

CHAPTER 1

1. What is management?

Management is the process of getting things done effectively and efficiently through and with people.

2. What does the term process mean in management?

Process refers to a series of interrelated functions like planning, organizing, directing, staffing and controlling.

3. State features and characteristics of:

ARTS	SCIENCE	PROFESSION
Theoretical Knowledge	Systematised knowledge	Well defined knowledge
Personalised Application	Universal validity	Restricted entry
Based on Practice & Creativity	Based on experiments & observation	Professional Association
		Service Motive

4. State three objective of management.

Organisational – Survival, Profit, Growth

Social

Personnel

5. What does 'effective' and 'efficiency' mean in management?

Effective means doing the right task and achieving goals within the stipulated time

Efficiency means Doing things right with minimum cost and waste.

6. Name any four characteristics of management.

Pervasive (Universal हर जगह हो) Goal oriented. (Goal achieve करने में मदद करता है)

Continous (लगातार चलता रहता है) Dynamic (situation के अनुसार बदल सकता है)

7. What is coordination? Any two characteristics

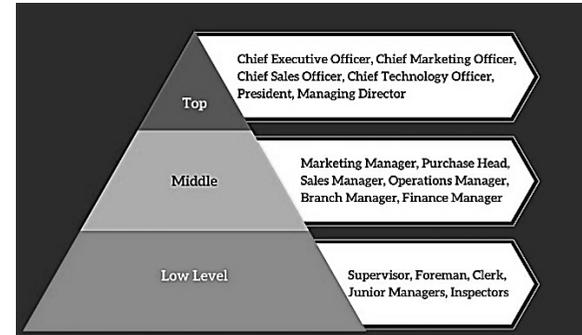
Coordination is the process of integrating activities of different departments to achieve common goals.

Characteristic: Continous Process, All Pervasive

8. Why is management considered multidimensional?

Because it involves managing people, work and operations simultaneously.

9. Draw diagram of levels of Management



CHAPTER 2

1. Explain the principles of management given by Henry Fayol.

Fayol's 14 principles include:

- **Division of Work:** Specialization increases efficiency.
- **Authority & Responsibility:** Right to give orders with matching responsibility.
- **Discipline:** Employees must follow rules.
- **Unity of Command:** One boss per employee.
- **Unity of Direction:** One plan per group of activities.
- **Order:** Right person, right place.
- **Equity:** Fair treatment to employees.
- **Initiative:** Encourages employees to take ideas

2. Explain scientific principles.

Science, not rule of thumb – Replace traditional *trial-and-error* methods with *scientific study* of each task to find the best way to do it.

Harmony, not discord – There should be *complete harmony* between management and workers, not conflict.

Cooperation, not individualism – *Management and workers should cooperate* instead of working separately in competition.

Development of each person to their greatest efficiency and prosperity – *Employees should be selected, trained and developed* to achieve maximum performance and prosperity for both the individual and the organisation.

3. Given by: (Father of)

14 principles of management - Henry Fayol

Principles of Scientific Management- F.W. Taylor

Management by objectives (MBO)- Peter F. Drucker

Management by exception (MBE)- FW Taylor

4. What is *management by objectives (MBO)*?

MBO is a process where superior and subordinate jointly set goals and responsibilities

5. What is Management by Exception (MBE)?

MBE is a technique where managers focus only on significant deviations from standards.

6. Define 'Principles'.

Principles are general statements of truth that guide actions and decisions.

7. State 4 nature of principles

Universal(Pervasive)

Flexible

General Guidelines

Based on practice and experiments

8. Difference Between Fayol and Taylor (Simple Points)

Basis	Taylor's Principles	Fayol's Principles
Main Focus	<i>Focuses on scientific management</i>	<i>Focuses on general management and functions of managers.</i>
Level of Management	<i>Applicable mainly at lower level.</i>	<i>Applicable universally at all levels of management.</i>
Basis of Formation	<i>Based on observation and experiments.</i>	<i>Based on personal managerial experience.</i>
Unity of Command	<i>Did not strictly follow unity of command due to functional foremanship.</i>	<i>Strictly follows unity of command (one boss for one worker).</i>
Applicability	<i>Useful in specific industrial situations.</i>	<i>Principles are universally applicable.</i>

CHAPTER 3

1. What is *Business Environment*?

Business environment refers to all the external forces and conditions outside the control of a business that may affect its performance

2. What does *uncertainty* mean in business environment?

It means the future events and changes cannot be predicted accurately because environmental factors keep changing rapidly.

3. Characteristics of Business Environment?

- a. Totality of external forces
- b. Dynamic nature
- c. Uncertainty
- d. Specific and general forces

4. Any four importance of business environment.

- **Identify Opportunities**
- **Identify Threats**
- **Planning & Policy Making**
- **Improving Performance**

5. Dimensions of business environment.

- **Economic Environment:** Includes factors like inflation, interest rates etc.
- **Social Environment:** Customs, traditions, values and lifestyle of people.
- **Political Environment:** Political stability, government policies and political system.
- **Legal Environment:** Laws, acts and regulations passed by the government.
- **Technological Environment:** Scientific innovations and new production methods

6. Name any two specific forces of business environment.

Answer: Two specific forces are *Suppliers* and *Customers*.

7. Name any two general forces of business environment.

Answer: Two general forces are *Social environment* and *Technological environment*.

8. What is *Liberalisation*?

Liberalisation means the reduction of government controls and unnecessary restrictions on businesses.

9. Define *privatisation*.

Privatisation refers to giving greater role to the private sector while reducing the role of the public sector.

10. What do you mean by *globalisation*?

Answer: Globalisation is the integration of a country's economy with the world economy through trade, investment and technology exchange.

11. List any two impacts of government policy changes on business.

Answer: (i) Increasing competition in the market, (ii) More demanding and informed customers

CHAPTER 4

1. What is *planning*?

Answer: Planning is deciding in advance what to do, how to do it, when to do it and who is to do it.

2. State features of planning.

- Goal Oriented
- Pervasive
- Continuous
- Mental Exercise

3. Process of Planning (Steps)

1.Setting Objectives

Decide clear and specific goals that the organisation wants to achieve in the future.

2.Developing Premises

Make assumptions about future conditions (like market trends, policies, demand) that will affect planning.

3.Identifying Alternative Courses of Action

List all possible ways to achieve the objectives.

4.Evaluating Alternative Courses

Compare the advantages and disadvantages of each alternative and judge which one is best.

5. Selecting an Alternative

Choose the most suitable course of action from the alternatives.

6.Implementing the Plan

Put the selected plan into action by assigning tasks and resources.

7.Follow-Up Action

Monitor the plan's progress and make changes or corrections if needed.

4.Types of Plan

a. Single-Use Plans

Plans prepared for *one-time or non-repeated use*.

Programme — Detailed plans about a project, outlining objectives, policies, procedures, rules, tasks & resources.

Budget — A numerical statement showing expected income, expenses, and results for a period.

b. Standing Plans

Plans used *repeatedly for routine and recurring situations*.

