

**BUSINESS
STUDIES
AT A GLANCE
FOR SURE SUCCESS
2022 - 23**

Edited by Naresh Patidar

MLP FOR STUDENTS IN BUSINESS STUDIES

UNIT - 1 (MM 16)

S. No. of CH.	NAME OF CHAPTER	SUB TOPICS
1.	Nature and significance of management	<ul style="list-style-type: none"> • Features of Management • Importance of management • Effectiveness v/s efficiency • Levels of management (Recognition and three functions of each level of management) • Co-ordination as essence of management.
2.	Principles Of Management	<ul style="list-style-type: none"> • Fayols Principles of Management (Recognition, basic meaning and effects of violation) • Techniques of Scientific Management of Taylor • Derivation of management Principles
3.	Business Environment	<ul style="list-style-type: none"> • Impact of changes in Economic Policy on Business and Industry (any five). • Dimensions of Business Environment (Recognition, basic meaning , aspects and examples) • Importance of B.E. • Meaning of Liberalization, Privatization and Globalisation

UNIT - 2 (MM 14)

S. No. of CH.	NAME OF CHAPTER	SUB TOPICS
4.	Planning	<ul style="list-style-type: none"> • Process of planning • Importance of planning • Limitations of planning • Meaning of standing plans and single use plan
5.	Organising	<ul style="list-style-type: none"> • Meaning and process of organising • Importance of Organising • Formal and Informal Organisation (any three features, advantages and disadvantages) • Functional and Divisional Structure of Organisation (recognition, suitability – any two) • Meaning and importance of Delegation • Meaning and advantages of decentralisation

UNIT - 3 (MM 20)

S. No. of CH.	NAME OF CHAPTER	SUB TOPICS
6.	Staffing	<ul style="list-style-type: none"> • Process of Staffing • Sources of Recruitment (Comparative advantages and disadvantages Any three) • Selection- meaning and process • Benefits of training • Meaning of On-the Job and Off the Job training • Vestibule training (meaning)
7.	Directing	<ul style="list-style-type: none"> • Meaning and importance of directing (any four) • Maslow theory of Motivation • Meaning and examples of monetary and non-monetary incentives • Elements of Directing and their meaning, any two features and importance of each • Communication meaning and barriers of communication

8.	Controlling	<ul style="list-style-type: none"> • Meaning and importance • Process • Relationship between planning and controlling.
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UNIT - 4 (MM 15)

S. No. of CH.	NAME OF CHAPTER	SUB TOPICS
9.	Financial Management	<ul style="list-style-type: none"> • Capital budgeting / Investment decision - meaning and factors • Factors affecting financing decision (any three) • Factors affecting financing decision (any three) • Importance of financial planning. (any three) • Fixed capital requirement - meaning and factors (any five) • Working capital requirement - meaning and factors (any five)
10.	Financial Market	<ul style="list-style-type: none"> • Difference between capital market and money market • Functions of SEBI regulatory, developmental and protective – any two of each) • Functions of secondary market (any five)

UNIT - 5 (MM 15)

S. No. of CH.	NAME OF CHAPTER	SUB TOPICS
11.	Marketing Management	<ul style="list-style-type: none"> • Difference between selling and marketing • 4 p s • Functions of marketing (any four) • Levels and functions of packaging • Features of good brand name • Objections to advertising • Qualities of a good salesman (list out points only)
12.	Consumer protection	<ul style="list-style-type: none"> • Consumer rights • Consumer responsibilities • Reliefs available to consumer • Consumer protection forum – three tier agencies (limit of amount to be discussed)

01. NATURE AND SIGNIFICANCE OF MANAGEMENT

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	03	01	-	-	06

There is NO internal choice question from this chapter

Meaning of Management: Management is defined as a process of getting things done with the aim of achieving organizational goals or objectives effectively and efficiently.

EFFECTIVENESS vs. EFFICIENCY

Effectiveness means **finishing the given task in on time**. To say in simple it is concerned with the end Result. Efficiency means doing the **given task correctly and with minimum cost**.

CHARACTERISTICS/FEATURES OF MANAGEMENT

01	Mgt. is a goal oriented process	It is a goal oriented process, which is undertaken to achieve already specified and desired objectives by proper utilization of available resources
02	Management is all pervasive	Mgt is universal in nature. It is used in all types of organizations whether economic, social or political irrespective of its size, nature and location and at every level
03	Management is Multi dimensional (work, people, operations)	It is multidimensional as it involves management of work, people and operations . Every organization is established for doing some work. The management has to ensure the participation, of its people in the realization of the organization goal. Also mgt. needs to conduct the various operations such as production, sale, purchase etc.
04	Management is a continuous process	Management is not a process which can be performed once and for all, but it is a continuous process. Functions of management like planning, organizing, staffing, directing and controlling continuously need to be done
05	Management is a group activity	It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives.
06	Management is a dynamic function:	It is a dynamic function since it has to adapt according to need, time and situation of the changing environment. In order to be successful, an orgn. must change itself and its goals
07	Management is an intangible force:	Management is such a force that cannot be seen; only its presence can be felt. When the goals of an organization are being realized in accordance with its plans, we can say that the management of the organization is good.

OBJECTIVES OF MANAGEMENT

01	Organizational objectives	An organization has to achieve its different objective like Survival, Profit, Growth
02	Social objectives	An organization has social objectives towards different groups of society like providing quality products at fair prices, generating employment opportunities, etc.,
03	Personal objectives	An organization strives to fulfill personal objectives of its employees and also to reconcile their objectives with the organizational objectiveness. e.g., Competitive salaries, personal growth and perks for employees etc.

IMPORTANCE/SIGNIFICANCE OF MANAGEMENT

01	Mgt. helps in achieving group goals	Management creates team work and coordination in the group. Managers give common direction to individual efforts in achieving the overall goals of the orgn.
02	Mgt. increases efficiency	Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity
03	Mgt. creates a dynamic organization	Management helps the employees overcome their resistance to change and adapt as per changing situation to ensure its survival and growth
04	Mgt. helps in achieving personal objectives	Management helps the individuals achieve their personal goals while working towards organizational objectives.
05	Mgt. helps in the development of society	Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technology.

NATURE OF MANAGEMENT

01	Mgt as an Art	1. Existence of theoretical knowledge (✓)	2. Personalized application (✓)
		3. Based on practice and creativity (✓)	

CONCLUSION: Hence, management can be said to be an art since it satisfies the all criteria

02	Mgt as a Science	1. Systematized body of knowledge (✓) 3. Universal validity (X)	2. Principles based on experimentation (✓-human beings)
		CONCLUSION: Since management deals with human beings and their behaviour, the outcomes of these experiments are not capable of being accurately predicted or replicated. Therefore, management can be called an inexact Science//soft science/social science.	
3	Mgt as a Profession	1. Well-defined body of knowledge (✓) 3. Professional association (✓) 5. Service motive (X)	2 Restricted entry (X) 4. Ethical code of conduct (X)
		CONCLUSION: Since management does not meet the exact criteria of a profession, hence it is not treated as a Profession.) { * Fit (✓) and Not Fit (X)}	

LEVELS OF MANAGEMENT

01	Top level Mgt	Frames policies for overall attainment of management objectives. Responsible all the activities of the business and for its impact on society. Ex., Chairman, Chief Executive Officer, Chief Operating Officer, President and Vice-President). Functions: (a) Integrate diverse elements and coordinate the activities. (b) Responsible for the welfare and survival of the organization. (c) Analyze the business environment (d) Formulate Organizational goals and strategies.
02	Middle level Mgt	1. They are link between top and lower level managers and known as division heads, e.g. Production Manager. They are interpreters and explain the policies framed by the top level mgt and collect and report feedbacks to top level mgt. Responsible for implementing and controlling plans and strategies and activities of first line managers. Functions: (a) Interpret the policies. (b) Ensure that their department has the necessary personnel, (c) Assign necessary duties and responsibilities; (d) Motivate personnel (e) Co-operate with other departments.
03	Supervisory level Mgt	They are mainly concerned with technical and routine work on day-to-day basis. e.g. Foremen and supervisors Functions: (a) Oversee the efforts of the workforce. (b) Pass on instructions to the workers. (c) Ensures quality of output is maintained, wastage of materials is minimized and safety standards are maintained.

FUNCTIONS OF MANAGEMENT

01	Planning	It refers to deciding in advance what to do, how to do and developing a way of achieving goal efficiently and effectively
02	Organizing	It refers to the assigning of duties, grouping tasks, establishing authority and allocating of resources required to carry out a specific plan.
03	Staffing	It implies right people for the right job.
04	Directing	It involves leading, influencing. Motivating employees to perform the task assigned to them.
05	Controlling	It refers to the performance measurement and follow up actions that keep the actual performance on the path of plan.

COORDINATION

Coordination — The Essence of Management: The process by which a manager **synchronizes** the activities of different departments is known as coordination. Coordination is the **force that binds all the other functions** of management.

CHARACTERISTICS/FEATURES OF COORDINATION

01	Coordination integrates group efforts	It integrates diverse business activities into purposeful group activity ensuring that all people work in one direction to achieve organizational goals.
02	Coordination ensures unity of action	It directs the activities of different departments and employees towards achievement of common goals and brings unity in individual efforts.
03	Coordination is a continuous process	It is not a specific activity matter; it is required at all levels, in all departments till the organization continues its operations
04	Coordination is an all pervasive function	It is universal in nature. It synchronizes the activities of all levels and departments as they are interdependent to maintain organizational balance
05	Coordination is the responsibility of all managers	It is equally important at all the Three-Top, Middle and Lower levels of management. Thus it is the responsibility of all managers that they make efforts to establish coordination.
06	Coordination is a deliberate function	Coordination is never established by itself rather it is a conscious effort on the part of every manager. Cooperation is voluntary effort of employees to help one another.

IMPORTANCE/SIGNIFICANCE OF COORDINATION

01	Growth in size	When there is a growth in size, the number of people employed by the organization also increases. Thus to integrate the efforts. Co-ordination is needed.
02	Functional differentiation	In an organization there are separate department and different goals. The process of linking those activities is achieved by co-ordination
03	Specialization	Modern orgn. is characterized by a high degree of specialization. Co-ordination is required among different specialists because of their different approaches, judgment etc

02. PRINCIPLES OF MANAGEMENT

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	-	-	01	06

There is ONE internal choice question for 06 marks, from this chapter only

Principle: It refers to a statement which reflects the fundamental truth about some phenomenon based on cause and effect relationship. **Management Principles** These are the statements of fundamental truth, they serve as a guide to thought and actions for managerial decision actions and their execution. A managerial principle is a broad and general guideline for decision-making and behaviour. **Principles** are **guidelines** to take decisions or actions while practicing techniques. **Techniques** are **procedures** or methods, which involve a series of steps to be taken to accomplish desired goals.

NATURE OF PRINCIPLES OF MANAGEMENT

01	Universal applicability	Principles of Mgt. is applicable in all types of orgs., business as well as non-business, small as well as large enterprises depending on the nature of the org.
02	General guidelines	Management principle give guidelines to solve the problems, these principles do not provide readymade solution for all the problems
03	Formed by practice and experimentation	The Mgt. principles are developed only after deep and through research work.
04	Flexible	These are not set of rigid statements. These can be modified by the managers who are using them.
05	Mainly behavioural	Management principles are formed to guide and influence the behaviour of employees.
06	Cause and effect relationships	Mgt principles are based on cause and effect that means these Principles tell us if a particular principle is applied in a situation, what might be the effect.
07	Contingent	Management principles are contingent or dependent upon the situation prevailing in organization.

SIGNIFICANCE OF PRINCIPLES OF MANAGEMENT

01	Providing managers with useful insights into reality	Principles of management guide managers with useful insights into real world situations, adherence to these principles will improve their knowledge, ability and understanding of various managerial situations and circumstances
02	Optimum utilization of resources and effective Admn	The resources with the company are limited. Management principles equip the managers to see the cause and effect of their decisions and actions and thus reduce wastage.
03	Scientific decisions	Decisions must be based on facts, thoughtful and justifiable in terms of intended purpose. Management principles must be timely, realistic and subject to measurement and evaluation. Principles are free from bias and prejudice
04	Meeting changing env. requirements	Management principles are effective and dynamic and thus help the organization to meet the changing requirements of the environment.
05	Fulfilling social responsibility	Due to the increased awareness of the public forces all companies are required to fulfill social responsibilities. Principles of mgt. not only help in achieving organizational goals but also guide managers in performing social responsibilities.
06	Mgt., trg., education and research	Management principles are the core of management and are helpful in increasing knowledge, which forms the basis for management training and research.

SCIENTIFIC MANAGEMENT SUGGESTED BY TAYLOR

Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

01	Science not Rule of Thumb	One best method to maximize efficiency that can be Developed through study and analysis.
02	Harmony, Not Discord	Complete harmony between the mgt. and workers, mental revolution on the part of both management and workers required
03	Cooperation, Not Individualism	Competition should be replaced by cooperation.
04	Development of Each and Every Person to his or her Greatest Efficiency and Prosperity	Worker training and selection should be scientifically done.

TECHNIQUES OF SCIENTIFIC MANAGEMENT

01	Functional Foremanship	Extension of the principle of division of work and in contradiction to unity of command.
02	Standardization and simplification of Work	Standardization refers to the process of setting standards of process, raw material, time, product, machinery, methods or working conditions. Simplification aims at eliminating superfluous varieties, sizes and dimensions.
03	Method study	The objective of method study is to find out one best way of doing the job. So that it will minimize the cost of production and maximize the quality of the product.
04	Motion Study	Study of movements like lifting, putting objects, sitting and changing positions, etc. Unnecessary movements are sought to be eliminated.
05	Time Study	Standard time taken to perform a well-defined job.
06	Fatigue Study	Seeks to determine the amount and frequency of rest intervals in completing a task.
07	Differential Piece Wage System	Differentiate between efficient and inefficient workers on the basis of these standards and given different rate of wage payment.
08	Mental revolution	Complete change in outlook of the relationship between mgt. and workers.

FAYOL'S PRINCIPLES OF MANAGEMENT

01	Division of Work	It leads to specialization so that the work can be performed more efficiently
02	Authority and Responsibility	Balance between authority and responsibility.
03	Discipline	Obedience to organizational rules and employment agreement.
04	Unity of Command	One and only one boss for every individual employee. Dual subordination should be avoided.
05	Unity of Direction	One head and one plan.
06	Subordination of Individual Interest to General Interest	The interests of an organization should take priority over the interests of any one individual employee.
07	Remuneration of Employees	Fair to both employees and the organization.
08	Centralization and Decentralization	Balance subordinate involvement through decentralization with managers' retention of final authority through centralization.
09	Scalar Chain	The formal lines of authority from highest to lowest ranks are known as scalar chain. Gang Plank is a shorter route so that communication is not delayed
10	Order	A place for everything (everyone) and everything (everyone) in its (her/his) place'.
11	Equity	No discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc.
12	Stability of Personnel	Selected employees should be kept at their post/ position for a minimum fixed tenure. Employee turnover should be minimized.
13	Initiative	Workers should be encouraged to develop and carry out plans for Improvements.
14	Esprit De Corps	Promote a team spirit of unity and harmony among employees.

03. BUSINESS ENVIRONMENT

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	04	-	-	-	04
There is NO internal choice question from this chapter						

The term „business environment“ means the sum total of all (1) individuals, (2) institutional and (3) other forces that are outside the control of a business enterprise but that may affect the performance of a bus. Business environment is becoming exceedingly complex day by day.

