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## PART-A

1. **What do you mean by Management ?** 2

**Ans:** Management is the art of getting things done through others and with formally organised group. It refers to the process of conducting a set of functions (planning, organizing, staffing, directing and controlling) to get the work done in an efficient and effective manner.

**Definition:** According to Harold Koontz, "Management is the art of getting things done through others and with formally organised groups."

2. **Discuss two functions of Management in brief.** 2

**Ans: (i) Planning:** It refers to thinking beforehand. In other words, planning is the determination of a future course of action to achieve a desired result. Under planning, it is ascertained that what should be done, how it should be done and who should do it.

**(ii) Organising:** It refers to the process of defining and grouping the activities of an enterprise and establishing authority relationship among them. In order to make the first function of management (i.e., planning) functional, 'a structure of roles' needs to be framed and sustained. The process of creating this structure of roles is known as organizing.

3. **State any two characteristics of Coordination.** 2

**Ans: (i) Coordination Integrates Group Effort :** The need for coordination is felt when group effort is needed for the accomplishment of an objective. In short, it can be said that coordination is related to group effort and not individual effort. The question of coordination does not arise, if the job is done by one person only.

**(ii) Coordination Ensures Unity of Action :** The nature of coordination is of creating unity in action. It means during coordinating process an effort is made to create unity among the various activities of an organization. For example, the purchase and sale departments have to coordinate their effort so that supply of goods takes place according to purchase orders.

4. **What is the principle of Esprit-De-Corps ?** 2

**Ans: Esprit De Corps:** As per this principle, a manager should continuously make efforts to develop a team spirit among the subordinates. To do this, he/she should use the word 'We' instead of 'I' during the conversation with subordinates.

For example, a manager should always say that 'we will do this work' instead of 'I will do it'. This behaviour of a manager will keep alive the spirit of cooperation among the subordinates.

**Positive Effect:**

- Motivation to work with team-spirit.
- Easy to achieve objective
- Sweet relationship

**Violating Effect:**

- Kills team spirit
- Difficulty in achieving objective
- Bitterness in relationship

**5. What is meant by 'Functional Organisation Structure' ? 2**

**Ans:** Functional Organisation Structure: It refers to the division of the whole enterprise according to the major functions/activities to be performed by it. This is the simplest and the most prevalent form of organisational structure. Under this all the functions of similar nature are divided in different units which are called departments.

**6. Explain any three Advantages of Formal Organisation. 3**

**Ans: Advantages of Formal Organisation:**

**(i) Easy to Fix Accountability :** Since the authority and responsibility of all the employees have been already fixed, inefficient employees can easily be apprehended and in this way their accountability can be fixed.

**(ii) No Overlapping of Works:** In the formal organization, everything moves in an orderly manner. Therefore, there is no possibility of any work being left out or unnecessarily duplicated.

**(iii) Unity of Command Possible:** It is possible to observe the principles of unity of command in view of the presence of scalar chain of authority.

**7. Explain in brief the process of delegation of authority. 3**

**Ans: Process of Delegation of Authority:**

The three elements, i.e., responsibility, authority and accountability of delegation process are completed in the following serial order:

**(i) Assigning Responsibility:** The first step in the delegation process is assigning responsibility. Often, no officer is capable to the extent that he can perform all

activities on his own. For his successful work performance he divides the whole job. In this way, he keeps critical/crucial/significant jobs for himself and delegates the rest to his subordinates. While assigning job/responsibility to the subordinates, their capability and skill are kept in mind. For example: A finance manager keeps the job of financing for himself and delegates the rest of the jobs like-Accounting, Data Collection, etc. to his subordinates.

**(ii) Granting Authority:** The second Step in process of delegation is granting authority for successful work performance. Assigning responsibility sans authority to the subordinates is meaningless. Thus, all the needed authorities should be delegated for the fulfilment of a responsibility. For example: When a chief manager delegates responsibility of Purchase Department to the Purchase Manager, then he gives authority to the purchase manager like purchasing raw-material, stocking inventory, division of work among his subordinates, etc.

