

# ENTREPRENEURSHIP AND INDUSTRIAL MANAGEMENT

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## 1-WHAT IS MANAGEMENT? WHAT ARE VARIOUS FUNCTIONS OF MANAGEMENT.

ans-

management is the combination of some letter, when we divide the word management then we got (manage- men- t ).That means manage people tactfully to achieve the organizational goal.

1-Planning

2-Organising

3-Staffing

4-Directing

5-Controlling

6-Co-ordinating

7-Motivating

### 1-planning:-

Plannig means deciding a future course of action to be performed by all the person in the management process. It involve study of future and selection of best alternative among the alternative available. For proper planning we look over following points-

.what is to be done?

.how it is to be done?

.where it is to be done?

.when it is to be done?

.by whom it is to be done?

**2-Organising**:- IT is one of the basic function of management, To organige a business is to provide it with everything useful to its functioning raw material, machine ,and tools, capital and personal. it generally helps to carry out the plans. organising is nothing but the creation of framework for efficient management of an organisation.

3-**Staffing** :- It simply means "putting people to jobs". staffing is the functions by which manager builds an organisation through the recruitment, selection and development of individuals as capable

employees. Staffing is nothing but filling up the positions created in the organisation structure, there are some steps in staffing process,

**Human resource planning < recruitment < selection < placement < training < Appraisal < promotion < Remuneration .**

this is the chain by which staffing is conducted to achieve organisational goal.

4- **Directing**:- Directing as a function of management means instructing, guiding, supervising, motivating, and leading the subordinates to contribute to the best of their capabilities for the achievement of group goals. "Direction is the executive function of guiding and observing subordinates. So directing is entirely a human function which involves managing the managers and workers by means of motivation, proper leadership, effective communication and co-ordination. A manager must have leadership qualities and know how to direct.

5- **controlling**:- controlling is the process of checking, measuring, and regulating the on-going activities of the organisation to ensure that they are in conformity with the predetermined plans and produce the desired result. "controlling is the process of taking steps to bring actual results and desired results closer together". Overall controlling ensure qualitative production and performance are never perfect.

6- **co-ordinating**:- co-ordination includes division of work and distribution of duties and responsibilities among various individuals and groups working in the organization structure. coordination ensures that all the individuals and groups work together efficiently and effectively, it helps to create good relation between top level of management and lower level of management which helps the business to achieve his goal.

7- **motivating**:- motivation are secret weapon of any individual which is helpful to cross the longest mountain without an wing. In business also motivation play an important role to manage the organization, because without motivation things don't move smoothly. Motivation is nothing but creating an internal desire in the mind of a person to do something. manager must motivate himself and the workers to achieve the goal of organization.

Apart from this there are some other functions of management like **communicating, forecasting**..where **forecasting** means prediction of future or it is base of planning and the other side **communicating** helps to built relation among various employees and workers for smooth run of business.

these are some functions of management that really needed to achieve the common goal of an organization.

**Q-2. WHAT IS BUSINESS? WHAT ARE THE VARIOUS FEATURES OF BUSINESS?**

ANS-

**BUSINESS**:- Business includes all the activities connected with production, trade, banking, insurance, finance, energy, advertising, packing, and numerous other related activities. Business is very complex process. on the other hand we can say that business include those economic activities connected with manufacturing, assembling, extracting, collecting, purchasing, selling, service etc. In single word we define" business is an economic activities which main aim is to earn profit".

## **FEATURES OF BUSINESS:**

**1-ECONOMIC ACTIVITY**

**2-PLURALITY OF PERSON**

**3-COUNTINOUES PROCESS**

**4-PURCHASE AND SALE**

**5-CUSTOMERS SATISFACTION**

**6-GOODS AND SERVICE**

**7-MONETARY CONSIDERATION**

**8-OPTIMUM UTILISATION OF RESOUCES**

**9-PROFIT MOTIVE**

**10-GOVT.CONTROL**

**11-RISK**

**12-SOCIAL ACTIVITY**

Here we explain all the points.

1-business is an economic activity of production and distribution of goods and services. it provide income source to the society by providing them an employment. it fulfill the customer wants by providing them goods and service. it is directly connected with the economic activity of the country and world.

