Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

**OBJECTIVES OF MANAGEMENT**

Management seeks to achieve certain objectives which are derived from the basic purpose of the business. Objectives of management can be classified into three major categories:

(a) **Organizational or Economic Objectives**: The main objective of any organization should be to utilize human and material resources to the maximum possible advantage, i.e., to fulfil the economic objectives of a business. These are:
   - **Survival**: Management must ensure the survival of the organization. In order to survive, an organization must earn enough revenues to cover costs.
   - **Profit**: Management has to ensure that the organization makes a profit, which is an incentive for the continued successful operation of the enterprise.
   - **Growth**: Management must exploit fully the growth potential of the organization. Indicators of growth of a business are – (i) increase in sales turnover (ii) increase in the number of products and employees (iii) increase in capital investment, etc.

(b) **Social Objectives**: These objectives involve the creation of benefits for the society. This includes:
   - Supply of good quality products and services at reasonable prices.
   - Using friendly methods of production
   - Generating employment opportunities to the disadvantaged sections of the society.

(c) **Personal Objectives**: These objectives are related to the employees of the organizations. Management should satisfy their diverse needs such as:
   - Competitive salary and perks
   - Peer recognition
   - Personal growth and development

**IMPORTANCE OF MANAGEMENT**

1. Management helps in achieving goals by giving a common direction to the individual efforts.
2. Management increases efficiency by reducing the costs and increasing the productivity.
3. Management helps individuals to develop team spirit, cooperation and commitment to group success.
4. Management helps in the development of the society
5. Management helps people adapt to changes so that the organization is able to maintain its competitive edge.
IMPORTANCE OF CO-ORDINATION

1. Coordination helps the enterprise present a picture of unified approach to the problems of the enterprises.
2. Coordination helps in achieving the commonness of purpose.
3. Coordination helps in avoiding conflict between the specialists and the other members of the organization.
4. Coordination helps to ensure unity of action among interdependent departments.
5. Coordination helps to integrate efforts of people in the organization.
CHAPTER – 2 PRINCIPLES OF MANAGEMENT

**PRINCIPLE OF UNITY OF COMMAND**: This Principle states that one subordinate should receive orders and be accountable to one and only one superior. No employee, therefore, should receive instructions from more than one person. Dual or multiple command creates chaos in the organization since it undermines authority. For instance, if there is more than one superior, each may want that work is carried out according to his instructions. The subordinate will be confused regarding whose instructions he should follow. Authority should be delegated in such a manner that a subordinate works under one superior only.

**PRINCIPLE OF UNITY OF DIRECTION**: Fayol advocates, “One head and one Plan” for a group of activities having the same objectives. It will create dedication of purpose and loyalty. Unity of direction implies that efforts of a group are directed towards common goals. Without unity of direction, “Unity of action, coordination of strength and focusing of effort” cannot be achieved.

**PRINCIPLE OF EQUITY**: This principle implies that similar treatment is assured to employees in similar positions. This principle emphasizes kindliness and justice in the behaviour of managers towards workers. Managers should be fair and impartial while dealing with their subordinates and there should be no discrimination on the basis of sex, religion, language, belief, nationality, caste, etc.

**PRINCIPLE OF ORDER**: According to this principle, ‘Order’ means – “a place for everything (everyone) and everything (everyone) in its (his/her) place. Essentially, it means orderliness. Fayol insists that people and materials must be in suitable places at appropriate time for maximum efficiency.

**PRINCIPLE OF STABILITY OF TENURE**: According to this principle, employees once selected, should be kept at their post/position for a minimum fixed tenure, i.e., stability of tenure. Fayol suggests that employee turnover should be minimized to maintain organizational efficiency. There should not be frequent terminations and transfers. They should be given reasonable time to show results.
MEANING OF BUSINESS ENVIRONMENT: The term ‘Business Environment means the sum total of all individuals or institutions and other forces that are outside the control of a business enterprise but that may affect its performance.

IMPACT OF GOVT. POLICY CHANGES ON BUSINESS AND INDUSTRY

1. **Increasing Competition**: Today, business is facing all round competition. The competition for Indian companies has increased especially in service industries. Competition has crossed the national boundaries and assumed a global shape. Increasing competition has adversely affected many companies. For example, once a popular Western Coloured Television has lost much ground in the TV market and its contribution to the market is almost negligible.

2. **More demanding customers**: As a result of the economic reforms, the customers have complete information about the goods available in the market. Earlier, they used to purchase goods and services without much inquiry because of the lack of information. But these days because of the availability of enough information the area of customers’ demand has increased considerably. Now, they have started buying good quality goods and services.

3. **Rapidly changing technological environment**: Technology is changing very fast, which creates tough challenges before smaller firms. The rapidly changing technological environment requires improvement in machines, processes, products and services. Business firms have to develop new products and technologies to survive and grow in the market.