**(iii) Fixing Accountability:** The last step in the process of delegation is to hold subordinates accountable for their work performance. Every subordinate is just accountable to that officer who delegates authority for the fulfilment of job/responsibility. Accountability means, justification demanded by the superior for the work performance

**8. Write any four features of Scientific management.**

**4**

**Ans: Features of Scientific Management:**

**(i) Systematic Approach:** Scientific management is a systematic approach to management and its use ensures that all activities are completed in a systematic and scientific manner.

**(ii) Brings Complete Mental Change:** Scientific management brings about a complete mental change both in the owners as well as the employees of the organisation. Both the parties start aiming for more and better production targets rather than merely chasing higher profits.

**(iii) Discards Traditional Management:** The approach of scientific management completely discards traditional management. It calls for the discarding of old techniques and adoption of new and modern techniques, with the aim of improving the efficiency of employees. This is nothing but the outcome of complete change in attitude.

**(iv) Requires Strict Observance of Rules:** Scientific management requires very strict observance of rules, because the rules are formed only after due analysis and there is very little chance of error in them. Unless the rules are followed strictly the scientific tinge given to management may fade away making it no different from the traditional management.

**9. Clarify the difference between Recruitment and Selection.**

**4**

**Ans:**

<b>Basis</b>	<b>Recruitment</b>	<b>Selection</b>
1. Meaning	It means identifying the sources of potential employees and to encourage them to apply for job.	It refers to selecti on of the qualified
2. Stage	Recruitment proceeds the staffing function.	Staffing always starts where recruitment ends.
3. Nature	It is a positive process as more and more candidates are induced to apply for the job.	It is a negative process and more candidates are rejected than the number of selected candidates.
4. Contract of service	There is no contractual relation created.	Selection involves contract of service between employer and employee.

**10. Clarify the difference between training and development.**

**4**

**Ans:**

<b>S.NO.</b>	<b>Point of difference</b>	<b>Training</b>	<b>Development</b>
1	Concept/depth of knowledge	Training is concerned with teaching technical skill only.	Development is concerned in teaching technical, human and concept skill.
2	Suitability	Training is more suitable for technical staff.	Development is more suitable for managerial staff.
3	Nature	Training concentrates on developing the skill already possessed by the employees.	Development concentrates on development of hidden qualities of the employees.
4	Methods used	In training on-the-job methods of training are preferred.	In development offthe job methods of training are preferred.
5	Focus	Training focuses on present requirements of the organization.	Development focuses on present as well as future requirement of the organization.
6	Initiative	The superior takes initiatives for imparting training to his subordinates.	The individual takes initiative himself for his growth and development.

**11. Explain the meaning and importance of Directing.**

**5**

**Ans: Meaning of Directing:** Directing refers to instructing, guiding communicating and inspiring people so that the objectives can be achieved. It is that part of management process which ensures the efficiency and effectiveness of the employees. It is also called management-in-action.

**Importance of Directing:**

**(i) It initiates Action:** The employees are appointed up to the first three functions of management (planning, organising and staffing). But they cannot commence their job until they are not informed about what to do? And how to do? The manager performs this job through direction. Thus it is evident that it is direction which initiates action in an organisation.

**(ii) It Integrates Employees Efforts:** Many employees work in an organization. The activities of all are co-related. Success of an organisation is possible only when everybody does their job efficiently. If any one of employees in the employees-chain does not perform up to the mark, it adversely affects the performance of the remaining employees. Thus, it is essential to establish coordination among all the activities. The manager establishes this coordination by supervising, providing good leadership, motivating and exchanging ideas with his subordinates.

**(iii) It is the Means of Motivation:** The objectives of an organization can only be achieved by motivated employees. Motivated employees work with full dedication and with a feel of belongingness. Now the question is how can the employees be motivated? The work of motivating employees can be accomplished through the directing function of Management.

**(iv) It Facilitates to Implement Changes:** Often, the employees show resistance to change in their organisational structure. But with the changing demand of time, it needs to be implemented/enforced. Managers through the medium of Direction shapes the mind set of the employees in a manner that they willfully accept changes.