2- there must be at least two persons or organization to carry on a business. There cannot be any business where there is only one individual or organization is involved. He need at least one customer to have a business. In simple word business can not able to run only by one person.

3- Everything needs to be continue to get best result of the work . business is not a single time activity, it is continues process of production and distribution of goods and service. A single transaction of trade cannot be termed as a business. business should be run continuously to get proper result out from that.

4- if we want to run a business we must have to purchase or sale something. as business need profit so it have to do some economical activity that can be possible by doing buying and selling activity continuously. there must be a customer as a purchaser and business as a seller to do all this activity.

5- customer are always play an important role in any business ,or we can told that there most be a customer to sell the goods and service but the businessmen must looks after the quality of the product and service that he provide to its customer because customers satisfaction is the most important key to get a success in a business.

6- There must be some goods or services ,there can be no business without involving any goods or services. The person conducting business must deal in certain goods or service for gain.

7- There must be monetary consideration ,in a business there must be a transfer of goods or service from one person to another for monetary consideration and other consideration which can be expressed as monetary term.

8- When we start a business we must use the material and non-material resources of the country ,so proper utilization of resources are the responsibility of the businessmen. over use of resource may affect the people or harm the country .so optimum utilization of resources are necessary for better economic activity.

9- Business run for one purpose only that is profit. If the motive is for any social, charitable, voluntary or mutual benefit or gain ,then it is not a business..

10- government have always control over any business and their internal and external activity. any government action have reaction on business.

11- Business is always associated with risk and uncertainty , so risk is not separate part of business. there can be no business without any risk.

12- It is an social activity , as we discuss above there must be a customer so that business have any purpose , so in that point of view we told it is an social activity for society by society.

***(3) what is business? what are various forms of business explain.***

ans-Any economical activity which main aim is to earn profit is known as business.

there are different type of business such as

**1-SOLE- PROPRIETORSHIP.**

**2-PARTNERSHIP FIRM.**

**3-JOINT HINDU FAMILY BUSINESS.**

**4-COOPERATIVE SOCIETY.**

**5-JOINT STOCK COMPANY.(private limited company, public limited company, public sector undertakings )**

(1)- when a business is started by a single person , it is known as sole-proprietorship or single ownership business. In this business the owner invest his own resources and fund to start and run a business, not only fund but he use his skills and knowledge also .he is one man army of his business who manage whole business singlely. He bear all risk and also enjoy all profit of the business. so over all in this type of business owner handled all the affairs of business and invest capital and bear all losses and enjoy the profit.

(2). The partnership agreements in India are governed by the India partnership act 1932. Partnership is defined as a relationship between persons who have agreed to share the profit of a business carried on by all or any one acting for all."**According to the partnership act 1932, " partnership is the relation between persons ,who have to share the profit of a business carried on by all or any of them acting for**

all". the person entering in to a partnership with another person are individually called "**partners**" and collectively a firm.

(3) A large number of business in India is carried on by different families and such a business is called a joint Hindu family business. It is different form of business organisation in India, which is created by the operation of law known as Hindu law. The membership in this form of business organisation can be acquired only by birth or by marriage to a male person who is the member of JHU. There are two forms of this one is DAYABHAGA which is prevalent in Bengal and Assam and another one is mitakshara law, there is a sons right by birth in the property of joint family. the business of JHU is controlled and managed by one person who is known as" KARTA ". The liabilities of Karta is unlimited.

(4) When a group of person belonging to a particular class or category or group associate themselves and start a business for their mutual benefits , it may be a "cooperative society". the main aim of a cooperative society is not to earn profit but to render the best possible services to its member. cooperative society is usually started by middle class or lower middle class or the weaker section of the society belonging to a particular area to protect their economic interest against the exploitation of rich and power businessmen. "the main aim of a cooperative society is "all for each and each for all". It is registered under the cooperative society act of 1912. it is a voluntary association of ten or more members working in the same locality, the main aim of all such co-operative society is to promote the welfare of their members.