FEATURES/CHARACTERISTICS OF BUSINESS ENVIRONMENT

01	Totality of external forces	Business environment is the sum total of all the forces/factors external to business firm
02	Specific and General Forces	Business environment includes both specific (Such a investors, customers, competitors and suppliers) and general forces (such as social, political, legal and technological conditions. Specific forces influence business firm directly while general forces affect a business firm indirectly.
03	Inter-relatedness	All the forces/factors of a business environment are closely interrelated. For example, increased awareness of health care has raised the demand for organic food a roasted snacks in turn change the life style of people.
04	Dynamic nature	Business environment dynamic in nature which keeps on changing with time. It may be change in technology, fashion and taste etc.
05	Uncertainty	Business environment is uncertain as it is difficult to predict the future environment changes and their impact with full accuracy.
06	Complexity	Business environment is complex which is easy to understand in parts separately but it is difficult to understand in totality
07	Relativity	Business environment is a relative concept whose impact differs from country to country, region to region and firm to firm for example, demand for ready to eat healthy food will be more in urban areas than in rural areas.

IMPORTANCE/SIGNIFICANCE OF BUSINESS ENVIRONMENT

01	It enables the firm to identify opportunities and getting the first mover	advantage Understanding of business environment helps an organization in identifying advantageous opportunities an getting their benefits prior to competitors, thus reaping the benefits of being a pioneer
02	It helps the firm to identify threats and early warning signals	Correct knowledge of business environment helps a organization to identify those threats which may adversely affect its operations. For example, Bajaj Auto made considerable improvements in its two wheelers when Honda & other multinational companies enter the auto industry.
03	It helps in tapping useful resources	Business environment makes available various resources such as capital, labour, machines, raw material etc. to a business firm. In order to know the availability of resources and making them available on time at economical price, knowledge of business environment is necessary.
04	It helps in coping with rapid changes	Continuous study/scanning business environment helps in knowing the changes which are taking place and thus they can be face effectively by developing suitable course of action.
05	It helps in assisting in planning and policy formulation	Understanding and analysis of business environment helps an organization in planning policy formulation. For example, ITC Hotels planned new hotels in India after observing boom in tourist sector.
06	It helps in improving performance	Correct analysis and continuous monitoring of business environment not only helps an organization in improving its performance but also continue to succeed in the market for longer time.

DIMENSIONS/ELEMENTS/TYPES OF BUSINESS ENVIRONMENT

01	Economic	Interest rates, inflation rates, changes in disposable income of people, stock market indices, value of rupee, role of private and public sectors, rates of growth of GNP and per capita income at current and constant prices, Rates of saving and investment, Volume of imports and exports, Balance of payments, foreign exchange reserves, Agricultural and industrial production trends, Expansion of transportation and communication facilities, Money supply, Public debt (internal and external).
02	Social	Customs and traditions, values, social trends, society's expectations, product innovations,, lifestyles, consumer preferences, quality of life, Life expectancy, Expectations from the workforce, presence of women in the workforce, Birth and death rates, Population shifts, Educational system and literacy rates, Consumption habits, Composition of family

03	Technological	Scientific improvements, innovations, up gradation, new methods and techniques etc.
04	Political	Political conditions such as general stability and peace, Degree of Politicization of business and economic issues, Dominant ideologies of major political parties, nature, morality and profile of political leadership and thinking of political Personalities, extent government intervention, nature of relationship with foreign countries
05	Legal	Various legislations passed by the Government Administrative orders issued by government authorities, court judgments

DEMONETIZATION

Demonetization of Indian currency is not the first time in 2016, earlier this, two times our country demonetized our currency of various denominations. This is (2016) third time. First time it was done in 1946 with by banning of Rs. 1,000 and Rs. 10,000 Notes, second time in 1978 by banning of Rs. 1000, Rs. 5000 and Rs. 10000 Notes. Demonetization is an act of cancelling the legal tender status of a currency unit in circulation. Third time on 8th November, 2016 the Government of India by banning, Rs. 500 & Rs. 1000 notes. In simple words, demonetized notes are no longer valid as legal currency. Usually, a new currency replaces the old currency. This led to 86% of the money in circulation invalid. The people of India had to deposit the invalid currency in the banks which came along with the restrictions placed on cash withdrawals.

AIM OF DEMONETIZATION

The aim of demonetization was to curb corruption, fake notes, counterfeiting/ inauthentic the use of high denomination notes for illegal activities like terrorism, accumulation of `black money` generated by income that has not been declared to the tax authorities.

FEATURES OF DEMONETIZATION

01	Demonetization is viewed as a tax administration tool/measure	Cash holdings arising from declared income was readily deposited in banks and exchanged for new notes. But those with black money had to declare their unaccounted wealth and pay taxes at a penalty rate
02	Demonetization is a method to check tax evasion	It indicates that tax evasion will no longer be tolerated or accepted. Tax collection increased because of increased disclosure of income due to that tax evasion decreased
03	To channelize the savings	Though, much of the cash that has been deposited in the banking system is bound to be withdrawn but some of the new deposits schemes is offered by the banks will continue to provide a base loan at lower interest rates
04	Demonization is aimed to create a less cash or cash-lite economy/Cash less economy	Cash transactions declined. Digital transactions using Rupay cards and Debit cards, Aadhar Enabled Payment System (AEPS), etc increased
05	To control corruption	Another aim of demonetization was to control corruption
06	To control illegal activities	To control use of high denomination notes for illegal activities.

IMPACT OF DEMONETIZATION

01	Money/ Interest rates	(1) Decline in cash transactions (2) Bank deposits increased (3) Increase in financial savings
02	Private wealth	Declined since some high demonetized notes were not returned and real estate prices fell
03	Public sector wealth	No effect
04	Digitization	Digital transactions amongst new users (RuPay/AEPS) (Aadhar Enabled Payment System)increased
05	Real estate	Prices declined
06	Tax collection	Rise in income tax collection because of increased disclosure

04. PLANNING

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	-	-	01	06

There is ONE internal choice question for 06 marks, from this chapter only

PLANNING: - Planning is the process of deciding well in advance the future courses of action i.e. What is to be done? When is to be done? How is to be done? By whom it is to be done? etc. Planning is what managers at all levels do. It requires taking decisions since it involves making a choice from alternative course of action

FEATURES OF PLANNING

01	Focuses on achieving objectives	Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals.
02	Primary function of management	All other managerial functions are performed within the framework of the plans drawn. Thus, planning proceeds other functions
03	Pervasive	Planning is required at all levels of management as well as in all departments of the organization
04	Continuous Process	Continuity of planning is related with the planning cycle. It means that a plan is framed, it implemented, and is followed by another plan, and so on
05	Futuristic	Planning is essentially involves looking ahead and preparing for the future. Therefore, it is regarded as a forward looking function based on forecasting.
06	Involves decision making	Planning essentially involves choice from among various alternatives and activities. After evaluation each alternative, it will choose appropriate one
07	Mental exercise	Planning requires application of the mind involving foresight, intelligent imagination and sound judgment. It is mostly concerned with thinking rather than doing.

IMPORTANCE OF PLANNING

01	Planning provides directions	By stating in advance how work is to be done planning provides direction for action.
02	Planning reduces the risks of uncertainty	By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events.
03	Planning reduces overlapping and wasteful activities	In Planning the work of each person and department is clearly decided. It helps in avoiding confusion and misunderstanding.
04	Planning promotes innovative ideas	During discussions for planning, new ideas may be presented by managers/individuals.
05	Planning facilitates decision making	During planning the manager has to evaluate each alternative. This helps them in taking decision for selection of best alternative.
06	Planning establishes standards for controlling	Planning provides the goals or standards against which actual performance is measured for controlling.

LIMITATIONS OF PLANNING

01	Leads to Rigidity	Managers have to work according to pre-decided plan they may not be in a position to change it.
02	Involves Huge Cost	Planning includes expenses for collection of information, salary of specialists for analysis, paper work, board meeting etc.
03	Reduces Creativity	Middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. It reduces their creativity.
04	Does Not Work in Dynamic Environment	Business environment changes very frequently. It becomes difficult to accurately assess future trends in the environment
05	Does Not Guarantee of Success	Generally, manager relies on previous successful plans. Such type of planning may not give success.
06	Time Consuming Process	Conducting meetings and discussions for preparing plans takes a lot of time.

PROCESS OF PLANNING

01	Setting Objectives	Objectives may be set for the entire organization and each department or unit within the organization.
02	Developing Premises	Planning is concerned with the future which is uncertain and every planner is using conjuncture about what might happen in future.
03	Identifying alternative courses of action	Once objectives are set, assumptions are made. Then the next step would be to find out various alternative to achieve the goal.
04	Evaluating alternative courses	The next step is to weigh the pros and cons of each alternative.
05	Selecting an alternative	This is the real point of decision making. The best plan has to be adopted for implementation.
06	Implementing the plan	This is concerned with putting the plan into action.
07	Follow-up action	Monitoring the plans are equally important to ensure that objectives are achieved.

TYPES OF PLANS

01	Objective	Objectives are the end points which are numerically expressed, that the management seeks to achieve within a given time period by its operations. Usually these are designed by top management as the desired future position that the management would like to reach. Examples increasing sales by 10% in the next quarter OR getting 20% return on Investment etc.
02	Strategy	Strategy provides the broad outline boundary of an organizations` business. Thus strategy is a comprehensive plan which includes various dimensions i.e., determining long term objectives, adopting a particular course of action and allocating the necessary resources to achieve the objectives. Examples, which channel of distribution to use? What is the pricing policy? and how to advertise the product?
03	Policy	These are general guidelines which facilitate achievement of pre determined objectives. They provide directions to the managers of an organization. Example, selling goods on cash basis only, reserving some post for women in the organization.
04	Procedure	It consists of sequence of routine steps performed in a chronological order to carry out activities within a broad policy frame work. It deals the exact manner in which any work is to be performed. Example: Process adopted in the Selection of Employees
05	Method	Method is the prescribed way or manner in which a task has to be performed considering the objective. The best method is to be selected out of various methods which carry minimum cost. For imparting training at higher level-orientation programme/lecturer methods may be adopted whereas at supervisory level on-the-job training methods may be adopted.
06	Rule	Rule is a specific statement that informs what is to be done and what not. It is a guide to behaviour. A rule does not allow for any flexibility or discretion. Example: No smoking in the office premises, Violation of rules may invite penalty.
07	Pro-gramme	Programme is a detailed statement about a project which outlines the objectives, policies, procedures, rules, tasks, physical and human resources required to implement any course of action. Ex: Construction of a shopping mall, opening a new department etc.,
08	Budget	A budget is a statement of expected result expressed in numerical terms for a definite period of time in the future.

05. ORGANISING

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	02	-	-	01	08

There is NO internal choice question from this chapter

Organizing is the process of defining and grouping the activities of the enterprise and establishing authority relationship among them. It can **also** defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.

PROCESS OF ORGANISING

01	Identification and division of work	The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.
02	Departmentalization	Departmentalization means grouping together the activities those which are similar in nature. It facilitates specialization. The grouping process is called departmentalization
03	Assignment of duties	To assign the task to different job positions
04	Establishing authority and reporting relationships	After allocating the work by the authorities, each individual should know who he has to take order s from and to whom he is accountable

IMPORTANCE OF ORGANISING

01.	Benefits of specialization	Because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task leads to Specialization.
02.	Clarity in working relationships	The establishment of working relationships clarifies who is to report to whom.
03.	Optimum utilization of resources	Organizing provides a clear description of jobs and related duties. This helps to avoid confusion and duplication.
04.	Adaptation to change	It allows the organization structure to be suitably modified to accommodate environmental changes.
05.	Effective administration	Organizing provides a clear description of jobs and related duties. This helps to avoid confusion and duplication.
06.	Development of personnel	Effective delegation allows the managers to reduce their workload by assigning routine jobs to their subordinates. It gives them time to explore areas for growth.

SPAN OF MANAGEMENT:- Span of Management refers to the number of subordinates that can be effectively managed by a superior.

ORGANISATION STRUCTURE: - Organizing structure can be defined as the framework within which managerial and operating tasks are performed. (Two Types – Functional and Divisional Structure)

FUNCTIONAL STRUCTURE	DIVISIONAL STRUCTURE
The organization structure which is created on the basis of grouping of similar functions such as HR, Marketing, R&D and Purchasing etc.,	The organizational structure which is created on the basis of different products produced such as cosmetics, garments, footwear, skin care etc
<u>Advantages</u> (Le Le MAP)	<u>Advantages</u> (Pro Pro Fa Fa Fi)
1. Leads to occupational specialization	1. Product specialization
2. Promotes control and coordination within a department	2. Fixation of responsibility-Divisional heads are accountable for profits
3. Increasing managerial and operational efficiency	3. Promotes flexibility and initiative
4. Leads to minimal duplication	4.. Facilitates expansion and growth
5. Makes training of employees easier	4.. Faster decision making
6. Attention on every function	
<u>Limitations</u> (Less Conflict Leads to Problems)	<u>Limitations</u> (Ignore Duplicate Conflict)
1. Less emphasis on overall enterprise objectives	1. Conflict among different divisions
2. Problems in coordination	2. Duplication of activities
3. Conflict of interests	3. Ignore organizational interests
4. Leads to inflexibility	
<u>SUITABILITY</u> It is most suitable when the size of the organization is large, has a diversified activities and operations require a high degree of specialization.	<u>SUITABILITY</u> It is suitable for those business enterprises where a Large variety of products are manufactured using different productive resources. Suitable for growing organizations.

DISTINCTION BETWEEN FUNCTIONAL AND DIVISIONAL STRUCTURE

	Basis of distinction	FUNCTIONAL STRUCTURE	DIVISIONAL STRUCTURE
01	Formation	Based on functions	Based on product line
02	Specialization	Functional specialization	Product specialization
03	Responsibility	Difficult to fix responsibility	Easy to fix responsibility
04	Managerial development	Difficult, as each functional manager has to report to the top mgt	Easier, autonomy as well as the chance to perform multiple functions
05	Cost	Economical	Costly
06	Co-ordination	Difficult for a multiproduct company	Easy because all functions related to a particular product

FORMAL ORGANISATION

It refers to the organization structure which is designed by the management to accomplish task. It specifies clearly the boundaries of authority and responsibility and there is a systematic coordination among the various activities to achieve organizational goals.

FEATURES OF FORMAL ORGANISATION

- | | |
|----|---|
| 01 | In formal organization, job positions and reporting relationships are clearly stated. |
| 02 | It is run according to the set rules and procedures. |
| 03 | It is the framework of a formal structure in which activities of all departments are coordinated. |
| 04 | It is deliberately created by the top management. |
| 05 | The main focus is on work and not interpersonal relationships. |

MERITS OF FORMAL ORGANISATION

- | | |
|----|---|
| 01 | Easier to fix responsibility since mutual relationships are clearly defined |
| 02 | No overlapping of work as each member has to play their duties as specified. |
| 03 | Unity of command is maintained through an established chain of command |
| 04 | It leads to effective accomplishment of goals by providing operational framework to the employees |
| 05 | It provides stability in the organization because behavior of employees can be fairly predicted since there are specific rules to guide them. |

LIMITATIONS OF FORMAL ORGANISATION

- | | |
|----|---|
| 01 | The Work is based on rules which cause unnecessary delays. |
| 02 | The employees have to do what they are told to do and they have no opportunity of thinking creatively since it does not allow any deviations from rigid policies. |
| 03 | It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work. |

INFORMAL ORGANISATION

In the formal structure, individuals are assigned certain job positions. While working on these job positions, the individuals interact with each other and develop some social and friendly relations in the organization. This new work of social and friendly groups forms another structure in the organization which is called the informal structure. Informal structure gets created automatically and spontaneously for getting psychological satisfaction

FEATURES OF INFORMAL ORGANISATION

- | | |
|----|---|
| 01 | It originates from within the formal organization as a result of personal interaction among employees |
| 02 | The standards of behaviour evolve from group norms rather than officially laid down rules. |
| 03 | Independent channels of communication without any specified directions |
| 04 | It emerges spontaneously and is not deliberately created by the management |
| 05 | It is no definite structure or form as it is a social relationships among members. |

MERITS OF FORMAL ORGANISATION

- | | |
|----|---|
| 01 | Prescribed lines of communication are not followed thus the informal organization leads to faster spread of information as well as quick feedback |
| 02 | It helps to fulfill the social needs of the members to find like minded people and it gives a sense of belongingness. |
| 03 | It contributes towards fulfillment of organizational objectives by compensating for inadequacies in the formal organization. |

LIMITATIONS OF FORMAL ORGANISATION

- | | |
|----|--|
| 01 | It may sometimes work against the interests of formal organization and spread rumors. |
| 02 | Sometimes the informal structure may oppose the policies and changes of management, and then it becomes very difficult to implement them in organization |
| 03 | It may force the members to follow group norms. This may be harmful to the interest of the organization. |

DISTINCTION BETWEEN FORMAL AND INFORMAL ORGANISATION

	Basis of distinction	FORMAL ORGANISATION	INFORMAL ORGANISATION
01	Meaning	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
02	Authority	Arises as a result of company rules and policies	Arises as a result of social Interaction
03	Management	Arises by virtue of position in management	Arises out of personal qualities
04	Behaviour	It is directed by rules	There is no set behaviour pattern
05	Flow of communication	Communication takes place through the scalar chain	Flow of communication can take place in any direction
06	Nature	Rigid	Flexible
07	Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group

CENTRALISATION OF AUTHORITY: - When all the authorities are kept with Top Level management, it is known as centralization of authority.