**(v) It Creates Balance in the Organisation:** Sometimes there is a clash between individual and organisational objective. Directing helps to settle down these clashes and creates a balance in the organisation. On the one hand, a person works in an organisation for the fulfillment of his objectives like higher salary, promotion, etc. On the other hand, the objectives of a company can be to earn higher profits, more market share etc. Managers through direction tell employees, how they can fulfil their objectives while achieving organisational objective.

12. Explain various barriers of effective communication. 5

**Ans: Communication:** It refers to an art of transferring facts, ideas, feelings, etc., from one person to another and making him understand them.

**Definition:** According to Keith Devis , "Communication is the process of passing of information and understanding from one person to another.

**Various Step of Barriers of Effective Communication:**

**(i) Badly Expressed Message:** Because of the obscurity of language there is always a possibility of wrong interpretation of the messages. This barrier is created because of the wrong choice of words, incivil words, the wrong sequence of sentences and frequent repetitions. This may be called linguistic chaos.

**(ii) Symbols or Words with different Meanings:** A symbol or a word can have different meanings. If the receiver misunderstands the communication, it becomes meaningless. For example, the word 'value' can have the following meanings:

(a) What is the value of computer education these days ?

(b) What is the value of this mobile set ?

(c) I value our friendship.

**(iii) Unclarified Assumptions:** It has been observed that sometimes a sender takes for granted that the receiver knows some basic things and, therefore, it is enough to tell him about the major subject matter. This point of view of the sender is correct to some extent with reference to the daily communication, but it is absolutely wrong in case of some special message.

**(iv) Premature Evaluation:** Sometimes the receiver of information tries to dig out meaning without much thinking at the time of receiving or even before receiving information, which can be wrong. This type of evaluation is a hindrance in the exchange of information and the enthusiasm of the sender gets dampened.

**(v) Organisational Policies:** Organisational policies determine the relationship among all the persons working in the enterprise. For example, it can be the policy of the organisation that communication will be in the written form. In such a situation anything that could be conveyed in a few words shall have to be communicated in the written form. Consequently, work gets delayed.

13. Explain the various steps in the process of planning. 6

**Ans: Planning:** Planning forms that part of management which lays down the objectives and various activities to be done for the attainment of those objectives. Under this

it is decided what is to be done, how it is to be done, when it is to be done and by whom it is to be done.

**Various Steps in the process of Planning:**

**(i) Setting Objectives:** Objectives are those end points for whose attainment all the activities are undertaken. In the planning process objectives are determined and defined first of all so that all the employees concerned can be informed about them to get their complete cooperation. Objectives have a hierarchy of their own, e.g., organisational objectives, departmental objectives, and defined in the same hierarchical order.

**(ii) Developing Premises:** The basis of planning are those factors/assumptions which influence the possible results of different alternatives. Before taking a final decision about any alternative a forecast of these assumptions is made. The rate of success of planning will be in direct proportion to the rate of the success of forecasting. The assumptions/premises of planning are of two types.

**(1) Internal Premises:** Capital, labours, raw material, machinery, etc.

**(2) External Premises:** Governmental policies, business competition, tastes of customers, rate of interest, rate of taxes, etc.

**(iii) Identifying Alternative Courses of Action:** Generally, there is no work which has no alternative method of doing it. On the basis of the objectives of the organisation and the limitations of planning, alternative courses of doing a particular work can be discovered. For example, if an organization has the object of expanding its business, it can be done in many ways like: (i) by expanding the existing business, for example, if a company is engaged in producing particular size of T.V. sets, it can start producing T.V. sets of different sizes; (ii) by entering other area of production.

**(iv) Evaluating Alternative Courses:** All those alternative courses which are upto the expectations of the minimum preliminary criteria are selected for intensive study. It will be seen as to what extent a particular alternative course can help in the attainment of the objectives of the organization. There is, however, one problem which confronts us while analysing these alternative courses. Every alternative course has its merits and demerits.

