

communication, be aware of the language, tone and content of the message, communicate for present as well for the future, ensure proper feedback and be a good listener.

Unit 8: Controlling

- Concept, nature and importance
- Relationship between planning and controlling
- Steps in the process of control

Part B: Business Finance and Marketing:

Unit 9: Financial Management

- Concept and objectives of financial management.
 - Financial decisions: investment, financing and dividend and factors affecting.
 - Financial planning – concept, objectives and importance.
 - Capital Structure – Concept and factors determining the choice of an appropriate capital structure.
 - Fixed and Working Capital - Concept and factors affecting their requirements.
- ✓ Factors affecting capital budgeting decisions- cash flows of the project, the rate of return, investment criteria involved.
- ✓ Factors affecting financing decision-cash flow position of the company, cost, risk, floatation costs, fixed operating costs, control considerations, state of the capital market. Return on investment, tax rate, flexibility, regulatory framework .
- ✓ Factors affecting dividend decision- amount of earnings, stability of earnings, stability of dividends, growth opportunities, capital position, shareholder's preference, taxation policy, stock market reaction, access to capital market, legal constraints, and actual constraints.
- ✓ Factors affecting fixed capital requirement- Nature of business, scale of operations, choice of technique, technology upgradation, growth prospects, diversification, financing alternatives, level of collaboration.
- ✓ Working capital- concept of operating cycle, factors affecting working capital requirement- Nature of business, scale of operations, business cycle, seasonal factors, production cycle, credit allowed, credit availed, availability of raw material.

Unit 10: Financial Markets

- Financial Markets: Concept and types.
 - Money market and its instruments.
 - Capital market and its types (primary and secondary)
 - Stock Exchange- Functions and trading procedure.
 - Securities and Exchange Board of India (SEBI)- objectives and functions. Meaning of depository services and Demat account as used in the trading procedure of securities.
- ✓ Types of financial market- money market and capital market- meaning.
- ✓ Money market instruments- Treasury bill, commercial paper, call money, certificate of deposit, commercial bill.
- ✓ Capital market -Types- primary and secondary market- concept.
- ✓ Differences between: Capital and money markets; Primary and Secondary markets

Introduction To Management

Definition

- According to Koontz and O'Donnell, "Management is creating an internal environment of an enterprise where individuals working together in groups perform efficiently and effectively towards achievement of group goals."
- Management, has therefore, been defined as a process of getting things done with the aim of achieving goals effectively and efficiently.

There are certain terms which require elaboration. These are:

- **Process:** means the primary functions or activities that management performs to get things done. These functions are planning, organising, staffing, directing and controlling
- **Effectively:** Being effective or doing work effectively basically means finishing the given task. Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result.
- **Efficiently:** means doing the task correctly and with minimum cost. There is a kind of cost-benefit analysis involved and the relationship between inputs and outputs.
- Suppose, a company's target production is 5000 units in a year and its budgeted expenses was Rs 20,00,000. If the firm is able to achieve the target of 5,000 units but spends Rs 27,00,000 then the firm is effective but not efficient. On the other hand, if the firm is able to achieve the target of 5,000 units and spends Rs 20,00,000 to do so but takes one year and 3 months, then the firm is efficient but not effective.

Features/Characteristics of Management

1. **Goal oriented process:** goals should be simple and clearly stated. Management unites the efforts of different individuals in the organisation towards achieving these goals
2. **All pervasive:** all types of organizations, all levels and all departments.
3. **Multi dimensional:** complex activity with 3 dimensions
 - **Management of work:** Management translates work in terms of goals to be achieved and assigns the means to achieve it. This is done in terms of problems to be solved, decisions to be made, plans to be established, budgets to be prepared, responsibilities to be assigned and authority to be delegated.
 - **Management of people:** Has two dimensions - employees as individuals with diverse needs and behavior + individuals as a group of people. Management make people work towards achieving the organisation's goals, by making their strengths effective and their weaknesses irrelevant.
 - **Management of operations:** every organization has some basic product or service that requires a production process → flow of input material + technology for transforming this input into the desired output for consumption. This is interlinked with both the management of work and the management of people.
4. **Continuous process:** mgt. is an ongoing series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling) simultaneously performed .

5. **Group activity:** a firm is a collection of individuals with different needs, different purpose for joining the organization but they work towards fulfilling the common organizational goal. Team work and coordination of individual effort in a common direction enables all its members to grow and develop as needs and opportunities change.
6. **Dynamic function:** Management adapts itself to the changing environment. External environment consists of various social, economic and political factors and, an organisation must change itself and its goals according to the needs of the environment.
7. **Intangible force:** cannot be seen but its presence can be felt → targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

Objectives of Management

Objectives are

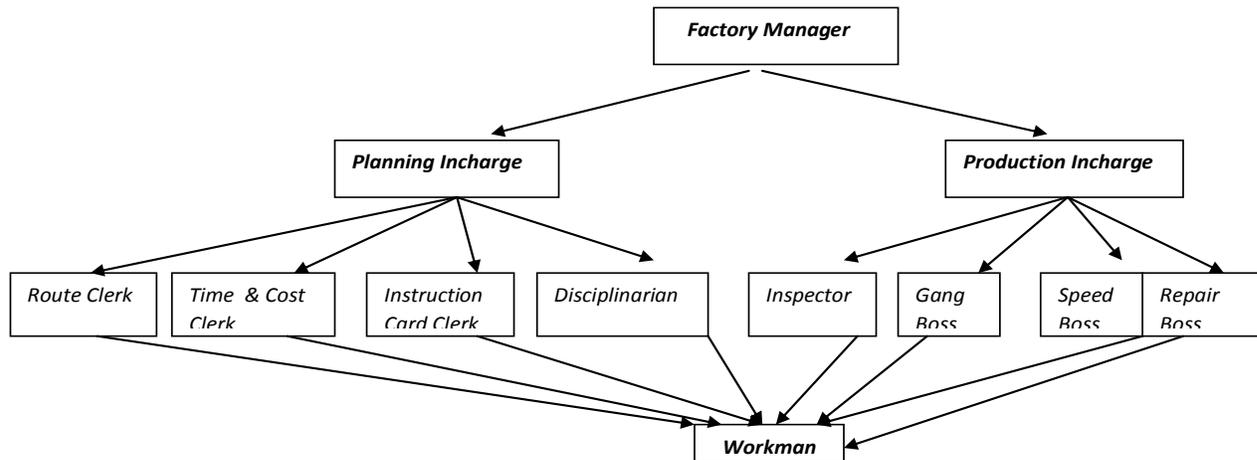
1. Ends towards which activities of an organization are directed
2. Standards against which performance is assessed.

Organisational Obj	Social Objectives	Personal/ Individual Obj
Setting and achieving objectives for the organisation.	It involves the creation of benefit for society.	Objectives seeking to reconcile personal goals of employees with organisational objectives for harmony in the organisation.
<ol style="list-style-type: none"> 1. Survival(earn enough revenue to cover costs) 2. Profit(covers costs+risks) 3. Growth(in the long run in terms of ↑in sales, no. of employees, variety of products, capital investment etc) 4. Optimum utilization of resources 	<ol style="list-style-type: none"> 1. Giving <u>employment opportunities</u> to disadvantaged sections of society. 2. Providing <u>basic amenities</u> like schools and creches for employee's children. 3. Providing good <u>quality goods at fair prices</u> 4. Using <u>environmental friendly methods of production</u> 5. Avoidance of unfair trade practices 6. Conducting business in a <u>lawful manner</u> 7. Paying <u>taxes promptly</u> 	<ol style="list-style-type: none"> 1. Fair remuneration 2. Good working conditions 3. Opportunities for training and development and personal growth 4. Participation in management 5. Recognition and satisfaction.

Nature of Management

<u>I Management as an Art</u>	<u>II Management as a Science</u>	<u>III Management as a Profession</u>
<i>Art implies personal application of knowledge with ingenuity, skill and creativity to achieve desired results</i>	<i>Science can be defined as a systematic body of knowledge pertaining to a specific field of study. It contains principles and facts which explain a phenomenon</i>	<i>Profession can be defined as an occupation backed by specialized knowledge and training.</i>
Features of Art: <ol style="list-style-type: none"> 1. Existence of theoretical knowledge 2. Personalized Application: (use of basic knowledge varies from individual to individual.) 3. Based on practice and Creativity:(involves creative practice of existing theoretical knowledge) 	Features of science: <ol style="list-style-type: none"> 1. Systematic body of knowledge: (that establish cause and effect relationship.) 2. Principles based on experiments: (under controlled conditions) 3. Principles have universal validity 4. Principles establish cause and effect relationship. 	Features of a Profession <ol style="list-style-type: none"> 1. Body of knowledge: 2. Restricted entry(thro examination or education) 3. Professional association 4. Ethical code of conduct (that guides the behavior of its members) 5. Service motive (by rendering dedicated and committed services)
<ul style="list-style-type: none"> • There is a lot of literature available w.r.t various areas of mgt such as mkt, finance etc . • Managers apply these management theories in their own manner depending on their practice, imagination, initiative and innovation. • Manager applies this acquired knowledge in a personalized and skillful manner in the light of the realities of a given situation giving rise to different styles of management. 	<ul style="list-style-type: none"> • There is a lot of literature available w.r.t various areas of mgt such as mkt, finance etc . • Principles of management are based on repeated experiments and observations. But since management deals with human behavior, outcomes may not always be accurately predicted/replicated. • Principles \neq exact so not universal. They have to be modified according to situations. 	<ul style="list-style-type: none"> • There is a lot of literature available w.r.t various areas of mgt such as mkt, finance etc . • No restriction on appointment of managers. But professional knowledge and training is desirable • There are associations such as AIMA and they lay down a code of conduct but membership is not compulsory. • Stated goal of organisations and management is profit maximization but effective and efficient management also serve society by providing quality gds at reasonable prices.
Conclusion: All the features of art are present in management and are broadly fulfilled, so we can say that management is an art. <ul style="list-style-type: none"> • It is the art of getting work done by others. • It is, however not a Fine Art like painting or music 	Conclusion: Management satisfies some of the features of science but not all. <ul style="list-style-type: none"> • <i>Inexact/social/soft/behavioral science.</i> • Concerned with human behavior which can't be studied under controlled experiments and can't be predicted with absolute accuracy. 	Conclusion: Management satisfies some of the features of profession but not all. <ul style="list-style-type: none"> • So, management is not regarded as a full fledged profession like medicine/law etc • but management is fast moving in that direction

Techniques of Scientific Management: 1. Functional Foremanship



Taylor suggested division of work of the factory manager into two sub- departments: planning department and production department.