- **Policy** — General guidelines for decision-making in recurring situations.
- **Procedure** — Sequence of steps to be followed in routine tasks.
- **Method** — Specific way or manner to perform a task.
- **Rule** — Precise statements telling exactly what must or must not be done

Other Important Plans

- **Objectives** – The *ends or goals* the organisation wants to achieve.
- **Strategy** – A *comprehensive plan* outlining long-term direction and allocation of resources.

5. Limitation of planning

- Rigid
- Huge cost
- Reduce creativity
- Time consuming

6. Importance of planning

- Provides direction
- Reduce overlapping
- Reduce risk of uncertainty
- Helps in decision making

7. Why is planning *futuristic* in nature?

Answer: Because it anticipates future events and prepares actions in advance to achieve objectives.

8. Why is planning called the *primary function* of management?

Answer: Because planning comes first and provides the framework for all other functions like organizing, directing and controlling.

CHAPTER 5

1.Define Organising

Organising means identifying and grouping work, assigning duties and establishing relationships to achieve goals.

2. What are the steps in the Organising process?

Ans:

1. Identification and division of work
2. Departmentalisation : Group similar jobs into departments
3. Assignment of duties
4. Establish reporting relationships (who reports to whom).

3. What do you mean by span of management/span of control?

- refers to the number of subordinates that can be managed by a superior effectively.
- Two types: Narrow (Tall Structure) Wide (Flat structure)

4.Importance of Organising

Benefit of specialisation
Optimum utilisation of resources
Clarity in working relationship
Development of personnel

5. Difference Between Functional Structure and Divisional Structure (NCERT)

Basis	Functional Structure	Divisional Structure
Formation	Created on the basis of <i>functions</i> (like production, marketing, finance).	Created on the basis of <i>products or product lines</i> (each division has its own functions).
Specialisation	Focuses on <i>functional specialisation</i> .	Focuses on <i>product specialisation</i> .
Responsibility	It is <i>difficult to fix responsibility</i> for performance.	It is <i>easy to fix responsibility</i> for divisional performance.
Cost	More <i>economical</i> — less duplication of work.	<i>Costly</i> — duplication of similar functions across divisions.
Suitability	Best for organisations with <i>similar functions and limited products</i> .	Best for organisations with <i>multiple products / diversified activities</i> .

6. Difference Between Formal Organisation and Informal Organisation (According to NCERT)

Basis	Formal Organisation	Informal Organisation
Meaning	Created by management with clear roles, authority and rules	Emerges naturally through social interaction among employees.
Origin	Arises from rules, policies and plans of the management.	Arises from social interactions and friendships among workers.
Authority	Comes from the position in the organisational hierarchy.	Comes from personal qualities and mutual respect among members.
Rules & Procedures	Has written rules, duties and procedures.	Has no written rules or formal procedures.
Communication	Follows formal channels (scalar chain).	no fixed route
Nature	Rigid and structured.	Flexible and free-flowing

7. Difference Between Authority, Responsibility and Accountability

Basis	Authority	Responsibility	Accountability
Meaning	The <i>right to give orders and take decisions</i> .	The <i>obligation to perform the work assigned properly</i> .	Being <i>answerable for the result of the work done</i> .
Origin	Comes from <i>formal position in organisation</i> .	Comes from <i>delegated authority</i> .	Comes from <i>responsibility</i> .
Flow	<i>Downward</i> — from superior to subordinate.	<i>Upward</i> — subordinate is responsible to superior.	<i>Upward</i> — subordinate answers to superior for results.
Delegation	<i>Can be delegated to others</i> .	<i>cannot be fully delegated</i> .	<i>Cannot be delegated to anyone else</i> .

8. Difference table for Delegation, Decentralisation and Centralisation

Basis	Delegation	Decentralisation	Centralisation
Meaning	Downward transfer of authority from a superior to <i>subordinate</i>	Systematic delegation of authority to <i>many levels</i> in the organisation.	All decision-making authority is <i>kept with top management only</i> .
Who gets authority	Only the immediate subordinate.	Lower, middle and top levels get authority.	Only top-level managers have authority.
Scope	<i>Narrow</i> — limited to immediate subordinate	<i>Wide</i> — spread across organisation.	<i>Narrow</i> — only at top.
Purpose	To <i>reduce the manager's workload</i> .	To <i>increase participation</i> and faster decisions.	To <i>maintain control</i> and uniform decisions.
Freedom for subordinates	Less freedom — subordinate follows manager's directions.	More freedom — lower managers can decide within limits.	No freedom — decisions only from top.

CHAPTER 6

1. Define Staffing

Staffing means finding the right person and giving them the right job at the right time.

2. What are the sources of recruitment?

1) Internal Sources: means *filling job vacancies from within the organisation itself*.

- i. Promotion – Moving an employee to a higher position.
- ii. Transfer – Moving an employee to a different job or department.

2) External Sources: means *finding and hiring people from outside the organisation*.

- i. Direct Recruitment – Hiring directly from outside (notice boards, walk-ins).
- ii. Casual Callers – Using unsolicited applicants who have previously applied.
- iii. Advertisements – Through newspapers, job portals, etc.
- iv. Employment Exchange – Government-run job placement service.
- v. Placement Agencies / Management Consultants – Private firms that match candidates to jobs.
- vi. Campus Recruitment – Hiring fresh graduates from colleges/institutes.
- vii. Recommendations by Employees – Referred candidates.
- viii. Labour Contractors – For unskilled or contract workers.
- iv. Web Publishing – Using media and internet sites to attract applicants.

3. Importance of Internal & External Recruitment.

Internal :

Saves time and cost: no need for expensive advertisements or long external hiring processes.

Boosts employee motivation — employees feel valued when they see chances for promotion or transfer

Better utilisation of human resources — shifts skilled employees to where they're needed.

External

Wider talent pool — you get many candidates to choose the best from.

Fresh ideas and skills — new employees can bring *new perspectives, techniques and innovations*

4. Explain the process of staffing.

Steps in the Staffing Process (NCERT)

i. Estimating Manpower Requirements

Decide how many and what kinds of employees are needed now and in the future. This involves analysing the work to be done and the existing workforce.

ii. Recruitment

Attract suitable candidates for the job from internal and external sources.

iii. Selection

From the pool of applicants, choose the most suitable candidates through various steps (tests, interviews, background checks, etc.).

iv. Placement and Orientation

- Placement: Assign the selected employees to the right jobs.
- Orientation (Induction): Introduce new employees to the organisation, their duties, colleagues, rules and policies so they can settle in comfortably.

v. Training and Development

Provide systematic training to improve skills and knowledge for the current job (training) and prepare employees for future roles (development).

vi. Performance Appraisal

Evaluate employees' performance against standards, helping identify strengths and areas for improvement. This also assists in decisions about promotions, training needs, etc.

vii. Promotion and Career Planning

Promote deserving employees and plan their long-term growth within the organisation.

viii. Compensation

Provide fair pay and benefits to employees to motivate them and retain talent.

5. Recruitment is a positive process whereas selection is a negative process." Explain this statement with examples

Recruitment is a *positive process* because recruitment *encourages as many people as possible to apply* for a job. The aim is to attract a large number of candidates.

