



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY & GTU)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2- Vaishalinagar
Nr. Amrapali Railway
Raiya Road, Rajkot – 360001
Ph.No–(0281)2440478, 2472590

B.B.A. Sem – 1 Material

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Ph. No–(0281)2471645

2- Vaishalinagar
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Ph.No–(0281)2440478, 2472590



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FUNDAMENTALS OF MANAGEMENT

B.B.A - 1

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UNIT – 1: INTRODUCTION TO BUSINESS MANAGEMENT

[1] (A) INTRODUCTION TO MANAGEMENT:

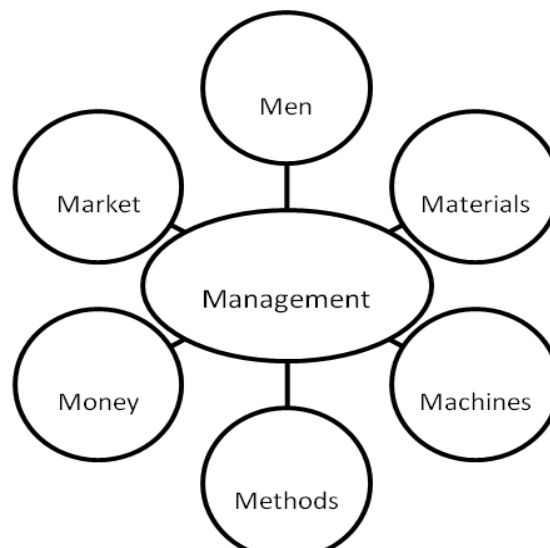
- In the past times, human needs and wants were quite limited and resources were also limited, which were enough to satisfy these limited needs.
 - Their problems were also limited and their management was not a big problem.
 - After Industrial Revolution in England in 1760, there were wide and major changes in the needs and these changes were affecting the whole world.
 - Due to industrialization, production started on a large scale and view has now been changed to profit maximization. These will turn the world into one market.
 - There was a need to recruit, select, train and co-ordinate and direct the activities to satisfy the needs.
- "Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way."

- *F.W. Taylor*

[1] (B) MANAGEMENT: MEANING – DEFINITION

1. **Harold Koontz:** "Management is the art of getting things done through and with the people in formally organized groups. Its creating an environment in which people can perform and individuals could co-operate towards attaining of group goals. Its help in removing blocks to such performance, a way of optimizing efficiency in reaching goals."
2. **Koontz and O'Donnell:** "Management is an art of getting things done through others."
3. **Dr. George R. Terry:** "Management is a distinct process consisting of planning organizing, activating and controlling performed to determine and accomplish the objectives by the use of human beings and other resources like machines, materials ,markets, money and methods."

Dr. Terry calls these basic elements as the Six – Ms





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LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	Management is considered both art and _____.	Science
2	What are we directing particularly through management to control different forces?	Human efforts
3	In which year the Industrial Revolution in England took place?	1760
4	Due to _____, production started on a large scale and view has now been changed to profit maximization.	Industrialization
5	Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and _____ way.	Cheapest
6	Is the meaning and definition of management universal?	No
7	Give one word for: exchange or purchase and sale of goods against money or goods with goods.	Trade
8	What is the word used for: trade and all its auxiliary services like Transportation, Insurance, Banking, Communication, Warehousing, Post and Telegraph?	Commerce
9	When any economic activity is undertaken with an expectation of profit, what is it called?	Business
10	What is the combination of the functions like planning, arrangement, organizing, staffing, directing, co-ordination and communication called?	Management
11	Who gave the definition: “To manage is to forecast and plan, to organize, to command, to co-ordinate and to control.”?	Henry Fayol
12	Who gave the definition: “Management is the art of getting things done through and with the people in formally organized groups. Its creating an environment in which people can perform and individuals could co-operate towards attaining of group goals. Its help in removing blocks to such performance, a way of optimizing efficiency in reaching goals.”?	Harold Koontz
13	Who gave the definition: “Management is an art of getting things done through others.”?	Koontz and O'Donnell
14	Who gave the definition: “Management means to achieve the predetermined objectives efficiently by using the least of time and money and making the optimum use of resources.”?	Livingstone
15	Who gave the concept of ‘6M’ in management?	Dr. Terry

[2] CONTRIBUTORS OF MANAGEMENT CONCEPT

Management does not mean just pressing the trigger to make the optimum use of machineries, to provide orders, check the annual accounts or to introduce rules and regulations. Now we shall study the development phase of Management concepts by studying the contributions of a number of experts.



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- 1) **Walter Hanley – England 13th century**
Concept: Farm management, Pioneer of Scientific Management
- 2) **Charles Babbage – England 19th century**
Mathematician: Cambridge University
Concept: Application of science and mathematics in the management of industries.
Industrial visits in England and France.
- 3) **Fredrick Winslow Taylor – America 20th century**
Concept: Father of Scientific Management
Paper Presentation (1895): “A piece rate system”. In the American Society of Mechanical Engineers.
Book (1903): Shop Management
(1911): The Principles of Scientific Management
Contribution: Separation of planning from actual doing work.
 - Division of work
 - Functional organisation structure
 - Differential piece rate system
 - Importance of human element in scientific management
 - Path maker for other experts like Henry Gantt, Gibreth, Emerson.
- 4) **Henry Fayol – France 20th century – French Industrialist**
Concept: Real Father of Modern Management
Prevoyance (planning and forecasting), organising, co-ordination, commanding and controlling.
Principles of Management.
Paper presentation (1900): In congress of mining and metallurgy.
Book (1915): General and Industrial Administration. In French, “Administration Industrial at Generale”.
- 5) **Elton Mayo – 20th century – Founder of Human Relations Approach**
Contribution: Hawthorne Experiments
Study of formal group and informal group behavior.
- 6) **Chester Barnard – 20th century –Faculty: Harvard Business School**
Publication (1938): Function of the executive
Concept: Communication, leadership and informal organization.
- 7) **Rensis Likert – 20th century – Director of Institute of Social Research, University of Michigan.**
Concept: Classification of Management Style
 - a) Exploitative Autocratic
 - b) Benevolent Autocratic
 - c) Participative
 - d) DemocraticLinking Pin (Integration of group membership)
Books: New Patterns of Management, Human Organization.
- 8) **Peter F. Drucker – Mid 20th century – Pioneer of Modern Management**
Concept: Innovation, MBO, Organizational Design, Creativity, Problem Solving Approach etc.
Publications: The New Society



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The End of Economic Man.

The Future of Industrial Man.

The Practice of Management.

Managing for results.

The effective executive.

The Age of Discontinuity.

Management: Tasks, Responsibilities and practices. (1974)

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	Who is known as the father of scientific management?	Frederick Taylor
2	Who is known as the real father of modern management?	Henry Fayol
3	Who conducted the Hawthorne experiments?	Elton Mayo
4	Who gave the concept of classification of management style?	Rensis Likert
5	Who gave the concept of innovation, creativity and MBO?	Peter Drucker
6	Who gave the concept of Farm management and is known as the Pioneer of Scientific management?	Walter Hanley
7	Who gave the concept of Application of science and mathematics in the management of industries?	Charles Babbage
8	Who gave the contribution of Separation of planning from actual doing work?	Frederick Taylor
9	Who gave the concept of Communication, leadership and informal organization?	Chester Barnard
10	Who has the publication of “The end of Economic Man”?	Peter Drucker



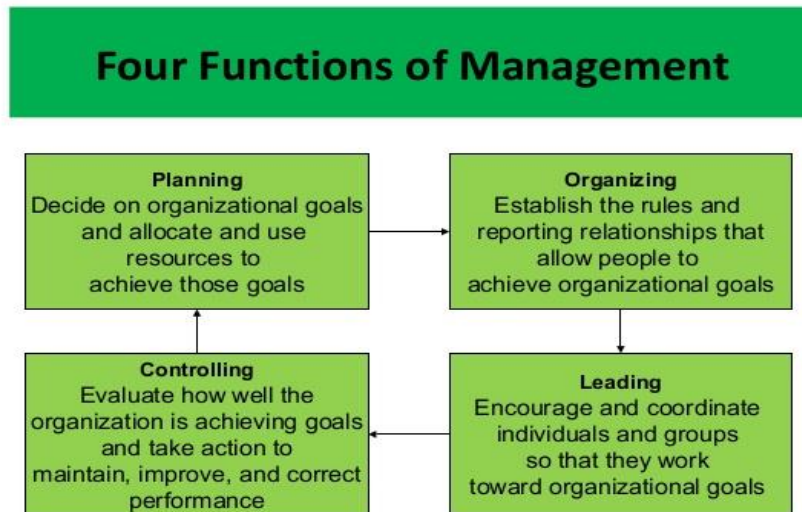
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[3] FUNCTIONS/PROCESS OF MANAGEMENT



In every organization, managers perform certain basic functions in order to achieve certain specified objectives. The functions may be classified into specific four categories:

1. Planning
 2. Organizing
 3. Directing/ Leading
 4. Controlling
- } Management process comprises with these four functions.

- It is possible that sequence of these functions may not be strictly followed in practical implementation.
- The application of these functions may vary as per the level at which they workout.
- For example, planning function having more proportion of the work in top management, than that of lower level management.
- In the same way, controlling function having more proportion of work at lower level than that of top level management. Different experts are having some different opinions and sequence of management process.

Peter Drucker classification: Managing a business
Managing managers
Managing workers and work

Fayol's contribution: 1. Forecasting and planning
2. Organising
3. Commanding
4. Coordinating
5. Controlling



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Koontz and O'Donnell classification:

1. Planning
2. Organising
3. Staffing
4. Leading
5. Controlling

Luther Gulick and Lyndall Urwick: An acronym POSDCORB representing the functional responsibilities of a chief executive officer, as formulated by Luther Gulick and Lyndall Urwick in their 1937 paper on administrative management theory.

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Co-ordinating
6. Reporting
7. Budgeting

1. Planning:

- Planning is the process of deciding where we want to be from where we are right now.
- It is an organized way of preparing to take certain action.
- First step of management process.
- It includes the work to be completed and the actions to be taken to achieve/implement those works.
- Planning is the backbone of any project/organization.
- It is also called that, 'If we fail to plan, then we plan to fail'.
- Therefore, planning determines the direction of the organization.
- Planning means determining the ways in which all the efforts and all the workforce of the organization will be heading for over a permanent term of time, appropriately to strive for a preset result.
- It is goal oriented and should also possess different choices of alternatives(options).
- Planning can be short term (days, weeks and months), medium term (quarterly, bi-annually and annually) and long term (from 3 years or more) depending on the need and situation.
 - Planning will reduce the risk of uncertainty and gives stability to the organization

2. Organizing:

- In organizing, the managerial staffs are instructed to organize for all the essential resources i.e. raw materials, financial resources, human resources, and equipment
- It involves following activities:
 - Division of work



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- Staff building
- Work allocation to individuals
- Co-ordination of work of an individual and their departments
- Allocation of authority and responsibility

- Therefore, it is necessary to have proper division, distribution, delegation and organization of responsibilities between and among the staffs.

3. Staffing:

- Staffing includes having right person in the right place at the right time.
- It basically refers to the personnel and human resources.
- It is necessary to have competent and qualified staff for effective management and smooth functioning of the organization.
- Staffing incorporates all the activities of recruitment, selection, training and capacity building of the human resources.

4. Directing:

- Directing means giving direction.
- Directing is basically the role of a manager/ top level officials.
- It includes giving direction and showing ways to the team members/ staffs to achieve the goals.
- It also involves motivating the staffs and team members, and showing them the possible ways to achieve the desired results
- The person responsible for directing has to carry out the starring role of mentor and promoter. He/she should also inspire other team members/staffs to complete their work in a better way by overpowering the challenges.
- It involves the following activities:
 - Leadership: influencing people to act towards the achievement of objective.
 - Motivation: stimulating, inspiring and creating enthusiasm in people to take required work from employees.
 - Communication: sharing ideas, thoughts and views among others. It may be in the form of words, symbols or body gestures. For a leader, it is quite essential to develop a strong communication skill for creating a decent personality among his subordinates.

5. Co-ordinating:

- Coordination involves synchronized efforts between the team members.
- It comprises of coordination in managing the employees and to complete the tasks.
- Coordination also involves interlinking various components of the work.

For this, the manager has to ensure two things:

- He/she has to hire administrators for every single department/workstation/project who will direct the efforts of the personnel under their responsibility with those under other managers.



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- Each employee should be made mindful as to how his/her role fits into the higher, managerial whole. Additionally, he/she will also feel accountable to take essential efforts for doing the job.

6. Controlling:

- Controlling means verifying whether all the activities are being performed as per plan or not.
- Thus, it involves everyday performance evaluation of individual departments for achieving the desired organisational objectives.

7. Reporting:

- Reporting means communicating about the actions/events to the supervisor/manager or concerned authorities.
- Reporting helps to update about the work to the concerned authorities so that necessary adjustments to the plan can be made as per the necessity.
- Likewise, reporting helps to share all necessary information related to the challenges to the staffs, new protocols, appreciation, etc.
- Reporting is also a way to gather/collect evidences.

8. Budgeting:

- Budgeting/finance is the essence of an organization.
- There is a common adage, 'No budget, no activities.' This simply shows how crucial budget is for every organization.
- It is very important for every organization/individual to plan, execute and record all the budget and financial activities properly.
- Budget and its use must be transparent to all the concerned team members.
- Suitable and constant description of every single penance expended is essential for the endurance and success of any organization.

LET'S REVISE

Sr. No.	Question	Answer
1	What is the fourth main function of management apart from planning, organizing and directing?	Controlling
2	Who gave the concept of POSDCORB in management?	Luther Gulick and Lyndall Urwick
3	What is the process of having right person at the right job and right time called?	Staffing
4	Which management function includes the three activities: leadership, motivation and communication?	Directing
5	What is the management function called wherein day to day and timely activities have to be communicated to the higher level authorities?	Reporting
6	In POSDCORB, what does CO stand for?	Co – ordinating
7	To achieve any particular objective, what is the first and foremost	Planning



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	function of management needed?	
8	What is it called when the planning is divided in certain groups of tasks and people?	Organizing
9	What is it called when the manager directs or guides the staff to achieve the plan?	Directing
10	Which particular function is considered as the backbone of all functions?	Planning
11	In which function, division of work and staff building activities are done?	Organizing
12	Which function particularly deals with the personnel management?	Staffing
13	Recruitment, selection and training comes under which particular management function?	Staffing
14	At which point, the manager/director has to direct their determinations to the crucial goals of the organization by separating those critical planned goals into minor, practical, time-bound objectives?	Directing
15	What function refers to synchronization of the efforts by several divisions/team members to ensure that they are moving in tandem with one another?	Coordination
16	_____ means verifying whether all the activities are being performed as per plan or not.	Controlling
17	What involves everyday performance evaluation of individual departments for achieving the desired organizational objectives?	Controlling
18	Which function helps to update about the work to the concerned authorities so that necessary adjustments to the plan can be made as per the necessity?	Reporting
19	Which function is the essence of the organization and deals with monetary and fiscal activities?	Budgeting
20	After allocation of the resources to the teams, should they be responsible about restricted and optimum uses of the resources?	Yes

[4] MANAGEMENT – SCIENCE OR ART

- *Management can be considered as both science as well as an art.*
- Management is science because of several reasons like - it has universally accepted principles, it has cause and effect relationship etc, and at the same time it is art because it requires perfection through practice, practical knowledge, creativity, personal skills etc.
- Management is both an art and a science. Management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires



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certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

❖ How Management is a Science:

- Science is obtaining information about a particular object by a systematic pattern of observation, study, practice, experiments, and investigation.
- The management process also follows the same pattern. Gathering data and facts, analyzing them and making a decision based on analysis, are the **basic functions of the management**.
- Management follows a systematic method to find a possible solution for a problem. It is true that the science underlying managing is inexact or a soft science at best.
- It is not as “Science” as physical sciences such as chemistry or biology which deal with non-human entities.

The Elements of Science in Managing:

Science presupposes the existence of organized knowledge. The essence of science is the application of the scientific method to the development of knowledge that proceeds through the stages discussed below:

✓ Concepts

The scientific approach requires a clear “concepts” of mental images of anything formed by generalization from particulars. Managing has concepts to deal with situations.

✓ Methods and principles

“Scientific method” involves the determination of facts through observation. This leads to the development of “principles” which have value in predicting what will happen in similar circumstances. Similarly, **management requires observation and sets standards or principles according to it.**

✓ Theories

Any branch of science has theories. A ‘theory’ is a systematic grouping of interdependent concepts and principles that give a framework to, or ties together, a significant area of knowledge. Management studies over the years developed many proved theories for making management more realistic or scientific.



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✓ Organized knowledge

Science is organized knowledge. If we compare, management at the present day is a distinct field of organized knowledge. Concepts, methods, principles, theories, etc. are now the core of management.

✓ Practice

The theories of managing are the results of practice, and the role of such theories is to provide a systematic grouping of interdependent concepts and principles that furnish a framework to, or ties together significant pertinent management knowledge. The **theories of motivation**, leadership, and so on may be cited/mentioned as examples.