- He realized that, a single foreman/supervisor cannot be expected to be an expert in all aspects of work and therefore he suggested appointment of eight supervisors to give instructions to a single worker.
- Out of them, four would work under the planning incharge and would be responsible for planning and the other four would work under the production incharge and would be responsible for execution.

Specialists under the Planning In charge:

1. **Route Clerk:** would specify route/sequence production operations
2. **Instruction Card Clerk:** would draft instructions for workers, in handling their jobs.
3. **Time and Cost Clerk:** would fix
 - Dates for starting and completing work as per schedule.
 - Cost sheet to determine expenses for material, labour and other overheads.
4. **Disciplinarian:** would ensure systematic performance of jobs by enforcing rules and regulations.

Specialists under the Production In charge:

1. **Gang Boss:** would do all preliminary work—keeps materials, machines, tools etc. ready for workers.
2. **Speed Boss:** would ensure timely and accurate completion of jobs.
3. **Inspector:** would check quality of work done by workers.
4. **.Repair Boss:** would ensure that machines and tools are kept in proper working conditions and are maintained and repaired properly.

2. Legal Environment:

- ✓ It includes various legislations passed by the parliament and State Legislatures and prescribes rules that have to be followed by all members of the business community.
- ✓ Examples:
 - *Essential Commodities Act 1955*=to control production, supply and distribution of and trading in commodities essential for human beings.
 - *The Standards of Weight and Measurement Act, 1976* = Applicable for those goods that are sold or distributed by weight or measure or number. It is used to provide for use of standard weights and measures thro out the country.
 - *Consumers Protection Act, 1986* =it provides for better protection of consumers' interests. It has made provision for establishing consumer councils at district, state and national levels and provides for redressal for complaints w.r.t unfair trade practices, defective goods, excess price charged etc.
 - *Industries (Development and Regulation) Act, 1951* = to control the volume and quantity of production and distribution. It includes rules about registration and licensing of industries.
 - *Foreign Exchange Management Act* = regulates stock and flow of foreign exchange in India.
 - *Monopolies and Restrictive Trade Practices Act, 1969* = prevents concentration of economic power to control monopolies, prohibit monopolies and restrictive trade practices that are prejudicial to public interest.

3. Technological Environment

- ✓ Includes new approaches to producing of goods and services e.g. new procedures/ equipments etc.
- ✓ These factors bring about improvement in techniques of production and may lead to economy in cost, time etc or better quality products. A firm needs to keep track of technological advancements because otherwise it will be forced out of the market.
- ✓ Examples :
 - Colour TV took away the share of Black and white TVs.
 - Constant innovations in mobile handsets etc.

Features of NEP (New Economic Policy) 1991:

Since '91, India has been following a threefold strategy of Globalization, Liberalisation and Privatization. The aims of these reforms are:

- ✓ To modernize the country's industrial system
- ✓ To remove unproductive controls
- ✓ To encourage private investment(including foreign investment)
- ✓ Integrating the Indian economy with the global economy.

Components of the NEP '91: New Industrial Policy:

This policy aimed to:

- ▶ Liberate the industry from the shackles of the licensing system - **Liberalisation**
- ▶ Reduce the role of the public sector - **Privatisation**
- ▶ Encourage foreign private participation in India's industrial development - **Globalisation**
- ▶ Remove Obstacles in the way of growth and expansion of industrial units of large industrial houses.
- ▶ Small -scale sector accorded due recognition and assured of all help

The broad features of this Policy are:

- a. Industrial Licensing Abolished for all items except of a list of 6 industries related to security, strategic and environmental concerns.
- b. Industries reserved for public sector were limited to 4 core industries - arms and ammunition, atomic energy, railways etc.
- c. Disinvestment was carried out
- d. Policy towards foreign capital investment and technology import was liberalized - the share of foreign equity participation was increased and in many activities 100% FDI was permitted.
 - ✓ Foreign investment up to 51% allowed in 34 high priority industries without prior approval of the government
 - ✓ FDI up to 74% allowed in 7 industries.
 - ✓ Automatic approval for technology agreements for priority industries allowed within specified parameters (lump sum payment not exceeding \$20 lakhs and royalty up to 5% on domestic sales and 8% on imports)
- e. Foreign Investment Promotion Board (FIPB) set up to promote and channelised foreign investment in India.

Very Important: Impact of Changes in Government Policy on Business and Industry**1. Increasing Competition:**

- ✓ As a result of NEP '91, competition increased specially in sectors that were earlier reserved for the public sector such as airlines, insurance etc.
- ✓ This competition is from MNCs, imports, existing firms and new entrants to the industry.
 - Positive = quality ↑
 - Negative = firms that could not compete were wiped out.

2. More Demanding Customers:

- ✓ Not only are the customers are more demanding and better informed, they also buyers have access to a wider choice and better quality goods and services. Thus now the business is faced with more demanding consumers.
 - Positive = customers rights and choices have ben given due importance
 - Negative = firms investment in R&D

Planning

Meaning:

- Deciding in advance what to do & how to do it. It is one of the basic managerial functions.
 - It involves 2 aspects: Setting of aims and objectives of the organization + Selecting and developing an appropriate course of action to achieve these objectives.
- Koontz and O'Donnell - "Planning is deciding in advance what to do, how to do, when to do, and who to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen."
- Involves setting of objectives & developing an appropriate course of action to achieve these objectives

Importance of Planning:

NCERT Statement:

Planning is certainly important as it tells us where to go; it provides direction and reduces the risk of uncertainty by preparing forecasts.

1. Provides Direction:

- Objectives are clearly stated → act as a guide for deciding what action should be taken and in which direction.
- If goals are well defined, employees are aware of what the org. has to do & what they must do to achieve those goals.
- Departments and individuals within org. are able to work in coordination.

2. Reduces Risks Of Uncertainty

- Biz operates in an uncertain environment & faces several types of risks.
- Planning pre-assesses the future uncertainties + enables the firm to face these uncertainties with minimum wastage of resources.
- Changes/ events can't be eliminated but can be anticipated & managerial responses can be developed.

3. Reduces Overlapping And Wasteful Activities

- Provides the basis for coordinating activities of diff. depts. & Individuals.
- Avoid misunderstandings, eliminates useless activities & provides clarity of thought & action so work is carried out smoothly w/o interruption.

4. Promotes Innovative Ideas

- Planning is an intellectual process – looks for scope for finding better ideas, methods and procedures to perform particular job.
- Forces managers to think differently & assume future conditions → makes managers creative and innovative.

- Standing plans are used over and over again because they focus on organizational situations that occur repeatedly.
 - ✓ They are usually made once and retain their value over a period of years while undergoing revisions and updates. That is why they are also called repeated use plans.
 - ✓ Include policies, procedures, methods and rules.

- There are other types of plans which usually are not classified as single-use or standing plans.
 - ✓ Strategy, Objective

<p>Objectives:</p> <ul style="list-style-type: none"> • Desired future position that the firm wants to reach. • All managerial functions are directed towards achieving them. • They are given in quantitative term • Are generally written • Contain a time deadline • Should be challenging but achievable • E.g. earn 20% profits in the next financial year. 	<p>Strategy:</p> <ul style="list-style-type: none"> • Provides broad contours of a firm's business. • Defines firm's direction and scope in the long run. • Includes 3 dimensions: <ul style="list-style-type: none"> ○ Determining long term objectives ○ Adopting a particular course of action ○ Allocation of resources necessary to achieve the objective. • Takes the business envt. into consideration • Forms firm's identity. • E.g. whether firm will diversify in the future or continue in the same line of business.
<p>Policy</p> <ul style="list-style-type: none"> • Guide to a manager's thinking and action. • Define boundaries within which decisions can be made. • Exist at all levels and are related to all functions of a firm. • Define broad parameters and managers use their discretion in applying a policy. • E.g. promoting from within, shipping orders quickly. 	<p>Procedure</p> <ul style="list-style-type: none"> • Set of sequential steps determined in advance for handling (that is initiating, carrying thro and completing) future activities • Are given in a chronological order. • Generally meant for insiders to follow. • Enforce a policy and to attain pre-determined objectives • E.g. selection procedure. Purchase procedures
<p>Method</p> <ul style="list-style-type: none"> • Formalized and standardized ways of accomplishing repetitive and routine jobs. • Specifies the best way to perform one step of a procedure. • Helpful in simplification, standardization and systematization of work specially where alternatives exist • Saves time, money and effort and increases efficiency. • E.g written down or straight line method of recording depreciation 	<p>Rule</p> <ul style="list-style-type: none"> • Specific statements of what should/ should not be done in certain situations. • Serve as guides and leave no scope for discretion. • Indicate limits of acceptable behavior and help in maintaining discipline. • Guide action without specifying a time sequence • E.g. no smoking in the factory premises

Advantages of Functional Structure:**1. Benefits Of Specialization:**

- Activities are divided into depts. on the basis of major functions so leads to occupational specialization.
- This results in more and better work being accomplished in much lesser time.
- Promotes efficiency in utilization of manpower as employees perform similar tasks within a dept. & are able to improve performance.

