

03081

MANAGEMENT PROGRAMME

Term-End Examination

June, 2015

MS-93 : MANAGEMENT OF NEW AND SMALL ENTERPRISES

Time : 3 hours

Maximum Marks : 100
(Weightage 70%)

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- Note : (i) Attempt any three questions from Section - A carrying 20 marks each.
(ii) Section - B is compulsory and carries 40 marks.
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SECTION - A

1. With special reference to the problems faced by SSI's, discuss the support which this sector needs for growth ?
2. How does marketing orientation differ from selling orientation of a product ? Explain using diagram.
3. Identify the Financial Institutions which provide assistance to small enterprises. Also discuss the schemes and types of loans offered by them.
4. What are the factors involved in taking strategic decision relating to location of a plant ? Discuss.

5. Write short notes on **any four** of the following :
- (a) Disadvantages and limitations of Partnership
 - (b) Asset Management
 - (c) Industrial Policy Resolution (IPR) 1990
 - (d) Total Performance Index
 - (e) Family Business

SECTION - B

6. **Read the case given below and answer the questions given at the end of the case :**

SUCCESS STORY OF MAHAAN FOODS

Mahaan Foods was started with just ₹ 1.79 crores. This company is run by father and son, Mr. A.N. Goyal and Rajiv Goyal. They make pickles, chutney, cooking pastes and ketchup at its factories in Himachal Pradesh and Uttar Pradesh.

Mr. A.N. Goyal handles R & D, which is key function in the company, and son Mr. Rajiv Goyal is responsible for strategy.

Mr. A.N. Goyal after graduating as a mechanical engineer in 1955 from Jadavpur University, joined the family business, Roadmaster cycles. In 1972 he shifted to Haryana Milkfoods, another family run business.

Mr. Rajiv Goyal, is an MBA from the University of San Francisco. He returned from US in 1988. With the support of the Himachal Pradesh Government they set up their plant at Paonta Sahib with an initial investment of ₹ 2 crore most of which was borrowed from state financial institutions and banks.

Liberalisation was a fortunate move for them. And this was the time they decided to expand starting their second plant at Kosi Kalan in Mathura. The plant is devoted to the manufacture of 'Casein' and 'Whey' protein concentrate. It had a tremendous scope since it is used in the pharmaceutical industry, in confectionery and in clinical and sports supplements. Whey makes it possible to produce bakery products like eggless cakes.

But in starting their second plant they faced some problems. They bought the technology for 'Whey protein concentrate' from Valio Ltd., a company in Finland. This technology they sought was suitable for Europe which uses cow's milk as opposed to the buffalo milk that is used in India. So their plant remained idle for nearly two years. To solve the problem they employed twenty five dairy technologists to develop a solution and finally they were able to arrive at a solution and production was started.

In September 1996, they entered into other food businesses also and started with the launch of pickles followed by mango chutney. And they have plans to launch atleast two products each year.

In the words of Mr. A.N. Goyal, "We offer value for money to our customers because unlike other companies that spend about 10 percent of their turnover on promotions, we have been able to keep our marketing cost at about 1 percent of retail sales. All that we save is passed to our customers". Also he said, "We have kept the size of the company under control. Our turnover has increased by over 80 times but the size of our management has merely doubled".

Questions :

- (a) What are the critical issues involved in the case related to expansion of business ?
 - (b) How did Mahaan Foods increased its turnover while keeping marketing costs at its minimum ?
7. The capacity of small manufacturers to become economically viable, technically progressive and efficient and to develop competitive strength shall be the only justification for their continence. Discuss.
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