But it is to be borne in mind that concepts, methods, principles of management are not as rigid as those of the physical sciences. They may undergo revision and change under new sociopolitical and economic circumstances.

❖ How Management is an Art:

- To manage effectively, one must have not only the necessary abilities to lead but also a set of critical skills acquired through time, experience, and practice.
- The art of managing is a personal creative attribute of the manager, which is more often than not, enriched by education, training, experience.
- In fact, the art of managing involves the conception of a vision of an orderly whole created from chaotic parts and the communication and achievement of this vision.
- Managing is the “art of arts” because it organizes and uses human talent.

Elements of Art in Management:

✓ Practical Knowledge

Art requires practical knowledge, learning of theory is not sufficient. Art applies theory to the field. Art teaches the practical application of theoretical principles. For example-Learning how sing does not make you a musician; one must know all composition and be able to use them.

Similarly, A person may have a degree that says he knows what a manager does but it doesn't know how to apply management knowledge in real-life situations he will not be regarded as manager.

✓ Personal Skill

A manager will not depend on his theoretical knowledge or solution alone. he or she must have some qualities that make him or her unique.



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✓ Creativity

An Artist's work is not limited to his practical knowledge. He thinks outside the box and creates things extraordinary. Management is also creative in nature like any other art. Management is all about finding a new way to be well different from others.

✓ Perfection through practice

Every artist becomes better through item and practice. they learn from their mistakes. Similarly, managers become more expert as he spends more time in management thought.

✓ Goal-Oriented

Art is result-oriented. Management works are also a goal or result-oriented.

❖ Management is a Science as well as Art

- Science teaches us to know while art teaches us to do.
- In order to be successful, managers have to know and do things effectively and efficiently. This requires a unique combination of both science and art of managing in them.
- It may, however, be said that the art of managing begins where the science of managing stops.
- Since the science of managing is imperfect, the manager must turn to the artistic managerial ability to perform a job satisfactorily.
- Thus, it may be said that managing in practice is definitely an art but the body of knowledge, methods, principles, etc. underlying the practice is science.
- Even some people might have a different opinion regarding this matter. But as a matter of fact, the art and science of managing are not so much conflicting as complementary.

“Management will never fully qualify as a pure science in the same sense as the well known physical science.”

- Dr. Terry

“Management is considered as a social science as sociology, economics and psychology.

If science teaches one to know, art teaches one to do.”

- Dr. Terry

Management uses both science and art for managing business. A balance between these two is essential.



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LET'S REVISE

Sr. No.	Question	Answer
1	Is management an art or science or both?	Both
2	The old saying, 'managers are born' is replaced with 'managers are _____'.	Made
3	The fact that management has universally accepted facts and concepts makes management a _____.	Science
4	Is the balance between considering management both as art and science essential?	Yes
5	Is human behaviour predictable?	No
6	Concepts, methods, principles and theories are part of _____.	Science
7	_____ is obtaining information about a particular object by a systematic pattern of observation, study, experiments and investigation.	Science
8	A _____ is a systematic grouping of interdependent concepts and principles that give a framework to, or ties together, a significant area of knowledge.	Theory
9	_____ through practice is a concept of art.	Perfection
10	According to Dr. Terry, if science teaches one to know, what does art teach?	One to do
11	Art requires _____ knowledge. Learning of theory is not sufficient.	Practical
12	Since the science of managing is _____, the manager must turn to the artistic managerial ability to perform a job satisfactorily.	Imperfect

[5] MANAGEMENT AS A PROFESSION

- ✓ In modern era, management is considered as a specialized field because of development of business size, growing competition, market field, etc.
- ✓ But first, we have to understand what actually a profession is and then we will move to the management as a profession.

Profession: "An occupation based specialised intellectual study and training, the purpose of which is to supply skilled service or advice to others for a definite fee or Salary." – Carr Saunders

"Profession is a special type of activity of one who has acquired specialised knowledge. The institution which confers such knowledge needs to have a definite code of conduct." – Louis Allen

- The rapid development of business and the separation of the ownership and management in the organization have contributed to the emergence of management as a distinct profession.
- To discuss whether management is a profession or not, it would be relevant to have a clear understanding of the essential features of profession. The profession is an occupation, which involves the rendering of personal service of a special and expert nature.



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- In order to practice their profession they must have minimum academic and professional qualifications prescribed by law or by the related professional associations.

❖ Characteristics/ Features of Profession:

The essential features of a profession are as follows:

- (1) Organized and specialized knowledge,
- (2) Formal education and training,
- (3) Service motive,
- (4) Professional association, and
- (5) Ethical codes.

Now, let us examine to what extent management fulfills the above requirements of a profession.

(1) **Organized and Specialized Knowledge:**

- Profession emerges from the establishment of an organized and specialized knowledge, which can be studied. It is true for all professions, including management.
- During the last five-six decades there has been a constant and steady growth of management techniques, principles and skills. Today, management is a separate discipline having a specialized and organized body of knowledge.

(2) **Formal Education and Training:**

- Profession requires a formal education and training in the specific area. No one can practice a profession without going through the prescribed course.
- Many institutes of management have been set up in foreign countries, which offer courses for specialized training in management.
- Formal education and training have become very helpful in getting jobs as managers. However, no minimum qualifications or course of study have been prescribed for managers by law.

(3) **Service Motive:**

- A profession is a source of livelihood primarily motivated by the desire to serve the community. Due to their expert knowledge, they are always in a position to charge higher fees. They earn but not at the cost of social interests.
- The success of profession cannot be measured in terms of money. Therefore, a profession enjoys high community respects. Management is an integrating agency, which integrates various resources and converts them into productive units.
- This is a major contribution of the management to the society, which cannot be measured in terms of money alone.

(4) **Professional Association:**

- In every profession there is a statutory association or institution which regulates that profession. The association is a representative body, which regulate and develop the profession and prescribe the criteria for individuals entering the profession.
- In management also, association has been formed for the regular exchange of knowledge and experience. However, they do not have the statutory power to regulate the activities of managers.



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- Membership of this association is not compulsory in order to become a manager. Hence, the management does not satisfy these criteria of management.

(5) Ethical Codes:

- A profession must possess some ethical standards of conduct for its members, which contains rules and regulations providing the norms of honesty, integrity and professional ethics.
- Any member violating the code can be punished and his membership can be canceled. But there are no enforced ethical codes in the field of management. So, management does not satisfy this feature of a profession.
- ❖ From the above discussion, it is very clear that the management does not satisfy all the features of a profession.
- ❖ Like other professions, management does not restrict the entry into managerial job to people. No minimum qualifications have yet been prescribed for managerial personnel. No management association has the authority to grant certificates for practice.
- ❖ In the absence of statutory association, ethical codes are also missing. Thus, management is not strictly a full-fledged profession like medicine, law or chartered accountancy.
- ❖ Even though, it does not satisfy all the features of professions, it is treated as a separated and distinguished profession now a days.
- ❖ At present a large number of new graduates are attracted to this field.

Management as a Profession:

Management runs along the lines of a profession. Although not exactly, management exhibits many features that ensure that it is a part of the professional universe. Let us observe how:

- As discussed, a profession has restricted entry. But management does not meet this condition in a fulfilling manner.
- For example, medicine requires a practicing doctor. Interestingly there are no such conditions in the managerial domain. Any person can be called a manager in an organisation regardless of their educational qualifications. Additionally, there is no particular degree, devoid of which, a person won't qualify as a manager. Then again possession of educational knowledge from reputed management colleges is an important aspect and desired quality.
- There is no single association that controls and defines the code of conduct for all managers.
- Having said that, there are a number of organisations like the AIMA (All India Management Association) that regulate the activities of their manager members. However, there is no compulsion to be a member of any of these organisations to be called a manager.



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- The management section of an organisation has well-defined motives. These vary from organisations to organisations like profit maximisation, service, quality etc. However, these motives are dynamic. Consequently, the profit maximisation motive of management is fast changing in favor of service.

Management is emerging profession:

- Management is considered as emerging profession because it lacks some important features. Management is in the growing stage to become a profession.
- In management, some principles are universally accepted. But still, in some areas there is a lack of complete set of principles, methods and concepts. The content available in management is not sufficient enough to become a profession.
- In every field like lawyers, doctors etc., there are associations for managing and regulating. In management, there is a lack of mechanism for controlling and regulating. Management lacks in public service objective. For example, the objective of doctor is to save life of a human being. This kind of service objective is not available in management field.

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	“Profession is a special type of activity of one who has acquired specialised knowledge. The institution which confers such knowledge needs to have a definite code of conduct.” Who gave this definition?	Louis Allen
2	The profession is an _____, which involves the rendering of personal service of a special and expert nature.	Occupation
3	Organized and specialized _____ is a feature of profession.	Knowledge
4	Formal education and _____ is needed in a profession.	Training
5	No one can practice profession without going through prescribed _____.	Course
6	What do professionals charge for their services rendered?	Fees
7	What is a representative body called which regulates and develops the profession and prescribes the criteria for individuals entering the profession?	Association
8	What are norms of honesty, integrity and professional ethics called?	Ethical code of conduct
9	Management is considered as an _____ profession.	Emerging
10	In _____ world, professional approach indicates growth and sophistication.	Corporate

[6] PROFESSIONALIZATION OF MANAGEMENT

- Professionalization imparts a certain social responsibility and dignity to management. A professional cannot be controlled or directed by the client.



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- He has professional knowledge and judgment which he uses to make his decision. Thus, professionalization makes business more efficient, dynamic and socially responsible.
- The growth of management education in India has contributed to professionalization in the business field. There has been a growing trend towards professionalization of management.
- The company form of business organization which has split ownership from management and the gaining popularity of the company form of business organization have increased the need for professional managers.
- Is management a profession? To answer this question, first of all we should understand what a profession is. Many authorities on the subject have attempted to define a profession.

According to Abraham Flexner, A profession is -

1. A body of specialized knowledge and recognized educational process of acquiring it.
2. A standard of qualifications governing admission to the profession.
3. A standard of conduct governing the relationship of the practitioners with clients, colleagues and the public.
4. An acceptance of the social responsibility inherent in an occupation and the public interest.
5. An association or society devoted to the advancement of the social obligations as distinct from the economic interests of the group.

Essentials for professionalization and Management:

1. Formal education and training
2. Importance of ethics in management
3. It gives status and Prestige
4. Systematic development

1. Formal education and training:

- If the criteria necessary for education and training of managers are specified, then future managers who enter into this field will have good confidence, knowledge and skill.
- Skilled people will be at management positions and it will not be restricted to family business only.

2. Importance of ethics in management:

- Professionalization promotes ethics in management and restricts negative practices like corruption, malpractices, violation of transparency etc.
- Without formal control mechanism, managers may misuse their freedom for their personal benefits. Therefore, we can say that, without professionalisation, management practices would be unhealthy.

3. It gives status and Prestige:



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- A professional manager will concentrate more on his work and service rather than his personal benefits and profits. It enhances their reputation and Prestige in the market.

4. Systematic development:

- In Modern era, there is a need for well trained and qualified managerial personnel these business conditions are quite dynamic and competitive.
- Managing people has become a highly tough job.

Challenges of professionalization in management:

1. Difficulty in setting qualification standards
2. For managers, performance and outcomes are more important than degree
3. Managers are not responsible to one group only
4. Lack of proper facilities of standard education and training

1. Difficulty in setting qualification standards:

- Managers cannot be judged by degrees and qualifications only. If we recruit managers by this way, then we may lose those people who have practical knowledge, creativity and dynamic thinking.
- Moreover, the required qualifications and degrees differ from organisation to organisation. Therefore, formal qualification standards are difficult to set.
- For example, in a manufacturing firm, an engineer can become a plant incharge after a certain level of experience without any management qualification.

2. For managers, performance and outcomes are more important than degree:

- While degree and qualification only gives both practical and theoretical knowledge for managing people, creativity, experience, quick decision making, problem solving approach etc. play an important role for managers.

3. Managers are not responsible to one group only:

- If we analyse organisation structures, then we find that managers are responsible to the immediate seniors and authority.
- But in general, managers are responsible to many groups like customers, shareholders, creditors, government etc. Therefore codes and regulations are difficult to set for managers. If managers do not have enough freedom, it will affect their efficiency.

4. Lack of proper facilities of standard education and training:



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- In India, quality education is still a serious problem in many areas. Education standards and levels are not satisfactory.
- The level of teaching, resources, library, industry interaction, training facilities, practical and field knowledge, are still not up to the satisfactory level. Therefore even with their educational qualifications and degrees, they cannot be considered the right candidates.

Professionalization of management in India:

- Professionalism of management in India is nowadays being a very strong case.
- And it is because it defines the duties and responsibilities of managers precisely.
- Professionalism will improve the quality of management education and training. With this step the young talents will get opportunity and they will be attracted to adopt management as a career.
- Professionalization of management would improve the status and prestige of managers.
- First, the growth of private sector has to the unexpected extent and it is emerging more than the public sector.
- Secondly, public sectors have given an honorable place to professional managers in the govt. industries.
- After independence, Indian industries took a long time to accept professionalism in their working approach. That is why few companies of Indian Origin created history and success throughout the globe.
- Indian giants like Tata, Reliance, HUL, IOC, BSNL, Birla Group etc. initiated professionalization in industries by recruiting right candidates of qualified degree holder having sound knowledge and skill. They also gave freedom to their staff to experiment with modern concepts and practicality. In this way, they achieved high levels of professional competency.

Factors affecting professionalization of management in India:

- Traditional Indian firms can afford to do without professional practices and scientific method
- In India, mostly family based company management exist and top key positions are held by family members and their relatives. So professional practices are difficult to implement
- Very few managers are appointed who are qualified and well trained, so there is a little scope for development of professional environment
- Since last few years, All India Management Association has developed many branches across major cities and they are doing a good job for spreading management professionalism. But they cannot make major impact on family owned business which does not follow much responsibilities and code of ethics.
- In India, management education is totally based on western system which is not suitable to Indian platform



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- There is wide difference between quality of pass out management graduates and industry expectations

LET'S REVISE

Sr. No.	Question	Answer
1	The _____ Council of Management has recommended few criteria for professionalization.	World
2	Membership of a profession should depend on the _____ of certain rules of conduct or behaviour.	Observance
3	Management is taught as a _____ in various educational institutes, throughout the world.	Discipline
4	Is it obligatory to possess specific qualifications for being appointed as a manager?	No
5	Are there specific standards set to become manager?	No
6	In which country, growth of private sector has the unexpected extent and it is emerging more than the public sector?	India
7	Name one Indian giant in business.	Tata
8	Globalization, liberalization and _____ have created a very competitive environment in the market.	Privatization
9	The gap between management and _____ has started to reduce.	Ownership
10	_____ Indian firms can afford to do without professional practices and scientific method.	Traditional
11	Give full form of AIMA	All India Management Association
12	There is wide difference between quality of pass out management graduates and industry _____.	Expectations

s [7] UNIVERSALITY OF MANAGEMENT PRINCIPLES

- There is no such area of human activity where management is not required.
- Management is applicable in all types of organization at every level.

“Management plays an important role in the control of all the business units.”

(General and Industrial Management book, Peter Drucker) “Whatever is the level of organisation structure or whatever the form of organisation then also managers perform the same set of functions.”

(Koontz and O'Donnel)



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Management principles are universally applicable:

1) Similarities in function and performance:

- Management functions, which are planning, organising, directing and controlling are not only applicable to business organisations, but also to other types of organisations.
- The difference is in the terms of level of work, size of objectives and importance of the decision making.
- A lower level supervisor also performs these management functions but his relationships, magnitude of objectives are totally different compared to middle level and higher level management. Managers perform all the management functions irrespective of their level of work and type of organisation.

2) Application of principle: There are certain principles like-

- Division of labour
- Unity of command
- Span of control
- Departmentation etc.
- which are universally applicable. These principles are applied in practice for a long time. These principles are found in almost all organisations.

3) Management fundamentals and techniques employed:

- As we know that management is applicable to all types of organisation (i.e. Government, private, semi government, manufacturing, trading, financial Services, other services and charitable trusts etc.) to manage any type of organisation, the basic concept remains same.
- The difference lies in the techniques of implementation. The manner in which the manager of cotton mill performs his function like purchasing of raw materials, production, wages etc.
- To some extent the government officer, the medical officer, Vice Chancellors have to do the same sort of functions. Therefore, for managing any firm, fundamentals and basic concepts remain same, but the technique for managing the firm will change respectively.

4) Flexibility and presence:

- The flexibility and presence of management in different areas is an important character. The success obtained in one area by the manager can also be obtained in another area. Technical knowledge in different areas is not important.

Example:

- A vice chancellor of University can properly work as a CEO of hMT
- Morarji Desai successfully worked as a collector



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Thus, management concepts are universally acceptable with respect to any type of organisation.

Management Principles are not universally applicable/ Arguments opposing universality of management principles:

- This viewpoint supports that management principles are not universal in nature. They change according to need of the situation.
- These principles are culture specific and apply differently under different conditions in different cultures. There are no common principles that provide definite solution to similar management problems at same point of time for different organisations and also different points of time for the same organisation.