2. Facilitates Coordination And Control Within The Department:

- There is similarity in the tasks performed.
- Also, all employees within the dept. know what is expected out of them & that leads to effective control over their activities.

3. Increases Managerial & Operational Efficiency:

- Similarity in the tasks being performed → specialization → improved operational efficiency.
- Specialists in functional areas supervise the operations → managerial efficiency improves.

4. No Duplication Of Efforts Leading To Economy Of Operations:

- In this type of org., unnecessary duplication of effort is eliminated.
- Human & other resources utilized more effectively and economically → economies of scale → lower cost.
- E.g. Function of finance is only carried by the finance dept. There is no need to establish 2 or more depts.

5. Make Training Of Employees Easier

- As they need to be trained in limited types of skills.
- E.g. employees of production department are given training of production techniques only.

6. Ensures That All Functional Areas Get Due Attention***Limitations of Functional Structure:*****1. Less Emphasis On Overall Firm's Objective**

- Each dept. head gives more weight to their departmental objectives → overall org. objectives suffer → functional empires wherein the importance of a particular function may be overemphasized.
- Pursuing dept. interests at the cost of org. interests can also hinder interaction b/w 2 or more depts.
- E.g. to make his image, production dept. may make a very high quality product going contrary to the org. objectives of selling it to the target market of middle income group.

2. Problems In Coordination:

- This structure facilitates co-ordination within the department but makes inter departmental co-ordination difficult as to facilitate coordination, info has to be exchanged across functionally differentiated depts.
- If dept. heads work as per according to their own wishes, sharing of info and inter-dept. coordination becomes difficult.

Staffing As a Part of Human Resource Management

- **Staffing**
 - Function which all managers have to perform as all managers directly deal with people
 - Staffing refers to this kind of role played by all managers in small organizations.
- As organizations grow and number of people employed increases, a separate department called the human resource department is formed which consists of specialists who are experts in dealing with people.
- In fact early definitions of staffing focused narrowly on only hiring people for vacant positions. But today staffing is a part of HRM which encompasses not only staffing but also a number of other specialized services such as job evaluation, management of labour relations.
- ✓ **Human Resource Management**
 - Involves procuring, developing, maintaining and appraising a competent and satisfied workforce to achieve the goals of the organization efficiently and effectively.
 - Its purpose is to enable every human being working in the organization to make his best possible contribution.
 - It includes many specialized activities performed by human resource personnel. These are:
 1. Human resource planning
 2. Recruitment
 3. Selection
 4. Developing compensation and incentive plans
 5. Training and development of employees (as a part of their career development)
 6. Performance Appraisal of employees
 7. Handling grievances and maintaining management labor relations
 8. Providing for social security and welfare of employees
 - Thus we see that human resource management is a much broader concept and includes a wide range of activities and staffing is an integral part of human resource management.

Evolution of Human Resource management

Human Resource Management in its present form has evolved from a number of significant inter-related developments over a period of time.

- **Industrial Revolution---** led to **trade unions---**(Labour welfare Officer)
- **Introduction of factory system** led to **employment of large number of labour under one roof--** (Personnel Officer/Manager)
- **Human Relations Approach---** (Human Resource Manager)

Staffing is both a function of management just like planning, organising, directing, and controlling as well as a distinct functional area of management just as marketing management and financial management. Staffing, is therefore, referred to as both a line as well as a staff activity i.e., an essential function of the manager as well as an advisory role played by the Human Resource Department.

- (iv) **Placement and Orientation:** The employee is given a brief presentation about the company and is introduced to his superiors, subordinates and the colleagues. He is taken around the workplace and given the charge of the job for which he has been selected. This process of familiarization is very crucial and may have a lasting impact on his decision to stay and on his job performance. **Orientation** is, thus, introducing the selected employee to other employees and familiarizing him with the rules and policies of the organization. Placement refers to the employee occupying the position or post for which the person has been selected.
- (v) **Training and Development:** By offering the opportunities for career advancement to their members, organisations are not only able to attract but also retain its talented people.
- ✓ In most organisations there is a separate Human Resource Department, which takes care of the staffing function. But in small organisations the line manager is required to perform all the functions of management viz, planning, organising, staffing, directing and controlling.
 - ✓ The process of staffing will then include three more stages.
- (vi) **Performance Appraisal:** After the employees have undergone a period of training and they have been on the job for some time, there is a need to evaluate their performance. **Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards.** The employees are expected to know what the standards are and the superior is to provide the employee feedback on his/her performance. The performance appraisal process, therefore, will provide feedback.
- (vii) **Promotion and career planning:** Promotions are an integral part of people's career. They refer to being placed in positions of increased responsibility. It usually means more pay, responsibility and job satisfaction.
- (viii) **Compensation:** **Compensation, therefore, refers to all forms of pay or rewards going to employees.** It may be in the form of **direct financial payments** like wages, salaries.
Direct financial payments are of two types :
- a. time based: A time based plan means salary and wages are paid either daily, weekly or monthly or annually.
 - b. performance based. A Performance based plans means salary/wages are paid according to piecework. For example, a worker may be paid according to the number of units produced by him/her. There are many methods to calculate the compensation under various incentive plans to reward performance.
 - c. Certain pay plans can be created which are a combination of time based pay plus incentives for higher performance.
 - d. Besides there are some other factors also which influence the design of any pay plan, like legal (labour laws), union, company policy and equity.

Primary/Major Aspects of Staffing

= Recruitment (identifying and attracting staff) + Selection (assessment, evaluation and final match) + Training (acquainting and skill development).

6. Campus Recruitment:

- Refers to Recruitment from educational institutions
- Colleges and institutes of management and technology have become popular source of recruitment for technical, professional and managerial jobs.
- Many big orgs maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs.

7. Recommendation Of Employees:

- Applicants introduced by present employees, or their friends and relatives may prove to be a good source of recruitment.
- Such applicants are likely to be good employees because their background is sufficiently known.
- A type of preliminary screening takes place because the present employees know both the company and the candidates and they would try to satisfy both.

8. Labor Contractors:

- Labor contractors maintain close contacts with laborers and they can provide the reqd. no. Of unskilled workers at short notice.
- Workers are recruited through labor contractors who are themselves employees of the org.

Disadvantages:

- If the contractor himself decides to leave the org., all the workers employed through him will follow suit.

9. Advertising On Television:

- The practice of telecasting of vacant posts over TV is gaining importance these days.
- The detailed requirements of the job and the qualities required to do it are publicized along with the profile of the org where vacancy exists.

10. Web Publishing:

- Internet is becoming a common source of recruitment these days.
- There are certain websites specifically designed and dedicated for the purpose of providing information about both job seekers and job opening.
- In fact, websites such as www.naukri.com, www.jobstreet.com etc., are very commonly visited both by the prospective employees and the orgs searching for suitable people.

Merits - External Sources

1. Qualified personnel
 - Better access to qualified and trained personnel as compared to internal.
2. Wider choice
 - Because of larger number of applicants.
3. Fresh talent
 - Wider choice + infusion of 'new blood' into the firm.
4. Competitive Spirit
 - As existing staff will have to compete => work harder

<p>Apprenticeship Programme/training:</p> <ul style="list-style-type: none"> ○ Persons who want to enter <u>skilled jobs</u> such as plumbing, iron smithy, electrician’s job are sent for apprenticeship programme. ○ <u>Master worker /trainer</u> is appointed who guides the worker or the learner regarding the skills of the job. ○ When the learner becomes an expert then he is given the full charge of the job position. ○ Generally <u>the time period</u> for such a programme may vary from 2 to 5 years 	<p>Induction Training :</p> <ul style="list-style-type: none"> ○ Induction training is a type of training given to help a new employee in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business. The duration of such type of training may be from a few hours to a few days
<p>Internship:</p> <ul style="list-style-type: none"> ○ An agreement between the <u>professional institutes and the corporate sector</u>, whereby the professional Institutes send their students to various companies so that they can practice the theoretical knowledge acquired through these professional Institutes. ○ The <u>companies</u> prefer this arrangement because they <u>get people with fresh ideas and latest knowledge</u> and because they <u>can pay them nominal stipends</u>. On the other hand students get a chance to practice under the real world’s teacher. ○ Thus we can say that under Internship the class room sessions are backed with Practical training. 	<p>Vestibule Training:</p> <ul style="list-style-type: none"> ○ Employees learn their jobs <u>on the equipment</u> that they will be using, but the <u>training is conducted away from the work place</u>. ○ A <u>duplicate model</u> of the workplace/ machinery is prepared for this purpose and the employees are trained on it, using similar materials, files and equipment instead of the original work set-up. ○ This method is <u>suitable when the employees are required to handle sophisticated machinery and equipment</u> and it provides the benefit of the on the job methods.