(5) Joint stock company are most popular form of business organization not only India but also in world. The company is an association of person ,who contribute money or moneys wroth to a common stock and use it for a common purpose . it is created by law and effected by law, it is legal person a just as much as an individual , but with no physical existence.

according to Indian companies act 1956 "company means a company formed and registered under this act, " the company act has defined a company without giving a straight meaning". in simple word , the company can be described as an organization consisting of individual ,called shareholders by holding share of a company . company is act like separate legal entity, in the eye of law he is non living person having his own identity. Recently the new company act is introduced or we told that company act 1956 was amended as new company act 2013.or we say company can be defined as an artificial person created by law , having a distinctive name with a common seal, a common capital with limited liabilities and with perpetual succession.

(4) **PARTNERSHIP DEED:-** Partnership deed means the partnership agreement , where deed means agreement. Partnership is the result of an agreement among or between partners. this agreement is in written form which contain all rules and regulation for the internal management and also contains the term and condition of partnership. Partnership deed generally contains the details of the

- name of the firm
- details of partners
- capital contribution
- profit sharing ratio
- accounting period
- salary

- duration of partnership
- power, duties and responsibilities of partner

and we can say that partnership deed is the agreement where all details of partners and their internal affairs are mentioned and partner have to sign over it, which is known as partnership deed.

**(5) DEFINE PARTNERSHIP AND WHAT ARE THE VARIOUS KINDS OF PARTNERS, DISCUSS IT ?**

Ans- Partnership is the relation between persons, who have agreed to share the profit of business on by all or any of them acting for all.

- KINDS OF PARTNERS:- There are different kinds of partner such as
- Active partner
  - Sleeping or Dormant partner
  - Nominal partner
  - Partners in profit
  - Minor partner

Active partner:-

partner , who take active part in the management of the business is called active partner. He may also be called actual partner, he is an agent of the other partners in the ordinary course of business of the firm and considered a fully fledged partner, who enjoy all the rights and duties of a partner and Such partners not only contribute capital but also take active part in the management of the partnership firm . the liabilities of such partners are unlimited.

Sleeping partner:-

A sleeping partner also known as dormant partner , this type of partner does not take active part in the management of the business. He contribute capital and share the profit, which is usually less than that of the active partners. such partners has no voice in the management but the liabilities of such partner is unlimited. His relationship with the firm is not disclosed to the general public.

Nominal partner:-

\_ A partner who simply lends his name to the firm is called nominal partner. he neither contributes any capital nor take active part the management of the business but he is liable to third party like other partners. Nominal partner is known to the outsiders and does not share in the profit , but the sleeping partner shares in the profit as his relationship is kept secret.

### Partners in profit only:-

A partner, who shares in the profit only without being liable of losses is known as partners in profit only. he does not take part in the management of the business, but he is liable to third party for all debts of the firm. The liabilities of such partners are unlimited and their rights are also restricted.

### Minor partner:

Partnership arises from contract and minor is not competent to enter in to contract. a person who is below 18 years of age can not enter in to an agreement as per Indian contract act. but the partnership act provides that minor person can enter in to a partnership and become a partner. but he can not take active part in the day to day management of the firm. he share profit and loss of the firm and his liabilities is limited to the extent of his share in the business.

## **(6) WHAT ARE VARIOUS CHARACTERISTIC OF PARTNERSHIP BUSINESS ?**

**ANS- There are various characteristic of business such as**

- **ASSOCIATION OF PERSON**
- **AGREEMENT**
- **LAWFUL BUSINESS**
- **DIVISION OF PROFIT AND LOSS**
- **LIMITED LIFE**
- **BUSINESS IS CARRIED BY ALL OR ANY OF THEM ACTING FOR ALL**

a: -partnership is an association of two or more person agreeing to carry on business on sharing of profit or loss. Minimum number of partner must be 2 and maximum number of partners in a banking business is 10 and for other business is 20.

b:- partnership comes in to existence on account of an agreement among the partners and not from status or by operations of law. This agreement may be verbal or written and may be for a fixed period or for particular venture or at will.

c:- Partnership is formed to carrying some lawful business so long as the business does not come in to existence or something is not done , which may be taken as a commencement of the business, there can be no partnership.

d:- To constitute a partnership , the parties must have agreed to carry on the business and to share profit in common .Agreement to share losses is not essential since, the agreement to share profit also implies an agreement to share losses.

e:- A partnership has a limited life. it may be dissolved by the admission ,death, insolvency, incapacity, withdrawal of a partner or expiration of the term specified in the partnership agreement.

f:- Partnership is a mutual agency .Each partner is agent of the firm as well as of the other partners. moreover ,it is not necessary that every partner should actively participate in the conduct of business, what is essential is that the business must be carried on behalf of all partners.