(a) Nature of organisations:

- Universality of management principles implies they can be applied in all organisations. However, the nature of business organisations differs from that of non-business organisations.
- Even in business organisations, management differs for profit and non-profit organisations. Management principles cannot, therefore, be universally applicable in all organisations.

(b) Nature of managers:

- Applying management principles depends upon the nature of managers. Some managers regard unity of command and centralisation as effective means of management while others prefer functional authority and decentralisation as more effective means of management.
- Autocratic managers may consider organisational goals superior to individual goals while democratic managers synthesise organisational goals with individual goals. Universality of management is, therefore, subject to debate.

(c) Environmental factors:

- All organisations are not affected by environmental factors in the same way.
- They respond to environmental changes in different ways and cannot, therefore, apply management principles universally.

(d) Cultural differences:

- Different organisations operate in different cultures with differences in values, beliefs, perceptions and attitudes of people. Managers of these organisations operate differently and apply management principles differently.

Thus, though management principles have scientific validity, they cannot universally apply to organisations of different nature operating in different cultures with different responsiveness to external environment.



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LET'S REVISE

Sr. No.	Question	Answer
1	“Whatever is the level of organisation structure or whatever the form of organisation then also managers perform the same set of functions.” Who gave this definition?	Koontz and O'Donnel
2	Are there arguments against the universality of management principles?	Yes
3	People believing in different values, perception and attitude is called _____ difference.	Cultural
4	Management is a _____ science that deals with people and since people vary significantly in their habits, attitudes, cultural background and value systems.	Behavioral
5	Some managers regard unity of command and _____ as effective means of management while others prefer functional authority.	Centralization

[8](A) FEATURE OR CHARACTERISTICS OR NATURE OF MANAGEMENT

1. Management is a group activity:

- management is not only an activity but it is a group activity, a group function.
- This process is seen in the various functions of planning, organizing, directing, guiding, co-ordinating, safeguarding and controlling of management.
- This process is continuous and permanent. Management tries to co-ordinate the different activities of business units.

2. Management is a human activity:

- management is a human activity. Mgt gives more importance to the human element in the organization. Even at the time of controlling machines, tools and equipments, methods, markets, finance, management provide importance to co-ordinating and guiding the human efforts.
- 'Management is the process of developing people and not the direction of things.' through management, to get the work done by group efforts is a human activity.

3. Management in terms of a group:

- management can be taken in a group context and not in an individual context. It is not only an activity undertaken for individuals.
- There is no need of management for an individual management activities are concerned with providing guidance, direction to human efforts, co-ordinating and controlling them. In this manner, it is a group function

4. Management is universal:

- management is required not only for commercial activity but for every activity where a predetermined objective has to be accomplished.
- Henry fayol has stressed on this factor saying ‘management plays an important role in controlling all the business units, whether they are small or large, economic, social, political or religious.

5. Management focuses on goal achievement:



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- An activity required to be undertaken for the accomplishment of goals requires management. Management helps to solve all types of business related problems easily and puts in continuous efforts to achieve the predetermined goals.

6.Management is flexible:

- Management policies also change with the changing business, economic, social or political environment. A person has to put continuous efforts to maintain even his present position.
- Mgt tries to increase products demand, production, quality, markets etc. Therefore, it cannot be static, but has to change with the changing times.

7.Management is a co-ordination of efforts:

- 'co-ordination is the soul of management.' the most important activity of management is to co-ordinate human efforts. We have seen earlier that management is a group activity.
- If there is no proper co-ordination between different groups, departments and between different skilled and competent employees, then the organization goals will never be achieved. Therefore, the manager has also to become an effective coordinator.

8.Management is a leadership activity:

- The direction and control function of management is a leadership activity. Management provides leadership to the employees, workers, teams and groups.
- Therefore, it is appropriate to say: 'management is a leadership activity.'

9.Management solves problems:

- The various problems of an industrial unit relating to employees, production, purchase and sale, innovation or markets solved by management. It is based on solving growth related problems.

[8](B) CHARACTERISTICS OF MODERN MANAGEMENT THOUGHTS

1. The Systems Approach:

An organisation as a system has five basic parts:

- 1) Input,
 - 2) Process,
 - 3) Output,
 - 4) Feedback, and
 - 5) Environment.
- It draws upon the environment for inputs (resources). Management allocates and combines these resources or inputs to produce certain desirable outputs.
 - The success of these output can be judged by means of feedback. If necessary we have to modify our mix of inputs to produce as per changing demands.

2. Dynamic:

- We have a dynamic process of interaction occurring within the structure of an organisation. The equilibrium of an organisation and its structure is itself dynamic or changing.



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- The classical theory assumed static equilibrium.

3. Multilevel and Multidimensional:

- Systems approach points out wheels or complex multilevel and multidimensional character. We have both a micro and a macro approach.
- A company is micro (little world) within a business system. It is macro (the great world) with respect to its own internal units.

Within a company as a system we have:

- (1) Production subsystem,
- (2) Finance subsystem,
- (3) Marketing subsystem,
- (4) Personnel subsystem.

- All parts or components are interrelated. Both parts as well as the whole are equally important. At all levels, organisations, interact in many ways.

4. Multi-Motivated:

- Classical theory assumed a single objective, for instance, profit. Systems approach recognises that there may be several motivations behind our actions and behaviour.
- Management has to compromise these multiple objectives, e.g., economic objectives and social objectives, i.e. productivity and satisfaction (shareholders, employees, customers, community and society).

5. Multidisciplinary:

- Systems approach integrates and uses with profit ideas emerging from different schools of thought.
- Management freely draws concepts and techniques from many fields of study such as psychology, social psychology sociology, ecology, economics, mathematics, operations research, systems analysis, etc.

6. Multivariate:



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- It is assumed that there is no simple cause-effect phenomenon. An event may be the result of so many factors which themselves are interrelated and interdependent.
- Some factors are controllable, some uncontrollable. Intelligent planning and control are necessary to face these variable factors. We do not live in a vacuum. We live in a dynamic and complex macrocosm the great world system.

7.Adaptive:

- The survival and growth of an organisation in a dynamic environment demands an adaptive system which can continuously adjust to changing conditions.
- A viable organisation and its environment are in a dynamic equilibrium.
- An organisation is an open system adapting itself through the process of feedback. We have a human or machine controller to provide necessary corrections on the basis of feedback of information to achieve the desired results.

8.Probabilistic:

- Management principles point out only probability and never the certainty of performance and the consequent results. We have to face so many variables simultaneously. How can we have absolute predictability of events? Our forecasts are mere tendencies. Of course, intelligent forecasting and planning can reduce the degree of uncertainty to a considerable extent.

LET'S REVISE

Sr. No.	Question	Answer
1	Management is a _____ oriented process.	Goal
2	Management cannot be visible or it cannot be felt in real sense. Therefore management is _____.	Intangible
3	Management is not a onetime activity but it takes place continuously in the organisation. Therefore management is a _____ process.	Continuous
4	An organization as a system has 5 basic parts. Apart from input, process, output and feedback, which is the fifth part?	Environment
5	An ever changing process is also called a _____ process.	Dynamic
6	It is assumed that there is no simple cause-_____ phenomenon.	Effect
7	The survival and growth of an organisation in a _____ environment demands an adaptive system which can continuously adjust to changing conditions.	Dynamic
8	Management principles point out only _____ and never the certainty of	Probability



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	performance and the consequent results.	
9	Profession is a body of specialized knowledge acquired through training and experience and the formation of ethical codes for the guidance of conduct. Who gave this statement?	Mc Farland
10	Profession is a well defined body of _____.	Knowledge

[9] OBJECTIVES AND AIMS / PURPOSE OF MANAGEMENT

The main goals and objectives of Management are discussed below:

- 1) The main objective of management is to increase the efficiency of business activity
- 2) Another important objective of management is to keep employees satisfied and secured
- 3) Another goal of management is to protect the interest of the workers - Management. The management tries to ensure that workers get proper wages and the management gets reasonable profit.
- 4) The objective of management is also to develop social welfare through the cooperation of Management and the labourers.
- 5) To provide stimulation to conduct scientific research and innovations is also an objective of Management
- 6) To promote speedy and overall economic development of a nation is also a main objective of scientific management
- 7) Management also ensure that the quality of the finished product is superior

In short, effective management has an objective of providing welfare and security towards the whole society, nation, employees and the management.

LET'S REVISE

Sr. No.	Question	Answer
1	Generally there should be an _____ behind each and every activity.	Objective
2	Who gave the concept of MBO?	Peter Drucker
3	_____ had said before many ages, "the person who does not know in which direction he is sailing his ship can never get the benefit of the breeze."	Cinika
4	The main objective of management is to increase the _____ of business activity.	Efficiency
5	Another important objective of management is to keep employees _____ and secured.	Satisfied



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6	The management tries to ensure that workers get proper _____ and the management gets reasonable profit.	Wages
7	To promote speedy and overall economic _____ of a nation is also a main objective of scientific management	Development

[10] (A) SIGNIFICANCE OF MANAGEMENT (Merits/ importance /uses of management):

1. Efficiency:

- Through concepts, methods, knowledge and training, the various principles of management that are required like planning, organizing, controlling etc. have helped managers to take many important decisions to increase efficiency of the organization.

2. To recruit/ retain efficient employees:

- The management concepts of organising and staffing, involves recruitment, selection, training, compensation etc.
- This will help to select right kind of people with right job. By this way, employee loyalty will also increase. It helps to decide the need and worth of every activity. Based on it, it becomes easy to select the employees having the required skill and competence to conduct the activity.

3. Labor management cooperation increases:

- Management is a group activity. The objective of organisation will only be achieved by the coordination of all group members and their cooperation.
- Management principles help to provide more wages and motivation towards increasing employees' work. New forms of cooperation develop. The cooperation between the labor and the management increases.

4. Production scale:

- Management concepts like motion study, time study, wage and salary administration etc. gives satisfaction to workers.
- This will help to increase their work efficiency. As a result, production scale will increase from small scale to medium scale and from medium scale to large scale.
- Selection, training, job evaluation, compensation etc gives satisfaction to employees. The employees are able to work efficiently, competently and as a result the production increases.

5. Quality control:

- Management helps to increase the efficiency of machineries and tools – equipments. Employees are given the necessary training and guidance related to the usage.
- Control and supervision is exercised on their work. Therefore the quality of production increases.

6. Control production cost:

- Management increases production, maintains the quality and controls the wastage.
- So the cost of production reduces whose benefits are received in terms of high profits, more wages to employees and reduction in prices for the customers.



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7. Provides stimulus to innovations:

- Management stresses on planning rather than disorganizing, specific calculations rather than assumptions, co-operation instead of conflicts, direction instead of orders and guidance.
- So, persons taking part in management try to conduct innovations to increase their work quality.

8. Increase in standard of living:

- Management provides the required work atmosphere, required compensation and stimulus to its employees. This increases their standard of living.

[10] (B) LIMITATIONS OF MANAGEMENT:

1) Changing nature:

- The principles of management are not static; with the growth of science and technology, the concepts of management are also changing.
- Old ideas are being eliminated and new ideas being innovated, old products are being out and new products are being put on the market and now likes and dislikes are developing every year.
- Similarly, modern and scientific management is taking place of traditional management.

2) Narrow concept:

- The narrow outlook of managers is also an important limitation of management. The habit of getting work done by others develops dictatorship and authoritarian attitude among the managers.
- Moreover work load is unnecessarily increased due to concentration of power in few hands only.

3) Effect of External factors:

- Management is the process of decision-making. But it is influenced by external factors. It has to operate within the economic fluctuations, policies of ruling party, interventional relations and climate conditions.

4) Changing social needs:

- Management is a social science. It studies social needs which are always subject to change due to which the society becomes more extracting and demanding while the management fails to fulfill the society's changing needs.
- Therefore, management should change its principles and policies as the society dictates.

5) Related to human behavior:

- Management is related with human behavior and the same is changing.
- Different groups and different men, even in the same group of people behave differently under different circumstances.

6) Profit oriented concept:

- Another important limitation of management is that, it is actuated by self-interest and pecuniary consideration.
- Managers give priority to their own interests, progress and profit as against the interest, progress and profit of the enterprise.

7) Actuated by self-interest and economic considerations:



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- Also another important limitation of management is that even today it considers maximization of profits.
- On many occasions, it neglects the social interests while working for the achievement of profit objective.

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	To recruit and _____ efficient staff is very important.	Retain
2	The culture and _____ customs of every country influence management.	Social
3	Management provides the required work _____, required compensation and stimulus to its employees.	Atmosphere
4	Management provides a _____ to increase the co-operation between the management and the laborers.	Stimulus
5	The techniques and polices of management are to be adjusted according to specific circumstances. This is called _____ in principles.	Flexibility
6	Management is a process of _____ making.	Decision

[11] DIFFERENCE BETWEEN MANAGEMENT & ADMINISTRATION:

Comparison Chart

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.



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Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	An organized way of managing people and things of a business organization is called the _____.	Management
2	_____ can be understood as the skill of getting the work done from others.	Management
3	The process of administering an organization by a group of people is known as the _____.	Administration
4	The key person in management is _____.	Manager
5	The key person in administration is _____.	Administrator
6	Functions of management are executive and _____.	Governing
7	Functions of administration are legislative and _____.	Determinative
8	What type of role is played in management?	Executive
9	What type of role is played in administrative?	Decisive

[12] MANAGERIAL ROLES (VIEWS OF MINTZBERG)

Mintzberg believe that there is equality in the behavior of managers. All the managers enjoy formal authority within the limits of the organizational structure. Mintzberg roles are divided into 3 parts:

- (A) Interpersonal roles
- (B) Information roles
- (C) Decisional making roles.

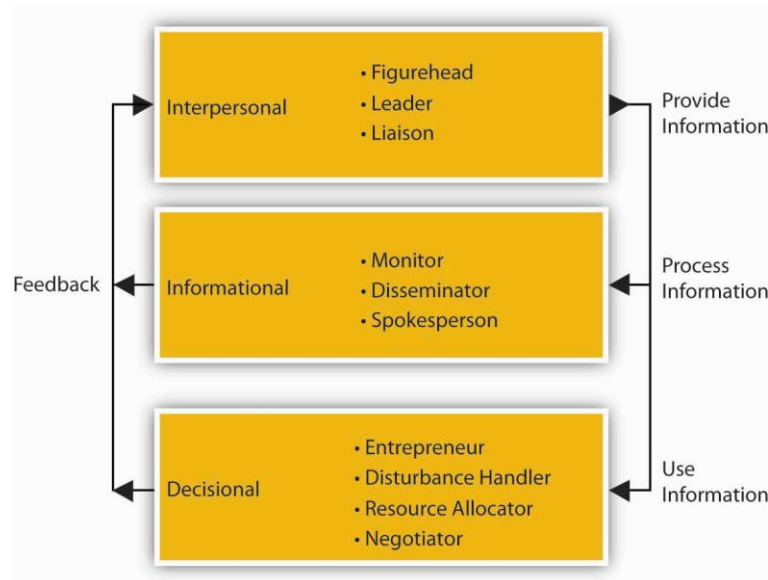


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(A) Interpersonal roles:

The manager is given a formal status and position, so that he gets formal power to perform the different organizational functions and responsibilities. He has to keep in touch with different people due to his position in office. The following 3 roles are included in it:

- Figure head:** Managerial role is expected to be of exemplary conduct and the source of inspiration for others in an organisation. Manager has to be responsible for social, legal and ceremonial responsibilities. The head of the organization however big or small, provides him with a unique role in the organization. He has to give appointments to people or attend social occasions of a customer etc.
- Leader role:** The manager should provide motivation and leadership to his subordinates. He should provide direction and guidance to the subordinates and try to match organizational goals with the employees' personal goals.
- Liaison role:** Managers have to get in touch with outside people also. Due to the external factors in the environment, managers should remain in contact with outside. For e.g., he should remain in touch with traders who supply the necessary materials, govt. Officers etc.

(B) Information roles:

the manager has also an important task of exchanging information because it is inevitable to take proper and effective decisions. The following are the 3 roles played by the managers.

- Monitor roles:** As an information manager, he collects various types of information from outside and external sources. He has to monitor all the information thoroughly.
- Disseminator:** Among all the information, the required information is reached to the concerned persons. They send information to the respective departments to persons who require it.



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3. Spokesperson: In order to maintain outside relations and outside contacts, the manager also provides organization related information to the outside parties. For e.g. When the manager discusses with the chairman of a financial institution about implementation of a plan or a project, then he is behaving as a spokesman.

(C) Decisional roles:

To take decisions and to implement them is one of the important activities of managers. The manager takes decisions after getting the adequate and the required information. The decisions, which have to be taken by the managers, are based on the information procured from internal and external sources. The manager plays four important roles in this context:

1. Entrepreneur: As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.

2. Disturbance Handler: When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.

3. Resource Allocator: You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.

4. Negotiator: You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

- Today the role of a manager is not limited to giving instructions and getting work done through others. This is a time where a manager has to work as a facilitator and be participative. Today the biggest challenge for manager is retention. If the manager is not able to retain his staff, then his efficiency level goes down. A successful manager completes the task in the most efficient and desired manner with respect to time, quality and output.