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Situations in which training is required :

- | | |
|--------------------------------|-------------------------------------|
| a. Increase in labour turnover | d. industry is expanding |
| b. Inexperienced personnel | e. economy recover after depression |
| c. As a tool for controlling | f. introduction of new technology |

Training	Development
It is a process of increasing knowledge and skills.	It is a process of learning and growth.
It is to enable the employee to do the job better.	It is to enable the overall growth of the employee.
It is a job oriented process.	It is a career oriented process

Directing

MEANING OF DIRECTING:

According to Ernest Dale, "Directing is telling people what to do and seeing that they do and seeing that they do it to the best of their ability." Directing is a complex managerial function that includes everything that a manager does to encourage subordinates to work effectively- instructing, guiding, counseling, supervising, motivating and leading them

<u>Features Of Directing:</u>	<u>Importance Of Directing:</u>	<u>Elements Of Directing:</u>
1. Initiates Action	1. Initiates Action	1. Supervision
2. Takes Place At Every Level Of Management	2. Integrates Employees Efforts	2. Motivation
3. Continuous Process	3. Guides Employees To Realize Their Potential Fully	3. Leadership
4. Flows From Top To Bottom	4. Facilitates Introduction Of Change	4. Communication
	5. Balance In The Organisation	

Features of Directing:

1. Initiates Action:

- A manager has to perform this function, along with planning, organizing, staffing and controlling while discharging his duties in the organization.
- While other functions prepare & set for action, directing initiates action in the organization.

2. Takes Place At Every Level Of Management:

- Every manager, from top executive to supervisor performs this function.
- The directing takes place wherever superior - subordinate relations exist.

3. Continuous Process:

- It takes place throughout the life of the organization irrespective of people occupying managerial positions.

4. Flows From Top To Bottom:

- First initiated at top level & flows to the bottom through organizational hierarchy.
- It means that every manager can direct his immediate subordinate and take instructions from his immediate boss.

Importance of Directing:

1. Initiates Action:

- Directing initiates action towards attainment of desired objectives.
- E.g.: If a supervisor guides his subordinates & clarifies their doubts in performing a task, it will help the worker to achieve work targets given to him.

5. Employee Recognition programmes:

- Recognition = acknowledgement of their work with a show of appreciation.
- **Examples:**
 - i. Congratulating the employee for good performance.
 - ii. Displaying on the notice board or in the company news letter about the achievement of employee.
 - iii. Installing award or certificate for best performance.
 - iv. Distributing mementos, complimentary goods like T-shirts in recognition of employee services.
 - v. Rewarding an employee for giving valuable suggestions.

6. Job security:

- Stability about future income and work so that they do not feel worried on these aspects and work with greater zeal.
- Negative aspect of job security - When people feel that they are not likely to lose their jobs, they may become complacent.

7. Employee participation

- Involving employees in decision making of the issue affecting them.
- Can take the form of joint management committees, work committees, canteen committees etc.

8. Employee empowerment:

- Giving employees autonomy and power.
- The feeling that their jobs are important has a positive impact on their job performance.

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Leadership

Meaning = process of influencing the behavior of other people to work willingly towards the achievement of specified goals in a given situation.

Importance of Leadership:**1. Makes people contribute positively:**

- Influences behaviour and makes people contribute positively and produce good results.

2. Creates congenial work environment:

- Maintains personal relations, helps followers fulfil their needs+ provides confidence, support and encouragement.

3. Introduces change:

- Persuades, clarifies and inspires people to accept changes.
- So overcomes resistance to change with minimum discontent..

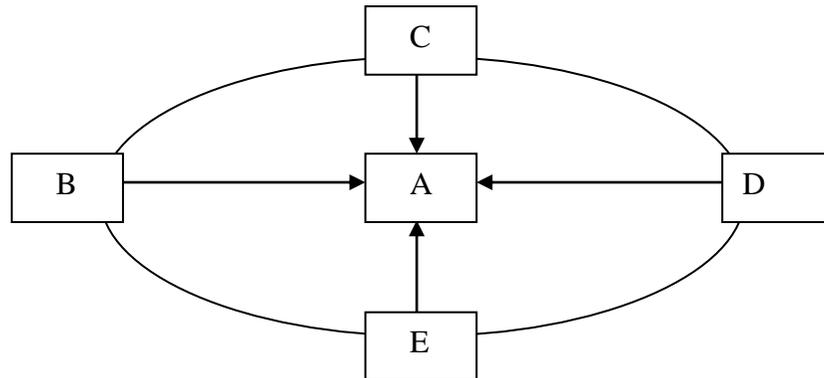
4. Handles conflict

- Does not allow adverse effects .
- Allows followers to express their feelings and disagreements and gives suitable clarifications.

5. Trains subordinates:

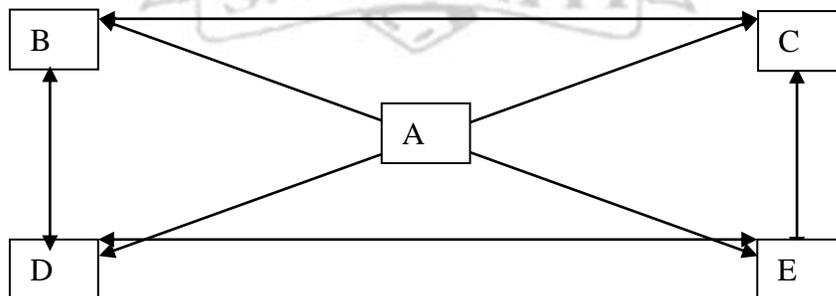
- Builds up successors and helps in smooth succession process.

- A is the leader - Group Centered - Leadership



3. Laissez faire or Free-rein leader

- A *free rein leader* or a *Laissez Faire Leader* gives complete freedom to the subordinates. Such a leader avoids use of power. He depends largely upon the group to establish its own goals and work out its own problems. Group members work themselves as per their own choice and competence. The leader exists as a contact man with the outsiders to bring information and the resources the group requires for accomplishing the job.
 - NOTE: This is also known as *laissez faire* which means no interference in the affairs of others. [French: *laissez* means to let / allow and *faire* means to do.] Such a leader does not believe in the use of power unless it is absolutely essential.
 - The followers are given a high degree of independence to formulate their own objectives and ways to achieve them.
 - The group members work on their own tasks resolving issues themselves. The manager is there only to support them and supply them the required information to complete the task assigned.
 - At the same time, the subordinate assumes responsibility for the work to be performed.
 - A is the leader. Leadership is Subordinate - Centered - Leadership



Conclusion:

Depending upon the situation a leader may choose to exercise a combination of these styles when required. For instance even a laissez faire leader would have certain rules to be followed while doing work and a democratic leader may have to take his own decision in an emergency situation.

1. Mobilization of savings and channelising them into the most productive uses:
 - Facilitates transfer of savings from the savers to the investors.
 - Financial markets help people to invest their savings in various financial instruments and earn income and capital appreciation.
 - Facilitate mobilization of savings of people and their channelisation into the most productive uses.

2. Facilitate Price Discovery:
 - Price of anything depends upon the demand and supply factors.
 - Demand and supply of financial assets and securities in financial markets help in deciding the prices of various financial securities; where business firms represent the demand and the households represent the supply.

3. Provide liquidity to financial assets:
 - Financial markets provide liquidity to financial instruments by providing a ready market for the sale and purchase of financial assets.
 - Whenever the investors want, they can invest their savings into long term investments and whenever they want, they can sell the investments/ instruments and convert them into cash.

4. Reduce the cost of transactions:
 - By providing valuable information to buyers and sellers of financial assets, it helps to save time, effort and money that would have been spent by them to find each other.
 - Also investors can buy/sell securities through brokers who charge a nominal commission for their services. This way financial markets facilitate transactions at a very low cost.

Money Markets

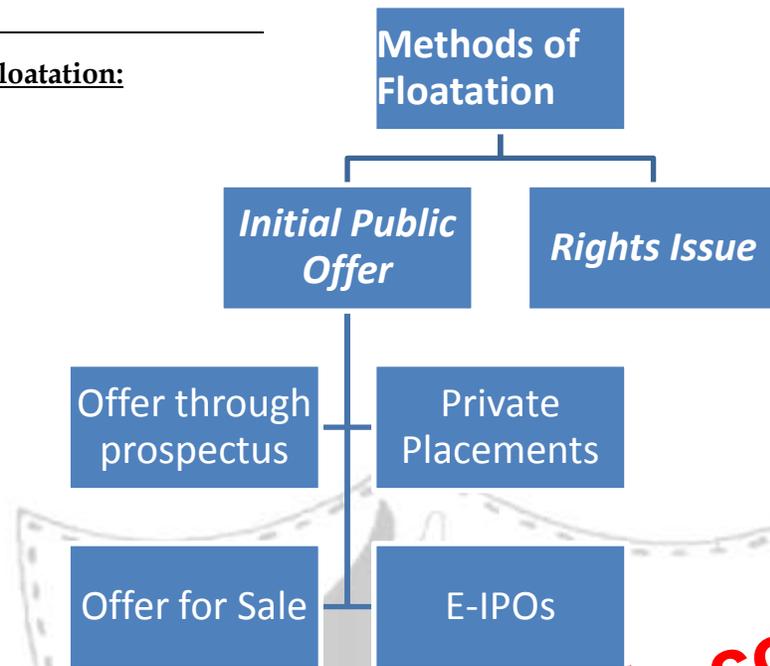
- Market for financial securities with maturity period of less than one year.
- Mkt for low risk, unsecured and short term debt instruments that are highly liquid are traded everyday.
- No physical location by conducted over the telephone and the internet.
- **Helps to:**
 - raise short term funds
 - Temporary deployment of funds
- **(Money Market Instruments Used By)**