### **(7) WHAT IS SCIENTIFIC MANAGEMENT? DESCRIBE VARIOUS PRINCIPLE OF SCIENTIFIC MANAGEMENT.**

ANS: Scientific management is an art of management which involves knowing exactly what is to be done and the best way of doing it . scientific management approach is related to finding out the works to be done ,the method to be followed, the sequence of operation , speed, manner, tools and equipment to be used ,starting time and completion time of the work etc, for the performance of work scientifically.

**F.W TAYLOR**, who is the father of scientific management define it that " scientific management is the substitution of exact scientific investigation and knowledge for the own individual judgment or opinion in all matters relating to the works done in the shop.

scientific management is connected with the finding out the solution to managerial problems which includes scientific methods of studies and observation , if we told in single word scientific management means knowing exactly what you want men to do in the best and cheapest way by applying scientific methods .

#### **➤ PRINCIPLE OF SCIENTIFIC MANAGEMENT:--**

Principle of management are statement of fundamental truth , which can be used by managers as guidelines for decision making and action under different situations. or simply we can told that principles are rules and regulations which is applied to manage the business.

- **REPLACEMENT OF OLD RULE OF THUMB:-** Rule of thumb means decision taken by managers as per their personal judgments . this principle concerned with selecting the best way of performing a job through the application of scientific analysis and not by institution or hit and trial method.
- **DIVISION OF WORK:-** This principal implies that the whole work should be divided in to sub-works and each individual should be allotted sub work according to the ability and aptitude which helps to avoid waste of time and effort caused by changes from one work to another. taylor recommended that work of all kinds must be sub divided and allotted to a number of person.
- **AUTHORITY AND RESPONSIBILITY:-** Authority means the rights to give orders and responsibilities means obligation to perform the job assigned on time. suggest that there must be a balance between authority and responsibility . authority must be two types official and personal . if we give someone



authority, responsibilities are come with it, so the person who have give authority most accept his responsibilities of his work, and when we give authority to someone we should kept on mind that the person don't able to misuse that authority so more or less authority should effect the work. we should kept it on mind proper authority are to be given with responsibilities.

- **DISCIPLINE:-** Discipline means obedience ,complying with the rules and regulation of the organization. discipline is necessary for the smooth running of the organization. taylor insists that discipline require good superiors at all level. Discipline is required not only on the part of workers but also on the part of management which help smooth running of the business and run it effectively and efficiently.
- **UNITY OF COMMAND :-** According to this principle a subordinate should receive order and instruction from one boss only and he should be accountable to him only. When each subordinate will receive clear cut order from one boss only , this will improve his performance and there will be no confusion in the mind of sub ordinate regarding whose instruction he should follow. it helps to create better relation between employee and employer, if two bosses with the same authority are their it may crate a problem to follow the order.
- **UNITY OF DIRECTION:-** This principle implies that there should be "one head and one plan" for a group of activities having the same objective. unity of direction is necessary for sound organization . taylor said that unity of direction related to the functioning of the business undertaking as a whole where as unity of command related to functioning of personal.

**(8) DOUBLE-ENTRY BOOK KEEPING:-** Maintenance of record of the financial transaction is known as book keeping , where book means record and keeping means maintaining so book keeping means record keeping or record maintaining . under this system each and every business transaction is recorded twice such as debit and credit side of the book.

**(9) ACCOUNTING:-** Accounting is means of collecting , summarizing, analyzing , and reporting in monetary terms ,information about the business. or we can also say that accounting is a science of keeping the business records in a regular and most systematic manner.

**definition-** According to( AICPA)" Accounting is the art of recording , classifying, and summarizing in a significant manner and in terms of money , transaction and events which are ,in part at least , of a financial character and interpreting the result thereof.

**(10) RULE OF DEBIT OR CREDIT or WHAT ARE DIFFERENT TYPE OF ACCOUNTS ?**

ANS- there are generally three type of accounts ,we generally called it golden rule of accounts .