To become a great leader:

A successful leader should possess the qualities of a great leader like enthusiasm, energy, aspirations, confidence and convincing ability. He should have a great vision, motivation and zeal to achieve the goals of the organisation.

1. Develop a strong value culture: It is a responsibility of a leader to develop value culture based on ethics, corporate governance, honesty, transparency, fairness etc. among his employees. Good corporate governance develops cooperation, employee morale, motivation etc. which in turn develops efficiency and long-term productivity.

2. Teamwork: It is not possible for any individual to acquire all aspects of a task. Therefore, teamwork is necessary. Managers need to enhance Team Spirit, confidence, enthusiasm and vision among his team members.



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3. **Be generic:** Manager needs to maintain Team Spirit among his group members and give credit for their achievement in all fairness. Every member should practice ' appreciate in public and criticize in private'. Such kind of manager make his people proud in his presence.
4. **Respect for all:** Managers need to respect everybody and appreciate the strengths, expectations and challenges of employees of all cultures. For a global manager, operation in a must.
5. **Maintain Quality of work life (QWL):** Management is basically an art. If a person is unhappy at home, he fails to be happy at workplace. Manager has to maintain comfortable working atmosphere to make employees and their family happy so that they can enjoy the quality of worklife.

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	Who gave the managerial roles concept?	Mintzberg
2	Manager has to be responsible for social, legal and other responsibilities. Which role is this?	Figurehead
3	How many main categories have been classified in managerial roles?	Three
4	The manager should provide motivation and leadership to his subordinates. Which role is this?	Leader
5	Manager has to establish contacts and develop internal and external networks. Which role is this?	Liaison
6	As an information manager, he collects various types of information from outside and external sources. He has to monitor all the information thoroughly. Which role is this?	Monitor/ receiver
7	Among all the information, the required information is reached to the concerned persons. They send information to the respective departments to persons who require it. Which role is this?	Disseminator
8	In order to maintain outside relations and outside contacts, the manager also provides organization related information to the outside parties. Which role is this?	Spokesperson
9	As a manager, you can be solving problems, generating new ideas, and implementing them. Which role is this?	Entrepreneur
10	When an organization or team hits an unexpected roadblock, it's the manager who must take charge. Which role is this?	Disturbance handler
11	Allocating funding, as well as assigning staff and other organizational resources is a part of which role?	Resource allocator
12	Maintaining quality of _____ life is very much important.	Work
13	You may be needed to take part in, and direct, important negotiations within your team, department, or organization. Which role is this?	Negotiator/ mediator
14	To become a successful leader, one should maintain a strong _____ culture.	Value
15	To perform all tasks together, _____ is necessary.	Teamwork



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[13] SKILLS OF PROFESSIONAL MANAGERS:

- An effective manager must possess certain skills in the areas of planning, organising, leading, controlling and decision-making in order to process activities that are presented to him from time to time.
- In order to be effective, a manager must possess and continuously develop several essential skills. Robert L. Katz has identified three basic types of skills –
- **Technical skills** - competencies important, particularly for lower management
- **Human skills** - competencies needed for all levels of management
- **Conceptual skills** - competencies with a substantial importance, particularly for top management

1. *Technical skill:*

- It is the ability to use the tools, procedures or techniques of a specialized field.
- Technical skill is considered to be very crucial to the effectiveness of lower level managers because they are in direct contact with employees performing work activities within the firm.
- For instance, the success of a drilling supervisor of an oil rig depends a great deal on his technical knowledge of drilling.

2. *Human skill:*

- It is the ability to work with, understand and motivate other people.
- This skill is essential at every level of management within the organisation, but it is particularly important at lower levels of management where the supervisor has frequent contact with operating personnel.

3. *Conceptual skill:*

- It is the mental ability to coordinate and integrate the organisation's interests and activities. It refers to the ability to see the 'big picture', to understand how a change in any given part can affect the whole organisation.
- On the other hand, the importance of conceptual skill increases as we rise in the ranks of management. The higher the manager is in the hierarchy, the more he or she will be involved in the broad, long-term decisions that affect large parts of the organisation. For top management which is charged with the responsibility for overall performance, conceptual skill is probably the most important skill of all.

4. *Design skill:*

- Design skill is the ability to solve problems in ways that will help the organisation.



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- At higher levels, managers should be able to do more than see a problem, to design a workable solution to a problem in the light of realities they face. If managers merely see a problem and become problem watchers they will fail.

LET'S REVISE

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	_____ has identified three basic types of skills to perform managerial jobs.	Robert L. Katz
2	The three skills are technical, human and _____ skills.	Conceptual
3	Which skills are most important for lower management?	Technical
4	Which skills are important for all levels of management?	Human
5	Which skills are more important to upper level management?	Conceptual
6	It is the ability to use the tools, procedures or techniques of a specialized field is called _____ skills.	Technical
7	As one moves to higher levels of management within the organisation, the importance of technical skill _____.	Diminishes
8	_____ skill is the mental ability to coordinate and integrate the organisation's interests and activities.	Conceptual
9	Which is the fourth skill added by Koontz and Wehrich?	Design skills
10	_____ skill is the ability to solve problems in ways that will help the organisation.	Design

[14] EFFECTIVE MANAGEMENT

- Organisation needs an effective manager for the successful functioning of organisation. The basic objective of all management concepts and practices is to develop an effective manager.
- Effectiveness is a multidimensional concept and can be measured by different measures. Generally, organisation goal and needs achieving different behaviour define effectiveness.

Efficiency and effectiveness

- Efficiency means relationship between input and output. It defines how much input resources are required to develop specific output. If output meets the objective for which it is meant, then efficiency can also be taken as effectiveness.
- Example: If two workmen produce 50 good quality products in a day at minimum wastage, we can say that both are effective. Now if one work man produces 50 products without wastage and second workman produces 60 products with high wastage or defective quality, we can say the first work man is more effective and the second is more efficient. There is a requirement to measure a manager's productivity so precisely.

Effective manager:



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Generally an effective manager should have a positive personality and should be having interdependence with management process.

Characteristics:

The person:

Most applicable description of an effective manager	Least applicable description of an effective manager
Decisive	Amiable
Aggressive	Conforming
Self motivated	Neat
Productive	Reserved
Well informed	Agreeable
Determined	Conservative
Energetic	Kindly
Creative	Mannerly
Intelligent	Cheerful
Responsible	Formal
Enterprising	Courteous
Clear thoughts	Modest

The process:

- They manage work instead of people
- Plan and organise effectively
- Set goals realistically
- Derive decision by group and also accept relevant responsibility
- They rely on others for solving problems
- They communicate effectively
- They are stimulus to action
- They coordinate effectively

The results:

- Effective managers working in the organisation effectively manage the work and achieve goals of an organisation.
- The results depend on type of organisations. Sometimes conflicting situations may arise between organisational goals and their present criteria of measurement. There is enough requirement of managerial actions and attitude concerns for the successful realization of these organisation objectives.

LET'S REVISE

Sr. No.	Question	Answer
1	Organisation needs an _____ manager for the successful functioning of	Effective



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	organisation.	
2	Effectiveness is a _____ concept and can be measured by different measures.	Multidimensional
3	We have to correlate the functions and practices of management with manager to achieve required _____.	Effectiveness
4	_____ means relationship between input and output.	Efficiency
5	If output meets the objective for which it is meant, then efficiency can also be taken as _____.	Effectiveness



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UNIT – 2 PLANNING

{A} PLANNING

A[1] INTRODUCTION TO PLANNING

- Planning enables management to command the future rather than being swept away by future. In a fast changing environment the need for planning is all the more important because risk and uncertainty increase. In such an environment contingent plans can be prepared.
- A plan may be defined as detailed course of action designed today to do something tomorrow. Thus, **planning is an intellectual attempt by a manager to anticipate the future for better organisational performance.**
- Planning is a primary management function which every organisation has to undertake irrespective of its size, nature and origin.
- Planning enables management to command the future rather than being swept away by future. In a fast changing environment the need for planning is all the more important because risk and uncertainty increase. In such an environment contingent plans can be prepared.

A[2] DEFINITIONS OF PLANNING:

1. According to Koontz and O'Donnell:

'Planning is such a function of manager which is related with choosing from many of objectives, policy, working method and programme. Thus planning is an intellectual process. It is an activity of consciously taking decision for the direction of work. It also is an activity to take decisions on the basis of objectives, facts and thoughtful estimates.'

2. According to Dr. Terry:

'Planning means to determine the proposed method of work. Planning is getting in advance the idea about the difficulties and before they can emerge, they are pre-vented. It is the systematic method to pre-estimate difficulties in advance. In present, the activities are carried out in consonance with the future and constantly observe the future requirement.'

A[3] DIFFERENCE BETWEEN PLANNING AND PLAN

PLANNING	PLAN
Planning is the first as well as most crucial function of management and is considered as a foundation to all other functions of management.	A plan may be defined as detailed course of action designed today to do something tomorrow.
Planning is to make an action of establishing or	A plan is a method for making, doing or achieving



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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making a plan.	something. (Ex. Layout, idea, project, scheme etc.)
Planning is a process to create plan.	A plan is the output of planning. To frame the plan one has to follow the stages of planning.
Planning means a thinking process in advance related with what, when and how to do.	A plan is a course of action formulated in planning process.
Planning is a thinking process for creating and maintenance of a plan to achieve desired goal.	A plan is a list of steps with boundary of time and resources to achieve an objective.
Planning is a specific process and it is necessary for any kind of occupation.	A plan is a temporary set of intended actions to achieve a goal.

A[4] IMPORTANCE/ NEED /ADVANTAGES/ MERITS OF PLANNING

The following facts show the advantages of planning and its importance for a business organisation:

(1) Planning Provides Direction:

- Under the process of planning the objectives of the organisation are defined in simple and clear words.
- The obvious outcome of this is that all the employees get a direction and all their efforts are focused towards a particular end.
- In this way, planning has an important role in the attainment of the objectives of the organisation.

(2) Planning Reduces Risks of Uncertainty:

- Planning is always done for future and future is uncertain. With the help of planning possible changes in future are anticipated and various activities are planned in the best possible way. In this way, the risk of future uncertainties can be minimized.
- For example, in order to fix a sales target a survey can be undertaken to find out the number of new companies likely to enter the market. By keeping these facts in mind and planning the future activities, the possible difficulties can be avoided.

(3) Planning Reduces Overlapping and Wasteful Activities:

- Under planning, future activities are planned in order to achieve objectives. Consequently, the problems of when, where, what and why are almost decided.
- This puts an end to disorder and suspicion. In such a situation coordination is established among different activities and departments. It puts an end to overlapping and wasteful activities.
- Consequently, wastages moves towards nil, efficiency increases and costs get to the lowest level.

(4) Planning Promotes Innovative Ideas:

- It is clear that planning selects the best alternative out of the many available. All these alternatives do not come to the manager on their own, but they have to be discovered.
- While making such an effort of discovery, many new ideas emerge and they are studied intensively in order to determine the best out of them.



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- In this way, planning imparts a real power of thinking in the managers. It leads to the birth of innovative and creative ideas. For example, a company wants to expand its business. This idea leads to the beginning of the planning activity in the mind of the manager. He will think like this:
- Should some other varieties of the existing products be manufactured?
- Should retail sales be undertaken along with the wholesales?
- Should some branch be opened somewhere else for the existing or old product?
- Should some new product be launched?
- In this way, many new ideas will emerge one after the other. By doing so, he will become habituated to them. He will always be thinking about doing something new and creative. Thus, it is a happy situation for a company which is born through the medium of planning.

(5) Planning Facilitates Decision Making:

- Decision making means the process of taking decisions. Under it, a variety of alternatives are discovered and the best alternative is chosen. The planning sets the target for decision making.
- It also lays down the criteria for evaluating courses of action. In this way, planning facilitates decision making.

(6) Planning Establishes Standards for Controlling:

- By determining the objectives of the organisation through planning all the people working in the organisation and all the departments are informed about 'when', 'what' and 'how' to do things.
- Standards are laid down about their work, time and cost, etc. Under controlling, at the time of completing the work, the actual work done is compared with the standard work and deviations are found out and if the work has not been done as desired the person concerned are held responsible.

A[5] OBJECTIVES

- Before initiating any work, it is essential to know its objectives specifically and clearly. Objectives function as a lighthouse.
- Objectives affect the unit's policy, strategy, staff organisation, leadership, control etc. Objectives are the components of planning. It provides clarity as to where and how the managerial process will be carried out. To manage and unit without any objective is like driving a car without knowledge as to wear one should go.

Characteristics of objectives

1. Objectives should be pre-determined
2. Objective should be in written form
3. Objective should be as per the capacity of the organisation and which difficult to obtain. The objectives should be realistic but challenging. The objective should be realistic in relation to the internal capacity of the organisation, but guiding in the external opportunities and danger points.
4. Objective should be presented in the manner which can be measured. For example how much profit in a year is the objective of profitability of a business unit.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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- Objective should be prepared in sequential order like main objective, section wise objectives sub section wise objective function objective

Advantages of Objectives

- The objectives are helpful in creating unity in planning. Different departments make their own departmental plans. In the absence of common objectives there is a possibility of inconsistency or confusion.
- The formulation of objectives helps in decentralization of authority. The goals of various levels of management are fixed and requisite authority is needed to be delegated for achieving those targets. The decentralization of authority will involve more persons in decision-making process.
- Objectives are helpful in exercising control over various activities. Every department, section or individual is responsible for its performance. The comparison of standards and actual performance will enable the management in pin-pointing weak spots. The control is facilitated through the setting of objectives.
- The setting up of objectives stimulates motivation in individuals. When a person knows his goal then he will try to achieve it as early as possible. The performance of various individuals improves through this process.
- Objectives are the essence of planning. Planning process is not possible without objectives. The planning starts with the setting up of objectives. It is the objectives for which planning is undertaken.

A[6] TYPES OF OBJECTIVES

External objectives

- Any business unit is the component of society and provides service to the people of the society. That the external objective of the business unit is to provide goods and services in consonance with the extent of profits.
- The main objective is to provide high quality goods and service as per the requirement of the customers at reasonable prices having effective utility value.
- Along with this main objective subsidiary of objectives are also connected with it. Such subsidiary objectives are determined and the unit joins hands in carrying out those subsidiary objectives which are in the best interest of the masses. These subsidiary objectives also include education campaigns, health oriented programs, programs for maintaining environment launched by the government.

Internal objectives

Internal objectives are divided into three main responsibilities which are as under:

- The first internal objective is that the unit has to make clear its main objective in today's competitive economy, which include obtaining maximum profit, gaining maximum development or get maximum Market by manufacturing different products.
- The second internal objective is related with its employees. It includes maintaining and developing employees, make effective use of the talents, also provide economic and social safety to employees,



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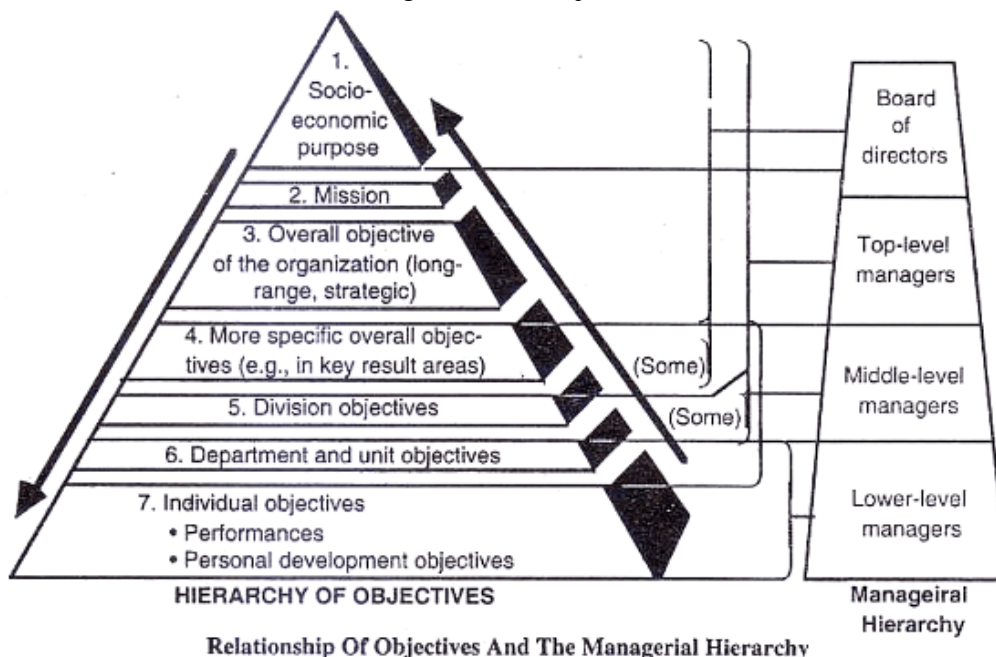
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take proper steps for the Welfare funds of the employees, maintain industrial peace and harmony as well as maintain productivity and quality, so that the industry remains efficient.