4. **Necessity of change**: After 1991, the market forces have become turbulent as a result of which the enterprises have to continuously modify their operations. Investments in R & D and innovations schemes have become a must.

5. **Need for developing human resource**: The new market conditions require people with higher competence and greater commitment. So, there is a need for developing human resources. As a result, compensation levels for managerial and technical services have sharply increased.

MAJOR CHANGES INITIATED BY THE GOVERNMENT OF INDIA SINCE 1991 TO MODERNISE INDIA’S INDUSTRIAL SYSTEM:

1. Abolition of Licensing
2. Freedom to import Technology
3. Contraction of Public Sector
4. Free Entry of Foreign Investment
5. MRTPC restrictions removed
6. FERA restrictions removed
7. Increase in the importance of role of small industries
CHAPTER – 4 PLANNING

Planning means setting objectives and targets and formulating an action plan to achieve them.

IMPORTANCE OF PLANNING :

1. Planning helps in the attainment of objectives of the organization.
2. Planning helps in minimizing the risk of future uncertainties.
3. Planning reduces overlapping and wasteful activities.
4. Planning imparts a real power of thinking in the managers.
5. Planning facilitates decision making.

LIMITATIONS OF PLANNING :

1. Planning leads to rigid mode of functioning for managers.
2. Planning does not work in a Dynamic Environment.
3. Planning reduces creativity.
4. Planning involves huge costs.
5. Planning is a time consuming process.
6. Planning does not guarantee success in problem all the problems of managers.
Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of organizational objectives/goals.

**STEPS IN THE PROCESS OF ORGANISATION:**

1. **Identification and Division of Work**: The process of organizing involves identifying and dividing the total work to be done into small and manageable activities (called jobs) so that duplication of efforts and resources can be avoided and the burden of work can be shared among the employees.

2. **Departmentalization**: The second step in organizing is grouping similar jobs into larger units called departments or divisions. This grouping process is called ‘Departmentalization / Departmentation’. It facilitates specialization.

3. **Assignment of Duties**: Once departments have been formed, it is necessary to allocate work/jobs to the members of each department in accordance with their skills and competencies. In other words, the work must be assigned to those who are best fitted to perform it well. It is essential for effective performance.

4. **Establishing Reporting Relationships**: Authority-responsibility relationship is established so that each individual may know from whom he/she has to take orders and to whom he/she is accountable.

**FORMAL ORGANISATION**: It refers to the organization structure which is designed by the management to achieve organizational goals.

**Advantages of Formal Organisation:**

1. It is easier to fix responsibility since mutual relationships are clearly defined.
2. There is clarity of jobs/duties to be performed by members of the organization.
3. Unity of command is maintained through an established chain of command.
4. It leads to effective accomplishment of goals by providing rules and procedures.

**Limitations of Formal Organisation**:

1. It may lead to delay in decision-making.
2. It may not provide adequate recognition to creative talent.
3. There is no chance of any mutual interplay.
**INFORMAL ORGANISATION**: It is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another.

**Advantages of Informal Organisation**:

1. It leads to faster spread of information as well as quick feedback.
2. It helps to fulfil the social needs of the members.
3. It contributes towards fulfillment of organizational objectives by compensating for inadequacies in the formal organisation.

**Limitations of Informal Organisation**:

1. It may become a disruptive force when it spreads rumours.
2. It may not be successful in implementing changes if the informal organization opposes them.
3. Informal groups can be harmful to the organization if the norms set by the groups are against organizational interests.

**FUNCTIONAL STRUCTURE**: A functional structure is an organizational design which is created by grouping of jobs of similar nature under major functions and organizing these functions as separate departments. All departments report to a coordinating head.

**Advantages of Functional Structure**:

1. A functional structure leads to functional specialization since emphasis is placed on specific functions.
2. It helps in increasing managerial and operational efficiency.
3. It leads to minimum duplication of efforts.
4. It promotes control and coordination within a department.
5. It makes training of employees easier.

**DIVISIONAL STRUCTURE**: In this structure, the organization structure comprises of separate business units or division. Generally, manpower is grouped on the basis of different products manufactured.

**Advantages of Divisional Structure**:

1. It helps in the development of varied skills in a divisional head.
2. It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.
3. It facilitates growth and expansion as new divisions can be added without interrupting the existing operations by merely adding divisional heads and the staff for the new product line.
CHAPTER – 6 STAFFING

Staffing means ‘putting people to jobs’ or ‘finding the right people for the right job’.

PROCESS OF STAFFING

1. **Estimating Manpower Requirements**: It means estimating the number and types of persons required in the organization in case of starting a new business or expanding the existing business.