**(v) Selecting an Alternative:** After a careful analysis of different alternatives the best one is selected. Sometimes the analysis yields more than one alternative course with similar merits. Keeping in view the uncertainties of future it is justifiable to select more than one good alternative course. One of such alternative is adopted and the other is kept in reserve. In case the future forecast proves wrong and the first

alternative course fails, the reserve one can immediately be brought into operation and failure can be averted.

**(vi) Implementing the Plan:** After having decided the chief plan and the subsidiary plans, they are to be implemented. After implementing the plans the sequence of different activities has to be decided. In other words, it is decided as to who will do a particular job and at what time.

**(vii) Follow Up Action:** The process of planning does not end with the implementation of plans. Plans are formulated for future which is uncertain. It is of great importance that there is a constant review of plans so as to ensure success in the uncertain future. The moment there appears to be changes in the assumptions on which the plans are based, there should be corresponding changes in the plans also. In this way we can say planning is a continuously moving process.

OR

**Explain these under the planning:**

6

**(i) Strategy**

**(ii) Policies**

**(iii) Procedures**

**Ans: (i) Strategies:** Strategies refer to those plans which are prepared in view of the move of the competitors and whose objective is to make possible the optimum utilisation of resources. For example, if a rival organisation in an effort to increase the sale of its product is going to reduce the price of its product or is thinking about new methods of advertisement or is going to introduce some gift scheme to attract the consumers, we shall have to plan our strategy accordingly in the light of all these things.

**(ii) Policy:** Policies are those general statements which are decided for the guidance of the employee while taking decision. Their purpose is to lay down a limit within which a particular work can be done or a decision taken. Objectives decide what is to be achieved and the policies tell us how it can be achieved. Sometimes we hear the following things in connection with policies:

**(1) Personnel Policy:** Under this policy it can be decided that the basis for the promotion of employees will be their age. Once this is decided, no departmental manager will need the permission of the General Manager regarding the promotion of the employees.

**(2) Sales Policy:** Under this policy it can be decided that the goods will be sold only on cash payment.



**(3) Price determining Policy:** Under this policy it is decided how the sale price of anything will be fixed. It means what amount of profit will be added to the cost in order to determine the sale price, what will be the trade discount and what will be the conditions for cash discount.

**(iii) Procedure:** Procedures are those plans which determine the sequence of any work performance. For example, the recovery of money from the debtors can be done in the following order:

(i) Writing letters, (ii) Contacting on telephone, (iii) Meeting personally, (iv) Taking legal action.

This is the procedure of collecting money from all the debtors. There is a difference between policies and procedures. There can be two policies of the organisation regarding the recovery of money from the debtors: (i) Tight Collection Policy, and (ii) Lenient Collection Policy. Under the first policy an effort is made to recover money from the debtor by treating him harshly. Under the second policy the debtor will be given enough time for payment of money while treating him leniently. In both these policies the above-mentioned procedures will remain the same. In other words, the step taken for the recovery of money from the debtors remain the same.

**14 Explain the limitations of controlling.**

**6**

**Ans:** Controlling: It refers to bringing the actual results closer to the desired results.

In management control means that in order to achieve the desired objectives efficiently, economically and successfully the real progress of the work should be assessed from time to time so that the actual progress of the work is in accordance with the expected progress. Under controlling deviations are sought to be noticed in the actual work progress and the standards already determined, the causes of deviations are found out and corrective action is taken so that in future the mistakes are not repeated. In short, the chief function of controlling is to ensure actual progress with relevance to the objectives.

**Limitations of Controlling:**

**(i) Difficulty in Setting Qualitative Standards:** It is important to note that the setting of standards is possible if the nature of the work is quantitative but in respect of work which is qualitative in nature, the setting of standard is rather difficult and, therefore, for their measurement the help of some indirect standards is taken.

**(ii) No control over External Factors:** It will not be true to say that a manager by completing the function of controlling will be able to establish complete discipline in the organisation. A manager can control internal factors (like manpower, material, machine, etc.) but it is impossible to control the external factors (like government policies, technical changes, competition, etc.) Therefore, a situation of absolute discipline cannot be established.