Example: A company advertises a job online and in newspapers so that many people apply. They want more and more applications

Selection is a *negative process* because here the organisation rejects unsuitable candidates at each stage.

Example: Out of 200 applicants, only 30 pass the written test, 10 pass the interview, and finally only 1 is chosen for the job.

6. Discuss four importance of staffing.

- i. Ensures right person in right job
- ii. Helps in better performance
- iii. Survival and growth of the organisation
- iv. Optimum utilisation of human resource

7. Activities of HRM (Human Resource Manager)

- Human Resource Planning
- Training & Development
- Performance Appraisal
- Employee Relations.
- Recruitment and Selection
- Placement and Orientation
- Compensation & Payroll
- Industrial/ Labour Relations - Health, Safety & Welfare

8. Difference between *Training* and *Development*:

Basis	Training	Development
Meaning	Improves skills for a specific job.	Helps overall growth of the employee.
Focus	Job-oriented (current tasks).	Career-oriented (future roles).
Scope	Narrow (specific job).	Broad (overall personality).
Duration	Short-term.	Long-term.
Purpose	Improve immediate performance.	Prepare for future responsibilities.

9. Difference between *On-the-Job Training* and *Off-the-Job Training*:

Basis	On-the-Job Training	Off-the-Job Training
Meaning	Training given at the workplace during actual job.	Training given away from the workplace (classroom, training centre).
Location	At the job site.	Outside the job site.
Learning Method	<i>Learning by doing</i> (practical).	<i>Learning by acquiring knowledge</i> (theoretical).
Trainer	Experienced coworkers/supervisors.	External experts/instructors.
Cost	Generally low (uses existing resources).	Usually higher (needs facilities & trainers).
Methods	Coaching, Job Rotation	Classroom Lectures, Case Studies,

On-the-Job Methods

- Apprenticeship training – Trainee works under a skilled worker to learn trade skills.
- Coaching – A senior employee guides and teaches the trainee.
- Internship training – Students or new workers get practical experience in real work conditions.
- Job rotation – Trainees are shifted across departments to learn multiple tasks.

Off-the-Job Methods

- Classroom lectures / Conferences – Formal teaching in a classroom or seminar.
- Films, audio-visual aids & videos – Using media to explain procedures or skills.
- Case studies – Analysing real workplace situations to learn decision-making.
- Vestibule training – Training on actual equipment in a simulated environment.
- Computer modelling / Simulations – Using computers to mimic real work conditions safely.
- Programmed instruction – Self-paced learning through structured material.

10. Step in Selection Process

- Preliminary Screening-** Check applications and eliminate candidates who don't meet basic requirements.
- Selection Tests-** Conduct tests (aptitude, intelligence, personality, trade) to assess skills and abilities.
- Employment Interview-** Talk to the candidate to evaluate suitability and share information about the job.
- Reference/Background Checks-** Verify the candidate's history and details provided by contacting references.
- Selection Decision-** Choose the best candidate who cleared tests and interviews.
- Medical Examination-** Check if the selected candidate is physically fit for the job.
- Job Offer (Appointment Letter)-** Issue a formal job offer with terms, salary, and reporting date.
- Contract of Employment-** Candidate accepts and signs the employment contract with job conditions.

11. Staffing Is Part of HRM,

- Staffing includes activities like recruitment, selection, training, development and retention, all of which fall under the broader HRM functions.
- All managers perform staffing, and in big organisations a specialised HR department handles these functions professionally.

12. Evolution of HRM

- 1. Labour Welfare Officer Stage** – During the **Industrial Revolution**, the trade union movement created a need for someone to look after workers' welfare and act as a link between workers and owners.
- 2. Personnel Officer Stage** – With the rise of the **factory system**, large numbers of workers were employed and one person was appointed to hire and manage employees.
- 3. Personnel Manager Stage** – Responsibility grew to include **recruitment, selection and placement**, leading to the role of **personnel manager**.
- 4. Modern HRM** – With changing technology and complex jobs, people came to be seen as **valuable resources**, and personnel management expanded into **Human Resource Management** with broader functions like training and development

CHAPTER 7 - DIRECTING

1. Define Directing.

Answer: Directing is the managerial function of *guiding, supervising, motivating and leading* people to achieve organisational goals.

2. How does directing initiates action?

Directing initiates action in management **by providing clear instructions, guidance, and motivation**, essentially **putting plans into motion** by telling employees what to do, how to do it, and why, thereby **activating human resources to work towards organizational goals**.

3. Explain the importance of Directing.

Answer (any 3–4 points):

- **Initiates Action:** It starts the work and turns plans into action.
- **Integrates Employees' Efforts:** Ensures teamwork toward organisational goals.
- **Improves Efficiency:** Motivates employees to perform better.
- **Facilitates Change:** Helps employees accept changes in the organisation.

4. What are the Elements of Directing?

Answer: Supervision , Motivation, Leadership, Communication

5. What is Supervision in Directing?

Answer: Supervision means **guiding and monitoring subordinates to ensure work is done according to plan**.

6. Explain Motivation as an element of Directing.

Answer: Motivation is the process of **encouraging and stimulating employees to achieve desired goals**.

6. What is Leadership? Describe a Good Leader's Qualities.

Short Answer:

Leadership is the ability to influence and guide people toward goal achievement.

Qualities (exam points):

- **Takes initiative**
- **Self-confidence**
- **Decision-making ability**
- **Good communication skills**

7. Explain Communication in the context of Directing.

Answer: Communication is the process of exchanging information from the sender to the receiver with feedback.

Types:

- *Formal* – through official channels
- *Informal (Grapevine)* – casual and non-official flow of messages

8. Describe different leadership styles

i. Autocratic Leadership (Authoritarian)

- The leader **centralises all authority and decision-making power** in himself/herself.
- Subordinates are *expected to obey orders* without being consulted.
- Communication is mainly *one-way* (from leader to subordinates).

When Useful: In emergencies or when quick decisions are needed.

ii. Democratic Leadership (Participative)

- The leader **consults with subordinates** before making decisions.
- Employees are *encouraged to participate* in decision-making.
- Communication flows *in both directions*.

When Useful: When team cooperation and morale are important.

iii. Laissez-Faire Leadership (Free-Rein)

- The leader **gives freedom** to subordinates to make decisions and set goals.
- Leader intervenes only *when necessary* and acts more like a *guide than a controller*.

When Useful: Suitable when employees are capable and self-motivated.

9. Explain barriers to effective communication and solutions

Barriers to Effective Communication

1) Semantic Barriers

These happen when **words or language are not clear**.

Examples: wrong words, technical jargon, different meanings of words.

2) Psychological Barriers

These are **mental/emotional problems** like:

- Premature evaluation (judging too early)
- Lack of attention
- Loss of message when passed through many people
- Distrust between sender & receiver

3) Organisational Barriers

These are barriers due to the **organisational system**, like:

- Rigid policies
- Rules & procedures
- Status differences
- Complex structure

- Lack of proper communication facilities

4) Personal Barriers

These are related to **individuals** (sender/receiver), like:

- Fear of challenging authority
- Lack of confidence
- Not willing to communicate
- No incentives to share ideas

Solutions (How to Overcome Barriers)

✓ Clarify Ideas Before Communicating

Be clear what you want to say.