2. **Recruitment**: The process of recruitment includes the search of the various sources of employees and encouraging them to send their applications to the enterprise.

3. **Selection**: Under the process of selection, competent applicants are selected out of a large number of them. It is important to keep in mind that the ability of the applicant and the nature of work must match.

4. **Placement and Orientation**: Placement means to join the post for which he/she has been selected. Under orientation the employee is given a brief presentation about the company and is introduced to his superiors, subordinates and colleagues.

5. **Training and Development**: Training and development are imparted to the employees so that their efficiency and effectiveness is increased.

6. **Performance Appraisal**: At this step the capability of every employee is judged. To judge his capability his actual work performance is compared with the work assigned to him.

7. **Compensation**: This step of staffing process involves fixing the compensation of an employee for his contribution to the organization.

8. **Promotion and Career Planning**: Under this step, employees get promoted to higher posts on the basis of their capability.

SOURCES OF RECRUITMENT:

**INTERNAL SOURCES:**

1. **Transfer**: It involves shifting an employee from one job to another, from one department to another or from one shift to another, without any change in the responsibilities, pay and status of the employee.

2. **Promotion**: It is a process by which an employee working at the lower rank is appointed to the upper rank where his responsibility increases, his status and salary are also enhanced. A post can be filled by sending an inefficient employee at some lower-position. It is known as recruitment by demotion.

**Advantages of Internal sources of recruitment:**

1. Motivation of the employees is boosted, particularly by promotion.

2. Because of promotional avenues employees get satisfied and hence, industrial peace is established.

3. Selection of employees for the higher post involves no risk as full information about the employee is available with the organization.
Limitations of Internal Sources of Recruitment:

1. The young and technically sound people do not get a chance to enter the company.
2. It creates a definite feeling of promotion among the employees which makes them lethargic and it affects their performance.
3. This method is not applicable in the case of new organizations.

EXTERNAL SOURCES OF RECRUITMENT:

1. **Campus Recruitment**: Colleges and Institutes of Management and Technology have become a popular sources of recruitment for technical, professional and managerial jobs. Many big organizations maintain a close link with them to recruit qualified personnel for various jobs.
2. **Management consultants and placement agencies**: Management consultancy firms help the organizations to recruit technical, professional and managerial personnel. They specialize in middle level and top level executive placements.
3. **Employment Exchanges**: Job-seekers get their names registered in employment exchanges for unskilled and skilled operative jobs. At the request of the employers, they send the names of persons who have registered themselves, having requisite qualification.
4. **Advertisement**: Most of the senior positions of industry and commerce are filled by this method. Advertisement in newspapers or trade journals is generally used when a wider choice is required.
5. **Direct Recruitment**: A notice is placed on the notice board of the enterprise specifying the details of the jobs available. Job-seekers assemble outside the premises of the organization on the specified date and selection is done on the spot.
6. **Casual callers**: A company gets applications on an off even without declaring any vacancy. However, as an when the vacancy arises, the company makes use of such applications.

Advantages of External Sources of Recruitment:

1. It gives an opportunity to the qualified people from outside the organization to enter it.
2. It brings in a large number of applicants from outside. The management has a wider choice while selecting the people for employment.
3. The enterprise can expect to get fresh, talented candidates from outside. This means infusion of new blood into the enterprise.
4. The existing staff will have to compete with the outsiders. They will work harder to show better performance.
Limitations of External Sources of Recruitment:

1. It causes dissatisfaction and frustration among the existing employees. They may feel that their chances of promotion are reduced.
2. This process is very costly. A lot of money has to be spent on advertisement and processing applications.
3. It takes a long time since the enterprise has to notify the vacancies and wait for applications from prospective candidates.

PROCESS OF SELECTION

1. **Preliminary Screening**: It helps the manager to eliminate unqualified or unfit job-seekers based on the information supplied in the application forms.
2. **Selection Tests and Interview**: Selection tests measure aptitudes, intelligence, personality, etc. of the candidates who have applied for the vacant jobs. Interview is a format, in depth conversation conducted to evaluate the applicant’s suitability for the job.
3. **Reference and Background Checks**: Many employers require names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information about the applicant.
4. **Selection Decision**: The final selection decision has to be made from among the candidates who pass the tests, interviews and reference checks.
5. **Medical Examination**: After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test.
6. **Job offer and Contract of Employment**: Job offer is made to the selected candidates through a letter of appointment, which contains the date by which he/she must report on duty. A contract of employment is prepared regarding terms and conditions of employment.