DELEGATION/DELEGATION OF AUTHORITY: Delegation refers to the downward transfer of authority from a superior to subordinate to reduce the workload of the superior.

ELEMENTS OF DELEGATION

Authority	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his job position.
Responsibility	Responsibility is the obligation of a subordinate to properly perform the assigned duty.
Accountability	Delegation of authority, Undoubtedly empowers an employee to act for his superior but the superior would still be accountable for outcome.

COMPARATIVE STUDY OF AUTHORITY, RESPONSIBILITY AND ACCOUNTABILITY

Basis	AUTHORITY	RESPONSIBILITY	ACCOUNTABILITY
Meaning	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his job position.	Responsibility is the obligation of a subordinate to properly perform the assigned duty.	Delegation of authority, Undoubtedly empowers an employee to act for his superior but the superior would still be accountable for outcome.
Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
Origin	Arises from formal position.	Arises from delegated authority.	Arises from responsibility
Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior

IMPORTANCE OF DELEGATION

01	Effective management	The managers are able to function more efficiently as they get more time to concentrate on important matters
02	Employee development	Employee gets more opportunities to utilize their talent
03	Motivation of employees	Responsibility for work builds the self-esteem of an employee and improves his confidence
04	Basis of management hierarchy	It is the degree and flow of authority which determines who has to report to whom
05	Facilitates growth	By providing a ready workforce to take up leading positions in new Ventures
06	Better coordination	It helps to avoid overlapping of duties and duplication of effort as it gives a clear picture of the work

DECENTRALISATION/DECENTRALISATION OF AUTHORITY: - Decentralization of authority is delegation of authority to all the levels of management. It means distribution of authority up to the lowest level.

IMPORTANCE OF DECENTRALISATION

01	. Develops initiative among Subordinates	It identify those executives who have the necessary potential to become dynamic leaders
2.	Develops managerial talent for the future	It gives a chance to prove their abilities and creates a reserve for future
03	Quick decision making	Since the decisions are taken at levels, decision will be made quickly
04	Relief to top management	Top mgt will get free time to concentrate on important issues
05	Facilitates growth	It facilitate growth to the employees as there is autonomy
06	Better control	As the performance will evaluate at each levels of mgt, it easier to control the activities and subordinates.

DISTINCTION BETWEEN DELEGATION AND DECENTRALISATION

	Basis of distinction	DELEGATION	DECENTRALISATION
01	Nature	Compulsory act because no individual can perform all tasks on his own.	Optional policy decision. It is done at the discretion of the top management.
02	Freedom of action	More control by superiors hence less freedom to take own decisions.	Less control over executives" hence greater freedom of action.
03	Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
04	Scope	Narrow scope as it is limited to superior and his immediate subordinate.	Wide scope as it implies extension of delegation to the lowest level of management.
05	Purpose	To reduce the workload/burden of the Superior.	To increase the role of the subordinates in the organization or to give more autonomy to subordinates.

06. STAFFING

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	01	01	-	07
There is ONE internal choice question for 04 marks, from this chapter only						

Meaning: "Staffing consist of Estimating Manpower requirement, Recruitment, Selection, Training, Compensation, Promotion of managerial personal."

IMPORTANCE OF STAFFING

01	Helps in discovering and obtaining competent personnel for various jobs.
02	Makes higher performance, by putting right person on the right job
03	Ensures continuous survival and growth of the enterprise
04	Helps to utilize optimum utilization of the human resources
05	Improves job satisfaction and morale of employees

STAFFING AS A PART OF HRM

In small organizations, the function of staffing is performed by all the managers but in large organizations, the function of staffing is the responsibility of a separate department called the "Human Resource Department". Following are the activities to be performed by Human Resource Personnel

01	Recruitment
02	Analyzing jobs, collecting information about jobs to prepare job descriptions.
03	Developing compensation and incentive plans.
04	Training and development of employees for efficient performance and career growth.
05	Maintaining labour relations and union management relations.
06	Handling grievances and complaints.
07	Providing for social security and welfare of employees.
08	Defending the company in law suits and avoiding legal complications.

STAFFING PROCESS

01	Estimating Man-power Requirement	Finding out number and types of employee. It Includes Work Load Analysis Number and types of persons required, Work Force Analysis - Persons Available to do the job.
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2.	Recruitment	It refers to identification of the sources of manpower availability and making efforts to secure applicants for the various job positions in an organization.
03	Selection	It is the process of choosing and appointing the right candidates for various jobs in an organization through various exams, tests & interviews.
04	Placement and Orientation	Placement is telling the employee its place of work. Orientation refers to introducing a new employee to the organization.
05	Training and Development	Training helps in increasing the skills and knowledge of employees in doing their jobs through various methods. Development involves growth of an employee in all respects .
06	Performance Appraisal/Report	Checking the performance of the employee on pre-decided standards.
07	Promotion& career planning	Hierarchically upward movement of the employee.
08	Compensation	Payment of salary and wages to employee.

TYPES OF SOURCES OF RECRUITMENT (Internal and External)

01	Transfers	Internal sources	Shifting of an employee from one job to another, from one department to another
02.	Promotions		It refers to shifting an employee to a higher position carrying higher responsibilities, prestige, facilities and pay.
01	Direct Recruitment	External sources	A notice is placed on the notice board of the enterprise specifying the details of the jobs available.
02	Casual callers		Many reputed business organizations keep a data base of unsolicited applicants in their office. This list can be used for Recruitment of candidate in future.
03	Advertisement		Example–Newspapers, Periodicals, Internet, Radio, Television etc.
04	Employment Exchange		A good source of recruitment for unskilled and skilled operative jobs. It is managed by Government.
05	Placement Agencies and mgt. consultants		Placement agencies provide nation-wide services of matching demand and supply of work force. These agencies run by private people. Generally, Placement Agencies place middle and lower level workers and Management Consultant place Top level managers.
06	Campus Recruitment		Companies go to the Campuses of reputed technical and non-technical colleges <u>and institutions for recruitment</u>
07	Recommendations of employ-Yees		Applicants introduced by present employees, or their friends may prove to be a good source of recruitment. Such applicants are likely to b e good employees because their background is sufficiently known.
08	Labour contractors		Labour contractors can provide the required number of unskilled workers at short notice.
09	Advertising on Television		The detailed requirements of the job and the qualities required to do it are publicized along with the profile of the organization where vacancy exists.
10	Web publishing		Certain websites specifically designed for providing information regarding job seekers and companies which have vacancies.

MERITS AND LIMITATIONS OF INTERNAL SOURCES OF RECRUITMENT

MERITS		LIMITATIONS	
01	The employees are motivated as they are getting promotion to higher position.	01	The scope for induction of fresh talent is reduced.
02	It simplifies the process of selection and placement.	02	The employee may become lethargic
03	People from the same organization do not need induction training	03	A new enterprise cannot use internal sources of recruitment
04	It has the benefit of shifting employees from surplus to shortage departments	04	The spirit of competition among the employees may be hampered.
05	Filling of jobs internally is cheaper.	05	Frequent transfers of employees may often reduce the productivity of the Organisation.

MERITS AND LIMITATIONS OF EXTERNAL SOURCES OF RECRUITMENT

MERITS		LIMITATIONS	
01	Qualified personnel	Dissatisfaction among existing staff	
02	Wider choice	Lethargy process	

03	Fresh talent	Costly process
04	Competitive spirit	

SELECTION

Selection is the process of identifying and choosing the best person out of a number of prospective candidates for a job. . Selection is described as a negative in nature because it aims at rejecting applicants who are found unsuitable and offering jobs to those who are found perfectly suitable.

SELECTION PROCESS

01.	Preliminary Screening	After applications have been received, they are properly checked for qualification, age, gender etc. by screening committee.
02	Selection Tests	Includes intelligence tests, aptitude test, personality test, trade and interest tests.
		TYPES OF SELECTION TESTS
		01 Intelligence Test To check intelligence quotient and ability to take decisions and learning new skills.
		02 Aptitude Test To check person's ability to learn new jobs.
		03 Personality Test To check the emotions, reactions, maturity and value system of the candidate.
		04 Trade test To check the existing knowledge.
		05 Interest test To know the pattern of interest or involvement of a person.
3	Employment Interviews	Face to face interaction between employer and candidate to check candidate's personality confidence, knowledge.
04	Reference Checks	Prior to final selection, the prospective employer makes an investigation of the references supplied by the applicants.
05	Selection Decisions	A list of candidates who clear the employment tests, interviews and reference checks is prepared and then the selected candidates are listed in order of merit.
06	Medical Examination	Is done to check medical conditions of employee before his joining.
07	Job Offer	Formally appointed by issuing him an Appointment Letter.
08	Contract of Employment	After acceptance, both employer and employee will sign a contract of employment contains terms & conditions, pay scale, leave etc.

TRAINING

It is the systematic development of knowledge, skills and attitudes required by an individual to perform adequately a given task or job.

BENEFITS OF TRAINING AND DEVELOPMENT

BENEFITS TO EMPLOYEE		BENEFITS TO THE ORGANIZATION
01	Improves skill and knowledge	Systematic learning not depending on hit and trails
02	Increasing in the performance	It enhances employee productivity leads to higher profits
03	It makes the employees more efficient	It equips the future managers in case of emergency
04	Increases the satisfaction and morale of employees increases	Increases employee morale and reduces absenteeism and employee turnover
		Obtaining effective response to fast changing environment

DEVELOPMENT

It denotes the process by which the employees acquire skills and competence to do their present job and increase their capabilities for handling higher jobs in the future.

DIFFERENCES BETWEEN TRAINING AND DEVELOPMENT

Base	Training	Development
Concept	Teaching of technical skills	Teaching technical human and conceptual skills
Nature	Focus on developing skills which are already possessed by employee	Development of hidden skills
Duration	Short term and fixed period	It is a long-term process
Centered	It is work centered	It is people centered.

Method used	On the job and off the job method	Normally off the job methods.
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EDUCATION

It is the process of increasing the knowledge and understanding of employees" interpretation. It develops a logical and rational mind. Education imparts qualities of mind, character, and understanding of the basic principles and develops the capacities of analysis, synthesis and objectivity. Education is broader in scope than training

METHODS OF TRAINING

01	Apprenticeship training	Trainee/worker is required to work under trainer/master worker for a specific period of time and acquire skills. It Is used for training of plumbers, electrician.
02	Internship Training	It is an agreement between corporate sector and professional institutions to send their students to companies to practice theoretical knowledge they learned in professional bodies.
03	Vestibule training	Workers work on same types of equipment but away from actual work place.

07. DIRECTING

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	-	02	-	08

There is ONE internal choice question for 04 marks, from this chapter only

Directing is telling people what to do and seeing that they do it best of their ability.

FEATURES / CHARACTERISTICS OF DIRECTING

01.	Imitates action	A directing function is performed by the managers along with Planning, staffing, organizing and controlling in order to discharge their duties in the organization. While other functions prepare a platform for action, directing initiates action.
02	It takes place at every level	It takes place at all levels of management and shows superior and subordinate relationship
03	Continuous function	It is a continuous function as it continues throughout the life or organization irrespective of the changes in the managers or employees.
04	Flows from top to bottom	It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or employees.

IMPORTANCE OF DIRECTING

01.	It initiate action	It initiate action by people in the organization towards attainment of desired objectives
02	It integrate employees efforts	It integrates employees efforts in the organization in such a way that every individual effort contributes to the organizational performance
03	Means of motivation	It guides employees to fully realize their potential and capabilities by motivating and providing effective leadership
04	Balance in the organization	It helps to bring stability and balance in the organization since it fosters cooperation and commitment among people and helps to achieve balance among various groups

05	To facilitate change	It facilitates needed changes in the organization through motivation, communication and leadership.
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PRINCIPLES OF DIRECTING

01.	Maximum Individual Contribution	The directing techniques must help every employee contribute to his maximum potential for the achievement of organizational objectives. They should bring out untapped energies of the employees for the efficiency of the organization.
02	Harmony of Objectives	Every individual is assigned a particular task which he is responsible to accomplish. He will do it better if he thinks that it is going to achieve his personal goals which may be different from the organizational goals.
03	Unity of Command	One superior is for giving instructions to subordinates. If he receives orders from more than one superior, he will get confused and will not perform well.
04	Appropriateness of Techniques	Appropriate motivational and leadership techniques should be used based on people needs, capabilities, attitudes and situational variables.
05	Managerial communication	Effective communication is an important for effective direction Two-way communication gives subordinates to chance express their feelings, and share ideas, suggestions, complaints, grievances and boss will understand and take actions properly.
06	Use of informal communication	The managers must use informal relations for getting correct feedback from the employees. The effectiveness of direction would also increase by informal communication.
07	Effective leadership	A good leader is the biggest asset for any team. Effective leadership produces best results with their team and subordinates. As a leader, the boss should guide and counsel the workers not only on the work problems but also the personal problems.
08	Follow through	Follow up is as important as giving instructions. Manager should also follow up by reviewing continuously and check whether instructions are properly executed or implemented as per instructions given.

ELEMENTS OF DIRECTING

01.	Supervision	To see, instruct, guide, monitoring and observing the employees.
02	Motivation	Stimulating, inducing employees to perform to their best of ability.
03	Leadership	It is a process of influencing the behavior of employees at work towards the achievement of the goals of the organization.
04	Communication	It is the exchange of ideas, views, message, information, between two or more persons using different methods to create common understanding.

SUPERVISION

It is the process of guiding and checking the efforts of employees and other resources to accomplish the desired objectives.

IMPORTANCE OF SUPERVISION

01.	Relations	He maintains day-to-day contact and maintains friendly relations with workers
02	Acts as a link	Supervisor conveys the management's ideas to the workers on one hand and workers problems to the management on the other, thus acting as a link pin.
03	Plays a leadership role	While guiding the employees, the supervisor encourages and motivates the subordinates to perform at the best of their ability, by good leadership.
04	Ensures performance of work	The supervisor makes sure that all the instructions are communicated to each and every employee
05	Provides on the job training	Supervisor provides good on the job training to the workers and employees so that supervisor can build efficient team of workers.
06	Builds high morale	Supervisor plays a key role in influencing the workers and he can build up high morale among workers.
07	Provides feedback to the workers	During supervision, a supervisor is always in direct contact with his subordinates. As a result, ideas, suggestions, complaints, etc of employees with regard to managerial decisions are continuously received by the supervisor. He also gives feedback to workers on how to improve their work.