✓ Use Simple and Understandable Language

Avoid technical words if the receiver doesn't understand them.

✓ Communicate According to Receiver's Level

Choose words based on who you are talking to (their understanding).

✓ Encourage Feedback

Ask the receiver if they understood the message.

✓ Use Proper Communication Channels/Tools

Like meetings, suggestion boxes, emails, etc., for clear and timely communication.

10. Formal and informal Communication

FORMAL:

- ✓ Official and structured
- ✓ Follows proper channels
- ✓ Can be written or oral, usually recorded
- ✓ Used for work-related messages (like notices, reports, instructions)

Example: A manager sends a circular to all employees.

INFORMAL COMMUNICATION: also called **grapevine communication**.

- ✓ Unofficial and spontaneous
- ✓ Does not follow any formal path
- ✓ Can flow in any direction
- ✓ Often spreads fast and may include rumours or casual chats

Example: Workers chatting in the canteen about office matters.

11. Maslow Need Hierarchy Theory

Maslow's Need Hierarchy Theory

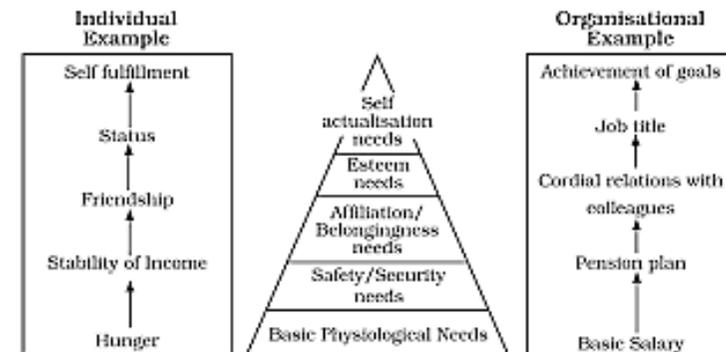
Meaning: Maslow's Need Hierarchy Theory says that **people are motivated by different needs**, and these needs are arranged in a **hierarchy (order)**. According to Maslow, a person tries to satisfy **lower level needs first**, and once those are reasonably met, higher level needs start motivating them.

Who developed it?

It was proposed by **Abraham Maslow**, an American psychologist.

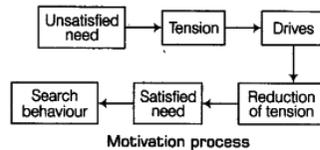
The Five Levels of Needs (from Bottom to Top)

1. **Physiological Needs (Basic Needs)**
 - These are **basic survival needs** like food, water, air, shelter, clothing, sleep.
 - These must be satisfied first before anything else.
2. **Safety Needs**
 - Once basic needs are met, people want **safety and security** in life — job security, health security, protection from danger.
3. **Social (Belonging) Needs**
 - After safety, people want **love, friendship, affection and belongingness** in groups like family, friends, teams.
4. **Esteem Needs**
 - Then comes the need for **respect, recognition, status and self-confidence** from others.
5. **Self-Actualization Needs**
 - This is the **highest need** — the desire to **achieve one's potential**, grow, and become what one really wants to be.



12. Explain the process of motivation

The process of motivation starts with an unsatisfied need which creates tension. This tension leads to a drive that pushes a person to search for ways to satisfy the need. Once the need is satisfied, the tension is reduced.

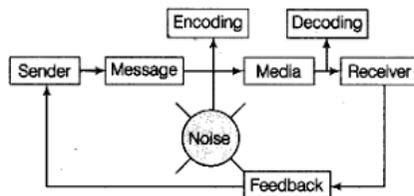


13. Explain Communication Process

The **communication process** is a **series of steps** by which a *message is sent by one person and received and understood by another person* to create **common understanding**.

Steps / Elements of Communication Process

1. **Sender**
The person who **starts the communication** by having an idea or thought to share.
2. **Message**
The **information, idea, orders, feelings, etc.** that the sender wants to convey.
3. **Encoding**
Converting the message into **words, symbols, gestures, etc.** so that it can be sent.
4. **Media / Channel**
The **path through which the message travels** from sender to receiver (like speech, email, phone, etc.).
5. **Decoding**
The process by which the **receiver interprets and understands** the message.
6. **Receiver**
The person for whom the message is intended and who receives it.
7. **Feedback**
The **response of the receiver** which tells the sender whether the message was understood correctly.
8. **Noise**
Any **obstruction or barrier** that distorts or blocks the message (like poor connection, distraction, unclear words).



14. IMPORTANCE of 4 elements

1) Supervision — Importance

- **Guides and Instructs Workers:** Ensures employees do the right work to achieve targets.
- **Connects Workers with Management:** Acts as a link so instructions and problems are shared clearly.
- **Improves Skills/Morale:** Gives on-job guidance and feedback that boosts confidence and ability.

2) Motivation — Importance

- **Encourages Better Performance:** Inspires employees to work more effectively towards goals.
- **Boosts Employee Satisfaction:** Makes employees feel valued and happy with their work.
- **Reduces Absenteeism & Turnover:** Motivated workers stay longer and are more regular.

3) Leadership — Importance

- **Influences Behaviour:** Helps leaders guide people to work willingly.
- **Builds Team Spirit & Confidence:** Encourages cooperation and boosts employee confidence.
- **Helps in Achieving Goals:** Inspires people to contribute towards organisational success.

4) Communication — Importance

- **Creates Understanding:** Shares ideas so everyone understands tasks clearly.
- **Facilitates Coordination:** Helps different people and departments work together.
- **Promotes Cooperation & Harmony:** Reduces misunderstandings and supports teamwork.

15. Incentives --- Financial & Non Financial

Financial Incentives

Meaning: These are **money-based rewards** given to employees to motivate them to work better. They can be measured in terms of money.

Examples (simple):

- **Pay and allowances:** Salary and extra allowances given regularly.
- **Productivity-linked wages:** Employees get more pay if they produce more.
- **Bonus:** Extra money given above salary.
- **Profit sharing:** Sharing part of company profit with workers.
- **Stock options:** Employees get company shares at cheap rate.
- **Retirement benefits:** Money benefits like pension after retirement.
- **Perquisites:** Benefits like car allowance or medical help over salary.

👉 **Simple idea:** Extra money or money-linked benefits make workers want to work harder.

Non-Financial Incentives

Meaning: These are **non-money rewards** that satisfy *psychological, social or emotional needs* of employees.

Examples (simple):

- **Status:** High rank or prestige at work.
- **Organisational climate:** Friendly, supportive work atmosphere.
- **Career advancement:** Opportunities to be promoted and grow skills.

- **Job enrichment:** Interesting and challenging job design.
- **Recognition:** Appreciation, awards or praise.
- **Job security:** Feeling safe that job won't be lost.
- **Employee participation:** Involving workers in decisions.
- 👉 **Simple idea:** These incentives **make people feel important, valued and satisfied** beyond money.