IMPORTANCE OF TRAINING AND DEVELOPMENT:

1. It improves skills and knowledge of the employees.
2. It helps the individual in earning more due to his increased performance.
3. It makes employee more efficient to handle machines, thus less prone to accidents.
4. It increases the satisfaction and morale of employees

METHODS OF TRAINING:

1. **Induction Training**: It means to acquaint the newly appointed employees with their job and the organization. Under this, new employees are introduced both to their superior and subordinates so that they can work with them as a team. Apart from this, he/she is informed about the objectives and policies of the organization. He/she is also informed about their own authorities and responsibilities. In short, the purpose of induction is to accommodate new employees in the new environment expeditiously.
2. **VESTIBULE TRAINING**: Under this method, with a view to imparting training to new employees, a separate training centre is set up. An experienced and trained trainer is appointed as an in-charge of the centre. Machines, tools and other equipments are so arranged in this centre as to present a look of a workshop. When the employees are trained they are put on the real job.
CHAPTER – 7 DIRECTING

MEANING OF DIRECTING: It refers to the process of instructing, guiding, motivating, lading, counseling and coaching people in the organization to achieve its objectives.

IMPORTANCE OF DIRECTING:
1. Directing helps to initiate action by people in the organization towards attainment of desired objectives.
2. Directing integrates employees’ efforts in the organization.
3. Directing guides employees to fully realize their potential and capabilities.
4. Directing facilitates introduction of needed changes in the organization.
5. Directing helps to bring stability and balance in the organization.

SUPERVISION: It means overseeing what is being done by subordinates and giving instructions to ensure optimum utilization of resources and achievement of work targets. It is the process of guiding the efforts of employees and other resources to accomplish the desired objectives.

LEADERSHIP: It is the art of influencing the behaviour of people so that they will strive willingly and enthusiastically towards the achievement of organisational goals.

LEADERSHIP STYLES
1. AUTOCRATIC OR AUTHORITARIAN LEADERSHIP: It refers to that leadership style in which the leader tends to run the show all by himself. All decision-making power is centralized in the leader. He does not give the subordinates any freedom to influence his decision.
2. DEMOCRATIC OR PARTICIPATIVE LEADERSHIP: It refers to that leadership style in which the leader consults with his subordinates before making any final decision. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.
3. LAISSEZ-FAIRE OR FREE-REIN LEADERSHIP STYLE: It refers to that leadership style in which the leader gives his subordinates complete freedom to make decisions. The leader does not interfere in the activities of his subordinates. In this style, the managers consider their subordinates capable, active and responsible individuals and have full faith in them.

EXAMPLES OF FINANCIAL INCENTIVES:
1. Pay and allowances
2. Sharing in the profits of the organization
3. Co-partnership/ Stock option
4. Bonus
5. Productivity-linked wage incentives
6. Retirement benefits
7. Perquisites
EXAMPLES OF NON-FINANCIAL INCENTIVES:

1. Recognition
2. Status/Position in the organization
3. Career advancement opportunity
4. Job security
5. Employee participation in decision making
6. Employee empowerment
7. Organisation’s climate
8. Job enrichment
CHAPTER – 8 CONTROLLING

Controlling ensures that activities conform to the standards. It is the process of comparing actual performance with the standards and taking corrective action.

STEPS IN THE PROCESS OF CONTROLLING

1. **Setting performance standards**: Standards are those criteria on the basis of which the actual performance is measured. Only standards tell individuals and departments about their destination. A manager evaluates the actual performance on the basis of these standards and finds out the deviations.

2. **Measurement of Actual Performance**: The measurement of actual performance is done on the basis of predetermined standards. The measurement of actual performance tells the manager whether the work has been done according to the plan or not.

3. **Comparison of Actual Performance with Standards**: Actual performance is compared with the standards and deviations are found out.

4. **Analysing Deviations**: The deviations from the standards are analysed to identify their causes, which may be defective material, defective machinery, etc.

5. **Taking Corrective Action**: The last but the most important step in the controlling process is taking corrective action. In this step, the hurdles in the actual work progress are removed. The purpose of corrective action is to bring the actual work progress to the level of expected progress.

IMPORTANCE OF CONTROLLING

1. It helps in accomplishing organizational goals.
2. It helps in judging accuracy of standards.
3. It helps in making efficient use of resources.
4. It ensures order and discipline
5. It helps in improving employee motivation.
6. It facilitates coordination in action.

**Controlling is blind without Planning**: Under the system of controlling, actual work performance is compared with the standards. Hence, if the standards are not determined there is no justification left for control, and the standards are determined under planning. It is, therefore, said that control is blind without planning or it is without any base.

**Planning is meaningless without controlling**: Planning is successful only in the presence of controlling. It means that if the control is not present it is useless to have planning. If the process of controlling is taken away from management, no person working in the enterprise will take it seriously to work according to the plans. Consequently, the plans will fail.
CHAPTER – 9 FINANCIAL MANAGEMENT

MEANING OF FINANCIAL MANAGEMENT : It refers to that part of the management activity which is concerned with the efficient planning and controlling of financial affairs of the enterprise. In other words, it can be said that under financial management, first of all, need for finance is estimated and then different sources of obtaining finance and its quantum are determined and finally arrangements are made for the distribution of profit.