**(iii) Resistance from Employees:** The business environment undergoes a constant change. Latest techniques of controlling have to be used in order to face this change. However, the employees oppose these techniques. For example, if the hall where the employees work is equipped with CC TV (Close Circuit TV) in order to control their activities, they will definitely oppose this move.

**(iv) Costly Affair:** In order to implement the process of controlling a lot of money, time and efforts are required. Small organisations cannot bear such an expenditure. Therefore, they are useful for only big organisations and for the small organisations they are simply a luxury. The managers should employ only those controlling techniques which yield profit more than their costs.

**OR**

**Discuss the advantages and limitations of Budgetary-control.**

**6**

**Ans: Budgetary Control:** Budgetary control is a system which uses budgets as a means of controlling. It means that when different activities of a business enterprise are sought to be controlled with the help of budgets, it is called budgetary control.

**Advantages of Budgetary-control:**

**(i) Helpful in Attaining Organisational Objectives:** Budgets are based on plans and all the departmental managers are informed about the expectations from each one of them. The amount of money that they can spend is laid down in the budget and they are told about the profits they are expected to earn. The departmental managers put in their best efforts to achieve their target, and consequently it helps in attaining the organisational objectives.

**(ii) Source of Motivation for Employees:** This technique prescribes the objectives for the employees. Their performance is matched with the standards. If the results are positive, they are appreciated. This motivates them.

**(iii) Optimum Utilisation of Resources:** Budgetary control divides the resources among all the departments in an appropriate manner. This makes it possible the optimum utilization of the available resources in the organization.

**Limitations fo Budgetary-control:**

**(i) Danger of Inaccurate Estimates:** Budgets are based on certain forecasts and forecasts are never free from danger. Therefore, the success of budgetary control depends on the success of the forecast.

**(ii) Danger of Rigidity:** Generally it has been observed that budgets lack flexibility. Because of the lack of flexibility, it is not possible to include changes. It is, therefore, difficult to implement budgets since changes cannot be incorporated.

**(iii) Human Limitations:** The cooperation of all the employees working in the organization is essential for the success of budgetary control. However, it is not possible to have the cooperation of all the employees.

## **PART-B**

**15 What is the meaning of Capital Structure ? 2**

**Ans:** Capital structure refers to relative proportion of different sources of long-term finance.

A company requires finance in order to run its business properly. It is mostly obtained from the following sources:

- (i) Equity share capital
- (ii) Preference share capital
- (iii) Borrowed capital
- (iv) Retained profits
- (v) Current liabilities

**16 What is 'Zero-Coupon-Bond ? 2**

**Ans:** Zero Coupon Bond means a financial instrument for which no interest is paid but it is issued at a discount. Meaning thereby, it is issued at a price less than the face value while the payment is made equal to its face value.

The income of the investor on zero coupon bond is equal to the difference between the issue price of the bond and payment. This difference is known as discount.

**17. What is the meaning of Share Market ? 2**

**Ans:** Share Market is the aggregation of buyers and seller of shares which represent ownership claims on business these may include securities listed on a public stock

exchange as well on those only traded privately. This market is one of the most important ways for companies to raise money along with debts markets.

**18. Explain three points of Importance of Financial Planning. 3**

**Ans: Importance of Financial Planning:**

**(1) Helps to Face the Eventualities:** It tries to forecast various business situations. On this basis alternative financial plans are prepared. By doing so, it helps to face the eventual situation in a better way.

**(2) Helps in Avoiding Business Shocks and Surprises:** Proper provision regarding shortage or surplus of funds is made by anticipating future receipts and payments. Hence, it helps in avoiding business shocks and surprises.

**(3) Helps in Coordination:** It helps in coordinating various business activities, such as, sales, purchase, production, finance, etc.

**19. Explain any three functions of Labelling. 3**

**Ans: Functions of Labelling:**

**(i) Identification:** It is easier to identify a particular product among many with the help of labelling. For example, you as a consumer want to select CINTHOL SOAP. The task of finding the desired soap from a heap of various branded soaps becomes easier with the help of labelling.

