. ETP (Effluent Treatment Plants) are to be erected as far as possible.
3. Ventilation & Temperature: Provisions should be there for circulation of fresh air and temperature should be maintained by building walls and roof of such material as would keep it within reasonable limit. High temperature should be controlled by white washing, spraying and insulating the factory premises and by screening outside walls, roofs and windows.



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4. Dust & Fumes: Effective measures to be taken to prevent or reduce the inhalation and accumulation of dust and fumes. Exhaust appliances should be used near the point of origin of dust & fumes.
 5. Lighting: Sufficient and suitable lighting natural or artificial or both should be made available in the factory premises.
 6. Overcrowding: No room should be over crowded. There should be at least 9 square feet area.
 7. Drinking water: a sufficient quantity of cool drinking water should be made available for the employees throughout the year.
 8. Conservancy arrangements: Adequate latrines and urinal should be separately provided for men and women employees.
 9. Spittoon: A sufficient number of spittoon should be provided at convenient place in every factory and these should be maintained clean and in hygienic conditions.

Q.No. 6 d) (02 mark for definition and 02 for description any two)

Account : A record of a business transaction in summary form is called account.

Following are the types of accounts:

- 1 Profit and loss account** : it starts with the item of gross profit or loss , as the case may be transferred from trading account. It is opened with gross profit on its credit side or gross loss on the debit side. Balance of all indirect expenses accounts are transferred to debit whereas balances of all income and gains are transferred to credit side. The difference between debit and credit represents the net profit or net loss of the business for an accounting period.
- 2 Balance sheet** : It is a statement which shows assets and liabilities of the business and capital invested on a particular date. It shows the financial positions of the business on a particular date. Left hand shows total liabilities and right hand side shows total assets of the business.

Q.No. 6 e) (01 mark each, any four)



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Assumptions while plotting the Break even chart:

- i. It is assumed that over the entire range of volume of production all costs are perfectly variable.
- ii. It is assumed that over the entire range of volume of production all costs are constant fixed.
- iii. It is assumed that with the physical volume of production all revenue is perfectly variable.
- iv. The volume of sales and volume of production are equal.
- v. It is assumed that for multi-products firms, the product mix should be stable.

Q 6 f) (02 mark for description and 02 for importance)

Concept of six sigma quality approach:

Sigma stands for spread or variation and it is related to Bell shaped curve of normal distribution. The Bell shaped curve implies that the centre line is mean (or exact dimension to achieve) however due to inaccuracies during process the deviation (std deviation) occurs from mean. The Bell shaped curve (Normal Distribution Curve) signifies that due to inaccuracies during process deviation occurs from mean but it should be within specified permissible limit of $1-\sigma$, $2-\sigma$ or $3-\sigma$.

- When we say variation or deviation is $\pm 1-\sigma$ it indicates 68.3 % of parts produced by the process are within dimensional limit of mean $\pm 1-\sigma$ i.e. total 2 sigma variation.
- When variation or deviation is $\pm 2-\sigma$ it indicates 95.5 % of parts produced by the process are within dimensional limit of mean $\pm 2-\sigma$ i.e. total 4 sigma variation.
- When variation or deviation is $\pm 3-\sigma$ it indicates 99.7 % of parts produced by the process are within dimensional limit of mean $\pm 3-\sigma$ i.e. total 6 sigma variation.

Importance:

- i. Continuous focus on the customer's requirements;
- ii. Using measurements and statistics to identify and measure variation in the production process and other business processes;
- iii. Identifying the root causes of problems;
- iv. Emphasis on process improvement to remove variation from the production process or other;
- v. Business processes and therefore lower defects and improve customer satisfaction;



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- vi. Pro-active management focusing on problem prevention, continuous improvement and constants;
 - vii. Striving for perfections;
 - viii. Cross-functional collaboration within the organization; and
 - ix. Setting very high targets.