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Third Year Diploma Semester VI **Common for all Branches**

Management

Vijay Navale



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ADVANCEMENT OF KNOWLEDGE

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MANAGEMENT

For

Semester - VI

**Third Year Diploma Course in Engineering Group
(Common for All Branches)**

As Per MSBTE's 'G' Scheme Syllabus

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Price ₹ 200.00



N3252

Management (T.Y. Diploma - Sem. VI)

ISBN 978-93-5164-299-2

Fourth Edition : January 2018

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Published By :

NIRALI PRAKASHAN

Abhyudaya Pragati, 1312, Shivaji Nagar
Off J.M. Road, Pune – 411005
Tel - (020) 25512336/37/39, Fax - (020) 25511379
Email : niralipune@pragationline.com

Polyplate

Printed By :

YOGIRAJ PRINTERS AND BINDERS

Survey No. 10/1A, Ghule Industrial Estate
Nanded Gaon Road
Nanded, Pune - 411041
Mobile No. 9404233041/9850046517

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... working in various industries,
who were once upon a time

DIPLOMA STUDENTS

... Like you !

Preface . . .

Management function is an essential part of the industry. Similarly the subject management is an essential input for diploma engineering students. It is applicable to all branches with no exception. The concept of management and its industrial application will definitely add managerial angle making students techno-commercial professionals. This book is intended for giving such input to all the final year diploma engineering students.

I always enjoy this subject with students. Management subject has a wide spectrum in every engineer's future life. So all efforts are taken to enrich the content of this book. Care is taken to make it interesting and informative so that knowledge can be gained and also marks can be earned. I expect that the students will not only like this book but they will also love this subject to learn, imbibe and apply management in their professional life.

I really enjoyed in writing this book. It's really a pleasure to come up with a new book and especially for my dear friends who are doing diploma engineering. I am sure that you will enjoy in reading this book .

So all the best to all of you. It is said that engineers are future managers. This book will definitely help in this regard. Of course suggestions and positive criticism will be politely accepted to make this book more and more perfect, if possible.

The author thanks Shri. Dineshbhai Furia and Shri. Jigneshbhai Furia, Publisher of Nirali Prakashan and Mr. Akbar Shaikh and Mrs. Manasi Pingle of Nirali Prakashan.

Any suggestions for the improvement of this book are welcome and highly appreciated and will be incorporated in the next edition.

All the Best !

Prof. Vijay Navale

www.vijaynavale.com

Syllabus ...

1. Overview of Business

(02 Hours, 04 Marks)

- 1.1 Types of Business
 - Service
 - Manufacturing
 - Trade
- 1.2 Industrial sectors Introduction to
 - Engineering industry
 - Process industry
 - Textile industry
 - Chemical industry
 - Agro industry
 - IT industry
 - Banking, Insurance, Retail, Hospitality, Health Care
- 1.3 Globalization
 - Introduction
 - Advantages and disadvantages with respect to India

2. Management Process

(08 Hours, 08 Marks)

- 2.1 What is Management?
 - Evolution
 - Various definitions of management
 - Concept of management
 - Levels of management
 - Administration and management
 - Scientific management by F. W. Taylor
- 2.2 Principles of Management (14 principles of Henry Fayol)
- 2.3 Functions of Management
 - Planning
 - Organizing
 - Directing
 - Controlling
 - Decision Making

3. Organizational Management

(08 Hours, 08 Marks)

- 3.1 Organisation
 - Definition
 - Steps in organization
- 3.2 Types of organization
 - Line
 - Line and staff
 - Functional
 - Project

- 3.3 Departmentation
 - By product
 - By process
 - By function
- 3.4 Principles of Organisation
 - Authority and Responsibility
 - Span of Control
 - Effective Delegation
 - Balance, stability and flexibility
 - Communication
- 3.5 Forms of ownership
 - Proprietorship
 - Partnership
 - Joint stock
 - Co-operative Society
 - Government Sector

4. Industrial Safety and Legislative Acts

(08 Hours, 06 Marks)

- 4.1 Safety Management
 - Causes of accidents
 - Types of industrial accidents
 - Preventive measures
 - Safety procedures
- 4.2 Industrial Legislation - Necessity of Acts
Important Definitions and Main Provisions of following Acts:
 - Indian Factory Act
 - Workman Compensation Act
 - Minimum Wages Act

5. Financial Management (No Numerical)

(08 Hours, 08 Marks)

- 5.1 Financial Management - Objectives and Functions
- 5.2 Capital Generation and Management
 - Types of Capitals - Fixed and Working
 - Sources of raising capital - Features of Short term, Medium Term and Long Term Sources
- 5.3 Budgets and accounts
 - Types of Budgets
 - Fixed and Variable Budget - Concept
 - Production Budget - Sample format
 - Labour Budget - Sample format
 - Profit and Loss Account and Balance Sheet - Meaning, sample format, meaning of different terms involved.