**(ii) Classification:** When a product has different qualities, labelling helps to find out which pack contains what type of quality. For example, Hindustan Unilever Ltd., manufactures three types of tea and to differentiate the each type of tea, the company uses Green, Red and Yellow coloured labels.

**(iii) Promotion:** The third function of labeling is to promote sales. Sometimes a consumer gets encouraged to buy a product simply due to attractive label. Now-a-days labelling is used as an effective sales promoting tool.

**20. Explain briefly the objectives of SEBI. 4**

**Ans: Objective of SEBI:**

**(i) Regulation of Stock Exchanges:** The first objective of SEBI is to regulate stock exchange so that efficient services maybe provided to all the parties operating there.

**(ii) Protection to the Investors:** The capital market is meaningless in the absence of the investors. Therefore, it is important to protect the interests of the investors. The protection of the interests of the investors means protecting them from the wrong information given by the companies in their prospectus, reducing the risk of

delivery and payment, etc. Hence the foremost objective of SEBI is to provide security to investors.

**(iii) Checking the Insider Trading:** Insider trading means the buying and selling of securities by those persons (Directors, Promoters, etc.) who have some secret information about the company and who wish to take advantage of this secret information. This hurts the interests of the general investors. It was very essential to check this tendency. Many steps have been taken to check inside trading through the medium of the SEBI.

**(iv) Control over Brokers:** It is important to keep an eye on the activities of the brokers and other middlemen in order to control the capital market. To have a control over them, it was necessary to establish the SEBI.

**21. Write a brief note on the role of Marketing. 4**

**Ans: Marketing:** Marketing is that social process by which individuals and groups obtain what they need and want through creating offerings and freely exchanging products and services of value with others.

**Role of Marketing:** The role of marketing in respect of a firm and economy can be explained in the way:

**(A) Role in a Firm:** Every firm wants to live longer and develop. If this happens, the purpose of establishing the firm is fulfilled. Marketing helps in keeping a firm alive and keep developing. The importance of marketing for a firm can be made clear in the following points:

- Collecting information about consumer's need and want.
- Analysing the available information
- Taking decision about production of a product
- Making available their favourite product to the consumers
- Consumer's satisfaction
- Sales promotion
- Attainment of the objective of the firm
- Possibility of the long life of the firm and its development

**(B) Role in the Economy:** Marketing has an important role in the development of the economy of a country. The development of economy is indicated by the standard of living of the people. A country whose people have a high standard of living is considered to be a country with a developed economy. Similarly, the information about the economy of a country is also obtained through per capita income.

Now, the question arises as to how to raise the standard of living of the people. This is possible marketing. The story of the development of economy can be made clear through the following points:

- Collecting information about the need and want of the consumer
- Getting encouraged to start new business activities
- Establishing new industrial units
- Increase in the employment opportunities
- Increase in the per capita income
- Improvement in the standard of living of the people
- Development of economy

**22. Explain the factors affecting the choice of Capital Structure. 5**

**Ans: Capital Structure:** Capital structure refers to relative proportion of different sources of long-term finance.

**They are various factors affecting the choice of capital structure:**

**(i) Cash Flow Position:** While making a choice of the capital structure the future cash flow position should be kept in mind. Debt capital should be used only if the cash flow position is really good because a lot of cash is needed in order to make payment of interest and refund of capital.

**(ii) Return on Investment-ROI:** The greater return on investment of a company increases its capacity to utilize more debt capital. The calculation of return on investment is made with the help of the following formula.

$$ROI = \frac{EBIT}{\text{Total Investment}}$$

**(iii) Cost of Debt:** The capacity of a company to take debt depends on the cost of debt. In case the rate of interest on the debt capital is less, more debt capital can be utilized and vice-versa.

**(iv) Cost of Equity Capital:** Cost of equity capital (it mean the expectations of the equity shareholders from the company) is affected by the use of debt capital. If the debt capital is utilised more, it will increase the cost of the equity capital. The simple reason for this is that the greater use of debt capital increases the risk of the equity shareholders.