Govt./Semi Govt.	Pvt. firms & Companies	Banks
<input type="checkbox"/> Treasury Bills	<input type="checkbox"/> Trade Bills	<input type="checkbox"/> CallMoney
<input type="checkbox"/> Govt. Securities	<input type="checkbox"/> Commercial Papers	
<input type="checkbox"/> PSU Bonds	<input type="checkbox"/> Certificate of Deposit	

• **Features of Money market instruments**

<ol style="list-style-type: none"> 1. Provide short term funds 2. Huge outlay required as unit value of instruments is high 3. Duration = 1 day to 1 year 	<ol style="list-style-type: none"> 4. High liquidity 5. High safety 6. Lower expected returns as compared to long term securities.
--	---

• Methods of Floatation:



1. IPO=Initial Public offer = First time sale of securities.
 - a. *Offer through prospectus:*
 - Prospectus provides details about an issue and therefore helps the potential investor to understand and evaluate the issue.
 - Issue is underwritten and listed
 - It is also called a public issue
 - b. *Offer for sale:*
 - Securities are sold enblock at an agreed price through an intermediary like issuing houses or stock brokers who then sell them to the general public at a higher price.
 - c. *Private placement:*
 - Allotment of shares to institutional investors and some selected individuals.
 - d. *E-IPO's:*
 2. Issuing of fresh capital through the on-line system of the stock exchange.
2. Rights Issue:
 3. Existing shareholders are offered the 'right' to buy new shares in proportion to the number of shares they already possess.
 4. The shareholder can either accept the offer himself/herself; assign a part of or all of his right in favor of another or 'rescind' (give up) this right altogether.

5. Secondary Market

6. Refers to a market where existing securities are bought and sold.
7. The company is not involved in the transaction at all. It is between two investors.

8. Features of Secondary market are:

- 1) Creates liquidity
- 2) Fixed location
- 3) Comes after primary market
- 4) Encourages new investment

9. Difference between primary and secondary markets are:

<ol style="list-style-type: none"> 1) Meaning 2) Issue 3) Purpose 4) Buying and selling 5) Capital formation 	<ol style="list-style-type: none"> 6) Organizational difference/Geographical coverage 7) Listing of securities 8) Sequence 9) Involvement of company 10) Determination of share prices
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- Stock Exchange:

- Section 2(i) of SCRA 1956 [Securities Contract (Regulation) Act]. Stock Exchange means any body of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating and controlling of business in buying, selling and dealing in securities.

<u>Features of Stock Exchange:</u>	<u>Functions of Stock Exchange:</u>
<ol style="list-style-type: none"> a. It's a market for previously issued securities b. Dealing only by authorized members c. Permits transactions in listed securities only d. Has a specific geographic location e. Regulated by SEBI & SCRA. 	<ol style="list-style-type: none"> a. Gives liquidity and marketability to existing securities b. Pricing of securities (dd and ss) c. Safety of transactions (membership = regulated + dealings well defined) d. Contributes to economic growth (ensures that savings are channelized to most productive investment avenues) e. Spreading of equity cult (ensures wider share ownership) f. Provides scope for speculation (in a restricted and controlled environment)

- Functions of SEBI

Protective Functions	Development Functions	Regulation Functions
i) Prohibit fraudulent & unfair trade practices in secondary market (e.g. Price rigging & misleading statement)	i) Promotes training of intermediaries of the securities market	i) Registration of brokers & sub brokers & other players in the mkt.
ii) Prohibit insider trading	ii) Investor education	iii) Registration of collective investment schemes & mutual funds.
iii) Educate investors	iii) Promotion of fair practices code of conduct of all SRO's	iii) Regulation of stock bankers & portfolio exchanges & merchant bankers.
iv) Promote fair practice & code of conduct in securities market.	iv) Conducting research & publish information useful to all market participants	iv) Prohibition of fraudulent & unfair trade practices.
	v) Develop the capital market by adopting a flexible & adaptable approach (e.g. Internet trading etc.)	v) Controlling insiders trading & takeover bids & imposing penalties for such practices.
	vi) SEBI has permitted 'internet trading' through registered stock brokers.	vi) Calling for information by undertaking inspection, conducting enquires & audits of stock exchanges & intermediaries.
		vii) Levying fee / other charges for carrying out the purpose of the Act
		viii) Performed exercising such power under securities contracts (Regulation) Act 1956, as may be delegated by the Govt. of India.

1) Protective Functions

I) Prohibits fraudulent & Unfair Trade practices in the securities market:

Examples of fraudulent and unfair trade practices are:

- **Price Rigging** means manipulations with the sole objective of inflating or depressing the market price of securities. These are prohibited because they can defraud / cheat investors.
- **Making misleading statements:** These are statements which are likely to induce sale/purchase of securities by any other person.

II) Prohibits 'Insider Trading':

→ '**Insider**' is a person connected with the company who is reasonably expected to have access to price sensitive information (w.r.t. securities) which is not available to the public at large.

→ E.g. of insiders are Directors, Promoters etc.

→ 'Insider Trading' is when 'insiders' use privileged information (not available to other investors) to make individual profits.

III) SEBI undertakes steps to educate investors so that they are able to evaluate securities of various cos. And select most profitable securities.

IV) Promotes fair practices & code of conduct in securities market.

1) W.r.t. debenture holders:

→ Co. cannot change terms midway.

→ Co. cannot pull over funds job unilaterally.

2) W.r.t. insider trading:

→ SEBI can investigate cases & if found guilty, is empowered to impose fine / imprison the guilty parties.

3) W.r.t. preferential allotment of shares:

→ SEBI has stopped the practice of making preferential allotment of shares unrelated to the prevailing market price.

Topics in NCERT but not in your syllabus:

- 1) National Stock Exchange
- 2) Objectives of NSE
- 3) Market Segments of NSE
- 4) Over the counter exchange of india
- 5) Advantages of OTC market
- 6) Organization structure of SEBI

Role of Marketing(in NCERT but not in the syllabus)

Role in a Firm	Role in the Economy
<p>Marketing emphasizes that the customer is the key to the survival and growth of an organization in the contemporary competitive environment.</p> <ul style="list-style-type: none"> • It, thus, helps in focusing the activities of an organization on the needs and wants of the customers. • An analysis of the needs and wants shall be undertaken in order to decide what to produce and sell. • The product will then be : <ul style="list-style-type: none"> o Designed according to the needs of the potential customers o Made available through outlets convenient to the customers o Priced at a level the target customers can afford. <p>Marketing, thus, helps in serving customers in a better way and a satisfied customer is the most valuable asset to any firm.</p>	<p>Acts as a catalyst in the economic development of the country and helps in raising the standard of living of the people.</p> <ul style="list-style-type: none"> • Plays a significant role in the economic development of the nation by inspiring people to undertake new activities and to set up new enterprises for producing goods and services needed by the customers. • Overcomes obstacles posed by high prices due to imbalances in the levels of production and consumption. • Ensures smooth flow of goods through efficient physical distribution arrangements. • By linking the business and consumption centers, it accelerates the economic activities leading to higher incomes, more consumption and increased saving and investments. It thus helps in finding the right type of products and services that a firm should produce, the place where it should make such products available for sale, the price at which they should be sold and the channels that should be used for moving the products to the ultimate place of consumption or use.

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Marketing Mix

There are a large number of factors that affect marketing decisions. They can be classified as:

- Non-controllable factors and Controllable factors:

To be successful, a firm needs to take sound decisions wrt controllable factors while keeping the environmental factors in mind.

To develop marketing tools, marketing managers use the abovementioned controllable factors and the set of marketing tools that a firm uses to pursue its marketing objectives in the target market is described as Marketing Mix.

Success of a market offer will depend upon how well these ingredients are mixed to create superior value for customers and simultaneously achieve their sales and profit objective. Thus, an ideal marketing mix would need:

- *Producing satisfying products*
- *Conveniently available*
- *Offered to buyers at a reasonable price*
- *About which communication is offered.*

Branding

- A product is a mixture of tangible and intangible attributes, which are capable of being exchanged for a value and with the ability to satisfy customer needs.
- It includes goods, services, ideas, persons and places in the concept of product.
- Marketers must, thus, focus on what a product or a service does for a customer, that is, the utility or benefit that a product provides to a customer. Once that is analysed, a layer of values can be added to provide a greater satisfaction to the customers. These layers can be categorized as:
 - *First level*- that is, the basic benefit that a buyer seeks in a product. E.g. for an automobile transportation.
 - *Second level*- that is what a customer expects (in terms of various features etc) when they buy a product. E.g. fuel efficiency, desired mileage etc.
 - *Third level*- that is, augmented product level, that is, features that can be added by marketers in order to exceed customer expectations. E.g. finance options etc. it helps to beat the customers.
- From the customers' point of view, the customer seeks 3 types of benefits:
 - Functional Benefits (motorcycle =>transportation)
 - Psychological Benefits (motorcycle =>need for prestige and esteem)
 - Social Benefits (motorcycle =>acceptance from a group)

Branding:

Generic name: Name of the whole class of the product. Eg. Toothpaste, wrist watch etc.

Branding: the process used to create a distinct identity of a product. It is the process of using a name, term, symbol or design individually or in some combination to identify a product.

Brand : Name, term, sign, design or some combination of the above used to identify the product of the seller and to differentiate them from those of competitors.

Brand Name : Part of a brand that can be spoken

Brand mark : Part of brand which is in the form of symbols, design, color scheme or lettering that cannot be uttered but can be recognized.

Trade Mark : Brand/ part of brand that is given legal protection against its use by other firms..