Hierarchy of Objectives

- In a large scale business unit there is multisectional, multileveled structure. It is essential to maintain hierarchy of objectives.
- The hierarchy of objectives depends on the structure of the organisation. The objectives are incorporated as per the basic aims of the organisational structure and only then business activity can be made possible. For the whole unit, long-term objectives are determined.
- Similarly for sectional activities, medium term and for functioning, person oriented short term goals are determined. Different levels of objectives are inter supplementing each other. Consequently a chain of objectives is prepared in which all the objectives of the unit are arranged in hierarchical order.
- If objectives are arranged in chain, then only they bring in results and give success to the unit. In the same manner it is also essential that there is coordination among all the departments then only the main objective can be achieved. Different departments like production, sales, finance, personnel etc. are interconnected. Hence for achieving the main objective coordination is a must.



Relationship Of Objectives And The Managerial Hierarchy

The management can become successful only if the objectives are determined in sequential hierarchical order as shown in the figure and they are implemented in the organisation in the same manner. With this system, planning becomes effective and the business unit is able to proceed towards its aim.

A[7] PROCESS/STAGES OF PLANNING

1) Analysis of Opportunities:



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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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Awareness of various available opportunities is very important for formulation of planning, so that our plans will get a success to hit the opportunities. It involves the study of :

- (i) Possible opportunities:
- (ii) Strength and weakness of organization to grab the possible opportunities.
- (iii) Benefits and return of possible opportunities.
- (iv) The need of an organization to grab the opportunities.

This analysis will help the planners to frame the objectives and relates it with organization and its environment. After this step, the other steps of planning process will be performed.

2. Determining Objectives:

At this stage, management sets the main objective by analyzing various opportunities. This organizational objective will specify all key result areas and benefits that may be expected by the enterprise. It includes:

- (i) What is to be achieved?
- (ii) Where action should initiate?
- (iii) Who will perform a particular action?
- (iv) How the action will be performed?
- (v) When the action will be accomplished?

The organizational objective provides direction to all major division and sub-departments. Objectives can be of long term and short term or immediate objectives.

3. Determining Planning Premises :

- After setting organizational objectives, the next step is to determine planning premises. Planning is future oriented activity. The planning premises are certain assumptions about future conditions under which planning activities will be performed. These premises are of three types:

Uncontrollable premises:

The premises which are fixed and management does not have control on it. **Eg.** Population trend, Price level, taxation policy etc.

Semi-controllable premises:

The premises on which management has partly or somewhat control. **Eg.** Competition, product policy, labor efficiency etc.

Controllable premises:

The premises on which management has direct control. **Eg.** Company policy, plant capacity etc.

4. Data Collection, Classification and Analysis :

- Planning can only be made efficient, if the data related to premises are properly collected. Only data collection is not useful.
- The data should be related and reliable for making proper planning. All thee collected data should be properly grouped and classified as per required plans. Afterwards, all these data should be properly evaluated and interpreted to check cause-effect relationship on planning.



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5. Formulating and Assessment of future course of Action:

- At this state, various alternative plans will be framed based on organizational objectives and planning premises. These alternative plans gives a direction that objectives can be achieved through many ways:

Eg. Objective of organization – Development

- (i) Alternative plans
 - (ii) Expansion of business in the same field.
 - (iii) Diversification of business in different fields.
 - (iv) Partnership or merger with another firm etc.
 - (v) The main task of manager is not just to develop alternatives but to select best alternate from the given choice. All these alternatives cannot be further considered. It has to be evaluated properly.
- After developing various alternatives, all these alternatives are evaluated based on achievement of organizational objectives w.r.t. ability and available resources.
 - Because all alternatives have certain plus (positive) points and certain minus (negative) points. For ex. from above alternatives, diversification may require heavy investment (-ve point), but it develops new market for the firm (+ve point).

6. Selection of right plan :

- After the assessment of all the alternative plans, the most favourable plans have to be selected. For proper Evaluation and Assessment, statistical and mathematical techniques can also be used.
- It may be possible that more than one alternative plan is appropriate for the particular-concerned objective. At that time, one has to analyze these alternatives w.r.t. planning premises and consider the best fitted plan. The remaining plan should be kept as a back up – contingency plan which can be applied in changing situations.

7. Formulating Derivative or Subsidiary Plans :

- After formulating the basic plan, the next step is to fame various supplementary plans based on this basic plan.
- There are various supplementary plans in an organization like Raw Materials Planning, Production Planning, Sales Planning, Composition Planning, Budgetary Planning etc. These plans are required to be formulated for every department.

8. Securing Co-operation and Participation:

- For successful implementation of a plan, honest efforts and co-operation of all the employees are required. Management has to consider all the suggestions, ideas, view, complaints etc.
- from all the concerned employees and remove all defects (if there is) from the plans. In this way, employee feels involved and motivated, which helps to make efficient plans.

9. Assessment of Progress :

- Plans have to be regularly assessed and verified to ensure the relevance and its effectiveness. The success and failure of plans depends upon this factor.
- After implementation of a plan, it should be frequently assessed, and if there is any requirement, then corrective steps can be taken at the same time. It is a continuous process.



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A[8] PLANNING PREMISES

1. Concept :

- Premises are assumptions regarding future course of action on the basis of planning.
- Premises are prepared and implementation of planning is done through planning premises.
- The manager in charge of planning makes predictions that in future, certain activities or situations may or may not occur.

Ex.

Marketing manager – demand forecasting

Production manager – Price of raw materials (future price)

Financial manager – budget for the coming year

HR manager – employee requirements

Top Management – Government policy, Consumer behavior, Supplier Relations etc.

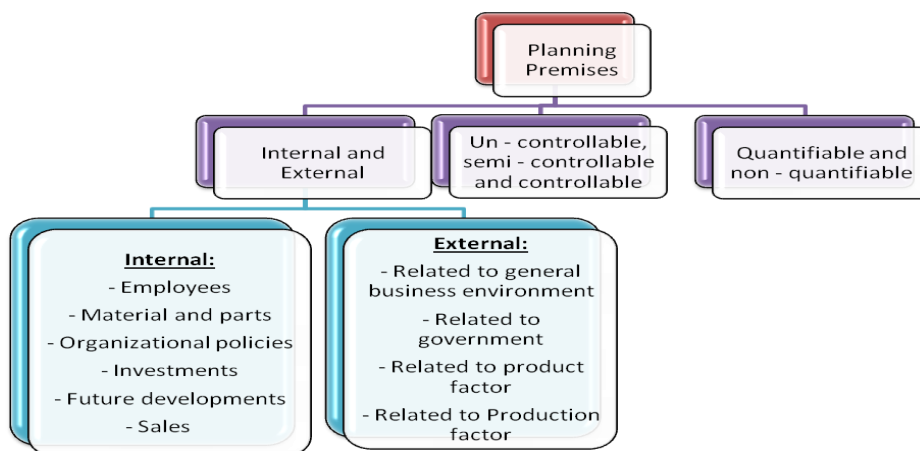
As Orwick rightly said that, if the manager wants to make a more realistic assumption, it should be based on premises.

2. Definitions:

“Premises are assumptions providing a background against which estimated events affecting the planning will take place”.

-Dr.Terry.

3. Types of Planning Premises:



(a) Internal Premises:

- Internal premises are related to some business issues and lies within the business enterprise. These premises are managed and controlled by the enterprise.



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Ph. No–(0281)2471645

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The types of internal premises are:

(1) Premises Related to Employees:

- The implementation of plans, designed by the manager totally depends on contribution of the employees. Employees work together for achieving desired organizational objectives.
- In some cases, employees create resistance for implementation of plans. In such cases, managers have to consider the views of their employees, if it is appropriate.

(2) Premises related to Materials and Parts:

- In production management, this point referred as a “Make or Buy”. Production Manager always analyzes whether the need material for making finished product should be bought from external suppliers or manufactured in our own plant.
- This is an internal premise analyzed by a core group of production executives. Generally an organization goes for external suppliers for materials and parts, so that the organization remains free from the burden of manufacturing materials and concentrate on finished products production. Large scale organization generally makes purchase from more than one suppliers to reduce risk burden.

(3) Premises related to organization policy –

- to achieve the planning objectives in targeted time period, organization frames policy. Premises are framed w.r.t changing organizational environments and its effect on different departments.

(4) Premises related to investment policy –

- there are various alternatives available for investment concerns. The organization has to recover investments in fixed assets by efficient utilization of its fixed assets.
- The key financial executives should also analyze the availability of financial resources and other external sources of finance.

(5) Premises related to future developments of an organization – t

- he manager also has to frame plans for the future development of the organization. Various decisions have to be taken by the managers in the light of the premises like expansion, diversification etc.

(6) Premises related to sales –

- sales premises are related to
- How much sales will be done?
- Where and at what price?
- Based on accurate sales forecasting, a manager can make estimates about profits and long term stability of the firm.
- Based on profit estimates, he can know about the cost and other related expenses. It is one of the important premises. Large scale organizations that have regular orders also go for sales forecasting. Based on sales forecasting, the firm can make production planning, sales planning and raw material planning.



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The methods for Sales Forecasting are discussed below:

(1) Mathematical Model:

- Mathematical model means an equation can be framed based on past records which show relationship between different variables related to sales.

Ex. Demand for soap

Based on past data, the firm can establish a relationship that the sales are in relation to advertising expenditures and selling expenses by following way:

$$D = 3AE + 2SE$$

Where D = Demand, AE = Advertising Expenditure, SE = Selling Expenses

If the firm decides to spend ₹ 20,000 for advertising and ₹ 7,000 of other selling expenses, then

$$\begin{aligned} \text{Demand D} &= 3(20,000) + 2(7,000) \\ &= 60,000 + 14,000 \\ &= 74,000 \text{ soaps} \end{aligned}$$

- Practically it is somewhat difficult to frame such kind of equations because there are many variables which may affect sales and one cannot frame equations by considering all the variables.
- It is quite complicated. If any error occurs while formulating equation, it may create wrong results. This method is also known as economic model method because by this method, manager can make forecasting for the economy as well as Industrial and individual firm concern also.

(2) Opinion of senior/ expert staff member:

- In this method sales forecasting can be made by taking opinion of senior or expert staff of sales department. The most reliable and efficient source of opinion is salesman because they are in personal contact with customers.

(3) Buyers survey:

- This is the most practical and reliable method for sales forecasting. It means asking consumers for their future buying. Many professional and reputed companies adopt this method.
- Their salesman takes buyer's survey and provides this data to their senior sales personnel. This method is highly expensive and time consuming. Therefore many firms take the help of outside Consulting agencies.

(4) Data projection method:

- All the companies maintain their records up to date. These records can be helpful for making sales forecasting.
- Last sales records can be plotted on graph and make analysis graph. The trend of plotted data gives the base for the next sales forecasting. This method is simple and inexpensive. The past data is quite useful for sales forecasting in normal situations.
- But in any kind of abnormal situations, if changes happen in the market, this method will fail. Also this method is not useful for seasonal products.



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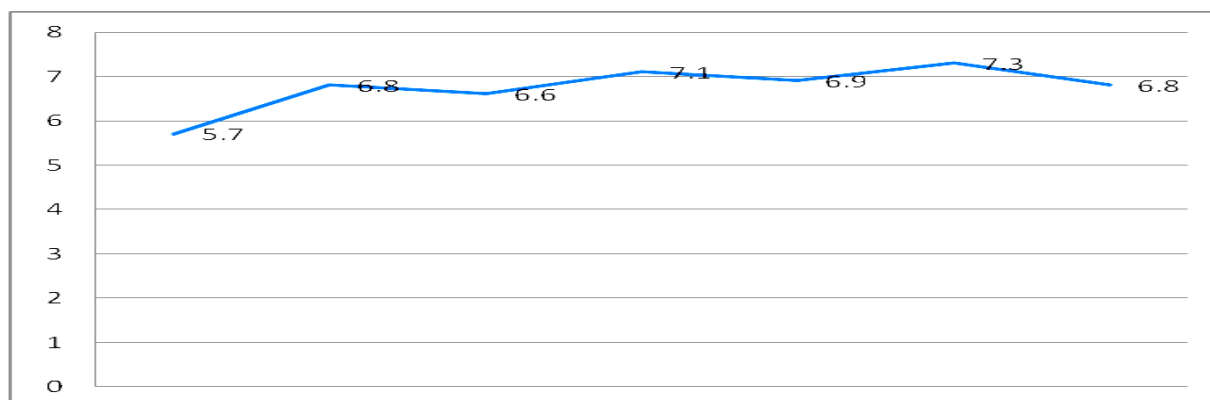
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Ex. Sales forecasting based on yearly figures:

Year	2006	2007	2008	2009	2010	2011	2012 (estimated)
Sales (cr.)	5.7	6.8	6.6	7.1	6.9	7.3	6.8



By analyzing the above graph, we can study the trend projection of sales figures regarding last five years, which shows that sales is fluctuating up and down every year from 2006 to 2011. Therefore for the year 2012, sales may be of rupees 6.8 crore.

(5) Correlation analysis:

- It is based on proportional relationship of two variables correlated in a specific way, that by knowing one variable we can predict the effect on another variable. In this method the main requirement is reliable and accurate data.
- The other thing is logical relationship between variables. Example: Sales of toothpaste is to be related with the number of families in the target market. Sales of toilet soap are to be related with the size of population. This type of correlation requires extensive study of past events. Only after this, one can establish correlation between the two variables. As we know, business conditions are highly dynamic which may change relationships between the variables that anytime.
- So it may be meaningless to utilize the statistical method.

(6) Economic indicators:

- Many economic indicators give an idea about future sales analysis. This data have been published by government agencies.
- Example: An increase in the population trend will indicate that the demand for clothes, milk, foods and other resources will increase in future. An increase in the registration of scooter, cycles and cars indicate that the demand for proper roads and fuels will increase in future.

(7) Trial experiment:



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- In this method, efforts have been made with respect to changing market conditions. The outcome of these efforts will be properly evaluated. This method is quite creative and novel based on Simple trial and error approach.
- Example: Launching a sales promotion scheme like discount coupon, premiums, gifts etc. to check the effect on sales.
- Example: Launching a quite different and innovative packaging design of the product and verify the consumer behaviour. On the basis of such kind of trial experiments, managers can make sales forecasting. This method is quite expensive and result of experiments may not also be in favour.

Conclusion:

- Generally all these methods are applicable with respect to a particular condition and circumstances. Managers are not dependable on any one of these methods. They use more than one method as a combination for getting similar results, so that a cross-verification can be made. Any kind of errors can be easily traced out and corrected.

(b) External Premises:

- External premises doesn't have a direct relation and not being controlled by the management.
- These premises may heavily affect business and it is quite difficult to make right forecasting about these factors, because these factors are outside the firm.
- Example government policy, competitor's strategy, population Trend, consumer behaviour etc. The types of external premises are discussed:

(A) Premises related to general business environment:

The manager has to take some premises which may affect the total performance of an organisation which are as follows:

(i) Market price level:

- It is quite important for a manager to make price analysis before making plans. Price factor directly affects on total purchasing power of a manager.
- The manager has to consider past data about price level to make accurate forecasting of the price level i.e. whether there is an increasing price trend or reducing price trend.

(ii) Technological changes:

- In Modern era, the development in technological knowledge has created revolution in the production systems and process.
- Therefore it is quite essential for managers to keep a close watch on technological development. In the professional companies, specified permanent research staff is appointed to make forecast of their effects on development of the business. Nowadays, small players also have their network with customers, suppliers, and reputed technocrats etc. which help in changing Business Technology.

(iii) Employment and productivity:

- For development of the economy, employment and productivity plays an important role.



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- Government Agencies publish all these data which helps in estimating the level of employment and rise in the income of people. With the rise in income level, the productivity and national income will also increase.

(iv) Business trade cycle:

- Business conditions are highly dynamic. There are always ups and downs in the business. It is known as trade cycle. A manager has to make forecasting about this business conditions and its period cycle. It requires understanding, knowledge and skill of the managers. Therefore it requires utmost care while making this kind of premises.

(v) Social revolution:

- Business condition is highly affected by social changes happening in the market. Due to social changes there may be extensive changes happening in the consumption of people. Some kind of social changes like Union movements, corruption, consumer protection, right to Information etc. develops understanding about consumer rights among society.
- The consumption of the old category of luxury items like Refrigerator, T.V., DVD players, computers and laptops have now become a common product of day – to – day consumption. These types of social changes in the society create new opportunities for the marketers. Therefore it is quite essential to make planning premises related to social revolution.

(B) Premises related to government policies: the manager has to consider some of the premises related to government factors which may affect the total performance of organizations. They are:

(i) Government Control:

- the government control differs from industry to industry. In some industries, government enforces tight controls to safeguard local industries.
- Generally, industries of public service like transportation, defense services have more tightened government control. On the other hand, government also reduces control over some industries which gives import export benefits like technological goods, diamonds, automobiles etc.