**(v) Floatation Costs:** Floatation costs are those expenses which are incurred while issuing securities (e.g., equity shares, preference shares, debentures, etc.). Their examples are: commission of underwriters, brokerage, stationary expenses, etc. Generally, the cost of issuing debt capital is less than the share capital. This attracts the company towards debt capital.

23. What do you mean by Sales Promotion ? Wha are its merits and limitations ?

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**Ans: Sales Promotion:** Sales promotion refers to all those activities , other than advertising, personal selling and publicity which are undertaken for the purpose of increasing the sales. Sales promotion activities mainly include : lowering the price, distributing coupons, conducting contests, giving away gifts, etc.

**Merits:**

**(i) Attention Value:** Incentives are offered to the consumers under sales promotion. Their attention is attracted towards the product as a result of this incentive. For example, when sales representatives moves from house-to-house and offer samples to the people, sometimes it so affects the people that they start buying them even though they do not wish to do so.

**(ii) Useful in New Product Launch:** With the help of the method of sales promotion, a new product can easily be launched in the market. Under this method, the purchase decision of the consumer is sought to be influenced by offering samples, discounts, gifts, etc. The consumer starts getting new products is preference to old products.

**(iii) Synergy in Total Promotional Efforts:** The other promotional efforts like advertisement, personal selling etc. get more effective with the help of sales promotion.

**Limitations:**

**(i) Reflects Crisis:** If a company adopts sales promotion in quick succession, it sends a wrong signal in the market. It gives the impression that this particular product of the companyis perhaps not selling in the market and that is why it is coming up with different new schemes.

**(ii) Spoils Product's Image:** This conveys a wrong impression about the product in the mindof the consumers. They start thinking that the product must be of an inferior quality and that is why the company is making all such efforts. It is only because of this fear that the consumers do not buy such products.

24. Explain ways and means of Consumer protection available in India. 5

**Ans: Consumer Protection:** To protect the consumers against the unfair practices of the producers and sellers is called consumer protection. Today, consumer is called the king of the market. He is at the center stage of all the marketing activities. It is the

constant endeavour of the producers that the production of the product must conform to the needs of the consumers. It refers to step taken to protect the consumer against unfair practices of producers & sellers.

**Ways and Means of Consumer Protection:**

**(i) Self-regulation by Business:** Every firm insists to have a strong consumer base which means that more and still more people should buy their products. This is possible only when the consumers are fully satisfied with the products of the firm. With this purpose in view the firms ban all types of undesirable activities that can be harmful to the consumers. In addition to this consumer service, a grievance cell is also established to handle consumers problem.

**(ii) Business Associations:** Business associations prepare a code of conduct for businessmen. It is laid down in the code of conduct as to how businessmen are expected to behave with the consumers.

**(iii) Consumer Awareness:** As an important means of consumer protection, a consumer should protect himself. He should be alert in the matter of his rights. An alert consumer alone can demand his rights from the sellers. Thus, the consumer himself must know his rights and raise a voice against unfair practices of the sellers.

**(iv) Consumer Organisations:** Consumer organisations play an important role in providing protection to the consumers. When a single consumer fails to get his rights, he seeks help from consumer organisations. Consumer organizations can pressurize the seller keeping in view the interests of the consumer. Such organizations also educate the consumers.

**(v) Government:** Interests of the consumers are protected by the government by enacting various legislations. Consumer Protection Act, 1986 is an important legislation by the government to provide protection to the affected consumers. Under the provisions of the Act, Consumer Protection Councils have been set up by the Central and State Governments for the protection of the rights of consumers. On the recommendation of the amendment of the Consumer Protection Act, 2000 these councils are also to be constituted at district level by the State Governments. Under the Act, there is a provision of Three-tier Judicial Machinery to redress the grievances of the consumers in a simple, speedy and inexpensive way; e.g.,

- A. District Forum at district level,
- B. State Commission at state level
- C. National Commission at national level



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