IMPORTANCE OF FINANCIAL MANAGEMENT :

1. It estimates the funds requirement of the business and determines the sources of funds – debt and equity.
2. It ensures availability of enough funds whenever required and avoiding idle finance.
3. Good financial management helps in mobilization of funds at lower costs and deployment of these funds in most profitable activities so that return on investment exceeds cost of procurement.
4. Financial management ensures safety of funds procured by creating reserves, reinvesting profits, etc.

MEANING OF FINANCIAL PLANNING : It means estimating the funds requirement of a business and determining the sources of funds for current and fixed assets and future expansion prospects.

OBJECTIVES OF FINANCIAL PLANNING :
1. To ensure availability of funds, whenever these are required
2. To see that the firm does not raise funds unnecessarily.

IMPORTANCE OF FINANCIAL PLANNING :
1. It enables a company to tackle the uncertainty in respect of the availability and timing of the funds.
2. It tries to forecast what may happen in future under different business situations.
3. It helps in avoiding business shocks and surprises and helps in preparing a blueprint of an organisation’s future preparations relating to finance.
4. It provides a link between investment and financing decisions on a continuous basis.

MEANING OF CAPITAL STRUCTURE : Capital Structure refers to relative proportion of different sources of long term finance.
FACTORS AFFECTING CAPITAL STRUCTURE :

1. Cash Flow Position
2. Interest coverage ratio
3. Return on Investment
4. Financial Risk of the organization
5. The expected rate of return of lenders on debt capital (Cost of debt)
6. The expected rate of return on equity capital (Cost of Equity)

FACTORS TO BE CONSIDERED WHILE DETERMINING FIXED CAPITAL :

1. Nature of Business
2. Scale of Operations
3. Choice of Technique
4. Technology Upgradation
5. Growth Prospects
6. Diversification

FACTORS DETERMINING THE WORKING CAPITAL REQUIREMENT :

1. Scale of Operations
2. Business Cycle
3. Production Cycle
4. Credit allowed
5. Credit Availed

FACTORS AFFECTING DIVIDEND DECISION :

1. Amount of profit earned
2. Stability of earnings
3. Policy of maintaining stability of dividend
4. Growth opportunities
5. Cash Flow position
6. Shareholders’ preference
FUNCTIONS OF SEBI

(A) Protective Functions:
   i. To check unfair trade practices in connection with security market
   ii. To check insiders trading in securities
   iii. To provide education relating to dealing in securities to the investors
   iv. To promote code of conduct relating to security market

(B) Regulatory Functions:
   i. To regulate the business being done in the share market
   ii. To register brokers, sub-brokers, transfer agents, underwriters, etc
   iii. To register and regulate the credit rating agency
   iv. To register and regulate the venture capital fund.

METHODS OF FLOATING NEW ISSUE IN THE PRIMARY MARKET:
1. Public Issue: The company issues a prospectus and invites the general public to purchase shares or debentures.
2. Offer for Sale: Under this method, at first the new securities are offered to an intermediary at a fixed price. They further resell the same to the general public at a higher price. The advantage of doing this is that the issuing company feels free from the tedious work of making a public issue.
3. Private Placement: Under this method, the company sells securities to the big financial institutions or brokers instead of selling them to the general public. They, in turn, sell these securities to the selected clients at a higher price. This method is preferred as it is a cheaper method of raising funds as compared to a public issue.
4. Right Issue: This method is used by those companies who have already issued their shares. When an existing company issues new shares, first of all it invites its existing shareholders. This issue is called the right issue. In this case, the shareholder has the right either to accept the offer for himself or assign a part or all of his rights in favour of another.
5. Initial Public Issue or Offer (IPOs): Under this method, companies issue their securities through the electronic medium. The company issuing securities through this medium enters into a contract with a Stock Exchange. SEBI registered broker have to be appointed for the objective of accepting applications. This broker regularly sends information about it to the company. The company issuing security also appoints a Registrar, who helps in making the issue a success by establishing contact with the stock exchange.

DEMAT ACCOUNT: It refers to that account which is opened by the investors with depository participant to facilitate trading in shares.

DEPOSITORY SERVICES: It refers to that service through which the transfer of ownership in shares takes place by means of book entry without the physical movement of shares.
<table>
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<tr>
<th>Basis of Difference</th>
<th>Primary Market</th>
<th>Secondary Market</th>
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<tbody>
<tr>
<td>Issue</td>
<td>Securities are issued for the first time.</td>
<td>There is no issuing of the fresh securities but trading of the already issued securities</td>
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<tr>
<td>Buying and Selling</td>
<td>Investors can only buy securities</td>
<td>Both buying and selling can take place</td>
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<tr>
<td>Specified Place</td>
<td>It has no specified place</td>
<td>It has a special and fixed place known as stock exchange.</td>
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CHAPTER – 11 MARKETING MANAGEMENT

CONCEPT OF MARKETING: It refers to that process under which valuable goods/services are created, offered and by doing transaction independently, the needs are satisfied.