(ii) Fiscal policy:

- it is concerned with government financial and tax policy. Taxation policy raise income source. It has considerable effect on business system.

(iii) Political stability:

- political stability is essential factor to achieve the progress. If the country has a good political stability like India, USA, UK etc., the countries and their industries can facilitate proper time frame planning with respect to economic, commercial and industrial sectors. In case of unstable political conditions, it is very difficult to make accurate planning premises.

(iv) International Political system:

- in the present scenario, every country is affected by the political changes happening in other countries. The changes developed in other country will affect market conditions of other country.
- Ex. Political Conflicts between Israel and Iran disturbs the oil prices in many countries.

(v) Population Trend:

- population survey gives the forecasting of market demand. The proportion of the population, intensity of population, distribution of population plays an important role in determining the demand of



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commodity. Population trend also gives analysis of age groups, income levels, geographical disparity, gender etc. which are quite important figures for managers for making plans.

- The population survey is also helpful for managers to understand market potentialities w.r.t. rural market and urban market. Therefore, population trend provides basic information about the market which gives support in the industrial development of the country.

(C) Premises related to product and production factors:

- these planning premises are related to product and its relative market demand with respect to individual firm level and at industry level. We will now discuss these things in detail :
- After deciding product factors, one has to consider production factors like plant location, labor availability, materials and parts supply and financial availability.

Product Market Factors:

(i) Industry Demand:

- various factors like population trends, employment, productivity, national income, market, price level, purchasing power etc. affects the demand of the whole industry. These data have been provided by Government agencies.
- These data are quite helpful for forecasting the demand of industry. In Indian market, middle income players play an important role for creating industry demand. While in case of luxurious items, upper income players play an important role.

(ii) Individual firm demand:

- After forecasting of industry demand the next analysis done by manager is to carry out demand for his own industry as a firm demand.
- Various factors like consumer preferences and behaviour, competition, price level etc. differs from firm to firm. These premises can be taken by collecting information about customers their tastes and preferences prestige of the form by the firm itself. This information is quite helpful for managers to make plans.

Production factors:

(i) Plant Location:

- Various factors like technical factors, supply of raw materials, labour availability, services of transportation, market complexity etc. have to be considered before selecting plant location.

(ii) Labour Availability :

- As we discussed earlier, labour availability is a critical factor which affects plant location. Labour availability w.r.t skilled and unskilled category differs from industry to industry.
- Ex. Software industry requires more number of skilled workers like – computer engineers. In mining industry, without skilled labourers, work cannot be completed. Now-a-days because of labour unions, pay structures between different regions are more or less the same. A manager has to consider labour availability and related salary structure before making future plans.

(iii) Materials and Parts Supply:

- Materials and parts supply should be in consistent manner to run the business smoothly. It is but natural that raw material should be available from nearby sources.



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- Other factors must be considered like supplier reputation, quality transportation and other services etc. If there is a requirement of imported raw materials, then the manager has to know about import policy, exchange rates, duty etc.

(iv) Financial Capacity: Finance is the life blood for a business. The manager has to consider factors like :

- (a) How much finance is needed?
- (b) From where the finance should be raised?
- (c) What are the terms and conditions for raising of finance etc.?
 - An industry has several resources to raise the funds.
 - All sources do not provide funds an equal bases. The manager has to consider all these premises before selecting a particular source of fund.

From the above analysis, we can conclude that internal premises are concerned with the company's own environment. These premises are in relation to company's environment. External premises are concerned with the general business climate on which company management cannot have control.

Uncontrollable, Semi-controllable and Controllable Premises

Uncontrollable premises

- The premises which are fixed and over which the management cannot have control are called uncontrollable premises. Example: weather conditions, Political developments, government taxation policy, population trend etc.

Semi controllable premises:

- The premises on which the management has some control or say partly control are called semi controllable premises. Example: marketing strategy, competition, product policy, labour efficiency and turnover.

Controllable premises:

- The premises on which management can have direct control are called controllable premises. Example: materials, machines, money, company policy, inventory policy, plant capacity etc.

Quantified and Non quantified premises

Quantified premises:

- If the premises can be quantified in physical and monetary terms like production, units, amount etc. then it is called quantified or tangible premises.

Non quantified premises:

- If the premises defy quantification or which cannot be termed numerically like brand image of the company, goodwill of the company, employee satisfaction then it is called non quantified or intangible premises.

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A[9] PROCESS OF PLANNING PREMISES:

J.W.Redfield gives the process of planning premises. The steps are discussed as follows:



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(1) Developing the Ground Work:

- At this first stage, manager has to collect relevant data which is necessary to frame plans. These data will provide the base and clarify about planning base.
- The data related to population, National income, industry demand, competition, product demand, technological changes, labour market, economic conditions etc. are quite useful for managers for framing different plans.

(2) Estimating Future Demand :

- Now, after clearing base, managers will make forecasting about future opportunities. These estimates are made by top executives of the company after intensive discussion and analysis.

(3) Comparing Actual with Estimated Results:

- It is the duty of every manager to make periodic assessment plans that be made. The Manager has to compare actual performance with planned objectives.
- If there significant deviation is found between actual and planned targets, then it has to be corrected by taking corrective measures. This steps rejected the degree of success regarding plans.

(4) Modifying the Forecasting Process:

- Planning is a continuous process. It is a forward looking approach. The objective is that whatever mistake have been made in the past should not be repeated again the future.
- A continuous updation and modification is essential for the future progress of the organization.

IMPORTANCE/ADVANTAGES OF PREMISES:

Managers have to consider planning premises used on reliable data. Premises makes more efficient planning. The advantage of planning premises are discussed below:

1. Adjustment and flexibility:

- Planning premises provide accurate base and estimate for the future. These estimates will help the manager to make any necessary changes at any time to face challenges in future.

2. Coordination and Cooperation:

- Planning premises are related to internal and external factors like economy, competition, sales, government, employees etc.
- In this way manager can make integration of various activities and its interconnections among them. That will help him to develop coordination and cooperation among various departments and individuals.

3. Efficient planning:

- Planning is a forecasting of future. Premises are estimations of future. The success of planning depends on accurate estimation of planning premises.
- Premises are given in view of many challenges and risks of future. Example- government taxation policy, competitive strategy, technological environment, consumer behaviour etc.

4. Reducing risk factor and future uncertainties:



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- Planning premises gives forecasting about future challenges and risk factors. In this way organisation is well equipped to face the challenges and risks. These estimates should be based on logical and analytical data analysis.

A[10]TYPES OF PLANNING:

- Planning process cannot be same for all the organizations.
- Planning can be formed in many styles and practices .It is a forecasting method by which planning can be framed properly by participative nature of all the executives. Planning can be done at top level and then implement up to the lower levels.
- The planning practices may differ from organization to organization. The types of Planning are discussed as follows:

(1) Long Term Planning and short Term Planning:

Long Term Planning:-

- This type of planning generally covers along duration of at least 3 to 5 years or it can be more also. It deals with setting broad objectives applicable to organisations and selection of proper methods to achieve that objectives .
- Generally large scale industries and public sector industries follow long term planning. Planning has been framed on certain premises.
- In Long term planning, premises may prove wrong because of long time duration and chance of failure. Long term planning develops creativity and imagination among the managers . Long term planning will be developed after consideration of all environmental factors like investment pattern, business conditions ,personnel policy etc.
- EX. Production planning based on future pending orders. Sales planning based on market demand. Financial planning (which is highly uncertain) based on future financial requirement.

Short Term Planning :-

- Short term planning covers a period of one year or up to twelve months ,long term planning say for Ex. 5 years is divided into short term planning of one year duration of five times.
- Compared with long term planning, short term planning gives accurate forecasting and favorable results. Short term planning works under the frame work of long term planning.
- The activities of short term plans should be properly integrate and co-ordinate with long term plans to achieve long term objectives.

(2) Corporate Planning :

- In an organization, planning activities are performed at various levels. When planning covers the whole organization, it is called Corporate Planning.
- Corporate planning covers many areas and can be used as a long term planning as a futuristic action of performance. But corporate planning considers many aspects which includes long term planning. Corporate planning can be divided into two categories :



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- (i) Strategic Planning
- (ii) Operational Planning

Strategic planning :

- In various objectives ,like starting of business , development of sales ,diversification of existing business with new ventures ,developing new product lines ,expansion of business etc. requires long term thinking by considering various external environmental factors.
- Strategic planning covers all the levels and departments in the organisation. It's a responsibility of Top management.

Operational Planning :

- It is known as short term or tactical planning.
- Operational planning includes operative activities like production turnover, plant capacity, budgets, etc. usually of one year period. It is the process of efficient use of resources and controlling for proper execution of the concerned steps towards the achievement of organisational objectives. It involves following activities:

- (a) Planning for one year based on Strategic planning.
- (b) It is considered with functional tasks and internal goals and operation.
- (c) Generally, it involves middle level and operational level of organisation.
- (d) It is a control mechanism towards the achievement of organisational objectives.
- (e) Operational planning concerns with implementation of Strategic plans.

(3) Objectives Base Planning :

- Organisation also frames Plan for specific objectives like restructurization ,maintaining and development base.

(i) Re -engineering or Restructures Planning:

- It concerned with some inefficiency observed in the organisation like consecutive loss , cost of sales ,employee turnover ,financial deficit, dissatisfaction from customers etc.
- In these kinds of circumstances, organisation has to restructure their operation and apply necessary changes. Management has to apply regular changes in the organization., because change is a way of life.

(ii) Planning for maintaining current business organization :

- It is concerned with managing the current business . This planning provides the Strength and Direction to the organisation for facing new challenges and changes happen in the environment.

(iii) Growth and Development Planning :

- It is concerned with organisational development w.r.t profit, sales ,production, human resource etc. It includes proper planning by considering long term vision of the organisation.

(iv) Functional Planning :

- It is concerned with various departmental functions of organisation like –
- Research and development planning
- Investment planning
- Advertisement planning



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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Raiya Road, Rajkot - 360001
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- Sales planning
- Budget
- Production planning
- Human Resource Development planning etc.
-

A[11] FACTORS AFFECTING PLANNING

- The main Purpose of planning is to achieve desired objectives .
- There are many factors which may affect planning to achieve the desired objective. These are discussed below:

1.Forecasting :

- Planning is a review of future, in present. That means totally depends upon forecasting skill of managers. Manager has to be creative and visionary for making progressive future of the organisation.

2.Data Availability an its reliability :

- Manager has to frame different plans based on relevant and reliable data. If the data is not reliable or not complete then planning will not effective or successful.
- Manager has also to know about various mathematical and statistical methods required to frame different plans.

3.Objective Set Up :

- The purpose of planning is to achieve desired objectives. All the activities of plans are goal oriented. Therefore, it is quite essential that objectives should be realistic and clear to every member of the organization.

4.Flexibility :

- It is essential for a manager to evaluate different plans on a regular basis.
- Manager has to regularly evaluate all the environmental factors i.e. political, legal, technological, social, economical, etc. and its impact on planning. In accordance with the impact, the manager has to modify or change (if it is needed) the plan.

5.Availability of Required Resources :

- When a manager frame plans ,at that time, he has to go through the availability of required resources i.e. men (Human Resources), machine and , materials (Production Resources), money(Financial Resources). If sufficient resources are not available, then planning would fail.

6.Managerial Skill :

- The success of planning totally depends upon how the manager evaluates an organisation , internal environment and related external environment . Manager should properly analyse relevant facts and then prepare plans.

7.Integration of Long Term Planning and Short Term Planning :

- Long term planning is highly uncertain and risky Therefore, long term plans should be first divided into short term. Short term plans should be periodically evaluated then and then long term objectives will be achieved.



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8. Selection of Best Alternative :

- Planning is a choice of alternatives. Manager has to frame a number of plans. All the alternatives should be properly analyzed and alternative should be selected w.r.t. that condition and future development of the unit.

A[12] BARRIERS TO PLANNING

There are various barriers which affect the success of plans.

- It may be related to managers regarding goal setting and action and it may be also related to other employees who may not accept the plan and related actions.
- Various barriers affecting planning are :

1)Manager Incapability Factors :

1.Willingness to set up goals and other related goals:

- Planning is goal oriented activity. Manager has to frame various goals for the organisation for future development. If the manager fails to develop proper goals for the organisation, planning will fail. Sometimes manager wants to stick to existing goals.
- He has a mindset that existing goals are sufficient w.r.t. allocated resources. So he will not develop other important goals.

2.Risk fear and lack of confidence :

- If Manager focuses too much on his job security ,he feels a lack of confidence to take a risk for achieving a desired objective.
- Because to achieve desired objectives, every manager has to take some degree of calculated risk. Managers should also have self-confidence regarding decision that he is taking and accomplishment of defectives.

3.Inadequate knowledge of organisation :

- Manager should have a complete knowledge about the organisation ,his departments and other departments and staff members .If he does not have a complete knowledge about organisation ,he cannot develop purposeful goals and objectives.
- By organizational knowledge, manager can co-relate organizational objectives, departmental objectives and individual objectives also. This knowledge will help the manager to frame accurate plans.

4.Inadequate knowledge of the environment :

- Manager should have a complete knowledge about various environmental forces affecting to performance of an organisation, like Government Regulation ,political stability, suppliers, customers, competitors and society as a whole. By in-depth knowledge of these environmental forces, managers can formulate clear objectives.

2)Employee Resistance Factors:

1.Change /adjustment problem :

- It is a common mindset of people to not accept any kind of new changes or adjustments. They have a various reasons for not accepting change.



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- For proper implementation of a change, a Manager should clarify the purpose and benefits of change to all the concerned staff members of the organization.

2.Change Acceptance and Weakness :

- Many a times , it has been seen that employees will know about the problems of change ,errors in change formation and future challenges of a concerned change. At that time, also they are not ready to accept the change.

3.Technical and managerial problems :

- Sometimes organisation does not have a skilled and knowledgeable managers who can frame accurate plans. Many companies are facing this problem. In other case, Managers are not capable w.r.t. latter knowledge ,mathematical and statistical tools and techniques of organization factors.
- Planning requires intensive study of various techniques and sound experience from managers.

4.Lack of Top Management Support :

- In today's corporate life, managers feel intensive pressure and stress regarding their job .
- So it may be possible that the plans which they frame at somewhat ambitious and based on non – reliable data. At that time, top management will not provide support to the managers.

5. Future Uncertainty :

- It is a common phenomenon to average individual for resistance to change.
- They have a confusion and if the change is not properly worked out and if it gives wrong effects to the organisation , then the organisation and his job will be in danger.

A[13] WAYS TO OVERCOME BARRIERS RELATED TO PLANNING

If a manager wants to remove the barriers related to planning, then he has to consider the following guidelines:

(1) Management Development Programs:

- Management Development Programs means managers of every department come in contact with each other, and they share their ideas and views for organizational development.
- It will establish communication link between every department. It is useful when managers do not have complete knowledge about the organization and related environments.

(2) A Proper Planning System:

- In an organization, there should be a well-clarified and well-defined planning system. The goals and objectives should be practicable and achievable. Every manager should know about planning process of the organization.
- Subordinate staff should be given training (if necessary) regarding planning. This will develop confidence in them and remove risk of failure. In accordance with that, employee should be appreciated when they achieve planned objective, proper guidance and suggestions should be given.

(3) Effective Communication System:

- In an organization, there should be an effective communication system from top to bottom level. All the employees must be communicated and well-informed about the plans and their benefits, so that it will remove misconceptions and misunderstanding among employees in the organization.



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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

(4) Training to Personnel :

- In any organization, the managers must be well trained with latest techniques of planning like forecasting, statistical and mathematical tools, use of computers etc. so that they can prepare efficient plans.

(5) Employee Participation:

- To develop healthy atmosphere and work culture in the organization, the employees should be allowed to participate in the planning process.
- This will create more involvement of employees at implementation stage. As they are involved in the planning process and related decision making, this will also reduce resistance to change.

A[14] FEATURES/ CHARACTERISTICS OF PLANNING

The implementation and formulation of planning may differ from organization to organization. The characteristics of planning are discussed as follows:

1. Planning is goal-oriented activity:

- Planning becomes unclear and confusing without clear, precise and specific goals. Planning is a tool to achieve specific set of objective by the management. Goal provides direction to the Planning activities.

2. Planning is a logical process:

- Planning is frame for future activity. As future is highly uncertain, so planning will also be highly uncertain. The manager who frames the plan must have to apply his logical sense for framing accurate plans.
- Manager has to go through past data, analyze it properly and develop right understanding for making future plans.
- Therefore, it is a process of creativity, imagination, visualization, decision making and clear understanding.

3. Forecasting is the base of Planning :

- Management itself is future observation (**Fayol**). Manager prepares plans after consideration of future events. Therefore, forecasting is quite essential to frame plans. Planning is impossible without taking the base of forecasting.

4. Planning is flexible:

- Manager frames the plan for future events by analyzing past data in present situation. Future events may be different from forecasting of the manager.
- Therefore as per changing situations, it is necessary to apply changes in the plans. Manager has to frame the plans by taking flexible opportunities in it to make any kind of new changes, at the same time.
- Planning should not be rigid. It should be flexible enough to face any circumstances for achieving pre-determined management objective.