Advantages to the marketers:

- Enables product differentiation:
 - ✓ Distinguishes the firms products from that of its competitors, thus secures and controls its markets.
- Helps in advertising and display programmes:
 - ✓ Without a brand, the advertiser can only create an awareness about the generic product and not be sure of the sale of his brand.
- Differential pricing:
 - ✓ As when customers like and become used to a brand, they would agree to pay a little more for it than the competing product
- Ease in introduction of a new product
minimizes selling costs - enjoys the reflected glory of the brand

Advantages to Customers:

- Helps in product identification:
 - ✓ If customer is satisfied with a brand, he will not make a close inspection every time.
- Ensures quality:
 - ✓ deviation in quality, customers can have a recourse to the manufacturer/marketer.
↑confidence and level of satisfaction of customers
- Status symbol:
 - ✓ Because of their quality, customers feel proud of suing them and so ↑ level of satisfaction of customers

Transportation:

- Physical movement of goods to place where they are required. Very crucial as unless goods are physically available, the sale cannot be affected.
- Means of carrying goods and raw materials from the points of production to the point of sale.
- A firm uses it both for bringing raw material to the firm and transporting finished products from the firm.
- Modes available = rail water, air, pipeline or trucks.
- Decision criteria = speed, frequency, dependability, availability, cost etc.

Warehousing:

- Act of storing and assorting products in order to create time utility.
- There is a time gap between production and consumption and goods need to be stored during this time period.
- Larger the number of warehouses=>lesser the time taken to serve customers at different locations=> but greater the cost of warehousing.
- Firms may either use own warehouses or hire services of specialized warehouses.
- Products requiring long term storage (agricultural products)=>warehouses located near production sites =>minimises transportation charges.
- Bulky/hard to ship /perishable products=>warehouses kept at different locations near the market.
- Modern warehouses perform various specialized functions such as grading, labeling, packing etc.

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Channels Of Distribution

Meaning:

- Includes a series of firms/ individuals/ people/institutions/merchants and functionaries who form a network which helps in the transfer of title to a product from the producer to the end consumer.
- They help to overcome time, place and possession gaps that separate the goods and services from those who need/want them from those who want them

Types of Channels:

- Direct/zero level channel:
 - ✓ Producer → consumer
 - ✓ .E.g.: mail order, internet, door to door selling. E.g. Eureka Forbes.
- Indirect channel:
 - One level channel =
 - ✓ Producer → retailer → consumer
 - ✓ Usually used for specialty goods like expensive watches, appliances, Cars(Maruti Udyog) etc.

- **Objections To Advertising:** The opponents of advertising say that expenditure on advertising is a social waste because:

1. Adds To Cost:

- advertising unnecessarily adds to the cost of the product, which is ultimately are passed on to the consumers in the form of higher prices.
- The money spent adds to the cost, which is an important factor in fixation of the price of the product.

But

- Advertisements also increase the demand for the product as large number of potential buyers come to know about the availability of the product and its features and are persuaded.
- The increased demand leads to higher production, so the firm is able to achieve economies of scale. Thus, The 'per unit' cost comes down which lessens the burden of consumers rather than adding to it.

2. Undermines Social Values:

- Another important criticism of advertising is that it undermines of social values and promotes materialism.
- It breeds discontent among people they come to know about new product and feel dissatisfied about their present state of affairs.
- Some advertisements show new lifestyles which don't find social approval.

But

- Advertising informs buyers about the improvement of new products over existing products. If the buyers are not about these products they may be using inefficient products.
- Also, the job of advertising is to inform. Whether to buy or not to buy is a decision that must be made by the buyers according to their needs.
- They may be motivated to work harder to be able to purchase these products.

3. Confuses The Buyers:

- There are so many brands for the same product, each to be better than the rest, so the consumer gets confused as to which one is best and which should be relied upon.
- E.G. we may note similar claims of whiteness or stain removing abilities in competing brands of detergent powder or claims of whiteness of tooth or 'feeling of freshness' in competing brands of toothpaste that it becomes confusing for the buyers to make a choice.

But

- Consumers are rational human beings and should be able to make a choice keeping factors like price, style, size etc also under consideration.
- Buyers can clear their confusion by comparing and analyzing the information provided on the advertisements and other sources before taking a decision to purchase a product.

4. Encourages sale Of Inferior Products:

- Advertisements do not distinguish between superior and inferior goods and persuades people to buy inferior products also.
- Some advertisements are deceptive. They make false and exaggerated claims and innocent buyers are deceived

But

- Superiority and inferiority depends on the quality, which is a relative concept. The desired level of quality will depend on the economic status and preferences of the target customers.
- Production of inferior goods is not necessarily a disservice, as a section of population cannot afford to buy the high quality expensive products and need a cheaper variety.

▪ **Customers**

1. Help In Identifying Needs - helps customers recognize their needs and wants and know how they can be satisfied.
2. Latest Market Information - w.r.t price changes, product availability and shortages, product introduction etc that help them take purchase decision.
3. Expert Advice -
4. Induces Customers - to purchase products that satisfies their needs in a better way and thereby helps them improve their standards of living.

▪ **Society:**

1. Converts Latent Demand - leading to more jobs, more incomes and more products and services => ECONOMIC GROWTH.
2. Employment Opportunities - greater income and employment to unemployed youth.
3. Career Opportunities - with greater opportunities for advancement and job satisfaction as well as security, respect, interest and independence to young men and women.
4. Mobility Of Sales People - which promotes travel and tourism.
5. Product Standardization - ↑ standardization and uniformity in consumption patterns in a diverse society.

Qualities of a good salesman:

1. Physical qualities: Tidy appearance, good posture, cheerful smile etc
2. Psychological qualities: good nature with Empathy and ego drive
3. Technical quality: Full technical knowledge about the product,
4. Good communication skills - Polite, tactful, having good manners etc
5. Honesty,
6. Courtesy,
7. Persistent- must not give up as one additional argument can close a sale.
8. Capacity to inspire trust

Public Relations

- The concept of Public Relations involves a variety of programmes to promote and protect a company's image or its products.
- It means to strengthen relations with various stake holders like customers, shareholders, employees, suppliers, investors etc. It is done through - news, speeches by corporate leaders, organizing events like sports events, concerts, seminars etc.
- Public Association Relations' defined public relations as " The art and social science of analyzing trends, predicting their consequences, counseling organizational leaders and implementing planned programme of action which will serve both the organization and the public interest."
- "The Chartered Institute of Public Relations" defines Public Relations as „a strategic management function that adds value to an organization by helping it to manage its reputation.
- Public relations covers a wide range of tactics, usually involve providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact.

• **Ways and means of Consumer Protection:**

1. Self Regulation by Business:

- It is in the long-term interest of businesses to serve the customers well.
- Socially responsible firms follow ethical standards and practices in dealing with their customers.
- Many firms have set up their customer service and grievance cells to redress the problems and grievances of their consumers.

2. Business Associations:

- Examples of associations of trade, commerce and business - Federation of Indian Chambers of Commerce of India (FICCI) and Confederation of Indian Industries (CII)
- They have laid down their code of conduct which lay down for their members the guidelines in their dealings with the customers.

3. Consumer Awareness:

- A consumer, who is well informed about his rights and the reliefs available to him, would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitation.
- This enables them to understand their responsibilities and to safeguard their interests.

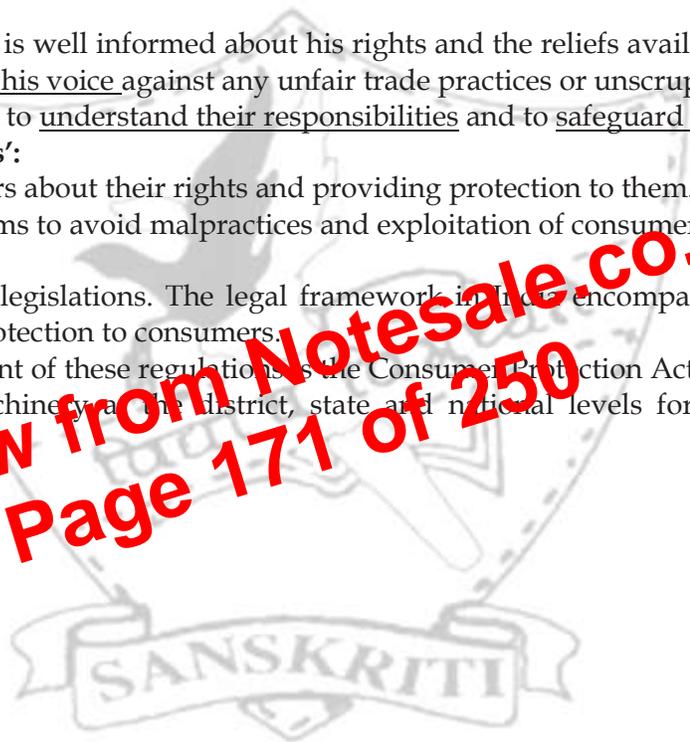
4. Consumer Organizations':

- Educate consumers about their rights and providing protection to them.
- Force business firms to avoid malpractices and exploitation of consumer.