SOCIETAL CONCEPT OF MARKETING: This concept stresses not only on the consumer satisfaction but also gives importance to Consumer Welfare/Societal Welfare. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

MARKETING MIX: It refers to the aggregate of decisions taken with a view to successfully completing different marketing activities.

COMPONENTS OF MARKETING MIX:
1. PRODUCT MIX: It refers to the combination of all decisions relating to product. These decisions are mainly with regard to dimensions of the product, its branding, packaging, labelling, colour, design, quality, size, etc.
2. PRICE MIX: It refers to all those decisions which are concerned with the price fixation of any product or service.
3. PROMOTION MIX: It refers to informing the customers about the product, persuading them to purchase these products.
4. PLACE MIX: It refers to the combination of all decisions relating to make products available to consumers.

FACTORS AFFECTING PRICE DETERMINATION:
1. Cost of Production
2. Demand for the product
3. Price of the competitive firms
4. Purchasing power of customers
5. Regulations of the Government
6. Objective of earning higher profits

CHANNELS OF DISTRIBUTION:
1. Direct Channel (Zero Level): Direct channel of distribution means making goods available to consumers directly by the manufacturers, without involving any intermediary.
2. Indirect Channels: Indirect channels of distribution means making goods available to the consumers by employing one or more intermediaries.
   (a) One Level Channel: In this, only intermediary adopted is the retailer.
   (b) Two level Channel: In this, two intermediaries are involved, i.e., the wholesaler and retailer.
   (c) Three level Channel: In this network, there are three intermediaries involved – agents, wholesalers and retailers.
**BRANDING**: It refers to a special word, symbol, letter or the mixture of all these.

**LABELLING**: It refers to designing the label to be put on the package.

**PACKAGING**: It refers to the group of those activities which are related with the designing and production of the containers in which the products are packed.

**CONCEPT OF PUBLIC RELATIONS**: It includes a variety of programmes (news, events, publications, sponsorships) to promote and protect the image of a company and its products.

**Role of Public Relations**:  
1. Smooth functioning of business and achievement of objectives  
2. Building corporate image that affects favourably on its products.  
3. Build interest in the established product and help in launching a new product.
CHAPTER – 12 CONSUMER PROTECTION

RIGHTS OF A CONSUMER UNDER THE CONSUMER PROTECTION ACT 1986:

1. **Right to Safety**: It is the right to safety against such goods and services as are hazardous to health, life and property of the consumer.

2. **Right to be Informed**: Consumer has also the right that he should be provided all the information on the basis of which he decides to buy goods or services. Such information relate to quality, purity, potency, standard, date of manufacture, method of use, etc. of the commodity.

3. **Right to Choose**: Consumer has the full right to buy any good or service of his choice from among the different goods or services available in the market.

4. **Right to be Heard**: Consumer has the right that his complaint be heard. Under this right, the consumer can file a complaint against all those things which are prejudicial to his interest.

5. **Right to Consumer Education**: It refers to educate the consumer constantly with regard to their rights. In other words, consumers must be aware of the rights they enjoy against the loss they suffer on account of goods and services purchased by them.

6. **Right to Healthy Environment**: This right provides consumers, the protection against environmental pollution so that the quality of life is enhanced.

RESPONSIBILITIES OF A CONSUMER TO SAFEGUARD HIS INTEREST:

1. Consumer must be aware of his rights while buying
2. Consumer should make full use of his reason while buying things
3. Consumer should approach the officer concerned in case there is some complaint about the goods purchased.
4. Consumer should not compromise on quality
5. Consumer should recognize the truth of the advertisement
6. Consumer should get receipt or bill for the things purchased.