16. Fill:

- Directing flows ___ in the hierarchy. **Answer:** Downward.
- Grapevine is ___ communication. **Answer:** Informal.
- A democratic leader ___ **Answer:** Listens to suggestions and delegates authority.

CHAPTER 8 CONTROLLING

1. What is controlling?

Controlling in management is the process of

- **comparing actual performance with predefined standards/plans,**
- analyzing any deviations,
- and taking corrective actions
- to achieve organisational goals.

2. Mention importance of controlling

- Helps in achieving organisational goal
- Ensure efficient use of resources
- Improve employee motivation
- Facilitate coordination

3. Limitation of controlling

- Costly affair
- Resistance from employee

4. Explain steps included in controlling process

☒ **Setting Performance Standards:**

First, managers **set standards** or targets (benchmarks) against which actual performance will be measured.

☒ **Measuring Actual Performance:**

Next, the **actual performance** of employees or activities is measured in an objective way.

☒ **Comparing Actual Performance with Standards:**

Actual results are **compared with the set standards** to see if there are any differences (deviations).

☒ **Analysing Deviations:**

If there are deviations, the **causes are studied** to understand why performance did not match the standards.

☒ **Taking Corrective Action:**

Finally, managers **take corrective action** to fix problems or improve performance so that goals can be achieved.

5. What is the relationship between Planning and Controlling?

- **Planning and controlling are closely related and interdependent.**

- Planning provides **standards and goals** that controlling uses to check actual performance. Controlling cannot

work without these plans.

- Without planning, controlling is blind; without controlling, planning is useless.

6. "Planning is meaningless without controlling, and controlling is blind without planning." Comment on this statement.

- **Planning is meaningless without controlling** because if plans are not checked and monitored, there is no way to know whether work is being done according to the plans.

- **Controlling is blind without planning** because controlling needs **standards and goals** (set during planning) to compare actual performance with. If there are no plans or standards, managers have nothing to measure performance against.

7. Traditional Techniques of Controlling

✓ **Personal Observation** — The manager *personally watches* employees at work to check performance and ensure things are being done as planned; it gives first-hand information.

✓ **Statistical Reports** — It uses data like *averages, percentages and ratios* shown in charts or graphs to compare actual performance with standards.

✓ **Break-Even Analysis** — This technique studies *the relationship between cost, volume and profit* to find the level at which there is no profit, no loss, helping in planning and control.

✓ **Budgetary Control** — Budgets are prepared in advance and *actual results are compared with budgeted figures* to find deviations and take action.

8. Modern Techniques of Controlling

1) Return on Investment (ROI)

It measures how well the money invested in the business is being used to earn profits, helping compare performance of departments.

2) Ratio Analysis

Financial ratios (like liquidity and profitability) are used to check strengths and weaknesses of performance by comparing actual results with standards.

3) Responsibility Accounting

Each manager or department is made responsible for costs, revenues or profits, so performance can be controlled more easily.

4) Management Audit

A systematic review of the overall management performance to improve weak areas and strengthen control systems.

5) PERT and CPM (Program Evaluation & Review Technique / Critical Path Method)

Tools to plan, schedule and control complex projects so they are completed on time and within budget.

6) Management Information System (MIS)

A computer-based system that provides timely and accurate information to managers for better decision-making and control.

9. PERT AND CPM explained

PERT (Program Evaluation and Review Technique) is used when the **time required for activities is uncertain** and it helps plan and schedule tasks for timely completion.

CPM (Critical Path Method) is used when the **time for each activity is known** and helps identify the **critical path** to finish the project in the shortest time.

CHAPTER 9 FINANCIAL MANAGEMENT

1. What is financial management?

Financial management refers to the planning, organizing, directing and controlling of financial activities such as procurement and utilisation of funds in a business.

2. Importance of Financial Management.

1. Helps in Financial Planning

It helps the business figure out **how much money is needed** and **when it is needed**, so that finance is arranged in advance.

2. Ensures Acquisition of Funds

It makes sure that **required funds are obtained** from the right sources at the lowest cost, which is essential for running and expanding the business.

3. Proper Use of Funds

Financial management ensures that funds are used *in the best and most effective way*, reducing waste and improving efficiency.

3. Objective of Financial Management

- Ensuring liquidity (availability of funds)
- Profit maximisation
- Wealth maximisation
- Proper Utilisation of funds

4. What is financial risk?

Financial Risk is the **possibility that a business may lose money or fail to meet its financial obligations**.

5. What is financial planning?

Financial planning is the process of

- estimating the financial needs of a business and
- determining the sources of funds
- ensure their availability when required.

6. Importance of Financial Planning

- Helps in forecast the future
- Helps in operating activities
- Avoids shortage and surprises
- Link present with future

7. Investment Decision

This decision is about where the company should invest its money (like buying fixed assets or deciding working capital).

Key factors:

- ✓ Cash flow of the project – The business checks how much money the project will bring in and take out over time.
- ✓ Return on investment (ROI) – Higher profit from the investment makes it more attractive.
- ✓ Risk involved – If the project has high uncertainty, the company might avoid it.
- ✓ Investment criteria – Tools like payback period or net present value help decide the best investment.

8. Financing Decision

This is about how the company raises money – whether through loans (debt) or share capital (equity).

Key factors:

- ✓ Cost of funds – The business chooses the cheapest finance (lowest interest or cost).
- ✓ Risk – Debt has fixed obligations (interest), so higher debt means higher risk.
- ✓ Cash flow position – Good cash flow makes it easier to take debt.
- ✓ Control consideration – Issuing more shares reduces owner control, so companies may prefer debt.
- ✓ Flotation cost – Costs involved in issuing shares or bonds; higher costs make a source less attractive.
- ✓ Fixed operating cost & market conditions – If fixed costs are high or markets are good, decisions may change.

9. Dividend Decision

This decision is about how much profit should be given to shareholders as dividend and how much to retain for the business.

Key factors:

- ✓ Earnings – A company must have enough profit to pay dividends.
- ✓ Stability of earnings – Stable and regular profit allows regular dividend.
- ✓ Cash flow position – Enough cash must be available to pay the dividend.
- ✓ Growth opportunities – If the company needs money for growth, it will *retain earnings* instead of giving dividends.
- ✓ Stability of dividend policy – Companies prefer to keep dividend steady over years.
- ✓ Shareholders' preference – Some shareholders want regular dividends; others prefer long-term growth.
- ✓ Tax and legal rules – Dividend payout is also influenced by taxation laws and legal constraints.

10. Factors Affecting Fixed Capital Requirement

Fixed capital means money invested in long-term assets like land, buildings, machinery.

Major Factors:

- Nature of Business: Manufacturing needs more fixed assets than trading.
- Scale of Operations: Bigger businesses need more fixed capital.
- Choice of Technique: Capital-intensive methods need more investment.
- Technology Upgradation: Frequent updates require more funds.
- Growth and Diversification: Plans for expansion or new products raise fixed capital needs.
- Financing Alternatives: Availability of leasing or hire purchase can reduce fixed capital required.