5. Planning is selection of alternatives:



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- Planning involves selection among various alternative course of actions. It is a basic task of planning to select the best plan among the available alternatives by careful understanding through analysis and decision making.
- **Planning requires concentration:** Some people may think that planning is unnecessary because future is highly uncertain so Planning will also be uncertain.
- There is no need to make plans. The manager has to be reactive as per the future circumstances. But this is a wrong philosophy. Planning provides direction to the employees for achieving predetermined set of objectives. Without Planning it seems to be like “Ship without Radar”. Therefore, planning is a constructive activity.

6. Planning is a continuous process:

- Planning is a continuous and permanent process. Initially, plans are prepared for specific purpose for specific period.
- They are implemented by converting into course of actions. At the end of the period, plans are changed according to the change in situations.
- Planning requires continuous evaluation. Planning is never-ending process w.r.t. new situations and change. Manager has to prepare new plans as per new conditions and change.

7. Planning is a futuristic activity :

- Management itself is future observation (**Fayol**). Planning is a forward looking activity and prepares for the future.
- Plans are prepared only after taking into consideration the future events. Managers plan today by taking consideration of tomorrow. Therefore, planning is considered as a futuristic activity.

8. Planning is Applicable to All :

- Planning is applicable to all managerial levels in all types of organizations like private, public, charitable houses, co-operative etc. Generally people have wrong assumption that planning is generally practised at top level management only.
- But Planning is needed at all levels in organization. It is true that scope of Planning may differ from level to levels and departments to departments.

9. Planning is a starting point of management process:

- Planning is a base and foundation of management. Planning provides the basic foundation from which all future management functions arise (**Koontz**). Planning is the first step of management process.

A[15] PRINCIPLES OF PLANNING.

Koontz provides the planning principles, which is consideration as an effective guideline for managers to frame different types of Plans .These are discussed as follows :

1. Principle of Objective :

- Planning should help the manger in achieving the objectives of the organization . Planning should be with clear objectives and purpose .
- Without objectives, planning will be unclear and confusing.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Ph. No–(0281)2471645

2 – Vaishalinagar
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Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

2. Principles of Planning premises :

- While framing different plans , manager has to consciously analyze all the external and internal planning premises .These will help to make adjustments in planning with changing conditions in the environment.

3. Principles of Primacy of Planning :

- Planning is first step of management functions .All the other functions of management i.e. organizing ,directing and controlling are performed on the basis of Planning.

4. Principle is all Pervasive :

- Planning is applicable to all types of organizations. Ex. Government, Private, Co-operative, Charitable trusts etc. It is applicable to all forms of organization. i.e. Small scale ,Medium Scale and Large scale organization. Planning is applicable to every level of management i.e. top , middle and lower level .

6. Principle of Resources Limitations :

- When a manager selects a particular plans of actions , he should also consider the availability of resources i.e. men, machine ,money , materials etc. If these resources re limited or the manager does not consider this factor, then it will be very much difficult to achieve the desired objective.

7. Principles of Flexibility and Adjustment :

- Planning should be Flexible enough to make any kind of adjustment with needed requirements. Planning should change as per changing situations of the environment and conditions.

8. Principles of periodic evaluation and assessment :

- It is the duty of the manager to make regular evaluation of plans. Plans should be assessed periodically in accordance with the achievement of organizational objectives. This periodic assessment will help the manager to make any kind of alternation or modification in the plan.

A[16] IMPORTANCE OF PLANNING

- Present era is the planning era. No one can change the past but man can shape the future. Therefore, planning is a significant factor which gives shape to the future.

The importance of planning can be described in the following ways:

1. Planning – Objectives:

- It is quite clear that without planning, organization will suffer in the long run. Planning provides directions and objective to the organization. Once the objective is determined, ne has the idea about the working style for fulfilling it.
- With the frame work of objective and directions, the chance of errors, failure due to uncertainties and risk factor will minimize. Therefore, planning provides direction and objective to the organization.

2. Planning – Jobs and Activities:

- Planning gives the answers of following questions after defining goals and objectives.
What is to be done?
Where and when it is to be done?



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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How the things have to be done?

- Therefore, all activities are directed to achieve desired objectives. All activities are integrated in such a manner that the objective will be achieved in stipulated time period with least possible cost.

3. Planning – Risks and Uncertainties:

- Planning helps the organization to face challenges and risk associated with the future. It helps the managers to predict future challenges and prepare well-in-advance for effectively facing these challenges. Without planning, organization becomes reactive.
- Planned decision has an element of preciseness. With the calculation of estimated risk, future uncertainties and risk can be minimized.

4. Planning – Efficiency and Economizing :

- Planning is the base for forecasting. With clear and definite analysis of data, pros and cons of related future actions, planning avoids guess work.
- By this way, unproductive efforts and work duplication will be totally moved.

5. Planning – Wastage of resources :

- By planning, all the activities are properly analyzed before they are put into practice. So, unnecessary work, duplication and mistakes can be minimized.
- By this way, planning will save time and efforts and give maximum productivity. Planning also provides direction for optimum utilization of available resources.
- In this way, with limited resources, organization can achieve greater output. Therefore, planning will reduce wastage of resources and maximize output rate.

6. Planning – Economical:

- For fulfilling the fixed objectives, planning selects the most proper method. From the beginning itself, inefficient and expensive method is removed.
- Hence, planning becomes an economic activity.

7. Planning – Activities in systematic manner:

- Planning gives direction to the employees for forecasting on productive work. Without planning, the efforts of employees may be diverted. Every activity will be completed within fixed time schedule.
- By planning, all the employees will know about organizational objectives, their own objectives, departmental objectives, resources utilization etc.
- Planning will integrate the efforts of organization-department and individual. In this way, planning gives systematic shape to all the activities of the organization.

8. Planning – Decision Making and Control:

- As we know that planning is a choice of alternatives, planners have to properly evaluate all the alternatives and then select a best plan which involves decision making. Objectives and goals set then target criteria for evaluating different plans.
- Planning determines as to which work is to be done and in which manner. Planning provides a base to the managers for proper evaluation of all activities. Planning establishes a standard base on which all activities are compared, in actual performance against predetermined standards.
- So that, it is easier to find out mistakes and errors, steps can be taken to remove it. By this way, planning facilitates control.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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9. Planning – Co-ordination and Co-operation:

- Co-ordination is the soul of management. Planning establishes harmony and co-operation among different departments and employees.
- Through planning, employees will come to know about their job., duties and responsibilities at work place. Planning removes misconceptuality and misunderstanding regarding work and jobs. Generally, in every company, now-a-days there is a pre-planned professional approach regarding recruitment criteria, compensation system, duties, place of work etc.
- By this way, there will not be any kind of disputes created among employees. These will develop good co-ordination and co-operation among employees.

10. Planning – Creativity and Visualization:

- Planning means looking into the future and preparing the organization as a compatible and well-equipped organization to face future challengers. This requires thorough analysis of organization's strength, weakness, opportunity and threat (SWOT) analysis.
- Strength and weakness factors are internal factors of the organizations. Opportunities and threats are external factors affecting on organization's performance. The manager should be creative and visionary person who can identify new opportunities for the firm and ensure growth of the firm. He should also visualize future competition which may affect the organizational performance.
- Manager has to prepare efficient strategies for the organization to have a leading position in the market. By this way, planning improves creativity and visualization skill in managers.

11. Planning – Morale :

- Through planning all the employees will come to know about their jobs, method to perform jobs, duties and responsibilities well in advance.
- These will develop good morale in the employees. By this way, chances of failure, misunderstanding and conflicts among employees can be minimized. Employees, contribution and commitment towards work will develop positive attitude in the organization.

A[17] LIMITATIONS OF PLANNING

We have gone through many advantages of Planning. But there are some limitations of planning as per different conditions. They are discussed below:

(1) Planning Creates Rigidity:

- Although the quality of flexibility is inherent in planning, meaning thereby that in case of need changes can be brought in, but it must be admitted that only small changes are possible.
- Big changes are neither possible nor in the interest of the organisation. Since it is not possible to introduce desired changes according to the changed situations, the organisation loses many chances of earning profits. For this limited flexibility in planning, both the internal as well as external factors are responsible.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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- These facts are called internal and external inflexibility.

They are the following:

(i) Internal Inflexibility: At the time of planning the objectives of the organisation, its policies, procedures, rules, programmes, etc. are determined. It is very difficult to bring in changes time and again. It is known as internal inflexibility.

(ii) External Inflexibility: External inflexibility means various external factors that cause limited flexibility in planning. These factors are beyond the control of the planners. The chief among them are: political climate, economic changes, technical changes, natural calamities, policies of the competitors, etc. For example, in political context, as a result of change, a new government brings up a new trade policy, policy of taxation, import policy, etc. All these changes make every sort of planning a meaningless waste. Similarly, a change in the policies of the competitors suddenly makes all types of planning ineffective.

(2) Planning Does Not Work in a Dynamic Environment:

- Planning is based on the anticipation of future happenings. Since future is uncertain and dynamic, therefore, the future anticipations are not always true. Therefore, to consider planning as the basis of success is like a leap in the dark.
- Generally, a longer period of planning makes it less effective. Therefore, it can be said that planning does not work in dynamic environment. For example, a company anticipated that the government was thinking about allowing the export of some particular product.
- With this hope the same company started manufacturing that product. But the government did not allow the export of this product. In this way, the wrong anticipation proved all planning wrong or incorrect. It brought loss instead of profit.

(3) Planning Reduces Creativity:

- Under planning all the activities connected with the attainment of objectives of the organisation are pre-determined. Consequently, everybody works as they have been directed to do and as it has been made clear in the plans.
- Therefore, it checks their incisiveness. It means that they do not think about appropriate ways of discovering new alternatives. According to Terry, “Planning strangulates the initiative of the employees and compels them to work in an inflexible manner.”



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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(4) Planning Involves Huge Costs:

- Planning is a small work but its process is really big. Planning becomes meaningful only after traversing a long path. It takes a lot of time to cover this path.
- During this entire period the managers remain busy in collecting a lot of information and analysing it. In this way, when so many people remain busy in the same activity, the organisation is bound to face huge costs.

(5) Planning is a Time-consuming Process:

- Planning is a blessing in facing a definite situation but because of its long process it cannot face sudden emergencies.
- Sudden emergencies can be in the form of some unforeseen problem or some opportunity of profits and there has been no planning for all these situations beforehand and which now requires immediate decision. In such a situation, if the manager thinks of completing the planning process before taking some decision, it may be possible that the situations may worsen or the chance of earning profit may slip away. Thus, planning is time consuming and it delays action.

(6) Planning Does Not Guarantee Success:

- Sometimes the managers think that planning solves all their problems. Such thinking makes them neglect their real work and the adverse effect of such an attitude has to be faced by the organization.

(7) Planning Reduces Initiative Of Employees:

- Planning tends to bring rigidity in the methods of work as employees are required to work according to predetermined policies, “it is believed that planning provides a strait (i.e., narrow or difficult) jacket for the subordinate and makes his managerial work more difficult.” (Theo Haimann).

(8) Inaccuracy In Planning:

- It is not possible to free planning from human bias. Planning is based on forecasts which cannot be accurate. Forecasts relate to future which is very difficult to predict. There can only be a guess-work about what will happen in future.

(9) Planning Is Effected By External Limitations:

- Planning is also effected by certain factors which are not within the control of the planners. These factors are political, social, economical and technological. Political situations at the national and international level put a limitation to planning.

A[18] COMPONENTS OF PLANNING.

1. Mission:



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- mission defines the primary intention of an organization which is to be achieved throughout the whole life of an organization.
- Mission statement highlights the intentions of decision makers and their philosophy. Mission statement should be defined properly because it works as a guidance for the managers to frame policies and procedures.

2. Goal:

- Goal is the fundamental intention of organization and they are time bound targets as well.

3.Objectives:

- First of all objective should be determined for the planning. In every venture the final objective of group activity is to fulfill its objective.
- Planning is to carry out either for any one or all the objectives like profit on investment, employment to people, service to the society, satisfaction to the staff, work for the sake of work etc.
- The objective can be of long or short term or a main or subsidiary objective, structure of planning is constructed on the base of similar objective only. Objectives may vary, but should not contradict.

4.Policy:

- Objectives indicate as to what the manager has to do, while the policy instructs as how that work is required to be carried out, The assistant managers working at different levels of the organization can get the guidance from the policy as to Which path they have to adopt, Policy is flexible as per the changing situations as its form is not specific.
- Different officers interpret the management policy as per their intellect. Policy touches almost all the activities of the business enterprise. Policies are determined for sales — purchases, staff recruitment, promotion, transfer, termination etc.

5.Procedures and methods:

- The system of working is called procedure. The procedure indicates as to how one can function keeping within the limits of the policy.
- For different types of workings, different procedures can be adopted. Procedure is comparatively rigid and less flexible.
- The work should be carried out as per the fixed procedures and methods. If not done so, the whole programme gets dismantled. Procedure can be possible without planning but planning cannot be possible without the procedure. Procedures are always specific like purchase procedure, staff selection procedure etc.

6.Programmes:

- The detailed and systematic planning carried out for fulfilling objectives by co-coordinating different plans of the business unit is known as programme.
- The programme contains the detailed plans as to when, how Planning and by whom different types of functions are to be carried out. The success of the planning depends on the clarity of the programme. Programme is a master plan, like sales promotion programme, business expansion programme, programme of establishing staff welfare centre.

7.Rules:



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- Rule means an order. Nothing can be done against rules. For example, It Is the rule that radio cannot be played in the office, Rules are essential for making the planning successful.
- Control can be maintained with it. It is able to prevent Indiscipline and time can be utilized economically. Without the rules it is not possible to maintain control.
- For control a rule are essential and for planning control is essential. Hence, rules are Included in the components of planning.

8.Budgets:

- Budget means statistical presentation of requirements like capital, labor and material for fulfilling the planned objective.
- The budget indicates different estimates of Income and expenditure. Budget plays significant role in controlling the planning.

9.Strategies:

- As it is essential to keep watch on the activities of the enemy, similarly it is essential to have knowledge about the activities of the competitor.
- While formulating the plans, it is essential to keep in mind the competitor's activities. Industrial espionage is required to know the competitor's activities.
- If it is not possible to do so, then one should depend on the imagination, which may fail also. If successful planning is to be done, at least it is required to keep watch on the activities of the competitor and accordingly formulate one's policies.

A[19] EVALUATION OF PLAN (CRITERIA)

1.Time period and economical:

- Planning should be made for long term and it will be divided into short term. It is but natural that long term forecasting is somewhat difficult and many factors affect the long term plans. This will change your expected results.
- If plans are not completed in time and if there is a delay in the achievement of planned objectives, the effectiveness of planning will be reduced. Planning is a time consuming process because it requires lots of data, expert manager, effective communication system and various equipments. Therefore it is required thing that planning should be justified benefits and profit, then and only then it is worthwhile to framed plans.

2.Authority and responsibility:

- For proper implementation of plans and for developing more involvement of employees in planning, employees should be given full authority and responsibility. Employee should be responsible to the concerned supervisors or managers.
- For efficient working they should be appreciated and for inefficiency, they must be controlled and punished. Employees should be properly directed by the concerned expert and experienced manager in the organisation. Employees should be free to design planning for the work and its implementation.

3.Unity and objectivity:



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- There should be one plan for the organisation. Based on this plan, other departmental and sub-divisional plans will be prepared.
- All these departmental and sub divisional plans should be concentrated and united to achieve main plan objectives.

4.Simplicity and flexibility:

- Manager has to frame the plans in such a way that it is easier for everyone to understand and implement. The plans should not be confusing and complex to understand. Planners should also considered a factor of adjustments at any stage in planning.
- Plans must be periodically evaluated and if any changes are required at any stage, then it can be made. Planning must be flexible with respect to any environmental internal and external changes.

5.Stability and continuity:

- Planning must be flexible to make any changes at any time but at sometime planning must also be stable. If necessary changes are required in plans, only then changes should be made, otherwise it must be continued. Unnecessary changes will disturb the employees and manager regarding their work.
- Plans are continuously evaluated, and from the assessment if it is clear that there is a requirement of new plan, then it should be replaced. It is a continuous updated process.

6.Relativity and compactness:

- The plan should be framed on reliable and accurate data. Plans must be relevant with respect to organisational growth and development.
- Plans should be analytical, intellectual and practical based on accurate data. At the same time plans must be compact enough.
- It should not have much description which may reduce the interest of managers and subordinates. The plans must be in precise manner and to the point only.

UNIT – 3 ORGANISING & STAFFING

PART – I : ORGANIZATION – ORGANIZING

A1. INTRODUCTION:

- Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated.
- The structure is usually represented by an organization chart, which provides a graphic representation of the chain of command within an organization. Decisions made about the structure of an organization are generally referred to as organizational design decisions.
- Organizing also involves the design of individual jobs within the organization. Decisions must be made about the duties and responsibilities of individual jobs, as well as the manner in which the



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Ph. No–(0281)2471645

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duties should be carried out. Decisions made about the nature of jobs within the organization are generally called “job design” decisions.