REMEDIES AVAILABLE TO CONSUMERS UNDER CONSUMER PROTECTION ACT, 1986:

1. Removal of defects
2. Replacement of goods
3. Refund of price
4. Award of compensation
5. Removal of deficiency in service
6. Discontinuance of Unfair/Restrictive Trade Practice
WAYS AND MEANS AVAILABLE TO THE CONSUMERS FOR REDRESSING THEIR GRIEVANCES UNDER THREE-TIER JUDICIAL MACHINERY:

1. **District Forum**: This forum hears disputes involving a sum upto Rs. 20 lacs.
2. **State Commission**: It redresses grievances involving a sum exceeds Rs. 20 lacs and upto 1 crore.
3. **National Commission**: It has jurisdiction to hear complaints involving a sum exceeding Rs. 1 crore.
## SUGGESTED QUESTION PAPER

### CLASS – XII

### BUSINESS STUDIES

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<th>Units</th>
<th>Name of Unit</th>
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<th>Short Answer Question (3,4)</th>
<th>Long Answer (5,6)</th>
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1. Name any two points of the need of staffing. (1)
2. Give one example each of Financial and Non-Financial Incentives. (1)
3. Why it is said that “Controlling is looking back”? (1)
4. Give two developmental functions of SEBI. (1)
5. Write two regulations which provide protection to consumer. (1)
6. A decision is taken in financial management to put capital of the company in different assets. What is this decision called? (1)
7. Give two examples of semantic barrier to communication. (1)
8. Mention any two advantages of branding. (1)
9. Write two objectives of financial planning. (1)
10. What is the latest trading system in stock exchange? (1)
11. What is meant by zero level channel of distribution? (1)
12. Which consumer right gives the business firms freedom to set-up their own consumer service and grievance cell? (1)
13. Explain the ‘Societal Concept’ of Marketing. (3)
14. Which principle of management suggests that employees should be treated with justice and kindness? Why is this principle essential in management? (3)
15. “Planning leads to increase in efficiency.” Explain. (3)
16. Explain three points that highlight the nature of Principles of Management. (3)
17. Mention any three limitations of Planning. (3)
18. Enumerate any three important merits of advertising. (3)
19. What is meant by ‘Formal Organisation’? Explain any three features of Formal Organisation. (4)
20. State any four advantages of Divisional Structure of an organization. (4)
21. Explain in brief any four factors which affect the requirement of working capital of an enterprise. (4)
22. Describe any four remedies available to a consumer under the Consumer Protection Act. (4)
23. “Co-ordination is needed for all functions of Management.” Do you agree with this statement? Give reasons in support of your answers. (5)
24. Discuss the managerial response to change in business environment. (5)
25. Explain briefly any five external sources of recruitment of workers. (5)
26. Discuss the importance of Controlling in the business. (5)
27. Explain Laissez Faire Style and Autocratic Style of Leadership. (6)

OR

Directing is the least important function of management.” Do you agree with this statement? Give any six reasons in support of your answer.
28. Explain the factors that should be taken into consideration while determining the long-term dividend policy. (6)  

   OR

   What is meant by Capital Structure? Explain any five factors affecting the choice of capital structure.

29. What is Primary Market? Explain briefly any five methods of floatation of new shares in the primary market. (6)  

   OR

   Distinguish between Capital Market and Money Market.

30. Explain any six techniques of Sales Promotion. (6)  

   OR

   Explain the factors to be kept in view while taking a decision on the channels of distribution of any product.
SUGGESTED QUESTION PAPER
CLASS – XII
BUSINESS STUDIES (PAPER -2)

Time Allowed : 3 hours Maximum Marks : 90

General Instructions :
(vi) Answers to questions carrying 1 mark may be from one word to one sentence.
(vii) Answers to questions carrying 3 marks may be from 50 to 75 words.
(viii) Answers to questions carrying 4-5 marks may be about 150 words.
(ix) Answers to questions carrying 6 marks may be about 200 words.
(x) Attempt all parts of a question together.

1. Name the method of training in which the trainee learns under the guidance of a master worker. (1)
2. State two points of importance of directing. (1)
3. Why should a consumer look for ISI mark on electrical goods? (1)
4. Which is the most important criterion to select a project while taking investment decision? (1)
5. How many depositories are operational in India? Name them. (1)
6. Why it is said that “Planning is looking back”? (1)
7. Rumours and distortions take place in which type of communication. (1)
8. A tea producer uses such packets/things for packing tea, which can be used even after consuming the tea inside for other purposes. In this which values are being affected by him? (1)
9. State any two objectives of financial management. (1)
10. Give two regulatory functions of SEBI. (1)
11. Write any two components of physical distribution. (1)
12. What is meant by ‘Right to Choose’ to a consumer? (1)
13. Explain with examples the three levels of packaging. (3)
14. Which principle of management is violated if a subordinate is asked to receive orders from two seniors? Write any two adverse effects if this principle is violated. (3)
15. Differentiate between ‘Policy’ and ‘Rule’ as types of Plans. (3)
16. Explain any three techniques of Taylor’s Scientific Management. (3)
17. How does Planning restrict creativity? (3)
18. Explain the role of public relations in marketing. (3)
19. In an Electrical goods manufacturing company, there are four main activities Marketing, Production, Finance and Personnel. The general Manager is planning to structure the organization. Which of organisation structure should be adopt and why? Give reasons. (4)
20. What is meant by authority-responsibility relationship in an organization structure? (4)
21. Explain in brief any four factors which affect the requirement of fixed capital of an enterprise. (4)
22. Explain any four functions of consumer organisations and non-govt. organisations (NGOs) for protecting and promoting the interest of consumers. (4)
23. Your brother is working as the Finance Manager of Rex Ltd. At what level of management is he working? State any four functions being performed by him? (5)
24. Explain the impact of changes in Government policy on business and industry. (5)
25. What is meant by selection? Explain the various steps involved in the process of selection of employees. (5)
26. "Planning and Controlling are mutually inter-related and inter-dependent activities." How? (5)
27. "Supervision is not at all required in an organization". Do you agree? Give reasons in support of your answer. (6)