- personal account--- debit the receiver , credit the giver
- real account----- debit what comes in ,credit what goes out
- nominal account---- debit all expenses and losses , credit all incomes and gains.

**(11) JOURNAL:-** The books in which a transaction is recorded for the first time from a source of document are called" Book of original Entry". we told that it is the book of primary entry ,where transaction are recorded in chronological order by following the rules of debit and credit.

**(12) LEDGER:-** A book containing all accounts of a business enterprise is known as ledger and transferring transaction from the book of original entries to their respective ledger account is known as posting. " the books which contains a classified and permanent records of all the transactions of a business is called the ledger.

**(13) WHAT IS CASH BOOK ? EXPLAIN DIFFERENT TYPE OF CASH BOOK .**

*ANS: The cash book is the book of original entry, science transaction are recorded for the first time from the source documents. it is designed in the form of a cash account and record cash receipts on the debit side and cash payment on the credit side. or we told cash book is record only cash related transaction .*

*types of cash book:-*

- single column cash book:- such cash book appears like an ordinary account, with one amount column on each side. the left hand side known as 'debit' records receipt of cash and the right hand side known as 'credit' record payments. its a real account, credit what goes out and debit what comes in.
- Double column cash book:- In double column cash book ,there is two column on each side such as cash column and discount column .all cash receipts and cash discount allowed are recorded on the debit side and all cash payments and discounts received are recorded on the credit side.
- Triple column cash book:- triple column cash book has three columns, one for cash , one bank, one for discount. it is very difficult to carry on any business without having dealing of cash. All cash receipt , deposits in to bank and discount allowed are recorded on debit side and all cash payment withdrawals from bank and discount received are recorded on the credit side.

**(14) PETTY CASH BOOK:-** There are some expenses which are very small by nature, when we prepare cash book for both large organisation and small organisation so we record transaction of lakhs and also in rupees so its create difficult in calculation. in every business of whatever size , a large number of

small payments such as traveling expenses, postage, stationary, bus fare, etc have to be made . these payments are repetitive in nature so all the small expenses are recorded in the petty cash book and known as petty expenses, and this petty cash book is maintain by cashier known as petty cashier.

type of petty cash book:-

- simple petty cash book
- imprested system petty cash book
- analytical petty cash book

**(15) CAPITAL:-** Generally owners investment is known as capital or we can told that the amount of money invested to start a business and to run it on day to day basic is known as capital.

it may be two type such as - fixed capital and working capital.

fixed capital is the amount of money invested in fixed assets like land , building, plant, machinery, equipments, tools , furniture, fixtures etc to create physical infrastructure to carry on a business.

working capital is the amount of money that is invested in the current assets and to meet day to day expenses is known as working capital . current assets are those assets which are easily converted in to cash within one year.

**(16) TRIAL BALANCE:-** Trial balance is a statement of debit and credit balance taken out from the ledger accounts including cash book. it is third phase in the accounting process. the statement is prepared with the help of ledger balance at the end of the financial year, to find out whether debit total agrees with credit total which is known as trial balance.

**(17) TRADING ACCOUNT:-**

After preparation of trial balance the next step is to prepare trading account. Trading account is one of the financial statements , which shows the result of buying and selling of goods and services during an accounting period. Trading account is prepared for calculating gross profit or gross loss arising or incurred as a result of trading activities of a business.

**(18) PROFIT AND LOSS ACCOUNT:-**

Profit and loss account is the second part of trading and profit and loss account and prepared after the preparation of trading account. The profit and loss account is prepared to ascertain the net profit and loss earned by the business at the end of the accounting period.

**(19) BALANCE SHEET:-** A balance sheet is one of the financial statement . A balance sheet is a statement of assets and liabilities of an enterprise at a given date. it is called balance sheet because it is a sheet of balance of those ledger account which have not been closed till the preparation of the trading and profit and loss account.

**(20) BREAK EVEN POINT:-** The break even analysis helps us to find out the break - even point . Break- even point is a point where the total cost is equal to total revenue, or it is also known as the point of no profit and no loss.

formula-  $BEP = (\text{total fixed cost} \div \text{contribution})$

**(21) BIN CARD:-** All the materials in the stores are not kept at one place but different place for easy identification. A particular place in the store is assigned to a particular material , hence the entire room is suitably divided in to many parts to accommodate all the materials .the place or space assigned to a particular material is called a bin so the store contains a number of bins and all the bins are numbered in a local order. There may be bins of various sizes to accommodate different materials. A card is attached to the bin which is known as "BIN CARD". All the bin card have different numbers so there is one bin card for each item of the store. generally bin card is maintained by store keeper which helps him to control the stock.