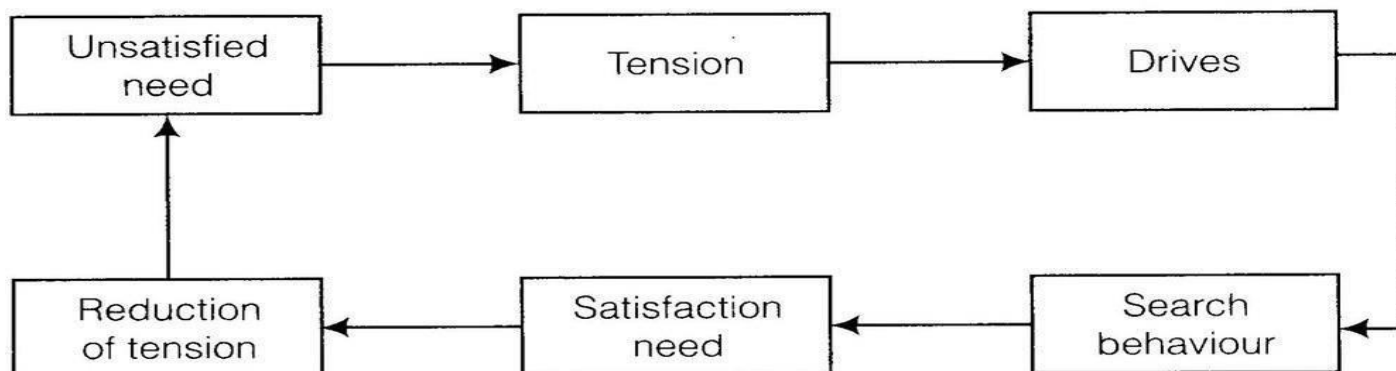
MOTIVATION

It is the process of making subordinates to act in a desired manner to achieve certain organizational goals

FEATURES OF MOTIVATION

01.	Motivation is an internal feeling	The urge, drives, desires, aspirations, striving of human being, which are internal and influence the human behaviour
02	Motivation produces goal directed	It helps to produce a behaviour to improve performance
03	Motivators can be positive as well as Negative	It can act as a positive like promotion, recognition or negative like punishment shopping increments etc
04	Motivation is a complex process.	It is a complex process as the individuals are heterogeneous in the expectations.

PROCESS OF MOTIVATION



IMPORTANCE OF MOTIVATION

01.	Improves efficiency	It helps to improve performance levels of employees as well as organization
02	Changes negative attitude to positive attitude	It helps to change negative attitudes of employees to positive attitudes so as to achieve organizational goals
03	Reduction in employee's turnover	It helps to reduce employee turnover and thereby saves the cost of new recruitment and training
04	Reduces absenteeism	It reduces absenteeism in the organization
05	Helps to Introduce changes smoothly	It helps to the managers to introduce changes smoothly without much resistance from people



MASLOW'S THEORY OR NEED BASE THEORY OF MOTIVATION

	Stage	Explanation
01.	Basic Physiology needs	Includes needs for survival and maintenance of life. Like food shelter and clothing.
02	Safety needs	It deals with future needs and safety of human life.
03	Social/Belonging needs	It deals with need for love, affection and companionship.
04	Esteem needs	It deals with demand of respect for themselves in a group.
05	Self-actualization needs	It deals with realization of one's full potential. It includes growth self fulfillment and achievement of goal.

ASSUMPTIONS OF MASLOW'S THEORY

01	Behavior of people depends upon their needs. Human behavior can be changed motivated by fulfilling their needs.
02	Generally, needs flow in hierarchy i.e. starting from Physiology needs to self actualization needs.
03	A satisfied need can no longer motivated a person, only the next higher need can motivate him.
04	A person can move to higher level need only when the lower need is satisfied.

FINANCIAL AND NON-FINANCIAL INCENTIVES

S. N.	Incentive	Type	Explanation
01	Pay and Allowance	Financial	Regular salary payment and various allowances
02	Productivity linked wage incentives		The incentive plans aims at linking payment of wages to increase in productivity
03	Bonus		It is one-time extra reward offered to the employee for higher performance.
04	Profit Sharing		Sharing of profit by management with employees.
05	Co-Partnership/ Stock Option		Offering of shares to employees and lower rate in form of ESOPs.
06	Retirement Benefits		Some organizations offer benefits like gratuity, pension, provident fund etc. at the time of retirement of employee
07	Perks/Fringe Benefits		Special benefits like medical facilities, free education for children, housing facilities.
01	Status	Non-Financial	Refers to Rank, authority, responsibilities, recognition and prestige.
02	Organizational Climate		It refers to relationship between superior and subordinate. It directly influences the behavior of employee.
03	Career Advancement opportunity		Promotional opportunities given to employees. It improves the skills of employees.
04	Job Enrichment		Making the job of employees more interesting to avoid boredom in job by offering more varieties and challenges in job.
05	Employee recognition		Most of people have a need for evaluation of their work and due recognition is required
06	Job security		Employees want certain stability about future income and work so that they do not feel worried on these aspect s
07	Employee participation		It means involving employees in decision making of the issues related to them.
08	Employee empowerment		It means giving more autonomy and powers to subordinates.

LEADERSHIP

It is the process of influencing the behavior of people by making them strive voluntarily towards achievement of organizational goals

FEATERES OF LEADERSHIP

01	Ability of a person to influence others
02	Tries to bring change in the behaviour of other
03	Indicates interpersonal relations between leaders and followers
04	Exercised to achieve common objectives.
05	Continuous process.

IMPORTANCE OF LEADERSHIP

01	Influences the Behaviour of People and makes them to positively contribute their energies for the benefit of the organization.
02	Maintains personal relations and helps followers in fulfilling their needs
03	Play a key role in introducing required changes in the organization
04	Handles conflicts effectively and does not allow adverse effects resulting from the conflicts.
05	Provides training to their subordinates

QUALITIES OF A GOOD LEADER

01	Physical qualities	A good leader must possess a good height, weight, health and appearance. Health and endurance help a leader to work hard and inspire others also to do so.
02	Knowledge	A good leader should have required knowledge and competence, so that he can influence others.
03	Integrity	A leader should possess high level of integrity and honesty, so that he can be a role model to others.
04	Initiative	A leader should have courage and initiative to do things on his own, rather than waiting for others to do it first.

05	Communication skills	A leader should be a good communicator. He should be able to clearly explain his views to others. He should not only be a good speaker, but a good listener, teacher and counselor.
06	Motivation skills	A leader should understand the needs of his employees and motivate them by satisfying their needs.
07	Self-confidence	A leader should have a high level of confidence. He should not lose confidence even in the most difficult times.
08	Decisiveness	A leader must be decisive in the sense that once he has taken a decision, he should be firm on it.
09	Social skills	A leader should be sociable and friendly with his colleagues and followers, so that he can understand them and their needs.

STYLES OF LEADERSHIP

S.N.	Basis	Autocratic/ Authoritative	Democratic/ Participative	Laissez Faire/ Free Rein
01	Decision Making	Only leaders make the decisions.	Leaders make decision in consultation with subordinate	Subordinates make the decisions
02	Communication	Only one way i.e. downward.	Two-way of communication	Free flow of communication
03.	Motivation technique	Fear and punishment (negative motivation)	Reward and involvement (positive motivation)	Self-direction and self-control.
04.	Delegation of authority	No delegation	Delegation of authority to some extent	Complete delegation of authority
05	Focus	Leader control	Group control	Individual centered
06	Role of leader	Provides directions	Maintains team work	Provides support and resources

COMMUNICATION

Communication is the process of exchange of information between two or more persons to reach common understanding

ELEMENTS OF COMMUNICATION PROCESS

01	Sender	The person, who conveys the message, is known as the sender or communicator. He may be a speaker, a writer or an actor.
02	Message	It is the subject matter of communication. It may consist of facts, information, ideas, opinions, etc. It exists in the mind of the sender.
03	Encoding	The sender translates the message into words, gestures or other symbols, which he feels will make the receiver understand the message.
04	Channel or media	The encoded message is transmitted through some medium, which is known as the communication channel, e.g. speaking, writing, phone call, internet, etc.
05	Decoding	It means process of conversion of symbols into the message by the receiver.
06	Receiver	The person, who receives the message, is called the receiver. The receiver may be a listener, reader or viewer.
07	Feedback	The receiver sends his response to the sender of the message. Such response is known as feedback.
08	Noise	It means an obstruction or hindrance in the communication process.

IMPORTANCE OF COMMUNICATION

01	The Basis of Co- ordination	The manager explains to the employees the organizational goals, modes of their achievement and also the <u>interpersonal relationships</u> amongst them. Thus, communications act as a basis for coordination in the <u>organization</u> .
02	Fluent Working	A manager coordinates the human and physical elements of an organization to run it smoothly and efficiently
03	The Basis of Decision Making	Proper communication provides information to the manager that is useful for <u>decision making</u> . No decisions could be taken in the absence of information. Thus, communication is the basis for taking the right decisions.
04	Increases Managerial Efficiency	The manager conveys the targets and issues instructions and allocates jobs to the <u>subordinates</u> . All of these aspects involve communication. Thus, communication is essential for the quick and effective performance of the managers and the entire Organization.

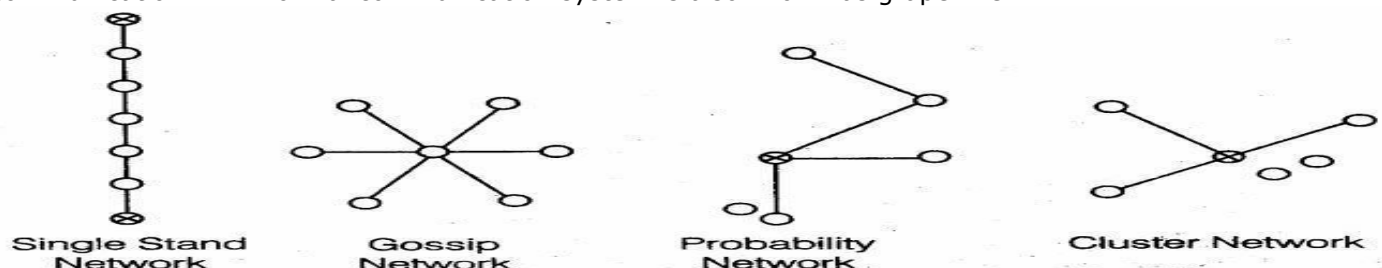
05	Increases Cooperation and Organizational Peace	The two-way communication process promotes co-operation and mutual understanding amongst the workers and also between them and the <u>management</u>
06	Boosts Morale of the Employees	Good communication helps the workers to adjust to the physical and social aspect of work. It also improves good human relations in the industry.

FORMAL COMMUNICATION

It flows through official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among same cadre employees. Different types of formal communication net works are explained with the help of images.

INFORMAL OF COMMUNICATION

Communication takes place without following the formal lines of communication is said to be informal communication. An informal communication system is also known as grapevine.



Difference between FORMAL and INFORMAL COMMUNICATION

SN	Basis	Formal Communication	Informal Communication
01	Meaning	Official communication at official place between people who are officially related with each other.	It is communication taking place among employees of the organization to fulfill their social needs
02	Flow	Generally, it is upward, downward and horizontally.	It flows in all directions.
03	Verbal or written	Generally, it is written.	It is mostly verbal.
04	Scope for rumors	Under this there is no scope for rumors as it is mostly written	There is great chance of rumors as it has no direction
05	Scalar chain	It follows scalar chain	It does not follow scalar chain.
06	Purpose	It is for official purposes only	It is for social purposes only.

BARRIERS TO COMMUNICATION (SEMANTIC BARRIERS)

Semantic barriers refer to barriers wherein there is a problem relating to encoding and decoding the message because of factors such as difficulty in interpretation, wrong translations or use of wrong words.

Badly expressed message	01	There may be a difficulty in expressing information because of poor vocabulary or the wrong use of words. Ex: inadequate vocabulary, usages of wrong words, omission of needed words
Symbols with different meanings	02	A single word may have many different meanings. In such cases, it may be difficult for the receiver to interpret the intended meaning of the word. For example, price and prize, right and write, and other homonyms may be incorrectly pronounced
Faulty translations	03	It may happen that there is a language barrier between workers such that the level of proficiency of a language may be different for the two. For ex: The original draft is written in English and the same is translated in Hindi with some mistakes
Unqualified assumptions	04	Sometimes, there are certain assumptions about a particular communication and so it might be misinterpreted. For example, if the manager says take good care of the products produced in the factory, the manager may mean to take care of the quality of goods whereas the worker interprets it in a way that he is instructing the worker to keep the products safely.
Technical jargon	05	Sometimes, a senior or specialist uses technical vocabulary which subordinates might find difficult to understand or interpret. Use of some technical words by the experts in different fields.
Body language and gesture decoding	06	Gestures of the communicator are also seen as part of the communication. There must be a match between what is said and what is conveyed through body language or gesture; else the message would be wrongly interpreted. For example, if a boss cracks a joke but his/her body language shows signs of irritation and frustration, then employees might get confused

BARRIERS TO COMMUNICATION (PSYCHOLOGICAL/EMOTIONAL BARRIERS)

Various psychological or emotional factors such as anger and frustration might also act as a barrier in effective communication.

Premature evaluation	01	Sometimes the receiver derives the meaning of the message even before the message is completed. This is possible due to pre-conceived notions or prejudices about communication
Lack of attention	02	While communication takes place, it may happen that the receiver is preoccupied with something else and that is why he is unable to grasp the message communicated to him
Loss by transmission and poor retention	03	There can be loss of information or transmission of wrong information due to information passing through multiple stages. Besides this, there can be a problem of poor retention at the receiver's end
Distrust	04	If the parties do not trust each other, then they will not be able to communicate effectively

BARRIERS TO COMMUNICATION (ORGANISATIONAL BARRIERS)

An organizational barrier refers to barriers in effective communication which arises in formal organizations because of factors such as authority and hierarchical relationships.

Organizational policy	01	Effectiveness of communication may be hampered if organizational policy is not supportive to free flow of communications.
Rules and regulations	02	Rigid rules and cumbersome procedures may be a hurdle to communication
Status	03	A status conscious manager may not allow his subordinates to express their feelings freely.
Complexity in organization structure	04	Communication gets delayed and distorted if there are number of managerial levels in an organization.
Organizational facilities	05	Communications may be hampered if facilities for smooth, clear and timely communications are not provided.

BARRIERS TO COMMUNICATION (PERSONAL BARRIERS)

Personal barriers arise out of personal factors affecting the sender and the receiver.

Fear to challenge authority	01	Sometimes, subordinates do not communicate freely with managers due to the fear of authority. On the other hand, the manager may also not communicate certain information with subordinates if he feels that it would affect his authoritative power
Lack of confidence of superior on his subordinates	02	If the manager does not have confidence in the skill and competence of the subordinates, he would not seek their advice or opinion
Unwillingness to communicate	03	The subordinates, at times, are not willing to share information or communicate with managers if they feel that it would affect their personal interests
Lack of proper incentives	04	Many a times, there is no incentive (in the form of reward or appreciation) for participation in communication. In such cases, the subordinates do not take initiative for effective communication with the manager.

IMPROVING COMMUNICATION EFFECTIVENESS

01	Clarifies the ideas before communication	Sender should be clear about the message he is about to send.
02	Communicate according to the needs of receiver	The level of understanding of the receiver should be taken into account before the message is delivered.
03	Consult other before communicating	It is better to discuss before the message is conveyed to the receiver
04	Be aware of languages, tone and content of message	Be aware of language, tone and content of message. Language should be clear, content should be meaningful and tone should be appealing to the receiver.
05	Convey things of help and value to listeners	Needs of the receiver should be clearly understood so that the message could be of help and add value to the receiver.
06	Ensure proper feedback	Communicator should ensure if the message has reached the receiver or not.
07	Communicate for present as well as future	Communication is needed to meet the present as well as future commitments to maintain consistency.
08	Follow up communications	There should be regular follow up and review on the instructions given to subordinates.
09	Be a good listener	A message sender can only be good in communication if he listens to the other party properly and then gives his response.

