

Seat No.	
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M.B.A. (Part - I) (Semester - I) Examination, May - 2014
PRINCIPLES AND PRACTICES OF MANAGEMENT
(Paper - I)
Sub. Code : 48320

Day and Date : Friday, 23-05-2014**Total Marks : 70****Time : 2.30 p.m. to 5.30 p.m.**

- Instructions :**
- 1) Q.No. 1 and 5 are compulsory.
 - 2) Attempt any two questions from Q.No. 2 to 4.
 - 3) Figures to the right indicate full marks.

Q1) Case Study:**[20]**

Subhiksha, which was initially hailed as Wal-Mart of India, has temporarily shut all its 1600 outlets in 110 cities. Analysts believe that there was no problem in its 'low-cost business model'. What went wrong? The chennai based subhiksha Trading services was neck-deep in Rs.600 crore of debt. It were not even able to pay its vendors because all its earnings were going to service the debt. The company is on the threshold of a closure as it has virtually no money to run its operations.

On one side, there is a viewpoint of imminent closure of the company. But on the other side, there is a strong case to service the company by raising additional Rs.300 crore as a loan and restructuring its existing debt and part with same equity stake by inviting a bound investor. This would allow the company to pay off its vendors and restart its operation at the minimal level.

The company went on an expansion blitzkrieg by opening 800 stores in a year's time. It financed its expansion through debt. The strategy was to dominate the industry and ward off the likely competitors. This expansion would have provided much needed economics - its bargaining power with the vendors to fuel its low-cost business model.

The initial sale productivity figure Subhiksha stores was Rs.12,500 per sq. feet, whereas the stores of its size needed just Rs.5000 per sq. feet to achieve breakeven. The new stores could not attain the breakeven levels, which levered the productivity figures. With lower sales, coupled with high debt cost. The cash-flow project ions went for a six.

Some experts believe that the majority of organised retailers read the market wrongly and spread themselves too fast and too thin to benefit from scale.

The part of remedy suggested to revive Subhiksha is to close at least 40 percent of its stores for which productivity is not that high. But, closing of stores in such a large number would jeopardise the low-cost business model because of lack of efficiency and economics of scale.

Questions:

- a) What went wrong with the planning that led to the present problem of Subhiksha?
 - b) How can it recover?
 - c) What strategic direction would you recommend for Subhiksha and why?
- Q2) a) Is management an art or Science? Explain the nature of management. [8]**
b) Describe the various step of the planning process. [7]
- Q3) a) Explain the application of Maslow's need hierarchy theory of motivation in the context of manufacturing industries. [8]**
b) Explain the different types of barriers in communication? Examine. [7]
- Q4) a) Apply the managerial grid theory to improve leadership potential. [8]**
b) Explain the characteristics of an effective control system. [7]
- Q5) Write Short Notes (on any four): [20]**
a) Management in future.
b) Skill needed by managers.
c) Elements of directing.
d) MBO.
e) 14 Principles of Management.
f) Staffing.