**(22) STORE LEDGER:-** The store keeper also maintains a big register for recording the receipt, issue, and balances of different materials in the store. Such a register is known as" store ledger". this register contains an account for all the items of the store and it also contains many pages so there is one page is meant for a particular material only. store ledger is maintained by store keeper and in some organization it is maintained by cost department. the store ledger also provides information about the maximum stock level ,minimum stock level etc.

**(23) GOODS RECEIVED NOTES:-** The receiving and inspecting department or the person receiving the materials in the organisation , has to prepare a goods received note. in a small organisation the goods received note is prepared by the store keeper .A goods received note is prepare showing the details of the material received if it is satisfactory. three copy of this note is prepared one copy is send to the purchase department , one copy to accounts department, and last copy kept by store keeper.

**(24) WHAT IS INVENTORY CONTROL ? DISCUSS VARIOUS IMPORTANCE OF INVENTORY CONTROL.**

ans- : Inventory is understood to be the stock of any material. in organisation inventory includes stock of raw material, spare parts, tools ,equipment, consumable store ,stationeries, finished goods, packaging material etc. Generally inventory means stock. A large amount of money is blocked in the form of inventory which is a part of working capital. Zero inventory and excess inventory both are harmful so maintenance or manage of inventory are really necessary for the organisation. inventory control refers to the decision making relating to the determination of the quantities of various items to be maintained in an organization for future needs. it includes decision relating to the quantities of various material to be produced , stored, issued, and used in an organization to avoid harassment and to achieve economy as well as efficiency.

**IMPORTANCE OF INVENTORY CONTROL:-**

- Maintain uninterrupted flow of production activities.
- to keep customers commitments.

- to take advantages of bulk purchase and price fluctuation ,better terms and condition.
- to meet the current and new demand of the people in time.
- to meet the growing market needs and to face competitions.
- to beat the uncertainties on the availability of material.
- to maintain productivity ,efficiency and effective utilization of the available resources.
- it helps to achieve economy in production and sale.
- for better management of the entire organization.

**(25) WHAT IS INVENTORY CONTROL? WHAT ARE VARIOUS TECHNIQUE OF INVENTORY CONTROL DISCUSS.**

ANS:- In above question we discuss about inventory control, here is some technique of inventory control, such as-

- 1- EOQ( Economic order quantity)
- 2- ABC analysis.
- 3- LIFO and FIFO.
- 4- PERPETUAL INVENTORY.
- 5-INVENTORY TURN OVER RATIO.

➤ **EOQ:-** The economic order quantity is called as EOQ, represent the most favorable quantity to be ordered each time fresh orders are placed. The quantity to be ordered is called economic order quantity because the purchase of this size of material is most economical. it is helpful to determine in advance as to how much should one buy.

➤ **ABC analysis:-** Here A-high value product,  
**B- moderate product**  
**C- low level product**

This is also known as always better control. it is an analytical method of control which aim at focus on those area where attention is needed must , in this technique investment in inventory can be regulated and funds can be utilized in the best possible way. It helps to keep enough safely stock for 'c' category items. It is always based on selective control that means it control over the selected inventory that helps in maintenance of high turnover rate.

➤ **LIFO and FIFO:-** Here LIFO means 'last in first out' and FIFO means 'first in first out'. It is an important principle of inventory management , which means your oldest stock sold first in FIFO, and in LIFO your fresh stock sold first . In FIFO ,it concern about old product or product that come first, if they kept for long time may be they are out dated by fashion and quality and in LIFO the stock come last are sale first because the demand of product are so high that create more profit.

- **PERPETUAL INVENTORY:-** It is also known as " the automatic inventory system" . This method designed to keep a constant track of the quantity and value of each stocked item.
  
- **INVENTORY TURNOVER RATIO:-** This is the calculation used to determine how quickly inventory is used up or ' turn over ' in a given time period . The higher the ratio the shorter the shelf life of inventory .