08. CONTROLLING

Weightage as per CBSE curriculum 2020-21	Max. Marks	01	03	04	06	Total
	No of questions	02	01	-	-	05

There is ONE internal choice question for 03 marks, from this chapter only

CONTROLLING

Controlling means ensuring the activities in an organization are performed as per plans. Controlling is a process of comparison of actual performance with the planned performance. If there is any difference or deviations finding out the reasons for it and taking corrective actions to remove those deviations

IMPORTANCE OF CONTROLLING

01	Accomplishing organizational goals	The controlling function measures progress towards the organizational goals and brings to light/indicates corrective action.
02	Judging Accuracy of The Standards	A good control system enables management to verify whether the standards set are accurate or not by careful check on the changes taking place in the organizational environment.
03	Making Efficient Use of Resources	By the process of control, a manager seeks to reduce wastage of resources.
04	Improving Employees Motivation	An effective control system communicates the goals/standards in advance to the employees. A good controlling system thus motivates the employees.
05	Ensure Order and Discipline	Controlling creates an atmosphere of order and discipline in the organization by keeping a close check on the activities of its employees.
06	Facilitate Co-Ordination in Action.	A good controlling system maintains equilibrium in means and end. It makes sure that proper direction is taken.

LIMITATIONS OF CONTROLLING

01	Difficulty in setting quantitative standards	Control system loses its effectiveness when standards of performance cannot be defined in quantitative terms. This makes comparison with standards a difficult task. e.g areas like human behaviour, employee morale, job satisfaction cannot be measured quantitatively.
02	Little control on external factors	An enterprise cannot control external factors like government policies, technological changes, and competition. etc.
03	Resistance from employees	Control is resisted by the employees as they feel that their freedom is restricted. e.g employees may resist and go against the use of cameras to observe them minutely.
04	Costly affair	Control involves a lot of expenditure, time and effort. A small enterprise cannot afford to install an expensive control system. Managers must ensure that the cost of installing and operating a control system should not exceed the benefits derived from it.

RELATION BETWEEN PLANNING AND CONTROLLING

01	Planning without controlling is meaningless	Planning and controlling are inseparable twins of management. A system of control presupposes the existence of standards provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to the plans.
02	Controlling is blind without planning	If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling. Planning seeks consistent, integrated while controlling seeks to compels events to conform to plans
03	Planning is basically an intellectual process	Planning involving thinking, articulation and analysis to discover and prescribe an appropriate course of action for achieving objectives. Controlling checks whether decisions have been translated into desired action.
04	planning is looking ahead while controlling is looking back	However the statement is only partially correct. Plans are prepared for future and are based on forecasts about future conditions. Therefore, planning involves looking ahead. Controlling is like a postmortem of past activities to find out deviations from the standards. So, controlling is a backward-looking function. Thus, planning and controlling are both Backward-Looking as well as a Forward-Looking Function.
05	planning and controlling are interrelated	<p>planning and controlling are interrelated and reinforce each other in the sense that</p> <ul style="list-style-type: none"> ➤ Planning based on facts makes controlling easier and effective. ➤ Controlling improves future planning by providing information derived from the past experience.

PROCESS OF CONTROLLING

01	Setting Up of Standards/ Targets	It means parameter against which the actual performance will be measured. Standards should be clearly defined and expressed in numeric terms so that all can understand them.
02	Measuring of Actual Performance	Actual performance is measured by evaluating the work done by employees. While measuring the performance quantitative & qualitative aspect kept in mind.
03	Compare Performance Against Standards	The manager compares the actual performance with planned performance. The differences between two is known as deviation. It could be positive when actual performance is more than planned performance and negative vis-à-vis.
04	Analyzing Deviations	<p>All deviations need not to be brought to the notice of the management. A range of deviations has to be established and cases beyond the range are reported to the management. To analyze the deviations Critical point control and Management by Exception are used.</p> <p>CRITICAL POINT CONTROL (CPC): It means keep focus on some KEY RESULT AREA (KRA)- which are critical to success of the organization. if there is deviation in these areas then it must be attended urgently. For example, if cost of production increased by Rs. 2 and cost of postage by Rs 10. Cost of production has more impact on organization than cost of postage. Thus, for an organization KRA will be cost of production.</p> <p>MANAGEMENT BY EXCEPTION (MBE): If a manager tries to control everything he will end up controlling nothing. The deviations beyond the specific range in KRA should be handled by manger and managers should not waste time in controlling everything. For example, if increase in cost of production is acceptable up to Rs. 5 then management will not take the action in above case. Otherwise, it will take action to control the cost.</p>
05	Taking Corrective Action/Measures	After knowing the reasons for deviations, the management takes all necessary steps to resolve the deviations so that planned performance and actual performance are matched.

09. FINANCIAL MANAGEMENT

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	-	02	-	08

There is ONE internal choice question for 04 marks, from this chapter only

Business Finance - Money required for carrying out business activities.

Financial Management- It is concerned with optimal procurement as well as the usage of finance.

IMPORTANCE/ROLE OF FINANCIAL MANAGEMENT

01	The size and the composition of fixed assets	A capital budgeting/financial management decision to invest in Fixed assets would raise the size of fixed assets.
02	The quantum of current assets and its break-up into cash, inventory and receivables	The quantum of current assets is also influence the financial management decision. The decision credit and inventory management affect the amount of debtors and inventory.
03	The amount of long-term and short- term funds to be used	It involves the proportion of long term and short term funds to be invested
04	Break-up of long-term financing into debt, equity etc	Of the total LT finance, the proportions to be raised by way of debt and equity is also a financial management decision
05	All items in the Profit and Loss Account, e.g., Interest, Expense, Depreciation.	Higher amount of debt means higher amount of interest in future. Similarly, use of equity may entail dividends. Expansion of business which is a result of capital budgeting decision is likely to affect virtually all items in the profit and loss account

OBJECTIVES OF FINANCIAL MANAGEMENT

To maximize shareholders' wealth. It is achieved through-

- (a) Ensuring effective utilization of funds.
- (b) Ensuring safety of funds procured by creating reserves, reinvesting profits, etc.

INVESTMENT/CAPITAL BUDJETING/LONG TERM INVESTMENT DECISION (as a part of Financial Decision)

The investment decision, therefore, relates to how the firm's funds are invested in different fixed assets. Investment decision may be long-term or short-term. Long-term investment decision is called capita budgeting decision and short-term investment decision is called working capital decision.

FACTORS AFFECTING CAPITAL BUDGETING DECISION

01	Cash flow of the project	The series of cash receipts and payments over the life of an investment proposal should be considered and analyzed for selecting the best proposal.
02	The rate of return	The expected returns from each proposal and risk involved in them should be taken into account to select the best proposal.
03	The investment criteria involved	The various investment proposals are evaluated on the basis of capital budgeting techniques. These involve calculation regarding investment amount, interest rate, cash flows, rate of return etc.

FINANCING DECISION (as a part of Financial Decision)

Financing decision It deals with quantum of finance to be raised from long-term sources, viz debt and equity. In other words, it refers to the determination as how the total funds required by the business will be obtained from various long-term sources. It involve decision whether or not to use a combination of ownership and borrowed funds and determining their precise ratio. It needs a judicious mix of debt and equity.

FACTORS AFFECTING FINANCING DECISION

01	Cost	The cost of raising funds from different sources is different. The cheapest source should be selected (usually cheapest is debt)
02	Risk	The risk associated with different sources is different. More risk is associated with borrowed funds as compared to owner's fund as interest is paid on it and it is repaid also, after a fixed period of time or on expiry of its tenure. (usually low risk is equity)

FACTORS AFFECTING FINANCING DECISION

03	Floatation cost	The costs involved in issuing securities such as brokers commission, underwriters' fees, expenses on prospectus etc. are called floatation costs. Higher the floatation cost, less attractive is the source of finance. (usually floatation cost is low if it is debt)
04	Cash flow position	In case the cash flow position of a company is good enough then it can easily use borrowed funds and pay interest on time.
05	Fixed operating cost	If a business has high fixed operating cost then it must reduce fixed financing costs. Hence lower debt financing is better.
06	Control considerations	In case the existing shareholders want to retain the complete control of business then finance can be raised through borrowed funds but when they are ready for dilution of control over business, equity can be used for raising finance.
07	State of capital market	During boom, finance can easily be raised by issuing shares but during depression period, raising finance by means of debt is easy.

DIVIDEND DECISION (as a part of Financial Decision)

The decision involved here is how much of the profit earned by company (after paying tax) is to be distributed to the shareholders and how much of it should be retained in the business. Must be done keeping in mind the firm's overall objective of maximizing the shareholders' wealth.

FACTORS AFFECTING DIVIDEND DECISION

01	Amount of Earnings	Companies having high and stable earning could declare high rate of dividends as dividends are paid out of current and past earnings.
02	Stability of Earnings	If a company having stable earnings it is better to declare higher dividends, if the company is having unstable earnings is likely to pay smaller dividend
03	Stability of Dividends	Companies generally follow the policy of stable dividend. The dividend per share is not altered and changed in case earnings change by small proportion or increase in earnings is temporary in nature
04	Growth Opportunities	In case there are growth prospects for the company in the near future then it will retain its earning and thus, no or less dividend will be declared.
05	Cash Flow Position	Dividends involve an outflow of cash and thus, availability of adequate cash is for most requirement for declaration of dividends.
06	Shareholders Preference	While deciding about dividend the preference of shareholders is also taken into account. In case shareholders desire for dividend then company may go for declaring the same.
07	Taxation Policy	A company is required to pay tax on dividend declared by it. If tax on dividend is higher, company will prefer to pay less by way of dividends whereas if tax rates are lower then more dividends can be declared by the company.
08	Stock Market Reaction	If the companies are declaring more amounts of dividend and stock prices react positively to it. Similarly, a decrease in dividend may have a negative impact on the share price in the stock market.
09	Access to Capital Market	Large companies having easy access to the capital market may depend less on retained earnings, these companies tend to pay higher dividends than the smaller companies which have relatively low access to the market.
10	Legal Constraints	Under provisions of Companies Act, all earnings can't be distributed and the company has to provide for various reserves. This limits the capacity of company to declare dividend.
11	Contractual Constraints	While granting loans to a company the lender may impose certain restrictions on the payment of dividends in future. The companies are required to ensure that the dividend does not violate the terms of the loan agreement

FINANCIAL PLANNING

A Financial planning is a **blueprint** of an organization's future operations. It is the process of estimating the fund requirement of a business and determining the possible sources from which it can be raised.

OBJECTIVES OF FINANCIAL PLANNING

To ensure availability of funds whenever required:
To see that the firm does not raise resources unnecessarily.

IMPORTANCE OF FINANCIAL PLANNING

01	It helps in forecasting what may happen in future under different business situations
02	It helps in avoiding business shocks and surprises and helps the company in preparing for the future
03	It helps in co-coordinating various business functions

IMPORTANCE OF FINANCIAL PLANNING

04	Reducing waste, duplication of efforts, and gaps in planning.
05	It tries to link the present with the future
06	It provides a link between investment and financing decisions on a continuous basis.
07	It Making the evaluation of actual performance easier.

CAPITAL STRUCTURE

Capital Structure refers to the mix between owners and borrowed funds. These shall be referred as equity and debt in the subsequent text. It can be calculated as debt-equity ratio or as the proportion of debt out of the total capital. The proportion of debt in the overall capital is also called **Financial Leverage**.

TRADING ON EQUITY

Trading on Equity refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest.

Statement showing EBIT – EPS Analysis

DEBT REQUIREMENTS				DEBT OPTIONS			
Funds required	Int. Rate	Tax Rate		Situation 1	Situation 2	Situation 3	
30,00,000	10%	30%		NIL	10,00,000	20,00,000	
This is a situation of Favorable Financial leverage				This is a situation of Unfavorable Financial leverage			
	Situation 1	Situation 2	Situation 3		Situation 1	Situation 2	Situation 3
EBIT	4,00,000	4,00,000	4,00,000	EBIT	2,00,000	2,00,000	2,00,000
Interest@10%	NIL	1,00,000	2,00,000	Interest@10%	NIL	1,00,000	2,00,000
EBT	4,00,000	3,00,000	2,00,000	EBT	2,00,000	1,00,000	NIL
Tax (@30%)	(1,20,000)	(90,000)	(60,000)	Tax (@30%)	60,000	30,000	NIL
EAT	2,80,000	2,10,000	1,40,000	EAT	1,40,000	70,000	NIL
No of shares	3,00,000	2,00,000	1,00,000	No of shares	3,00,000	2,00,000	1,00,000
EPS	0.93	1.05	1.40	EPS	0.47	0.35	NIL
ROI is 13.33% (4/30*100) and cost is 10%				ROI is 6.67% (2/30*100) and cost is 10%			

FACTORS AFFECTING CAPITAL STRUCTURE

01	Cash Flow Position	Size of projected cash flows must be considered before borrowing. Cash flows must not only cover fixed cash payment obligations but there must be sufficient buffers also.
02	Interest coverage ratio	The interest coverage ratio refers to the number of times earnings before interest and taxes of a company cover the interest obligation.
03	Debt service coverage ratio	Debt Service Coverage Ratio takes care of the deficiencies referred to in the Interest Coverage Ratio (ICR). The cash profits generated by the operations are compared with the total cash required for the service of the debt and the preference share capital.
04	Return on investment	If the ROI of the company is higher, it can choose to use trading on equity to increase its EPS
05	Cost of debt	A firm's ability to borrow at a lower rate increases its capacity to employ higher debt. Thus, more debt can be used if debt can be raised at a lower rate.
06	Tax rate	A higher tax rate makes debt relatively cheaper vis-a-vis equity
07	Cost of equity	Stock owners expect a rate of return from the equity which is commensurate with the risk they are assuming.
08	Floatation costs	Process of raising funds involves some costs, these considerations may affect the choice between debt and equity, hence the capital structure.
09	risk consideration	Business risk depends upon fixed operating cost. Fixed operating costs result in higher business risk and vice-versa. Total risk depends upon business risk and financial risk.
10	Flexibility	To maintain flexibility, it must maintain some borrowing powers to take care of unforeseen circumstances.
11	Control	Debt normally does not cause a dilution of control whereas equity dilute the control
12	Regulatory frame work	The companies have to operate within a regulatory frame work provided by the law at the time of opting debt and or equity
13	Stock Market conditions	Stock market conditions often affect the choice between equity and debt.

FACTORS AFFECTING CAPITAL STRUCTURE

14	Capital structure of other companies	It has been observed that the capital structure of competing companies also affects the capital structure of the company in question.
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FIXED CAPITAL

The amount of capital investment in fixed assets is called fixed capital, e.g. plant and machinery, land and building, etc. which is to be used over a long period of time and it also affects the growth, profitability and risk of the business in the long run.

FACTORS AFFECTING FIXED CAPITAL REQUIREMENTS

01	Nature of business	A trading concern needs lower fixed capital since it does not require purchasing fixed assets. A manufacturing concern would require heavy investment in fixed assets etc.
02	Scale of Operations	A large organization operating at a higher scale needs higher investment in fixed assets when compared with the small organization.
03	Choice of Technique	Here, two types of techniques exist, such as capital intensive and labour intensive. Capital intensive organization needs higher investment and labour intensive less investment in fixed assets.
04	Technology Upgradation	Some assets such as computers become obsolete faster and are replaced much sooner than other fixed assets say furniture. Thus, such organizations which use assets which are prone to obsolescence require higher fixed capital to purchase such assets.
05	Growth Prospects	If an organization expects higher growth prospects, it will require higher investment in fixed assets to create higher capacity of production.
06	Diversification	More fixed capital will be required in case of companies which have diversity of production lines as compared to companies which do not have much of diversification.
07	Financing Alternatives	Instead of purchasing fixed assets a developed company may take the same on lease basis which requires less investment.
08	Level of collaboration	If some business organizations share each other's facilities, these organizations will require lesser fixed capital. If there is no collaboration, an organization will require more fixed capital to run its business smoothly.

WORKING CAPITAL

Working capital is the amount that the company uses in its day to day trading operations. It is a measure of company's efficiency and short-term financial health or liquidity. It is that part of total capital which is required for holding current assets. It may also be defined as an excess of current assets over current liabilities. It refers to a firm's investment in short term assets such as cash, short term securities, account receivable and inventories.

