

IAS Mains Management 1995

Paper I

1. Make a comparative study of the contributions of Herzberg, McGregor and Maclelland in the field of management. Under Indian conditions which of these have more relevance?
2. Answer the following questions
 - a. Quantity sold Q of a particular product is expressed as a function of the price charged P as $Q = 10,000 - 100P$. The cost of producing Q units C is given by $C = 30,000 + 50Q$. What price should be charged to maximize net revenue?
 - b. Suppose in above question a tax of Rs. 2 per unit is imposed on the manufacturer. What should be the price to maximize the profit?
 - c. Suppose variable cost to manufacture a product increases by Rs. 2 per unit. What implications will it have for the manufacturer when.
 - i. the product is price elastic in its demand:
 - ii. the product is almost inelastic?

How would the government policy be guided for levying excise and other taxes if the intention is to prevent manufactures from passing on the tax burden entirely to the consumers?

3. A manufacturer produces five products, P_1 , P_2 , P_3 , P_4 , and P_5 . The requirements of raw materials per ton for each of the products are as indicated below:

Raw Product materials	P_1	P_2	P_3	P_4	P_5
Availability (tons/day)	G 48% CH 18%	CSS 0.75 0.25 0	Tons/Day 0.34 0.66 0	Tons/Day 0.10 0.90 0	Tons/Day 1.0 0 0 1.0 0.5 12.0 18.2 2.5
Contribution (Rs. Per ton)	Rs. Per ton 400	Rs. Per ton 252	Rs. Per ton 180	Rs. Per ton 150	Rs. Per ton 125

Note: Contribution is computed as price per unit of the product minus variable cost per unit of the product. The marketing constraint for product P_1 is such that not more than 10 tons can be sold per day and that of P_2 is such that not more than 15 tons can be sold per day.

- a. If X_1 , X_2 , X_3 , X_4 and X_5 respectively represent the tons to products P_1 , P_2 , P_3 , P_4 and P_5 to be produced per day test whether the following solutions are feasible:
 - i. $X_1 = 8.4$, $X_2 = 0$, $X_3 = 12.0$, $X_4 = 0$, $X_5 = 2.5$
 - ii. $X_1 = 5.0$, $X_2 = 11.0$, $X = 0$, $X_4 = 19$, $X = 5.0$
 - iii. $X_1 = 10$, $X_2 = 12.0$, $X_3 = 4.2$, $X_4 = 4.0$, $X_5 = 5.0$
 - iv. $X_1 = 6$, $X_2 = 9$, $X_3 = 13.0$, $X_4 = 1.0$, $X_5 = 2.5$

b. Test whether any of the above solutions would maximize total contribution

c. The manufacturer is considering the possibility of expanding sales of products P1 and P2 by increasing promotional expenditure. Which of the following alternatives should be adopted?

- i. Do not promote P1 or P2
- ii. Promote P1 but not P2
- iii. Promote P2 but not P1
- iv. Promote P1 and P2 both

4. In recent times, one framework for studying an industry has gained popularity. According to this, one assesses the competitive force operating on the industry. In addition one studies government policies also. You are asked to study Indian textile industry. Write how you would assess each of these forces. Please specify the nature of data you would collect and from the collected data how you would assess the strength of each of these forces. How would the government policies directly affect these forces? These forces are:

- a. Rivalry among existing firms in the industry
- b. Bargaining power of the buyers in relation to the industry.
- c. Bargaining power of the suppliers to the industry
- d. Threat of substitutes
- e. Threats of new entries to the industry

5. What are the major forecasting methods? Give a brief description of these methods. How would you forecast the demand for television in the year 2000? What factors would influence the choice of a forecasting method?

6. Authority can be delegated but not the accountability. Comment and discuss the essentials of an effective delegation of authority.

7. Generally four categories of employees are found in an organization. These are:

- a. those who are willing to work and are also competent
- b. those who are not willing to work but are competent
- c. those who are willing to work but are not competent
- d. those who are not willing to work and are also not competent

As supervisor, how would you deal with each of the above mentioned categories of employees? Use your knowledge of theories of work motivation and leadership in deciding on a plan of action. Also give rationale for your proposed action.

8. The concept of management by objectives is said to be as old as human civilization. Do you agree? During recent year several new dimensions have been added to this new concept. Throw light on these new dimensions and show how Indian managers can be benefited by this philosophy.