11. Factors Affecting Working Capital Requirement

Working capital is the money needed for day-to-day business operations (like inventory, wages, cash).

Key Factors:

- Nature of Business: Manufacturing and trading differ in working capital needs.
- Scale of Operations: Larger firms have higher working capital needs.
- Business Cycle: More working capital is needed in boom periods.
- Seasonal Factors: Seasonal industries need higher working capital at certain times.
- Credit Policy: If a business gives more credit to customers, working capital needed increases.
- Operating Efficiency: Better efficiency reduces working capital requirement.

12. Factors Affecting Capital Structure Decision

Capital structure means the mix of debt and equity used to finance the business.

Factors:

- Cash Flow Position: Strong cash flow makes it easier to use debt.
- Cost of Debt and Equity: Cheaper sources are preferred.
- Interest Coverage Ratio: Ability to pay interest affects how much debt can be taken.
- Risk Consideration: More debt increases financial risk.
- Tax Rate: Debt becomes more attractive if interest is tax-deductible.
- Control Consideration: Equity means sharing control; debt does not.
- Market Conditions: When markets are good, equity may be easier to raise.

13. Difference between fixed and working capital.

Basis	Fixed Capital	Working Capital
Meaning	Money invested in long-term assets such as land, buildings, machinery.	Money used for day-to-day business operations like cash, inventory, receivables.
Time Period	Long-term (used for many years).	Short-term (usually within one year).
Purpose	To buy fixed assets and support long-term growth.	To meet everyday expenses and keep operations running.

Basis	Fixed Capital	Working Capital
Liquidity	Low – not easily converted into cash.	High – easily available for use.
Risk Level	Higher risk due to long investment and depreciation.	Lower risk since funds are for short-term needs.
Examples	Machinery, building, plant and equipment.	Cash, inventory, accounts receivable.
Financing Source	Long-term funds like shares, debentures, long-term loans.	Short-term funds like trade credit, bank overdraft.

14. Debt v/s equity

Feature	Debt	Equity
Source of funds	Borrowed from outside (loans, debentures)	Owners/shareholders' funds (equity capital, retained earnings)
Repayment	Must repay principal + interest	No obligation to repay principal
Cost	Lower cost (cheaper)	Higher cost (dividends expected)
Risk	Higher financial risk (fixed obligations)	Lower financial risk (no compulsory payments)
Return to investor	Fixed interest	Dividend depends on profits

CHAPTER 11 MARKETING

1. What is marketing?

Marketing is defined as "a human activity aimed at satisfying needs and desires through an exchange process.

2. Features of marketing.

Needs and Wants

Marketing starts with identifying what customers *need and want* so that products can be made to satisfy them.

Creating a Market Offering

It involves developing and offering a good *product or service* with the right features, quality, price and availability.

Customer Value

Marketing aims to give *value* to customers — meaning the product should give benefits worth the money customers pay.

Exchange Mechanism

Marketing involves *exchange* — customers give money and in return get goods or services that satisfy their needs

3. What can be marketed?

- Products (e.g. bottle, soap, TV, refrigerator)
- Services (e.g. banking, transport, insurance)
- Experiences (e.g. stage shows, plays, movies)
- Persons (eg. Actors,)
- Places for tourists (e.g. Agra, Singapore)
- Ideas (e.g. no smoking, blood donation)
- Information such as technology information or market information
- Tangible and intangible properties such as real estate (tangible) and shares (intangible)

4. What is marketing management?

Marketing Management means planning, organizing, directing and controlling the activities that help in the exchange of goods and services between producers and consumers.

5. What is Physical Distribution?

Physical Distribution refers to all the activities involved in physically moving goods from the place where they are produced to the place where they are to be consumed.

Major Activities in Physical Distribution

1. **Order Processing:** Taking and fulfilling orders quickly and correctly.
2. **Transportation:** Carrying goods from the factory to where customers buy them.
3. **Warehousing:** Storing goods safely until they are needed.
4. **Inventory Control:** Deciding how much stock to keep so products are available when needed.

6. Difference between marketing and selling

Basis	Marketer / Marketing	Seller / Selling
Meaning	Plans and does many activities to satisfy customer needs like product planning, pricing, promotion and distribution.	Involves only <i>selling</i> goods or services to customers for money.
Scope	Wide – includes many activities before and after sale.	Narrow – only selling goods.
Focus	Customer needs and satisfaction.	Transfer of goods and making money.
Start & End	Starts <i>before production</i> and continues even after sale.	Starts <i>after product is made</i> and ends with the sale

7. Classification of marketer

- a. goods marketers (such as Hindustan Lever)

- b. services marketers (such as Indian Airlines)
- c. others marketing experiences or places (such as Walt Disney) (like tourist destinations).

8 Define market.

Market is the place where buyers and sellers come together to exchange goods and services.

9. What is branding?

Branding is giving a unique name or symbol to a product to make it distinct from others.

10. Explain importance of branding.

Branding helps make products special, easy to recognise and build customer loyalty.

11. What do you mean by Marketing Mix?

Marketing mix refers to the set of marketing tools that a company uses to achieve its marketing goals in the target market.

4 P's of Marketing

- Product – what is being sold (goods or services).
- Price – how much customers pay.
- Place – where and how the product is made available.
- Promotion – how customers are informed and persuaded about the product.

12. Define consumer behaviour.

It's the study of how customers think and act when buying things so businesses can understand what consumers want.

13. What is Standardisation?

Standardisation means making products according to predetermined specifications (fixed rules or standards) so that they always have the same quality, size, design, etc. every time they are made.

14. State five functions of marketing.

Market planning	Branding	Packaging and labelling
Pricing	Promotion	Transportation

15. What is the role of marketing in business?

It helps businesses understand customer needs, attract buyers, and increase sales

16. What is packaging? What are the advantages of packaging

Packaging means designing and producing the container or wrapper that holds a product. It protects the product, helps in selling it, and makes it easy to handle and store.

Types (Levels) of Packaging

In business studies, we usually talk about three main types (levels) of packaging:

1. **Primary Packaging**

- This is the immediate package that is in direct contact with the product.
- Example: The tube of toothpaste, a candy wrapper, a bottle of juice.

2. Secondary Packaging

- This is the outer layer that adds more protection and often for display or branding.
- Example: The cardboard box around a toothpaste tube.

3. Transportation Packaging

- This packaging is used for transporting and storing products safely in bulk.
- Example: Large cartons or wooden boxes used to send many units to shops.

Advantages of Packaging

1. Helps customers recognise the product

Packaging makes it easy for buyers to identify and choose a product from many on the shelf by its look and label.

2. Protects the product

Good packaging keeps the product safe from damage, spoilage, breakage or leakage during storage and transport.

3. Makes handling easier

It makes products easy to carry, store and use.

4. Helps in selling (promotion)

Attractive packaging draws attention and helps sell the product even without a salesperson.

5. Reduces chances of adulteration and contamination

Sealed packaging keeps goods clean and safe, which customers prefer for health reasons.