FACTORS AFFECTING WORKING CAPITAL REQUIREMENTS

01	Nature of Business	Manufacturing firm requires high amount of working capital as compared to a trading organization, to convert raw materials into finished goods
02	Scale of Operations	Large amount of working capital is required by firms operating on a large scale of operations in terms of debt, inventory, etc. as compared to small scale firms.
03	Business Cycle	During boom period, when sales are high, higher amount of working capital is required as compared to depression period.
04	Seasonal Factor	Higher amount of working capital is required by the organization during its peak season as the level of activities is higher as compared to lean season.
05	Production Cycle	Operating cycle refers to the length of the manufacturing cycle, i.e. the periods taken to convert raw materials into finished products. Longer period means more working capital is required and vice-versa.
06	Credit Allowed	If liberal credit terms are given and a liberal policy is followed, then the company would require more working capital as there is less cash inflow and vice-versa.
07	Credit Availed	If it is difficult to avail credit by the firm (on its purchases) from suppliers then, higher amount of working capital is required.
08	Operating Efficiency	Less requirements of working capital will be there in a firm in the presence of best sales efforts, ideal debtors turnover ratio and higher inventory turnover ratio.
09	Availability of Raw Material	Higher lead time (i.e. time lag between the placement of order and actual receipt of the materials) and interrupted availability of raw materials will raise the requirement of working capital.
10	Growth Prospects	If an organization has planned for higher growth prospects then its requirement for working capital will be higher.

FACTORS AFFECTING WORKING CAPITAL REQUIREMENTS

11	Level of competition	Working capital requirements will be more if level of competitions is high.
12	Inflation	At a higher rate of inflation, working capital requirement will also be higher.

10. FINANCIAL MARLET

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	04	01	-	-	07
There is ONE internal choice question for 03 marks, from this chapter only						

FINANCIAL MARKET

A market for the creation and exchange of financial assets such as -equity shares, debentures and bonds. It is a link between the savers and the borrowers. This market transfers money or capital from those who have surplus money to those who are in need of money. It provides liquidity to financial instruments by providing a ready market for the sale and purchase of financial assets. If 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

MONEY MARKET

The money market is a market for short term funds which deals in monetary assets whose period of maturity is up to one year

CAPITAL MARKET

It refers to facilities and institutional arrangements through which long-term funds; both debt and equity are raised and invested.

DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET

Sl.	Basis	CAPITAL MARKET	MONEY MARKET
01	Participants	Financial institutions, banks, corporate entities, foreign investors and ordinary retail investors	RBI, banks, financial institutions and finance companies
02	Instruments	Equity shares, debentures, bonds, preference shares	T-bills, trade bills reports, commercial paper and certificates of deposit.
03	Investment Outlay	It does not necessarily require a huge financial outlay	Transactions entail huge sums of money as the instruments are quite expensive
04	Duration	Long term	Short term
05	Liquidity	Liquid investments because they are marketable on the stock exchanges.	Enjoy a higher degree of liquidity as there is formal arrangement for this.
06	Safety	Riskier	Safer
07	Expected return	Higher return	Comparatively less returns

PRIMARY MARKET/NEW ISSUE MARKET

It deals with new securities being issued for the first time. The function of a primary market is to facilitate the transfer of funds from savers to entrepreneurs to establish new enterprises or to expand existing one through the issue of securities for the first time. The investors in this market are banks, financial institutions, insurance companies, mutual funds and individuals.

DISTINCTION BETWEEN PRIMARY MARKET AND SECONDARY MARKET

Sl.	Basis	PRIMARY MARKET	SECONDARY MARKET
01	Trading securities	New securities	Existing securities
02	Participants	Sold by the company	Exchanged between investors.
03	Capital formation	directly	indirectly
04	Buy/Sale	Only buying	Both the buying and the selling
05	Price determination	By the management of the company.	By demand and supply of securities
06	Geographical location	Not Fixed	Local area.

STOCK EXCHANGE/SECONDARY MARKET/STOCK MARKET

It is an institution which provides a platform for buying and selling of existing securities. It helps existing investors to disinvest and fresh investors to enter the market. It also provides liquidity and marketability to existing securities. Securities are traded, cleared and settled within the regulatory framework prescribed by SEBI.

FUNCTIONS OF STOCK EXCHANGE

01	Providing liquidity and marketability	Stock exchange provides a ready platform for trading of existing securities . In other words, it provides a continuous market for the sale and purchase of securities. In addition, long-term securities can be converted to MT and ST through stock exchange
02	Pricing of securities	The stock exchange helps in determining the prices of various securities that reflect their real worth. It enables correct pricing of securities through the interplay of demand and supply.
03	Safety of transaction	The stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal in the market.
04	Contributes to Economic Growth:	In a SE the securities are continuously brought and sold. This continuous process of disinvestment and reinvestment helps in channelizing the savings and the investments to the most productive use. This, enhances capital formation and economic growth.
05	Spreading Equity Cult:	Through regulation of the issues and better trading practices, a stock exchange helps in educating the people about investment. It promotes and encourages the people to invest in ownership securities.
06	Providing Scope for Speculation:	It is generally believed that certain degree of speculation is necessary for better liquidity and to maintain demand and supply of securities. Stock exchange provides a reasonable and controlled scope of speculation within the provisions of law.

ADVANTAGES OF ELECTRONIC/SCREEN BASED TRADING SYSTEM

01	Transparency	It ensures transparency as it allows the participants to see the prices of all securities in the market while business is being transacted.
02	Fixation of prices	It increases efficiency of information being passed on, thus helping in fixing prices efficiently. The computer screens display information on prices and also capital market developments that influence share prices.
03	Increasing efficient of operations	It increases the efficiency of operations, since there is reduction in time, cost and risk of error.
04	Improves the liquidity of the market	People from all over the country and even abroad who wish to participate in the stock market can buy or sell securities through brokers or members without knowing each other. That is, they can sit in the broker's office, log on to the computer at the same time and buy or sell securities. This system has enabled a large number of participants to trade with each other, thereby improving the liquidity of the market.
05	Single trading platform	A single trading platform has been provided as business is transacted at the same time in all the trading centers. Thus, all the trading centers spread all over the country have been brought onto one trading platform, i.e., the stock exchange, on the computer.

STEPS IN THE TRADING AND SETTLEMENT PROCEDURE OF STOCKS

01	Selection of Stock broker	Select the broker who will buy and sell the securities on behalf of the investor. Brokers are the members of the stock exchange. In a stock exchange, the investor cannot purchase or sell securities directly. It is possible only with the help of an intermediary known as share broker.
02	Opening of Demat account with the depository.	Demat account is an account that is used to purchase shares and securities in electronic format. The investor has to open a „DEMAT“ account BENEFICIAL OWNER (BO) account with DEPOSITORY PARTICIPANT (DP) for holding and transferring securities in the DEMAT form.
03	Placing an order	The investor then places an order with the broker to buy or sell shares. Clear instruction has to be given about the number of shares and the price at which the shares should be bought or sold. Once the order is received, an order confirmation slip is issued to the investor.
04	Executing the order	The computer in the broker office is constantly matching the orders at the best bid and offer price. When price mentioned arrived in the market, the order will be executed and it will be communicated to the broker's terminal. After the trade has been executed, it is communicated to the investor through a trade confirmation slip.

STEPS IN THE TRADING AND SETTLEMENT PROCEDURE OF STOCKS

05	Settlement (T+2)	In this stage the investor has to deliver the shares sold or he has to pay cash for the shares purchased. This should be done immediately after receiving the contract note or before the day when the broker shall make payment or delivery of shares to the exchange. It is done immediately after receiving contract note. The broker can make delivery of shares in demat form directly to the investor's demat account. Cash is paid (if securities purchased) or securities are delivered (if securities are sold) on pay-in-day, which is before the T+2 day as the deal has to be settled and finalised on the T+2 day.
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DEMETERIALISATION/SCRIPTLESS TRADING

Process of converting a PHYSICAL share certificate into ELECTRONIC form

REMETERIALISATION (REMAT)

Process of converting ELECTRONIC certificate into PHYSICAL form

DEPOSITORY (NSDL/CDSL)

Just like a bank keeps money in safe custody of customers a depository is also like a bank and keeps securities in electronic form on behalf of the investor. It is an organisation for holding securities of an investor in electronic form. In India there are two depositories are there.

- 1. NSDL** (National Securities Depository Ltd):- It is the first and largest depository in India. It was promoted as a JV of the IDBI, UTI & NSE
- 2. CDSL** (Central Depository Service Ltd):- It is the second depository to commence operations and was promoted by the BSE and Bank of India.

DEPOSITORY PARTICIPANT (DP)

He is a registered agents/intermediaries of the Depository (NSDL/CDSL) concerned which interacts with investors: Ex: ICICI Bank link between investors and depositors. Banks, Non-Banking financial companies (NBFC) and stock brokers can act as DP after acquiring the required approval from the SEBI and also complying with the other statutory requirements

WORKING OF DEMAT SYSTEM

1. A depository participant (DP), either a bank, broker, or financial services company, may be identified.
2. An account opening form and documentation (PAN card details, photograph, power of attorney) may be completed.
3. The physical certificate is to be given to the DP along with a dematerialization request form.
4. If shares are applied in a public offer, simple details of DP and demat account are to be given and the shares on allotment would automatically be credited to the demat account.
5. If shares are to be sold through a broker, the DP is to be instructed to debit the account with the number of shares.
6. The broker then gives instruction to his DP for delivery of the shares to the stock exchange.
7. The broker then receives payment and pays the person for the shares sold.
8. All these transactions are to be completed within 2 days, i.e., delivery of shares and payment received from the buyer is on a T+2 basis, settlement period.

NATIONAL STOCK EXCHANGE OF INDIA (NSEI)

National Stock Exchange of India was incorporated in the year 1992. It was recognized as Stock Exchange in 1993 and started operations in 1994. It was established by leading banks, financial institutions, insurance companies and financial intermediaries.

OBJECTIVES OF NATIONAL STOCK EXCHANGE OF INDIA (NSEI)

01	NSE establishing a nationwide trading system for providing the trading facility in all types of securities
02	Ensuring equal access to investors all over the country through an communication net work
03	By using an electronic trading system, NSE providing a fair, efficient and transparent securities market.
04	One of the objectives of NSE includes enabling shorter settlement cycles and book entry settlements.
05	NSE aimed at meeting the international standards and benchmarks of stock exchange.

BOMBAY STOCK EXCHANGE OF INDIA (BSE)

BSE Ltd (formerly known as Bombay Stock Exchange Ltd) was established in 1875 and was Asia's first Stock Exchange. It was granted permanent recognition under the Securities Contract (Regulation) Act, 1956. It is known as BSE Ltd but was established as the Native Share Stock Brokers Association in 1875. A stock exchange can be set up as a corporate entity with different individuals (who are not brokers) as members or shareholders.

OBJECTIVES OF BOMBAY STOCK EXCHANGE OF INDIA (BSE)

01	To provide an efficient and transparent market for trading in equity, debt instruments, and mutual funds.
02	To provide a trading platform for equities of small and medium enterprises.
03	To ensure active trading and safeguard market integrity through an electronically-driven exchange.
04	To provide other services to capital market participants, like risk management, clearing, settlement, market data, and education.
05	To conform to international standards

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

SEBI - Established on 12 April 1988 by the GOI given statutory status through an Act in 1992.

OBJECTIVES OF SEBI/PURPOSE & ROLE OF SEBI

01	To regulate stock exchanges and the securities industry to promote their orderly functioning.
02	To protect the rights and interests of investors, particularly individual investors and to guide and educate them.
03	To prevent trading malpractices and achieve a balance between self regulation by the securities industry and its statutory regulation.
04	To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchantbankers etc., with a view to making them competitive and professional.

FUNCTIONS OF SEBI

01	REGULATORY FUNCTIONS	01	Registration of brokers and sub brokers and other players in the market.
		02	Registration of collective investment schemes and Mutual Funds.
		03	Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges
		04	Regulation of takeover bids by companies.
		05	Calling for inspection, conducting enquiries and audits of stock exchanges and intermediaries.
		06	Levying fee or other charges for carrying out the purposes of the Act.
		07	Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India.
02	DEVELOPMENTAL FUNCTIONS	01	Training of intermediaries of the securities market.
		02	Conducting research and publishing information useful to all market participants.
		03	Undertaking measures to develop the capital markets by adapting a flexible approach.
03	PROTECTIVE FUNCTIONS	01	1. Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging etc.
		02	Controlling insider trading and imposing penalties for such practices.
		03	Undertaking steps for investor protection.
		04	Promotion of fair practices and code of conduct in securities market

11. MARKETING MANAGEMENT

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	05	-	-	01	11

There is NO internal choice question from this chapter

MARKET

It refers to the place where buyers and sellers gather to enter into transactions involving the exchange of goods and services.

MARKETING

It refers to "social process by which individual groups obtain what they need and want through creating offerings and freely exchanging products and services of value with others"

FEATURES OF MARKETING

01	Needs and wants	Satisfaction of the needs and wants of individuals and organizations.
02	Creating marketing offering	Complete offer for a product of service.
03	Customer value	Greatest benefit or value for the money.
04	Exchange mechanism	Exchange of products/services for money/for something of value to them.

WHAT CAN BE MARKETING

Physical Products, Services, Ideas, Persons, Place, Experience, Properties, Events, Information, Organizations

MARKETER/SELLER

The marketer can be a person or organization who make available the products or services and offer them to the customer with an intention of satisfying the customer needs and wants.

MARKETING MANAGEMENT

Marketing management refers to planning, organizing, directing and control of the activities which facilitate exchange of goods and services between producers and consumers or users of products and services.

PROCESS OF MARKETING MANAGEMENT

01	Choosing a target market	Choosing a target market, say a manufacturer may choose to make readymade garments for children up to the age of 5 years;
02	Create demand for the products	After choosing target market, the focus is shifted on getting, keeping as well as growing the customers. That means the marketer has to create demand for his products so that the target customers purchase the product

PROCESS OF MARKETING MANAGEMENT

03	Create superior values for CUSTOMERS.	The mechanism for achieving the objective is through creating, developing and communicating superior values for the customers. That means, the primary job of a marketing manager is to create superior values so that the customers are attracted to the products
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DISTINCTION BETWEEN MARKETING AND SELLING

Sl.	Basis	SELLING	MARKETING
01	Part of the process Vs wider term	It is the only a part of marketing	Mktg is a much wider term and includes selling also
02	Transfer of title Vs. satisfying customer needs	It focus on the transfer of title of goods from seller to buyers	The focus of Mktg is satisfy the customer needs and wants
03	Profit through maximizing sales Vs customer satisfaction	It aims to maximize profits through increase in sales volume	It aims to earn profits through maximizing customer satisfaction
04	Start and end of the activities	It starts after production and ends with the sale of product	It starts much before productions and continues even after sales
05	Difference in the emphasis	It emphasis on bending the customers according to product	It emphasizes on development of product according to customer needs
06	Difference in the strategies	It involves efforts like promotion and persuasion for selling the product	It involves strategies like product, promotion, pricing and distribution

PHILOSOPHIES OF MARKETING MANAGEMENT

01	Production Concept	In the earlier days of the industrial revolution, the number of producers was limited; → limited supply of industrial products → not able to match demand. So, anyone who was able to produce goods could easily find buyers for the same.
02	Product Concept	With passage of time, the supply improved→ customers started looking for products that were superior in performance, quality and features.
03	Selling Concept	Increase in scale of production→ competition among the sellers → Product quality and availability alone did not ensure survival as a large number of firms were now selling products of similar quality.
04	Marketing Concept	Implies that a firm can achieve its goals by identifying needs of the customer and satisfying them better than the competitors. Customer satisfaction is the precondition for realizing the firm's goal and objectives.
05	Societal Marketing Concept	Under this concept customer satisfaction is supplemented by social welfare. Some products bring harmful effect on environment so these should not be supplied. It pays attention to the social, ethical and ecological aspects of marketing.