5. Government:

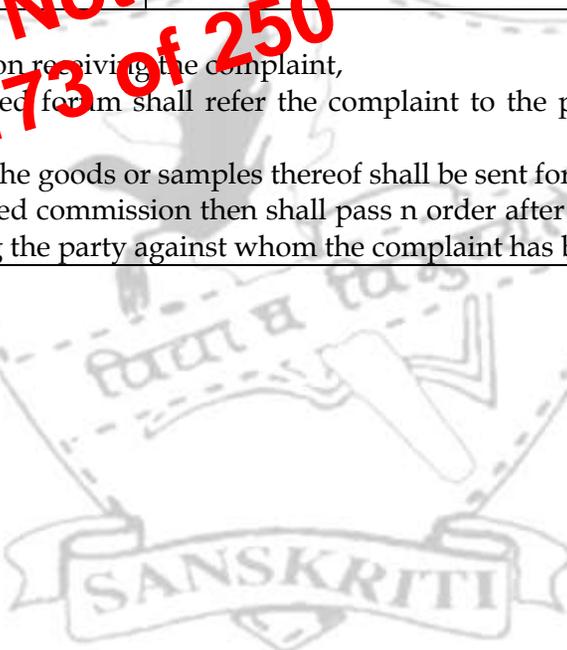
- Enacting various legislations. The legal framework in India encompasses various legislations which provide protection to consumers.
- The most important of these regulations is the Consumer Protection Act, 1986. The Act provides for three-tier machinery at the district, state and national levels for redressal of consumer grievances.

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<p>5. Appointments</p>	<p>All appointments are by the <u>State Governments</u> on the basis of recommendation of a <u>selection committee</u>.</p>	<p>All appointments are by the <u>State Governments</u>.</p> <ul style="list-style-type: none"> ○ <u>Members</u>-on the basis of recommendation of a <u>selection committee</u>. ○ <u>President</u> - after consultation with the <u>Chief Justice of the High Court</u> 	<p>All appointments are by the <u>Central Government</u>.</p> <ul style="list-style-type: none"> ○ <u>Members</u>-on the basis of recommendation of a <u>selection committee</u>. ○ <u>President</u> - after consultation with the <u>Chief Justice of India</u>.
<p>6) Action that can be taken</p>	<p>In all the cases, on receiving the complaint,</p> <ul style="list-style-type: none"> ○ The concerned forum shall refer the complaint to the party against which the complaint has been received. ○ If required, the goods or samples thereof shall be sent for testing to a laboratory. ○ The concerned commission then shall pass an order after considering the test report from the lab and after hearing the party against whom the complaint has been filed. 		

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Legal Protection to Consumers – Not in Syllabus

Name of the Act	Objective/applicable to	Protects Consumers Against	Protection Mechanism
1. Consumers Protection Act, 1986	Protect and promote interests of consumers	<ul style="list-style-type: none"> ✓ Defective goods ✓ Deficient practices ✓ Other forms of consumer exploitation 	Setting up a three-tier mechanism and provide for formation of consumer protection councils in every district and state and at the apex level.
2. The Essential Commodities Act, 1955	Controlling production, supply and distribution of essential commodities, checking inflationary trend in prices and ensuring equal distribution of essential commodities.	Anti-social activities of profiteers, hoarders and black marketers.	Act provides for action against the above mentioned.
3. The Contract Act, 1982	Lays down conditions by which the promises made by parties to a contract will be binding to each other.	Protection Mechanism: Specifies remedies available to parties in case of breach of. Contract.	
4. The Agricultural Produce (Grading And Marking) Act.1937	Prescribes grade standards for agricultural commodities and livestock products.	Protection mechanism: <ul style="list-style-type: none"> ✓ Stipulates conditions that govern use of standards ✓ Lays down procedure for grading, marking and packing of agricultural products ✓ Uses 'AGMARK' as a quality mark. 	
5. The Bureau Of Indian Standards,1986	<ul style="list-style-type: none"> ✓ Formulation of quality standards for goods. ✓ Certification thro BIS certification 	Protection Mechanism: <ul style="list-style-type: none"> ✓ Manufacturers allowed using the ISI mark only on ensuring that goods conform to prescribed standards. ✓ Set up a grievance cell where consumers can file a complaint about quality of goods carrying ISI mark. 	
6. The Standards Of Weight And Measurement Act, 1976	Applicable for those goods that are sold or distributed by weight or measure or number.	Protects Consumers Against: Malpractices of under-weight and under-measure.	

OPTION 4: STOCK MARKET

The purpose of this project is to teach school students the values to investing and use the stock market. This project also teaches important lessons about the economy, mathematics and financial responsibility. The basis of this project is to learn about the stock market while investing a specified amount of fake money in certain stocks. Students then study the results and buy and sell as they see fit. This project will also guide the students and provide them with the supplies necessary to successfully monitor stock market trends and will teach students how to calculate profit and loss on stock.

The students will have to study the prices of companies in a particular Stock Exchange. They will also be required to identify and study the price movements of firms in that Stock Exchange for a period of 6 months.

The students are already exposed to the Stock Exchange under Globalization in the Economics Unit of Social Science Syllabus of class X. The Project Work will enable them to understand the topics 'Sources of Business Finance,' Unit 7 of Class XI and 'Capital Market,' Unit 10 of Class XII.

The project work will enable the students to:

- Understand the topics like sources of business finance and capital market
- Understand the concepts used in stock exchange
- Inculcate the habit of watching business channels, reading business journals/newspapers and seeking information from their elders.

The students are expected to:

- a. Develop a brief report on History of Stock Exchanges in India. (your country)
- b. Prepare a list of at least 25 companies listed on a Stock Exchange.
- c. To make an imaginary portfolio totaling a sum of Rs. 15, 00,000 equally in any of the 5 companies of their choice listed above.
- d. The students may be required to report the prices of the stocks on daily basis and present it diagrammatically on the graph paper.**
- e. They will understand the weekly holidays and the holidays under the Negotiable Instruments Act. They will also come across with terms like closing prices, opening prices, etc.

- 'Distinguish between' should always be tabulated. Basis of difference should also be given. If for one basis, one part is correct while the other is incorrect or not related to the other side or is not done, then no marks for the correct part will be awarded.

GUIDELINES FOR PRACTICALS

- Project draft has to be preserved and produced with your final file on the date of your viva.
- Project file must be reviewed by your teacher before final submission on the 10th of December.
- File must be prepared on the basis of the guidelines given.
- Your teacher has to write her comments and stamp your project. So timely submission will ensure that your project will be corrected thoroughly and you will get adequate time to correct mistakes, if any.
- CBSE holds its practical exams between the 1st and the 15th of February.
- On the date of the practical examination,
 - You are required to come to school in your correct school uniform and present yourself for a Viva that will be conducted by an external examiner.
 - You will also be required to produce your practical file for correction where it will now be evaluated by the external examiner.
- You can be asked any question about :
 - The topic you have selected,
 - The chapter concerned from your text (i.e. Marketing Management or Business Environment or Principles of Management depending on the project you have selected)
 - The firm you have studied
 - Any question or specific principle that you have covered as a part of your project
 - Your findings and Learnings from the project.

Chapter 4: Planning

Define planning:

.....

.....

.....

Following Are Some Points Jumbled Up. Please Categorise Them into Features, Benefits and Limitations of Planning

POINTS	CATAGORY
1. Focuses on achieving objectives	1. _____
2. May not work in a dynamic Environment	2.. _____
3. Involves decision making	3.. _____
4. Promotes innovative ideas	4.. _____
5. Establishes standards for controlling	5.. _____
6. Mental exercise	6.. _____
7. Futuristic	7.. _____
8. Limited flexibility	8.. _____
9. Provides direction	9.. _____
10. Leads to rigidity	10.. _____
11. Time consuming	11.. _____
12. Reduces risk of uncertainty	12.. _____
13. Does not guarantee success	13.. _____
14. Continuous	14.. _____
15. Reduces creativity	15.. _____
16. Pervasive	16.. _____
17. Reduces overlapping and wasteful activities	17.. _____
18. Primal function of management	18.. _____
19. Involves huge costs	19.. _____
20. Facilitates decision making	20.. _____

Answer in one sentence:

1. Explain why rules are the simplest type of plans?
.....
2. Explain why budget is considered to be a type of plan?
.....
3. Name any two factors which affect the implementation of a plan?
.....
4. Is planning an exclusive function of the top management? Why?
.....
5. Planning requires logical and systematic thinking rather than guess work. Which characteristic of planning is highlighted in this statement?
.....

Planning - Concept, importance and limitations.

- Q1 What is the purpose of planning? 1
- Q2 Explain how planning facilitates decision making? 3
- Q3 A firm does not believe in the process of planning. What are the likely effects that such a firm will have to bear? (*reverse the importance*) 5
- Q4 Explain any two reasons which suggest that planning is important in managerial process. 5
- Q5 'Planning is the basis of control, action its essence, delegation its key and information its guide.' Explain. (*relate planning with controlling, directing and organising*) 5
- Q6 'Planning is not guarantee for success for any organization.' Explain. 5
- Statement explanation- 1 mk.
 - Limitations of planning = 4 marks
- Q7 'Planning restricts creativity'. Explain briefly. 3
- Q8 Explain the external limitations of Planning. 5

Planning Process

- Q1 Explain the meaning of supportive plans or derivative plans with examples. Why are they required? 3
- Q2 Defining 'organisational objective' is the first step in the process of planning. Explain, in brief, the other step in this process. 6

Types of Plans- Objective, Strategy, Policy, Procedure, Methods, Rules, Budget and Programmes

- Q1 A Company needs a detailed plan for its new project. Construction of a Shopping Mall. What type of plan is it? 1

15. Give an example of use of :
 - a. Apprenticeship training
 - b. Internship.....
 - c. Vestibule
16. Give one reason for the popularity of campus recruitment as a source of recruitment.

.....