17. Write two points on customer support services

- Helps in customer satisfaction:

- Builds brand loyalty: encourage customers to trust the brand and buy from it again,

18. Characteristics of a Good Brand Name

1. **Short and Easy to Say** – The brand name should be simple, easy to pronounce, spell, recognise and remember (e.g., Rin, Vim).
2. **Suggests Product Qualities** – A good brand name should tell something about the product's quality or benefit (like Rasna, Boost).
3. **Unique** – It should be different from other brand names so customers notice it easily.
4. **Versatile** – The name should be able to accommodate new products added under the same brand (e.g., Maggie)

19. Objectives of Marketing Management

1. **Creation of Demand**
2. **Customer Satisfaction**

3. Increase Market Share

4. Creation of Goodwill and Image

5. Profitability

20. Marketing Management Philosophies (Simple Explained)

1. Production Concept

This idea says that customers will buy products that are *cheap and easy to get*. So, a company focuses on *producing a lot* and *reducing cost*. It works when demand is more than supply.

2. Product Concept

Here, the business believes that customers prefer *high-quality or better-designed products*. So they focus on *making the best product* even if the price is higher.

3. Selling Concept

This philosophy says that customers won't buy enough unless the company *pushes and promotes* the product hard. So, the business spends more on *advertising and selling efforts* to convince customers to buy.

4. Marketing Concept

According to this idea, a business should *first understand what customers need and want*, then make products to satisfy those needs. It focuses on *customer satisfaction* and earning profit by making customers happy.

5. Societal Marketing Concept

This is like the marketing concept but adds *social welfare*. It says a company should satisfy customers' needs *in a way that is good for society and the environment* too, not just profit.

In very simple words:

- **Production concept** = Make a lot, sell cheap.
- **Product concept** = Best quality matters.
- **Selling concept** = Sell what we have with strong selling.
- **Marketing concept** = Make what customers want.
- **Societal marketing** = Make customers happy *and* help society.

21. Explain with an example how a product is a *bundle of utilities*.

Answer:

A product is called a bundle of utilities because a buyer doesn't buy it just for its physical form, but for the benefits (satisfactions) it provides. **A product gives different kinds of utilities like:**

✓ **Functional utility** – basic use (what the product does),

✓ **Psychological utility** – feelings or satisfaction from using it, and

✓ **Social utility** – social benefits like status or acceptance.

Example:

When someone buys a motorcycle:

- It provides transportation (functional utility),
- It gives pride or pleasure (psychological utility),
- And it may bring respect or acceptance in a group (social utility).

22. PRODUCT : 1st P of marketing

A product is anything offered to the market that has value and satisfies a need or want of a customer.

It can be goods (like soap, toothpaste) or services (like education, haircut).

Products can be classified into(Classification of product structure)

Product Mix

Refers to essential decisions related to product quality, design, packaging and assortment, i.e. number of products or items a particular producer offers to the market.

Components of Product Mix

- ☒ **Branding:** Branding is giving a product a unique name, symbol or design so that customers can *recognise* and *choose* it easily among many products.
- ☒ **Packaging:** Packaging means wrapping or covering the product so that it is protected, attractive and easy to carry. It also helps in promoting the product.
- ☒ **Labelling:** Labelling provides important information about the product on its package, such as name, price, ingredients, expiry date, instructions to use, etc.

23. PRICE: 2nd P

• Price refers to the amount of money which is paid by a consumer to obtain a product.

Why Price is Important?

1. Only revenue generator
2. Affects demand
3. Helps decide profit

Factors that Affect Price

Price is not fixed randomly — many factors influence it:

- Cost of the product: Price must at least cover production and selling costs.
- Demand and utility: How much customers want the product influences price.
- Competition: If competitors charge less, a firm may also keep its price low.
- Company objectives: Whether the firm wants to gain market share or maximize profits.

24. PLACE/PUBLIC DISTRIBUTION- 3rd P

• Place/Physical distribution means the transfer of products from the place of production to the place where they are finally consumed.

Why Physical Distribution is Important

Physical distribution is important because:

- It makes products **available when and where customers want them**.
- It increases **customer satisfaction** by avoiding delays or shortages.
- It helps reduce **distribution costs** and makes the process efficient

Main Components of Physical Distribution

These are the **key activities involved** in physical distribution:

1. Order Processing

-This is the **process of receiving, recording and fulfilling customer orders**.

-A good system ensures orders are handled **accurately and quickly** so customers are happy.

2. Transportation

-This is the **actual movement of goods** from where they are made to where they are sold.

- making goods available at convenient locations for buyers.

3. Warehousing

- This means **storing goods until they are needed** in the market.

- Warehouses help make products available throughout the year, even if they are produced in specific seasons.

4. Inventory Control

- Inventory is the **stock of finished goods** waiting to be sold.

- Managing inventory means keeping **enough stock** to meet demand without holding too much

25. What are Channels of Distribution?

Channels of distribution are the paths or routes through which goods and services move from the *producer* to the *final consumer*.

Types of Channels of Distribution

Channels are mainly of two types:

◆ **1. Direct Channel (Zero Level Channel)**

Here, the manufacturer sells directly to the consumer with no intermediaries (middlemen). It's the shortest path.

Manufacturer → Consumer

◆ **2. Indirect Channels**

In these channels, one or more intermediaries help the product reach the consumer.

There are three levels:

i. One-Level Channel:

Manufacturer → Retailer → Consumer

Example: Company sells to retailer, then retailer sells to consumer.

ii. **Two-Level Channel:**

Manufacturer → Wholesaler → Retailer → Consumer
Common for everyday products like soap, tea, sugar.

iii. **Three-Level Channel:**

Manufacturer → Agent → Wholesaler → Retailer → Consumer
Used when market is big and goods have to go through more intermediaries.

26. PROMOTION 4th P

What is Promotion?

Promotion is the communication a business uses to inform, persuade and remind customers about its products or services so that they buy them.

Promotion mix: promotional tools used by a company to achieve its communication goals.

1. Advertising
2. Sales Promotion
3. Public Relation
4. Personal Selling

Main Elements (Tools) of Promotion Mix

1. Advertising

- A paid form of non-personal communication that spreads information about a product through media like TV, newspapers, radio, posters, etc.
- Helps reach many customers at once.

2. Personal Selling

- A direct face-to-face communication between a salesperson and a potential customer.
- The sales person helps explain the product and persuade the customer to buy.

3. Sales Promotion

- Short-term incentives given to buyers or dealers to encourage immediate purchase.
- Includes discounts, free samples, gifts, coupons, etc.

4. Publicity / Public Relations

- Activities to build a good image of the company and products among the public.
- It includes getting news coverage, events, sponsorships that create a positive impression.