FUNCTIONS OF MARKETING

01	Gathering and Analyzing Mrkt. Information	One of the important functions of a marker is to gather and analyze market information. This is necessary to identify the needs of the customers and take various decisions for the successful marketing of the product and services.
02	Marketing Planning	Another important area is to develop appropriate marketing plans so that the marketing objectives of the organization can be achieved
03	Product Designing and Development	The design of the product contributes to making the product attractive to the target customers: A good design can improve performance of a product and also give it a competitive advantage in the market.
04	Standardization and Grading	Standardization refers to producing goods of Predetermined specifications, which helps in achieving uniformity and consistency in the output. Grading is the process of classification of products into different groups, on the basis of some of the important characteristics such as quality, size, etc.,
05	Packaging and Labeling	Packaging refers to designing and developing the package for the products. Labeling refers to designing and developing the label to be put on the package.
06	Branding	Brand name helps in creating product differentiation. It provides basis for distinguishing the product of a firm with that of the competitor. Branding also helps in building customer's loyalty and promotes sales of a product.
07	Customer Support Services	The customer support service centers (such as after sales services, handing customer complaints, credit facilities, technical services) aim at providing maximum satisfaction to the customers, which is the key to Mktg success in modern days

FUNCTIONS OF MARKETING

08	Pricing of Product	Price of product refers to the amount of money customers have to pay to obtain a product the marketers have to properly analyze the factors determining the price of a product and then take several other decision
09	Promotion	It involves informing the customers about the firms product, its features etc, and persuading them to buy these products
10	Physical Distribution	The two major areas under this function include Decision regarding channels of distribution. Physical movement of the product from the place of its production to the ultimate consumers place.
11	Transportation	Transportation is defined as the physical movement of goods from one place to another. In other words, it is the movement of goods from the place of production to the place of consumption.
12	Storage	Warehousing of products creates time utility. It is often seen that there is a gap between the time a product is produced and the time when it is consumed. Warehousing and storing provides the chance to provide goods during off season also.

MARKETING MIX

The marketing mix consists of various elements, which have broadly been classified into four categories, popularly known as **four P's** of marketing. These are: (1) Product, (2) Price, (3) Place, and (4) Promotion.

1. PRODUCT

Product means goods or services or „anything of value“, which is offered to the market for sale.

1. PRODUCT MIX

It refers to all the decisions relating to product. It includes **(A)** branding **(B)** packaging and **(C)** labeling

1A. BRANDING

BRANDING:- The process of giving a name or a sign or a symbol etc., to a product is called branding.(It affects Brand, Brand Name, Brand Mark, Trade Mark)

BRAND:- Brand It is a name, sign, symbol or design or a combination thereof, used to identify the goods or services of a seller and to differentiate them from those of competitors, e.g. Lux, Coca Cola, Parker, etc.

BRAND NAME:-It is a part of brand, which can be spoken is called a Brand Name. It is a verbal component of a brand. It consists of words, numbers or letters which can be pronounced such as Maggi, Uncle chips, etc

BRAND MARK:- It is a part of brand which can be recognized. It refers to symbols, designs, marks, etc which can only be seen but not pronounced, e.g. Devil of Onida.

TRADE MARK:- It means a brand or a part of brand that enjoys legal protection, e.g. Hyundai sign on Hyundai cars.

1A. ADVANTAGES OF BRANDING

ADVANTAGES TO THE MARKETERS		ADVANTAGES TO THE CUSTOMERS	
01	Enables marketing Product differentiation	01	Helps in product identification
02	Helps in advertising and display activities	02	Ensures quality
03	Differential pricing	03	Status symbol and psychological benefits
04	Easiness in introducing new products:	04	Reduction in efforts

1A. CHARACTERISTICS OF GOOD BRANDING

01	A brand name should be easy to read, identify and pronounce so that the customers can remember the name and can come for the purchase again. For example: apple, idea, Rin etc.
02	A brand name should be attractive and unique. It should not be common and should be catchy. For example: Maggi.
03	A brand name should be capable enough to explain the benefits and qualities and also the utility of the product without creating confusion in the minds of the buyers. For example: head and shoulders.
04	A brand name should be unique and distinctive and have a separate identity than the competitors. For example: coca cola, fanta etc.
05	A brand name should be easy to advertise and should be adjustable enough to suit the packaging and labeling requirements of the products. For example: Reebok, Adidas, Bata etc.
06	A brand name should be versatile. It should have the capabilities to accommodate new products so that they can be merged under same name. For example: Dabur. There are various products under the single brand name Dabur.

1A. CHARACTERISTICS OF GOOD BRANDING

07	A good brand is registered and is legally protected so that it does not enter into any chaos later on and do not involve in illegal activities
08	Brand name is considered good when it is up to date or it is evergreen and does not get old. For example: Reynolds and signature pens.

1B. PACKAGING

Packaging refers to the act of designing and producing the container or wrapper of a product.

1B. LEVELS OF PACKAGING

01	Primary package	It is the immediate packet of the product i.e. which is directly above the product. It may be taken off before the use or it may be there as an integral part of the product throughout the life of the product. For example: packet of soap will be removed before use.
02	Secondary packaging	It is the layer of the product which will be just above the primary packaging of the product. It is removed before the use of the product. For example: a cardboard box of the crème tube will be removed before using the product. The cardboard box will be disposed off.
03	Trans- portation packaging	This is the next packet of the product which is above the primary and secondary packaging. It helps in safeguarding the product from damage and also useful for easy identification of the product in the market

1B. IMPORTANCE OF PACKING

01	Product identification	Packets of the product will be easy identified by the consumers in the market. it is also useful for the shopkeepers to identify the product through its packet.
02	Product protection	It is very important for products to be safe from spoilage, breakage, pilferage, insect attacks, chemical change, moisture gain and also leakage.
03	Facilitates the use of the product	Some products are in such a packaging that their use becomes easy and the packets facilitate its use in accordance to the shape and size of the product.
04	Product promotion	Not all products require a proper packaging. Many products have packaging so that they become attractive and can become a source of promotion. An attractive colour, design help in inclination of the consumers towards the product.

1B. FUNCTIONS OF PACKING

01	Product identification	The package of a product helps the customer to easily identify the product in the market, e.g. Red Label tea in a red colour packing, Taj Mahal tea in blue box pack, etc.
02	Product protection	The package of a product protects it from spoilage, breakage, pilferage, leakage, damage, etc. e.g. oil in plastic bottles.
03	Facilitating use of the product	The package of a product helps the consumer to open, handle and use the product more conveniently, e.g. toothpaste tubes, hand wash soap dispenser, etc.
04	Product promotion	An attractive package attracts the attention of people and at the same time, provides detailed information about the product, e.g. ferrero rocher chocolates.

1C. LABELLING

Labelling in the marketing refers to designing the label to be put on the package. indicating some information about the quality or price, to complex graphics that are part of the package, like the ones on branded products

1C. FUNCTIONS OF LABELLING

01	Describes the product and specify its contents	Labelling specifies the contents and other features of the product. It enables the manufacturer to give clear instructions to the consumer about the proper use of his product.
02	Identification of the product or brand	It gives a definite identity to the product or brand and therefore, the identification of a product becomes easy, e.g. the name Pears printed on toilet soaps helps us to know which soap out of several soaps is Pears.
03	Grading products	It enables the manufacturer to grade the product into different categories, e.g. Hindustan Lever sells different grades of tea under green, yellow and red labels.
04	Helps in promotion of products	Packaging simplifies the work of sales promotion. Packing material in the house reminds the consumers constantly about the product.
05	Providing information required by law	Another important function of labeling is to provide information required by law. For example, the statutory warning on the package of Cigarette or Pan Masala, „Smoking is injurious to Health` or Chewing Tobacco is injurious to Health.

2. PRICE/PRICING

Price is the amount of money customers have to pay to obtain the product.

2A. FACTORS AFFECTING PRICE DETERMINATION

01	Product cost	While fixing the prices of a product, the firm should consider the fixed and variable cost involved in producing the product. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.
02	The utility and demand	It is necessary to anticipate the utility and demand of a product, while fixing the price, as if a product is offering higher utility, one can easily charge high price from the customer. Whereas, if utility is low, one cannot charge high price for such products. On the other hand, if the demand is elastic, price should be set at a lower level and if the demand is less elastic or inelastic price can be set at a higher level.
03	Extent of competition in the market	The degree of extent of competition in the market is also decides the price of a product. If the competition is low generally the price of a product will be high on the other hand if the competition is high, the price will be less.
04	Government and legal regulations	In order to protect the interest of the public, the government intervenes and regulates the prices of the commodities for this purpose; it declares some products as essential products for example. Life-saving drugs etc.
05	Pricing objectives	If the objective of the firm is to maximize sales, price will be set at a lower level, whereas, if the firm's objective is profit maximization, price will be set at a higher level.
06	Marketing methods used	The various marketing methods such as distribution system, quality of salesmen, type of packaging, customer services, etc. also affect the price of a product

PHYSICAL DISTRIBUTION

Physical distribution of goods is concerned with making the goods and services available at the right place, so that people can purchase the same.

CHANNELS OF DISTRIBUTION

The people (wholesalers, dealers, agents" retailers and other intermediaries), institutions, merchants, and functionaries, who take part in the distribution function, are called „Channels of Distribution“.

FUNCTIONS PERFORMED BY DISTRIBUTION CHANNELS

01	Sorting	Middlemen procure supplies of goods from a variety of sources, which is often not of the same quality, nature and size. They sort these goods into homogeneous groups.
02	Accumulation	This function involves accumulation of goods into larger homogeneous stocks for continuous flow of supply.
03	Allocation	It involves breaking homogeneous stock into smaller marketable lots e.g. once cashew nuts are graded and large quantities are built, these are divided into convenient packs of say 1kg, 500gms, to sell them to different types of buyers.
04	Assorting	Middlemen build assortment of products for resale. There is usually a difference between the product lines made by manufacturer and the assortment or combinations desired by the users, e.g. a cricket player may need a bat, a ball, wickets, gloves, helmet, a t-shirt and a pair of shoes.
05	Product promotion	Mostly advertising and other sales promotion activities are performed by manufacturers. Middlemen also participate in certain activities such as demonstrations, special displays, contests, etc. for increasing the sale of products.
06	Negotiation	Middlemen negotiate the price, quality, guarantee and other related matters about a product with the producer as well as customer.
07	Risk taking	Middlemen have to bear the risk of distribution like risk from damage or spoilage of goods etc. when the goods are transported from one place to another or when they are stored in the god-owns.

TYPES OF CHANNELS OF DISTRIBUTION

01	DIRECT CHANNEL (zero Level)	When goods are made directly available by the manufacturer to the consumer, it is known as direct channel or zero level channels. No intermediary is involved in the transaction, e.g., selling through non retail outlets, mail order selling, selling through own work force, etc.
02	INDIRECT CHANNEL	When a manufacturer employees one or more intermediary to move goods from the point of production to the point of consumption. The distribution network is called indirect.. This may take any of the following forms:
A	ONE LEVEL CHANNEL	This channel involves the use of one middleman i.e. retailer who in turn sells them to the ultimate customers. It is usually adopted for specialty goods. For example Tata sells its cars through company approved retailers. Manufacturer > Retailer > Consumer

TYPES OF CHANNELS OF DISTRIBUTION

B	TWO LEVEL CHANNEL	Under this channel, wholesaler and retailer act as a link between the manufacturer and customer. This is the most commonly used channel for distributing goods like soap, rice, wheat, clothes etc. Manufacturer > Wholesaler > Retailer > Consumer.
C	THREE LEVEL CHANNEL	This level comprises of three middlemen i.e. agent, wholesaler and the retailer. The manufacturers supply the goods to their agents who in turn supply them to wholesalers and retailers. This level is usually used when a manufacturer deal in limited products and yet wants to cover a wide market. Manufacturer > Agent > Wholesaler > Retailer > Consumer

FACTORS DETERMINING CHOICE OF CHANNELS OF DISTRIBUTION

01	Product related factors	Before deciding channel of distribution for a product, various products related factors are to be considered. These are:	
		Nature of the product	Customized products require direct marketing as they involve interactions between the buyer and the seller. Whereas, standardized products are sold through a number of efforts. Similarly consumer goods require indirect channels while industrial goods require direct distributions.
		Product complexities	Technologically complex products are sold directly whereas, to sell simple products, indirect channels may be employed.
		Perishability of the product	Zero or one level channels are preferred for perishable products to avoid the delay in delivery as compared to non-perishable products.
		Price of the product	High priced products are mostly sold directly whereas; cheap or inexpensive products are sold with the help of a large number of intermediaries.
02	Company characteristics	The important company characteristics affecting the choice of channels of distribution. These are	
		Financial strength of the company	if the firm has plenty of funds it may go for direct selling on the other hand if spare funds are not available, it may go for indirect channels
		Degree of control	if the management want to have greater control on the channel members, short channels are used but if the management do not want more control over the middlemen, it can go in for longer channel
03	Competitive factors	The choice of channel is also affected by the channel selected by the competitors in the same industry. Selection of a particular channel by the competitors In some cases producers may want to avoid the channels used by the competitors Thus, it will depend upon the policy of the firm – whether it wants to go with the competitors or be different from them	
04	Market factors	The choice of channels is affected by many market related factors. These are:	
		Size of market	The number of channel constituents depends largely on the customer base for the products. Larger markets require indirect channels, and vice-versa.
		Quantum of trade	Direct channels of distribution are used where the quantity of purchase is big. Indirect channels of distribution are used mainly where the size of purchase is small and widely spread.
05	Environmental factors	The environmental includes economic condition and legal constraints. In a depressed economy marketers use shorter channels to distributive their goods in an economical way	

PHYSICAL DISTRIBUTION

Physical distribution of goods is concerned with making the goods and services available at the right place, so that people can purchase the same.

COMPONENTS OF PHYSICAL DISTRIBUTION

01	Order processing	A good physical distribution system ensures an accurate and speedy processing of order. Processing of orders involves several steps viz receiving the orders, dispatch of goods, recording it in books, billing, collection of payment, etc.
02	Transportation	It is the means of carrying goods from manufacturers to consumers. It is one of the „major elements of physical distribution. It is important because unless the goods are physically made available, at various places the sale cannot be completed.
03	Warehousing	It refers to the act of storing and assorting products in order to create time utility in them. Need for warehousing arise due to time gap between the production and consumption of goods.

COMPONENTS OF PHYSICAL DISTRIBUTION

04	Inventory control	It is an important decision in physical distribution in respect of deciding the level of inventory. High level of inventory ensures product availability when demand arises but increases the cost of carrying the inventory. Thus, a balance has to be maintained between the cost and consumer satisfaction. The level of inventory depends upon estimated demand, sales forecasts, cost of inventory.
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3. PLACE

Place or Physical Distribution include activities that make firm's products available to the target customers

4. PROMOTION

Promotion of products and services include activities that communicate availability, features, merits, etc., of the products to the target customers and persuade them to buy it.

4. PROMOTION MIX

It refers to combination of promotional tools used by an organization to achieve its communication objectives. These include: (i) Advertising, (ii) Personal Selling, (iii) Sales Promotion, and (iv) Publicity. These tools are also called elements of *promotion mix*.

4.A. ADVERTISING

It is an impersonal form of communication, which is paid for by the marketers (sponsors) to promote some goods or service. The most common modes of advertising are „newspapers“, „magazines“, „television“, and „radio“.

4A. FEATURES OF ADVERTISING

01	Paid form	It is a paid form, as the advertiser has to pay for the advertising media used, for the space or time used to communicate the message to the user.
02	Impersonality	It presents the information regarding a product, service or idea in a non-personal form, as no face-to-face contact is involved between the seller and the customers.
03	Identified sponsor	Sponsor may be an individual or a firm, who pays for the advertisement.