Basic Questions

1. Define staffing.
2. Explain the importance of staffing
3. Write a short note on Staffing as a part of Human Resource Management
4. Explain the steps in the Staffing process
5. Explain the internal sources of recruitment.
6. Critically analyse the internal sources of Recruitment
7. Explain the external sources of recruitment.
8. Critically analyse the external sources of Recruitment
9. Name the sources that can be used to recruit:
 - a. Top or middle level managers
 - b. Government employees
 - c. Lower level managers
 - d. Workers
10. Explain the steps in the Selection process
11. Name the tests used in the selection process.
12. Define Training and Development
13. Explain the importance of training
14. Differentiate between training and development.
15. What are 'On the job' and 'Off the job' methods of training?
16. Explain the following:
 - a. Induction Training
 - b. Vestibule Training
 - c. Apprenticeship Training And
 - d. Internship Training.

○ Meaning And Importance Of Staffing

- Q1** You are the Personnel manager of a concern. How would you estimate the manpower requirements of your firm with the help of workload analysis? 1
- Q2** Why is staffing considered to be the key to other functions of management? 3

Case Problem:

A company 'M' limited is manufacturing mobile phones both for domestic Indian market as well as for export. It had enjoyed a substantial market share and also had a loyal customer following. But lately it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also mobile market in India has grown tremendously and new players have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.

Questions

1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained.
3. Give the steps in the control process that the company should follow to remove the problems it is facing.
4. What techniques of control can the company use?

In all the answers keep in mind the sector of business the company is in.

Meaning and Importance

- Q1 Does control help in judging the accuracy of standards and improving motivation of the employees? Explain. 3
- Q2 Controlling is looking back as well as forward looking. 3
- Q3 How does a control system simplify the task of a supervisor? 3
- Q4 Controlling is an indispensable function of management. Do you agree? Give four reasons in support of your answer. 5

Relationship between Planning and Controlling

- Q1 'Planning and controlling are inter-dependent and inter-linked activities.' Explain. 5

Steps In The Process Of Control

- Q1 Give meaning of the term 'Deviation' as used in the control function of management. 1

Chapter 9: Financial Management

STATE IN EACH OF THE FOLLOWING CASES WHETHER THE WORKING CAPITAL REQUIREMENT WILL BE LESS OR MORE?

1. The firm is manufacturing fans and it is month of May
2. The firm is a coaching centre
3. The firm has a number of branches having a high turnover
4. World over economy is undergoing recession
5. The firm is manufacturing bread and other bakery products
6. The firm is manufacturing led tv's
7. The customers of this firm are well established firms who can easily get a long credit period on their purchases.
8. The firm is extremely successful having a good track record and always gets sufficient time to repay the bills due
9. The raw material has to be imported, which takes over a month
10. The firm has a high debtors turnover ratio
11. In 2 months time, the production will have to be doubled as the demand is increasing
12. There is stiff competition posed by other sellers of our commodity, in the market
13. The inflation rate has touched an all time high
14. The firm is supplying designer clothes on order

STATE IN EACH OF THE FOLLOWING CASES WHETHER THE FIXED CAPITAL REQUIREMENT WILL BE LESS OR MORE?

1. The firm is manufacturing led tv's
2. World over economy is witnessing tremendous growth
3. The firm is manufacturing components of mobile phones
4. The firm has a number of branches having a high turnover
5. The firm produces and sells handicraft items
6. In 2 months time, the production will have to be halved as the demand is falling
7. The firm is a leading cosmetic manufacturer and is planning to launch a new range of colour cosmetics at the fashion week
8. The firm is textile firm planning to start a cement manufacturing plant
9. For the new factory the land can be leased
10. The leading men's clothing brand will sell its new range through popular and major retail outlets

FINANCIAL MARKETS - WORK SHEET 2

1. Expand:

SEBI	
IPO	
SCRA	
NBFC's	

2. Define:

i. **Stock Exchange**

.....

.....

ii. **Primary Market**

.....

.....

3. Fill in the blanks:

- i. A company's securities can be traded on a stock exchange only if it is on it.
- ii. The electronic form of holding the securities is called
- iii. A stock exchange year is divided into periods called
- iv. Separation of control and ownership of the stock exchange from the trading rights of the members is called.....
- v. Individuals, partnership firms or corporate bodies intermediating directly between the buyers and sellers of securities are called.....

4. What kinds of services are offered by the SEBI to the intermediaries?

.....

.....

5. Functions of stock exchange :

- i. Gives and To existing securities
- ii. of securities
- iii.of transactions
- iv. Contributes to
- v. Spreading of
- vi. Provides scope for

Nokia acquired music solution and content provider LoudEye and GPS solution provider Gate5. It is all slated to launch its most high-profile handset, which boasts of having a 5 mega pixel camera and GPS capabilities apart from iPod quality music, in February. Says Taneja, "There is increasing demand for convergence and multiple functionalities in high-end handsets. The N-series will try to address that." Nokia feels that the new platform strategy wherein different handsets are launched under a platform, like the N-Series, will become a status and style statement and drive numbers.

Source: www.economictimes.indiatimes.com

Question:

1. Identify the four market segments that Nokia plans to address as per the news report above.
2. What is the basis of classification of the market used by the company?
3. What do you mean by realignment of product portfolio? Illustrate this from the case above. Identify the points that can be highlighted in marketing campaigns for each segment.
4. What are the different considerations in the mind of consumers of each segment while purchasing mobile phones as given in the above case?

Marketing - Meaning, Functions and Role

Q1	What is meant by Marketing Management?	1
Q2	What is the modern concept of marketing?	3
Q3	What is the traditional concept of marketing?	3
Q4	What role does marketing play in an economy?	3
Q5	Define Grading. What kind of products are subject to the process of grading?	3
Q6	State any five functions of management from the management point of view.	5
Q7	How can marketing help a firm build its goodwill in the market?	3

Marketing Management Philosophies

Q1	Which concept of Marketing suggests that the organisation should earn profits through consumer satisfaction and social welfare?	1
Q2	'Blindly following the goal of customer satisfaction and profit maximization has led to many social and environmental evils.' Do you agree? What can be done now?	3
Q3	Differentiate between the concepts 'product' and 'production' in marketing keeping the following as base:	3
	(a) Focus	
	(b) Means	
	(c) Ends	

- b. The loose spices purchased by Aditi were adulterated.
.....
- c. Saahil found a worm in a chocolate but did not tell anyone as he thought it is small amount, so there is no point in making a complaint.
.....
- d. Neha desperately wanted to watch the movie so purchased the tickets from a black marketer.
.....
- e. Rohit did not take cash memo for his mobile to save the sales tax.
.....

Basic Questions

1. Explain the importance of consumer protection.
2. Who is a consumer?
3. What is meant by consumer protection?
4. Explain the Rights of consumers.
5. What are the responsibilities of consumers?
6. Who can file a complaint?
7. Against whom can complaint be filed?

Case Problem:

Now, filing complaint is just a click away. Filing a complaint in a consumer court's going to get a lot easier by the end of this year virtually. No matter which part of the country you live in, it's going to happen at the click of a mouse. The project, called Comfonet (Computerisation of and Computer Networking of Consumer Fora), is being executed on a turnkey basis by the National Informatics Centre (NIC).

"Online registration of complaints, the government hopes, will promote e-governance, transparency, efficiency and streamlining of consumer fora," said an official in the consumer affairs ministry. Of Rs 48.64 crore set aside for the project, the government has released Rs 30.56 crore so far, the official added.

"Besides software development and testing, networking and project implementation, integration and site preparation, it will include purchase of hardware for all the 583 district fora, 35 state commissions and the National Commission," the official said.

At present, computer systems and system software have been delivered to 25 state commissions and 300 district fora – never mind the fact that it's sometimes a long wait before the hardware is finally unpacked and set up in some of the districts. Meanwhile, training of staff, sometimes in the classroom and sometimes through e-learning sessions, are in full swing. "But just setting up an online complaint filing system won't ensure a strong consumer protection movement in the country – for that we're working on GenNext and the best way to do that is to go to schools," the official said. The government is, therefore, involving school children to form consumer clubs so as to involve them in various consumer welfare activities.

Part of the funding for running the club is to come from various state governments, with an equally matching grant from the Centre. However, a number of state

governments are yet to sanction the fund – some of these include Uttar Pradesh, Madhya Pradesh and Kerala.

Source: www.economictimes.indiatimes.com

Question

1. What new measure is the ministry of consumer affairs taking to make filing of complaint easy?
2. What role can you as a student play to contribute to the cause of consumer protection?
3. What scenario of consumer protection do you foresee when the measures proposed in the above news report are implemented?

Importance of Consumer Protection

- Q1 Who is a consumer according to the consumer Protection Act? 3
- Q2 Explain in brief any six reasons as to why consumer protection is needed in India. 6
- Q3 What is the purpose/objective of Consumer Protection Act? 1

Consumer Rights

- Q1 Which consumer right gives the business firms freedom to set up their own consumer service and grievance cell? 1
- Q2 What is a complaint under The Consumers' Protection Act, 1986? 1
- Q3 Explain any three rights of a consumer under the Consumer protection Act. 6

Consumer Responsibilities

- Q1 Rita wants to buy a packet of juice. As a aware consumer, how can she be sure of the quality of juice she plans to buy? 1
- Q2 Explain the concept of a PIL. 1
- Q3 A shopkeeper sold you some spices claiming that they were pure. Later, tests showed that they were adulterated. What precautions should you have taken before buying and what remedies are available to you now. 6
- Q4 Explain any six responsibilities of a consumer to safeguard his interests. 6

Role of Consumer Organizations and NGOs

- Q1 Non-Government Organisations perform several functions for the protection and promotion of consumers. Name any six functions performed by them.. 6