OR
Explain the barriers to effective communication.
28. “Determination of capital structure of a company is influenced by a number of factors.” Explain any six such factors. (6)

OR

“Sound financial planning is essential for the success of any business enterprise.” Explain this statement by giving any six reasons.

29. Distinguish between Primary Market and Secondary Market. (6)

OR

What is Money Market? Explain any five money market instruments.

30. Explain any three advantages of advertising to consumers and three advantages to society. (6)

OR

What is Marketing Mix? Explain the various elements of marketing mix.
SUGGESTED QUESTION PAPER
CLASS – XII
BUSINESS STUDIES (PAPER -3)

Time Allowed : 3 hours
Maximum Marks : 90

General Instructions :

(xi) Answers to questions carrying 1 mark may be from one word to one sentence.
(xii) Answers to questions carrying 3 marks may be from 50 to 75 words.
(xiii) Answers to questions carrying 4-5 marks may be about 150 words.
(xiv) Answers to questions carrying 6 marks may be about 200 words.
(xv) Attempt all parts of a question together.

1. Name the method of training in which trainees learn on the equipments they will be using. (1)
2. “A good leader does not wait for opportunities but creates them.” Which quality of a good leader is highlighted by this statement. (1)
3. Give the meaning of Right to be heard. (1)
4. State any two Protective functions of SEBI. (1)
5. Name the two types of capital which are part of capital structure. (1)
6. Why it is said that “Planning is meaningless without controlling” ? (1)
7. State any two characteristics of supervision. (1)
8. Enumerate any one function of marketing. (1)
9. What do you mean by financial leverage ? (1)
10. Give two methods of floatation in primary market. (1)
11. A commercial unit uses rocks, trees, electric poles historical monuments and walls to advertise its products. This advertising policy shows which faults of the company ? (1)
12. Rajendra purchased a car for Rs. 20 lacs from an automobile company and found its engine defective despite many complaints the defect was not rectified. He filed a case in the district forum. But he was not satisfied with the orders of the district forum and decided to appeal. Suggest him the highest authority where he could appeal if not satisfied again by the decision of next higher authority. (1)
13. State any three qualities of a good brand name. (3)
14. What does mental revolution imply in Scientific Management ? (3)
15. Describe briefly the benefits of planning to an organization. (3)
16. Explain, in brief, the Principle of “Stability of Tenure” and “Principle of Order”. (3)
17. Distinguish between ‘Procedure’ and ‘Policy’ as types of plans. (3)
18. What is Labelling ? State any two functions of labelling. (3)
19. What is meant by informal organization ? Explain any three features of informal organization. (4)
20. “Authority can be delegated but not responsibility.” Explain. (4)
21. How are the shareholders of a company likely to gain with a debt component in the capital employed ? Briefly explain with the help of a suitable example. (4)
22. Explain any four responsibilities of a consumer while purchasing goods. (4)
23. Explain the main objectives of Management. (5)
24. Explain ‘Increasing Competition’ and ‘More Demanding Customers’ as impact of Govt. policy changes on Business and Industry. (5)
25. “Internal sources of recruitment are better than external sources of recruitment.” Explain any five reasons in support of this statement. (5)
26. Omex Ltd. Produces safety pins on a mass scale. The company’s policy is that at the most 3% of the daily production could be defective. Over a three months period, it has been observed that 8-10% of the production is defective. Identify the management function required to correct the above situation, Briefly state the procedure to be followed for the purpose. (5)
27. There are certain situations in which written communication can be effectively used. Explain any six such situations. (6)

OR

Explain how motivation contributes to the success of an organization.

28. What is financing decision? Explain any five factors affecting it. (6)

OR

What is dividend decision? Explain any five factors determining long term dividend policy.

29. Explain any six functions of Stock Exchange. (6)

OR

What do you understand by D’Mat Account? Explain the benefits of it.

30. You are a toothpaste manufacturer and you have introduced a new brand of toothpaste in the market. How will you determine the price of this product? Explain by giving any six points. (6)

OR

‘Advertising is unnecessary and wasteful.’. Explain how by giving genuine reasons.