4A. MERITS OF ADVERTISING

01	Mass reach	Advertisement is a method through which the advertiser can reach out to the potential consumer who are spread over a vast geographical area.
02	Enhancing customer satisfaction and confidence	Advertising creates confidence amongst prospective buyers as they feel more comfortable and assured about the product quality and hence feel more satisfied.
03	Expressiveness	Expression is very important for persuasion. This expressiveness has improved due to development in technology and art while helps in creating a better animations, graphics, designs etc, making the message even more attractive.
04	economy	When large numbers of people are to be reached who are spread over wide geographical area then it is an economical plan to go for.

4A. LIMITATIONS OF ADVERTISING

01	Less forceful	We cannot judge the effectiveness of advertisement's because it is not forceful and we can never know how much impact it is creating on the potential customers and it is not a compulsion for the viewer to focus on the advertisement.
02	Lack of feedback	Feedback is also not possible due to lack of feedback mechanism it becomes difficult to judge the impact.
03	Inflexibility	Advertising is less flexible as the message is standardized and cannot be altered according to the requirements of the different customer groups
04	Less effectiveness	Due to bulk of advertisements in the market it is becoming difficult for the viewers to grasp the message as they start ignoring these advertisements and an advertisement loses its effectiveness because it is not forceful enough.

4A. OBJECTIONS OF ADVERTISING

01	Add to cost	Advertising unnecessarily adds to the cost of product, which is ultimately passed on to the buyers in the form of high prices. The money spent on advertising adds to the cost, which is an important factor in the fixation of the price of a product.
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4A. OBJECTIONS OF ADVERTISING

02	Undermines social values	People argue that advertising undermines social values and promotes materialism. It encourages dissatisfaction among people as they come to know about new products and feel dissatisfied with their present state of affairs.
03	Confuses the buyer	So many advertisements create confusion among the buyers. All advertisements make similar claims that the buyer gets confused as to which one is true and which product should be purchased.
04	Encourages sale of inferior products	Advertising does not distinguish between superior and inferior products. Hence, it persuades people to buy even the inferior products. But, superiority and inferiority depends on the quality, which is a relative concept.
05	Some advertisements are in bad taste	Another Criticism against advertising is that some advertisements are in bad taste. These show something which is not approved generally by people some advertisement also distort the human relationships.

4.B. PERSONAL SELLING

Personal selling involves oral presentation of message in the form of **conversation** with one or more prospective customers for the purpose of making sales.

4B. FEATURES OF PERSONAL SELLING

01	Personal form	It involves a direct face-to-face communication between the seller and the buyer.
02	Development of relationship	It helps to develop a personal, long-lasting relationship between the salesman and the customer.

4B. MERITS OF PERSONAL SELLING

01	Flexibility	Personal selling is very flexible because there is direct contact between both the parties and pitch can be adjusted according to the need of customer.
02	Direct feedback	The feedback can be obtained then and there. Due to face to face communication, the customer can give feedback.
03	Minimum wastage	The wastage is reduced due to one to one contact. Before making the contact the salesman can judge the efforts and time can be saved to a great extent.

4B. IMPORTANCE OF PERSONAL SELLING (to Businessmen)

01	Effective promotional tool	Personal selling is an effective tool to increase the sale of product. Salesman explains the merits of products to customers.
02	Flexible tool	It is personal in nature and offers the sales person an advantage of adjusting as per the needs of the customer.
03	Minimizes wastage of efforts	As compared to other methods of promotion in personal selling, the wastage of efforts is minimum.
04	Consumer attention	Through personal selling, it is easy to get the attention of customer, as there is face to face interaction between customers and salesman.
05	Lasting relationship	Personal selling helps to create lasting relationship between customers and sellers, which helps in increasing sale.
06	Personal rapport	Through personal selling, salesman can create personal rapport with the customers.
07	Role in introduction stage	It is an effective tool to launch products in the introductory stage of a product life cycle.
08	Link with customers	There is a direct contact between the salesman and the prospects, which reduces chances of diffusion and distortion in the desired message.

4B. IMPORTANCE OF PERSONAL SELLING (to Customers)

01	Helps in identifying needs	It helps in identifying the needs & wants of the customers so that they can be satisfied by getting best products.
02	Latest market information	Under personal selling, customers are provided with information regarding availability or shortage of product, introduction of new product etc.
03	Expert advice	Expert advice and guidance can be provided to the customers while purchasing various goods and services.
04	Induce customers	Personal selling induces customers to buy new product in order to satisfy their needs in a better way.

4B. IMPORTANCE OF PERSONAL SELLING (to Society)

01	Converts latent demand	Personal selling helps in converting latent demand into effective demand. This results in more production, and hence leads to increase in GDP.
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02	Employment opportunities	It provides opportunity to unemployed people to work as salespersons for earning income.
03	Career opportunities	Personal selling ensures attractive career, job satisfaction, respect, variety, security etc.
04	Mobility of sale people	Travel and tourism in the country get promoted by the mobility of the people from one place to another.
05	Product standardization	Personal selling ensures uniformity in consumption by selling standardized products.

4.C. SALES PROMOTION

It refers to short- term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.

4C. MERITS OF SALES PROMOTION

01	Attention value	It helps to attract the attention of large mass of people in a short time.
02	Useful in new product launch	Useful in new product launch Sales promotion techniques such as sampling and product combination help in easy introduction of new product in the market.
03	Synergy in total promotional efforts	It is not necessary to only go for one promotional tool. Many organizations use a mix of various promotional techniques and sales promotion will help in boosting the effectiveness of other techniques.

4C. LIMITATIONS OF SALES PROMOTION

01	Reflects crisis	Frequent use of sales promotion techniques may create an impression that the company is unable to generate any sale.
02	Spoils product image	Excessive use of sales promotion may spoil the image of the product.

4.D. PUBLIC RELATIONS

Relations of an Organization with the public.

4D. ROLE OF PUBLIC RELATIONS

01	Press Relations	Information about the organization needs to be presented in a positive manner in the press.
02	Product Publicity	New products require special effort to publicize them and the company has to sponsor such programmes.
03	Corporate Communication	This is usually done with the help of newsletter, annual reports, brochures, articles and audio-visual materials
04	Lobbying	The organization has to deal with government officials and different ministers in charge of corporate affairs, industry, finance with respect to policies.
05	Counseling	The public relations department advises the management on general issues that affect the general public and the goodwill of the company. Factors such as environment, wildlife, social issues, education, etc help in promoting public relations and creating goodwill of the company in the market.

DISTINCTION BETWEEN ADVERTISING AND PERSONAL SELLING

Sl.	Basis	ADVERTISING	PERSONAL SELLING
01	Meaning	Advertising is an impersonal form of communication	Personal selling is a personal form of communication
02	Flexibility	Advertising is inflexible as the message can't be adjusted to the needs of the buyer	Personal selling is highly flexible as the message can be adjusted.
03	Cost per person	In advertising the cost per person reached is very low	The cost per person is quite high in the case of personal selling
04	Feedback	Advertising lacks direct feedback	Personal selling provides direct and immediate feedback.
05	Communication	One way communication	Two way communication
06	strategy	Pull strategy	Push strategy
07	Message	Standardized	customized
08	Channel	Mass media	Sales personnel

12. CONSUMER PROTECTION

Weightage as per CBSE curriculum 2022-23	Max. Marks	01	03	04	06	Total
	No of questions	-	-	01	-	04
There is no internal choice question from this chapter						

CONSUMER PROTECTION

The Consumer Protection Act (CPA) 2019 seeks to protect and promote the consumers' interest through speedy and inexpensive redressal of their grievances. The scope of the Act is very wide. It is applicable to all types of undertakings, big and small, whether in the private or public sector, whether a manufacturer or a trader. It applies to both offline and online transactions through electronic means, teleshopping, multi-level marketing or direct selling, but does not include a person who obtains goods for re-sale or any commercial purpose. The Act confers certain rights to consumers with a view to empowering them and to protect their interests.

IMPORTANCE OF CONSUMER PROTECTION

(from the point of view of Consumer)

01	Consumer ignorance	Majority of consumers are not aware of their rights and reliefs available to them as a result of which they are exploited. In order to save consumers from exploitation, consumer protection is needed.
02	Unorganized consumers	In India consumers are still unorganized and there is lack of consumer organizations also, thus consumer protection is required.
03	Widespread exploitation of consumers	Consumers are exploited on large scale by means of various unfair trade practices and consumer protection is required to protect them from exploitation

IMPORTANCE OF CONSUMER PROTECTION (from the point of view of Business)

01	Long-term interest of business	It is always in the interest of the business to keep its customer satisfied. Global competition could be won only after satisfying customers. Satisfied customers lead to repeat sales and help in increasing customer base of business.
02	Business uses society`s resources	Every business uses the resources of the society and thus it is their responsibility to work in the interest of the society.
03	Social responsibility	A business has social responsibilities towards various groups like owners, workers, government, customers etc. Thus, customers should be provided qualitative goods at reasonable prices.
04	Moral justification	It is the moral duty of any business to take care of consumer interest & avoid any form of their exploitation & unfair trade practices like defective & unsafe products, adulteration, false and misleading advertising, hoardings, black marketing etc.
05	Government intervention	If a business engages in any form of unfair trade practices then government takes action against it, which adversely affects its goodwill.

WHO IS A CONSUMER

A „consumer“ is generally understood as a person who uses or consumes goods or avails of any service. Under the Consumer Protection Act, 2019 a consumer is defined as:

01	A consumer is a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods or beneficiary of services if such use is made with the approval of the buyer. It applies to both offline and online transactions, but does not include a person who obtains goods for re-sale or any commercial purpose.
02	However, any person who obtains goods or avails services for resale or commercial purpose is not treated as a consumer and is outside the scope of Consumer Protection Act 2019.

WHO CAN FILE A COMPLAINT

01	Any consumer
02	Any registered consumers` association
03	The Central Government or any State Government;
04	One or more consumers, on behalf of numerous consumers having the same interest; and
05	A legal heir or representative of a deceased consumer, in case of death of a consumer
06	In case a consumer being minor, his parent or legal guardian.

RIGHTS OF A CONSUMER

01	Right to Safety:	The consumer has a right to be protected against goods and services which are hazardous to life and health.
02	Right to be Informed	The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions to use, etc
03	Right to Choose/ Right to be assured	The consumer has the freedom to choose from a variety of products at competitive prices.
04	Right to be Heard	The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.
05	Right to seek Redressal	The consumer has a right to get relief in case the product or service falls short of his expectations.
06	Right to Consumer Education	The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life.

RESPONSIBILITIES OF A CONSUMER

01	Be aware about goods and services	Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.
02	Buy only standardized goods	Buy only standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry, etc.
03	Understand the risk associated	Learn about the risks associated with products and services, follow manufacturer`s instructions and use the products safely.
04	Cautious consumer	Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc
05	Assert yourself	The consumer should assert himself/herself to get a fair deal

RESPONSIBILITIES OF A CONSUMER

06	Be honest in your dealings	The consumer should be honest in his/her dealings. Choose only from legal goods and services. Discourage unscrupulous practices like black-marketing etc.,
07	Ask for a cash memo	Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made
08	File a complaint	File a complaint in an appropriate consumer forum for every genuine grievance. Do not hesitate to take an action even when the amount involved is small.
09	Form consumer societies	The consumer should form consumer societies. These societies would play an active role in educating consumers and safeguarding their interests.
10	Respect the environment	The consumer should respect the environment. They should avoid waste, littering and contributing to pollution

WAYS AND MEANS OF CONSUMER PROTECTION

01	Self Regulation by business	The business firms should relies that it is in their long term interest to serve the customers well.
02	Business Associations	The associations of Trade and Commerce etc ., should laid down their code of conduct to deal ith their customers
03	Consumer Awareness	A consumer who is well informed would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitations.
04	Consumer Organizations	Consumer organizations should play an vital role in educating their rights and providing protection to them
05	Government	The Government can protect the interests of the consumers by enacting various Legislations.

REDRESSAL AGENCIES/MACHINERY UNDER CP ACT2019

01	District Forum	Establishing Authority	The state Government shall establish a District Consumer Disputes Redressal Commission to be known as District Commission in each district of the state.
		Compo-sition	The District Forum consists of a President (District Judge) and not less than two other members, one of whom should be a woman. They all are appointed by the State Govt. concerned
		Jurisdiction	District commission will entertain complaints where the value of goods or services paid as consideration does not exceed ONE CRORE.
		Judgment	On receiving the complaint the District Commission shall refer it to the concerned party and shall send the goods for testing in a laboratory. The District Commission shall pass an order after considering the test report and hearing the other party`s argument.
		Appeal	In case the aggrieved party is not satisfied with the order of the District Commission, he/she can appeal before the State Commission within 45 days from the date of the order.
02	State Commission	Establishing Authority	The State Government shall establish a State Consumer Disputes Redressal Commission to be known as State Commission in each state.
		Compo-sition	The State commission consists of a President (High court Judge) and not less than FOUR other members, one of whom should be a woman. They all are appointed by the State Govt. concerned
		Jurisdiction	(a) State commission entertains complaints where the value of goods or services paid as consideration exceeds ONE crore but does not exceed 10 crores. (b) Appeals against the order of the District Commission.
		Judgment	On receiving the complaint the State Commission shall refer it to the concerned party and shall send the goods for testing in a laboratory. The State Commission shall pass an order after considering the test report and hearing the other party`s argument.
		Appeal:	In case the aggrieved party is not satisfied with the order of the State Commission, he/she can appeal before the National Commission within 30 days from the date of the order.
03	National Commission	Establishing Authority	The Central Government shall establish a National Consumer Disputes Redressal Commission to be known as National Commission.
		Compo-sition	The National Commission consists of a President (Supreme court Judge) and not less than FOUR other members, one of whom should be a woman. They all are appointed by the Central Govt.
		Jurisdiction	(a) National commission entertains complaints where the value of goods or services paid as consideration exceeds Rs. 10 crore. (b) Appeals against the order of the State Commission.
		Judgment	On receiving the complaint the National Commission shall refer it to the concerned party and shall send the goods for testing in a laboratory. The

		National Commission shall pass an order after considering the test report and hearing the other party's argument.
	Appeal	In case the aggrieved party is not satisfied with the order of the National Commission, he/she can appeal before the SUPREME COURT within 30 days from the date of the order.

RELIEFS AVAILABLE / REMEDIES AVAILABLE TO A CONSUMER

Relief Available If the consumer court is satisfied about the genuineness of the complaint, it can issue one or more of the following directions to the opposite party.

01	To remove the defect in goods or deficiency in service.
02	To replace the defective product with a new one, free from any defect.
03	To refund the price paid for the product, or the charges paid for the service.
04	To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.
05	To pay punitive damages in appropriate circumstances.
06	To discontinue the unfair/ restrictive trade practice and not to repeat it in the future.
07	Not to offer hazardous goods for sale.
08	To withdraw the hazardous goods from sale.
09	To cease manufacture of hazardous goods and to desist from offering hazardous services.
10	Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.

ROLE OF CONSUMER ORGANISATIONS AND NGOS

Consumer organizations and NGO's perform several functions for the protection and promotion of interest of consumers. These include

01	Educating the general public about consumer rights by organising training programmes, seminars and workshops.
02	Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
03	Carrying out comparative testing of products and publish results for consumer welfare.
04	Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
05	Providing legal assistance to consumers
06	Filing complaints in appropriate consumer courts on behalf of the consumers
07	Taking an initiative in filing cases in consumer courts in the interest of the general public.

CONSUMER ORGANISATIONS AND NGOS IN INDIA

01	Consumer Coordination Council, Delhi.
02	Common Cause, Delhi.
03	Voluntary Organization in Interest of Consumer Education (VOICE), Delhi.
04	Consumer Education and Research Centre (CERC), Ahmadabad.
05	Consumer Protection Council (CPC), Ahmadabad.
06	Consumer Guidance Society of India (CGSI), Mumbai.
07	Mumbai Grahak Panchayat, Mumbai.
08	Karnataka Consumer Service Society, Bangalore
09	Consumers' Association, Kolkata
10	Consumer unity and Trust Society (CUTS), Jaipur

WISH YOU ALL THE BEST