27. Sales Promotion Techniques (Simple)

Sales promotion means **short-term offers to make people buy a product quickly.**

1. **Discounts** – Products are sold at **lower prices for a short time** to attract buyers.
2. **Rebates** – Part of the price is **given back** to customers later.
3. **Refunds** – Customers get some money back by showing proof of purchase (like bottles or wrappers).
4. **Free Samples** – Small amounts of the product are given **free so people try before buying.**
5. **Product Combination / Free Gifts** – A **free gift** is given with the product (like a mug with coffee).
6. **Quantity Gift** – Extra product is given for the **same price** (e.g., “Buy 3, get 1 free”).
7. **Contests and Lucky Draws** – Customers get a **chance to win prizes** when they buy a product

28. Differentiation table between Advertising and Personal Selling

Basis	Advertising	Personal Selling
Nature	Impersonal communication	Personal communication
Message	Same message for everyone (standardised)	Tailored message for each customer
Flexibility	Inflexible (cannot adjust to individual needs)	Flexible (can change according to customer needs)
Reach	Reaches a large number of people at once	Reaches a limited number of people
Cost per person	Low	High
Time to Cover Market	Covers market quickly	Takes a lot of time
Medium Used	Mass media (TV, radio, newspapers, etc.)	Sales staff direct contact
Feedback	No direct feedback	Direct and immediate feedback
Main Objective	Creates interest in product	Helps in making buying decision

CHAPTER 11

1. What is consumer protection?

Consumer protection refers to safeguarding consumers from manufacturers or sellers that engage in anti-consumer trade activities.

2. Which Act protects consumers in India?

→ *Consumer Protection Act, 1986*

3. Name any one consumer right.

→ *Right to safety / Right to be informed / Right to choose etc.*

4. Who can file a complaint?

→ *Any consumer*

- *Any registered consumer association (like an NGO) that protects consumer interests.*

- *The Central Government or any State Government in public interest.*

- *One or more consumers on behalf of many consumers*

5. Common Quality Marks

1. ISI Mark: industrial and durable goods, electrical appliances).
2. AGMARK: agricultural products like grains, pulses and oils.
3. FPO Mark (Fruit Products Order): Used on processed fruit and vegetable products like jams, juices, etc., to show they meet standard quality and safety.

4. Hallmark: A mark on precious metals (gold, silver, platinum) that indicates purity and quality.
5. Woolmark: Shows that a product (like garments) is made of 100 % pure wool.
6. Silk Mark: Indicates the product is 100 % natural silk.
7. Ecomark: A mark for eco-friendly products (like biodegradable or less harmful to the environment).

6. On which day is National Consumer Day observed in India?

→ **24 December**

7. Need for Consumer Protection Act

1. Physical safety of a consumer.
2. Access to information.
3. Consumer satisfaction.
4. Social justice and Trusteeship

8. Examples of Exploitative and unfair trading practices,

defective and dangerous items, adulteration, false and misleading advertising, hoarding, and black-marketing, expose consumers to dangers.

9. Mention two responsibilities of a consumer.

- ☑ **Be aware before buying**
- ☑ **Buy standardized products**
- ☑ **Read labels carefully**
- ☑ **Ask for a cash memo/bill**
- ☑ **Follow instructions for safe**
- ☑ **Be honest and fair**

10. the importance of consumer protection from the consumer's point of view.

- - Focus on preventing exploitation
- creating awareness about rights and remedies,
- helping consumers make informed choices

11. the importance of consumer protection from the business perspective.

- For long-term business growth,
- ethical practices,
- social responsibility
- avoiding government action.

12. Describe the rights of a consumer under the Consumer Protection Act.

Rights of a Consumer

1. Right to Safety

Consumers have the right to be **protected against goods and services that are dangerous or harmful** to life, health and property.

2. Right to Be Informed

Consumers should get **full and correct information** about the products or services they want to buy — like quality, price, quantity, expiry date, etc.

3. Right to Choose

Consumers have the freedom to **choose from a variety of products and services** at fair and competitive prices.

4. Right to Be Heard

Consumers can **express their complaints or suggestions** and be sure that their interests will be considered by companies or consumer forums.

5. Right to Seek Redressal

If a product or service is defective, unsafe, or unfair, consumers have the right to **seek justice or compensation** through consumer courts.

6. Right to Consumer Education

Consumers should be **educated and aware** about their rights and how to protect themselves from unfair practices.

13. Explain the three-tier redressal machinery under the Consumer Protection Act.

The Consumer Protection Act sets up **three levels of consumer courts** to help consumers get **quick and fair justice**

Three-Tier Redressal Machinery (2019 Act)

1. District Commission (District Level)

- **Jurisdiction:** Handles complaints where the value of goods or services paid as consideration does not exceed **₹1 crore**.
- **Composition:** Comprises a President and at least two other members appointed by the State Government.
- **Appeal:** If not satisfied, the aggrieved party can appeal to the State Commission within 45 days.

2. State Commission (State Level)

- **Jurisdiction:** Handles complaints exceeding ₹1 crore but not exceeding **₹10 crore**.
- **Composition:** Comprises a President and at least four other members appointed by the State Government.
- **Appeal:** If not satisfied, the party can appeal to the National Commission within 30 days.

3. National Commission (National Level)

- **Jurisdiction:** Handles complaints where the value of goods or services paid exceeds **₹10 crore**.
- **Composition:** Comprises a President and at least four other members appointed by the Central Government.

- **Appeal:** If not satisfied, the final appeal can be made to the Supreme Court.

14. How do consumer organisations and NGOs help in consumer protection?

- Educate consumers
- raise awareness,
- provide legal assistance

15. Common Terms

-Consumer:

A **consumer** is someone who purchases goods or services for personal use and not for business or resale.

-Caveat Emptor: "Let the buyer beware."

-Caveat Venditor: "Let the seller beware."

-Complaint: A **complaint** is a **written claim by a consumer asking for relief because of defective goods, deficient services, unfair trade practice or incorrect price**

-Defect: A defect is a fault or imperfection in goods that makes them not meet quality standards, legal requirements, or what the seller promised.

- Spurious Goods: Spurious goods are goods that are claimed to be genuine but are actually fake.

EXTRA QUESTIONS

1. Define the term financial market.

A **financial market** is a place where **money and financial assets** (like shares, bonds, etc.) are bought and sold, and funds are transferred from people who have extra money to those who need money

2. Name any two financial markets.

✓ **Money Market**

✓ **Capital Market**

3. What is the money market?

The **money market** is the financial market where **short-term funds** (for up to one year) are borrowed and lent.

Instruments of Money market

Treasury Bill, Commercial Paper, Commercial Paper

4. What is the capital market?

The **capital market** is the financial market where **long-term funds** (more than one year) are raised and traded.

Types of capital market

Primary Market

Secondary Market

5. What is SEBI

- **SEBI** stands for the **Securities and Exchange Board of India**.
- It is the **regulatory body for the securities market** in India.
- SEBI was established to **protect investors and regulate the securities market** so it works in a fair and orderly manner

6. Objectives of SEBI

1. **To protect investors' interests**
2. **To regulate the securities market**
3. **To ensure transparency**

7. Functions of SEBI

a. Protective Functions

- Prevents insider trading and unfair practices that can harm investors.
- Educates investors so they can make better decisions.

b. Regulatory Functions

- Registers and regulates brokers, mutual funds and other intermediaries.

c. Developmental Functions

- Promotes training and research in the securities market.