5.4 Meaning and Examples of -

- Excise Tax
- Service Tax
- Income Tax
- Value Added Tax
- Custom Duty

6. Materials Management (No Numericals)

(08 Hours, 08 Marks)

6.1 Inventory Concept, its classification, functions of inventory

6.2 ABC Analysis - Necessity and Steps

6.3 Economic Order Quantity Concept, Graphical representation, Determination of EOQ

6.4 Standard steps in purchasing

6.5 Modern Techniques of Material Management

- Material Resource Planning (MRP) - Functions of MRP, Input to MRP, Benefits of MRP
- Enterprise Resource Planning (ERP) - Concept, List of modules, Advantages and disadvantages of ERP

7. Quality Management

(06 Hours, 08 Marks)

7.1 Meaning of Quality

Quality Management System - Activities, Benefits

Quality Control - Objectives, Functions, Advantages

Quality Circle - Concept, Characteristics and Objectives

Quality Assurance - Concept, Quality Assurance System

7.2 Meaning of Total Quality and TQM

Components of TQM - Concept, Elements of TQM, Benefits

7.3 Modern Technique and Systems of Quality Management like Kaizen, '5S', 6 Sigma

7.4 ISO 9001:2000 - Benefits, Main clauses

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Chapter

1

Overview of Business

1.1 Types of Business

1.1.1 Service

1.1.2 Manufacturing

1.1.3 Trade

1.2 Industrial Sectors

1.3 Globalization

1.3.1 Introduction

1.3.2 Advantages w.r.t. India

1.3.3 Disadvantages w.r.t. India

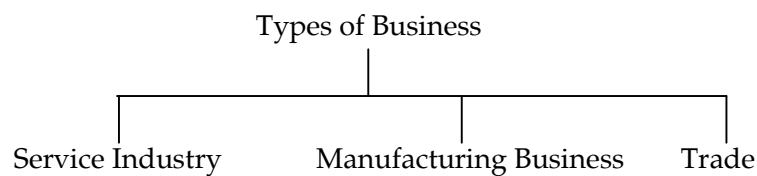
1.3.4 Impact of LPG on Indian Economy

1.3.5 Disinvestment of Government Company

- Summary
- Vocabulary
- Multiple Choice Questions
- Exercise to Students

1.1 TYPES OF BUSINESS

An Engineering student must be aware of business world around him/her. Since 1991, we observe tremendous growth of all types of businesses in India. Flourishing economy is the cause as well as the effect of this change. Engineering based businesses are the key areas of such developments. Types of businesses based on type of work are discussed in this topic. Classification of industry based on area of work and kind of ownership will be studied in the subsequent topics in the same subject. Let's study about various types of business.



1.1.1 SERVICE INDUSTRY

1. Service sector provides a service.
2. It is known as tertiary sector in economic development.
3. Service sector has occupied 60% of GDP (Gross Domestic Product).
4. In last 20 years, India has seen large scale growth in service sector.
5. Services are provided to customers like communication, consultation, hospitality, maintenance, entertainment etc.
6. These intangible services in turn give a profit to service provider by charging for a labour or rent or on other aspect.
7. The services may be provided to government or other businesses like individual consumers.
8. In last two decades, service industry observed a period of boom and contributed major share in Indian Economy. Annual growth rate of 30% is recorded during the last five years.
9. Business in service sector has following areas:
 - (a) Transportation
 - (b) Communication
 - (c) Financial
 - (d) Real estate
 - (e) Social and Personal Services
 - (f) IT and ITes
 - (g) Hotels
 - (h) Travel and Tourism
 - (i) Banking
 - (j) Education
 - (k) Health, etc.

10. The software services in Indian economy alongwith the export of products is growing at a massive pace.
11. India has the second fastest growing services sector with its compound annual growth rate of 9%.
12. The service type of business forms a backbone of social and economic development of a region.
13. This type of business is the largest and fastest growing sectors in the world economy.
14. Employment generation is also the main outcome of this partern of business.
15. Service type of business has growth rate higher than than of agriculture and manufacturing sectors.
16. It is a large and most dynamic part of the Indian economy.
17. In recent years, there is transition form agriculture based economy to knowledge based economy.
18. Information Technology and IT enabled services (ITes) is a domilnating sector in the overall growth of the Indian Industry.
19. Media and entertainment is also an upcoming service industry. It covers film, music, radio, television and live entertainment.
20. Travel and Tourism sector has to develop in the same way.
21. Health and education is the largest and most challenging sector. It is a key factor in country's overall progress.



Few Service Industries are:

Transportation : Delivery of goods and individuals from one location to another location is the transportation business. Land transportation, Air transportation, Sea transportation are the types where large number of private business partners are involved. Developments in manufacturing, service business, tourist business, as well as celebration of festivals, visits, tours and materials supply all have helped the transportation business. In spite of Government agencies like Railway, State transport buses, Indian Airlines private businesses grown tremendously in last few years in this field.

Real Estate : A lot of individuals and small/big firms entered into business of Real Estate. Especially, sub-urban areas, developing areas, SEZ prominent areas are particularly perfect business grounds for such business. Profit is gained from selling, renting, developing the properties (including home and buildings). This business is closely dependent on other businesses.

Information Business : In the world of information and knowledge based economy, a wide scale growth is seen in businesses based on information. Profits are generated primarily from the resale of intellectual property like copyright, patents etc. They include film and movie producers, publishers and packaged software companies. We may say that since last 10 - 15 years economy is completely influenced by growth of software and information technology. India is the most beneficial developing nation in this business sector.

1.1.2 MANUFACTURING BUSINESS

- It has occupied a major share in industrial sector.
- Products are produced from raw materials by using engineering technology and machinery.
- All kinds of products e.g. chairs, paints, television, automobiles, kitchenwares, pen, computers etc. are produced in this type of business.
- These products are sold at particular prices and profits are earned by the owners.
- Many other business are dependent on manufacturing business.
- In 1950's it was the phase of building the industrial foundation.
- 1965-1990 was a licence-permit raj when development was there but under tight controls.
- After 1991, there was a phase of liberalization.
- Manufacturing sector contributes about 15% of India's GDP.
- Share of manufacturing sector in export is 50%.
- Out of total workforce in India, almost 12% is working in manufacturing sector.
- Now we can say that manufacturing sector is the backbone of Indian economy.

Management



Publisher : Nirali Prakashan

ISBN : 9789351642992

Author : Vijay D. Navale

Type the URL : <http://www.kopykitab.com/product/23881>



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