DEFINITIONS:

- According to *Chester Barnard*, “Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.
- According to Koontz and O'Donnell : "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision for authority delegation and co-ordination."

A2. OBJECTIVES/ NEED FOR CREATING AN ORGANIZATION:

1. To accomplish the objectives of business unit:

- The creation of the organisation becomes essential for accomplishing the objectives of the organisation through planning. It is the objective of the organisation to implement the predetermined plan.

2. Division of labour and creation of work group:

- In Big industrial units, every important work is divided into many sub functions. The aim is to distribute work to employees and work groups through division of labour and work division, which makes the work clear.

3. Delegation of authority:

- When the work and responsibilities are allocated to a person or group of persons, then it becomes essential to delegate authority also. It is only possible to delegate authority if the structure of organisation is there.

4. Coordination:

- Different persons and departments are delegated authority and responsibility through work division. Hence to maintain harmony among them is the objective of organisation.

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FUNCTIONS OF ORGANIZATION:

- There are various functions performed by the organization. This functions are depends upon size, nature, and type of organization. The common functions are as follow:

Deciding the activities:

- The structure of organization helps to decide the various activities to be conducted by the employees of the unit. The entire work is divided into various parts and sub parts to accomplish the predetermined goal.

Grouping of activities:

- the next function that follows after deciding the activities is that the identical activities can be grouped together under the responsibility of one department.



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Duty allotments:

- In order to ensure effective performance, the grouped activities are allotted to specified persons. For example production activities are assigned to production manager and a like.

Delegation of authorities:

- Assignment of duties to specified persons is followed by delegation of authority. It will be very difficult for a person to perform duty effectively. While delegating the authority, responsibilities are also fixed. So that the activities are done fast.

Defining relationship:

- The relationship between the group members should be clearly defined when they are working together to accomplish the common objectives. Only if relationship is developed, one may come to know about his superior and the subordinates.

A3. CHARACTERISTICS OF AN ORGANIZATION:

Division of labour:

- The total work can be divided into many segments for effective performance. Each part of the work may be completed by one or more persons.
- However, all the work is taken up to achieve the main objective of the organisation. It allows creation of specialised persons. There is no chance of waste of time, energy and money.

Coordination:

- Different persons are assigned different work in one organisation, but all the works are performed with the aim of achieving the main objective of the organisation.
- Each and every department has to co-ordinate with each other to achieve the compiled results. Thus, coordination is the soul of organisation. No organisation can exist without coordination.

Concerned with planning:

- The first function of planning is to formulate organisation. The organisation has to accomplish the objectives of planning. Hence the organisation has close relationship with planning.

Authority and responsibility structure:

- An organisation means an arrangement of position of Executives by adopting a rank system.
- A subordinate has one boss and a superior has control over the subordinates specifically the position of each and every executive is defined along with his authority and responsibility.

Communication:

- The success of Management depends upon the effective system of communication. Every organization has its own communication system.
- The channels of the communication are fixed in each organisation. It is not possible for the organisation to survive without proper communication.

Importance of human beings:

- The creation and success of organisation is dependent on human beings. Hence whatever the organisation does, it is keeping in view the sensitive element called man.



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- It has great importance of human element. Hence, it pays special attention on establishing human relation.

A4. IMPORTANCE OF ORGANIZATION:

1. Facilitates administration:

- Administration aims at earning highest profit by utilising the available resources properly. There are various functions performed like planning, decision making, direction, coordination etc.
- These functions are performed best only under the structure of organisation. It helps to appoint the officers, assistant and supervisors to facilitate the achievement of objectives.

2. Helps to increase the efficiency of Management:

- It is always that it under good organisation structure there are chances of utilising their employees' ability and utilisation of resources to the optimum.
- It automatically motivates the employees working in an organisation and avoid the confusion, delay and duplication of work.

3. Facilitates growth and diversification:

- The structure of the business may be changed whenever the growth and expansion activities take place. The growth of business means an increase in its production capacity, diversification like introducing new products etc.
- This may result in to change in the organisation structure, like appointment of additional staff, decentralization of authority, raising level of capital etc. These may all be facilitated with the help of flexible organisation structure.

4. Adoption of new technology:

- Effectiveness of organisation is measured by the reaction of staff members to the adopting of a new technology. Everyday there are innovations and inventions taking place.
- If the new technology is adopted by the firm, maximum benefits can be obtained in any field. A flexible organisation is needed to adopt a new technology.

5. Ensures optimum utilisation of resources:

- Division of work and specialisation are the tools used to achieve the objectives of organisation, with optimum utilisation of resources and human effort.
- Good organisation increases the efforts of the employees and facilitates the working conditions.

6. Encourages creativity and initiative:

- A sound organisation structure will give an opportunity to the staff to show their talents, which will help the Enterprise to achieve the business goals and they earn higher profits.
- Clear distribution of authority and responsibility, incentives offered for specialised work and freedom given to personal work increases the spirit of constructive and creative approach in management.

7. Facilitates coordination:

- The activities of different departments are grouped together to achieve the business objectives. Each department performs its own function in a closely related manner and not as competitors.



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8. Facilitates training and development of managerial personnel:

- A good organisation provide training to the new staff members before placement and gives refresher training to the existing staff members to improve their efficiency. The training may be given within the company or outside the company according to the training facilities available.

9. Facilitates control:

- Organisation structure facilitates effective control and supervision over the subordinates. It is due to clear cut relationship that has been defined under the structure built up.

A5. GUIDING PRINCIPLES OF AN ORGANIZATION

1. Principle of Unity of Objectives:

- Every department and every work of the organization should only be for accomplishing the objectives of business enterprise.
- When there is more than one objective, then there should be consistency among them. These objectives are to be accomplished together by every person, group or branch.
- Assessment of the organization should be done in reference to accomplishment of objectives only.

2. Principle of Efficiency:

- The organization which is able to accomplish its objectives at minimal cost can be called efficient organization.
- Though cost is not the only parameter of efficiency; along with it the employees should get proper wages, behavior and satisfaction as well as the society should get service and the proprietor should get profit out of it.

3. Principle of span of control:

- Every officer has his limitation for capacity to supervise his subordinates. Generally, one person can properly supervise 5 to 6 persons at a time.
- As per the scientific estimate this limitation is of four persons for a higher administrative official, while lower level officers can supervise 8 to 12 persons. Higher the number of officers under a head, more complex becomes the work.

4. Scalar Principle:

- As per this principle, the final authority in any organization should be in the centre. In short, the current of authority, commands and control flow downwards. This principle makes possible oneness and alliance in any organization.
- The officers are made aware about the commands in sequential order. Even every employee gets clear picture about his responsibilities. This principle is also known as linear authority principle also. It implies that there should be a chain of command from the top to bottom.

5. Principle of delegation:

- When the management or an officer is not in a position to personally supervise all the functions entrusted to him, then he hands over certain works to his assistant.



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- The higher officials hand over certain portion of their work to their subordinates as well as authority to carry it out. A clear instruction should be given to each subordinate with regards to his responsibility.

6. Principle of absolute responsibility:

- We have seen that the higher officer delegates certain authority to his subordinates and the lower official carries out the work entrusted to him by his superior.
- Even then, the responsibility of the entrusted work lies with the higher officer. He himself is responsible for entrusting the work to his subordinates. That means, the authority can be delegated, but not the responsibility.

7. Principle of level of authority:

- Decisions should be take every level of administration as per the authority. The decision, at which no authority is issued, should be brought to the top level management.
- Decisions of any type should not be taken by anyone at any level going beyond his authority level. This principle asserts that a manager should take only those decisions which are in accordance with his authority he possesses in the organization.

8. Principle of unity of command:

- Every person of the organization should be getting the commands from only one higher officer. As per the work, different officers give command for different matters in the organization.
- But it should not happen that for a particular matter, more than one officers are issuing commands.

9. Principle of simplicity:

- The organisation structure should be simple with a minimum number of levels.
- If the organisation structures have a large number of levels, the problem of effective coordination and communication may arise. Thus, simplicity in the organisation provides the lubricating effect for the smooth working of unit.

10. Principle of Balance:

- In order to maintain harmony with all the departments and matters is essential, so that functions are properly carried out.
- For example, balance between centralization and decentralization, authority and rights, balance between the authority and duty, between employer and officers. It brings in efficiency.

11. Principle of flexibility:

- The unit has to efficiently accomplish its determined objectives even in the changing situations. To do so, the organization should be flexible.
- The organization should include necessary methods and factors so that along with the development of the unit, its structure should also develop.

12. Principle of continuity:

- It implies that efficiency of an organisation must not be highly dependent on any single person.
- The structure of organisation will be risky if the changes in the employee's recruitment or when few people in it leave their jobs dislocates it. Thus, absence of any one employee should not affect the continuity of the business.

13. Principle of unity of direction:



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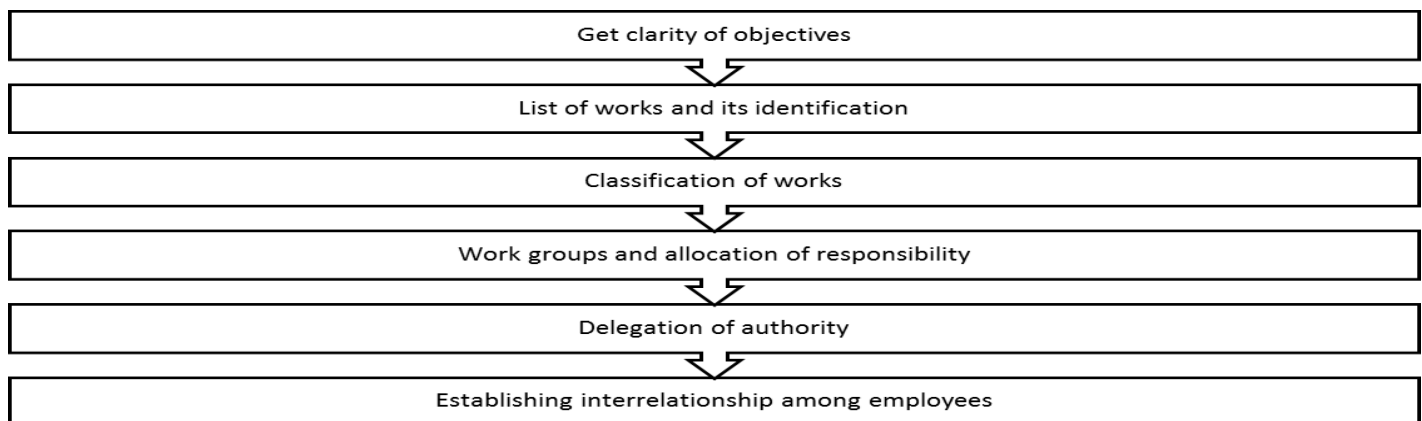
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- It means for a group of activities having the same objective, there should be one plan and one objective. This facilitates verification and coordination of the activities and completion of the task as per the schedule.

A6. PROCESS OF ORGANIZATION/ STAGES OF ORGANIZATION FORMULATION:



- Organising is the process by which employees facilities and tasks are related to each other with a view to achieve specific goals.
- It is fundamentally referring to reveal the way work is arranged and allocated among members of the organisation. The above chart clearly helps us to understand the various stages in formation of organisation.

Let us understand each in detail:

Get clarity of objectives:

- Every organisation initiates with some sort of objectives or goals that it wishes to achieve. Thus, for the creation of the organisation the stepping stone, which is placed, is to get the clarity about the goals of the unit.
- Every person in the unit should be very clear with the ultimate purpose of the establishment of the organisation. The objectives of the organisation should be clearly defined.

List of work and its identification:

- After deciding the objectives, the next step is to be followed by management which is to identify the total work involved in the achievement of the objectives. Systematic list of work is prepared. Clear definitions are given in order to see that every work is carried out.

Classification of work:



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- The work or activities are then classified into different categories and each category should be assigned to a separate Department so that the work runs smoothly. Like identical activities are distributed in similar groups from the work list.
- This is known as classification. For the best utilisation of the workforce, classification is a must. Classification may be done according to work related to production, sales, purchases etc.

Workgroup and allocation of responsibility:

- After the work groups are fixed, work is distributed to the qualified employees and officers as per the principle of division of labour and specialisation.
- Everyone is assigned particular work and its related responsibilities. This stage is known as allocation of work and responsibility.

Delegation of authority:

- After work and responsibilities, it is essential to accomplish them. The employees and officers should be provided authority. Care should be taken to equate the amount of responsibility to authority.

Establishing interrelationships among employees:

- In order to seek proper coordination, there is a crucial urge of developing the interrelationships among the various employees of the organisation, so that the line of work and control can be maintained. Everyone in the unit comes to know about who is responsible to whom.

A7. FORMAL AND INFORMAL ORGANIZATION:

Formal Organization:

- Formal organisation is a well-defined structure of authority and responsibility that defines delegation of authority and relationships amongst the organisational members. It works along pre-defined set of policies, plans, procedures, schedules and programmes.
- Most of the decisions in formal organisation are based on pre-determined policies. The management may define this relation in the written or graphical form.
- This helps employees understand their responsibility and their answerability very clearly.
- Thus, the formal organisations facilitates the stable and consistent relationship between the coworkers. In this way, when all the enterprise have a system of well-defined positions, authority, responsibility, relationships, rules and policies are considered as formal organisation.

Features of formal organisation:

- It is consciously framed



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- It is delegation of authority
- Accountability, responsibility and positions of each member at each level are clearly defined
- It is presented with the help of charts
- Its main objective is to achieve the organisational goals with proper division of labour
- It provides a stable and consistent structure to the organization

Informal Organization:

- Informal organisations have always existed with formal organisations. They arise because of inevitable social and personal needs of individuals which cannot be satisfied by the principles of formal organisation.
- They represent non-planned, unofficial, social interactions amongst people working in formal structures. They arise out of common interests of people. These organisations are not governed by formal set of principles but they are an important and integral part of formal organisations.
- The interactions that occur informally are not prescribed by the formal structure nor can they be completely controlled by the formal structure.
- It is a by product of human nature and is affected by formal structures. The employees in such a format cut across formal channels and communicate amongst each other. As it arises spontaneously, it is not abide by the rules or regulations or procedures.
- It is very much influenced by personal likes, dislikes, attitudes etc. This type of organisation cannot be shown in the organisational chart. An informal organisation emerges everywhere and at all levels of Management.
- However, one must understand that there cannot be complete formal or informal organisation that can be adopted. Nevertheless, practically in a business unit, there can be a blend of both of them to work smoothly.

Features of informal organisation:

- It arises impulsively
- It is a part of social structure
- It cannot be represented in formal charts
- It is framed at almost all the levels
- It has its own rules and beliefs
- It is generally developed from the habits, attitudes and contacts of the group members
- It is vital part of organisation
- It is indefinite and amorphous

Benefits of informal organisation can be as follows:

- It helps to cover the deficiencies of the formal organisation
- It provides satisfaction to employees



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- It becomes a useful channel of communication in an organisation
- At times, informal organisation helps to bring out the latent talent amongst the employees

DIFFERENCE: FORMAL AND INFORMAL ORGANIZATION

<u>BASIS FOR COMPARISON</u>	<u>FORMAL ORGANIZATION</u>	<u>INFORMAL ORGANIZATION</u>
Meaning	An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.	An organization formed within the formal organization as a network of interpersonal relationship, when people interact with each other, is known as informal communication.
Creation	Deliberately by top management.	Spontaneously by members.
Purpose	To fulfill, the ultimate objective of the organization.	To satisfy their social and psychological needs.
Nature	Stable, it continues for a long time.	Not stable
Communication	Official communication	Grapevine
Control mechanism	Rules and Regulations	Norms, values and beliefs
Focus on	Work performance	Interpersonal relationship
Authority	Members are bound by hierarchical structure.	All members are equal.
Size	Large	Small

A8. NEED OF FORMAL ORGANIZATION:

- Helps to reduce conflicts
- Avoids overlapping of responsibility as each employee is positioned to work for a specific task
- Motivates employees due to recognition available
- Creates sense of responsibility and awareness
- Provides structure wherein the different talents can be used most efficiently

FACTORS AFFECTING FORM OF ORGANISING:

1. Size:



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- Smaller the unit, simpler to organize and bigger the size, the organizing becomes more complex and confusing. In the small units, linear system is found, while in the big organizations, “linear staff” and committee organization is found.

2. Geographical factors:

- The unit having its premises only at one location would have simple and easy organization, the unit having its work area in a large geographic area has complex organizing.

3. Type and quantity of the commodity:

- The unit manufacturing only one type of commodity would have easy and simple organizing, while the unit manufacturing different commodities in different quantities would be complex one.

4. Concepts of management:

- The final decision as to how to run an organization rests with the management. Therefore, it completely depends on the concepts, policies and principles that a management adopts.

5. Production process:

- The organization where the constant production process is adopted and the quality and speed are dependent on machinery, the linear system is proper. Where the quality and speed are not based on machinery, then the work based system is more proper.

6. Types of employees:

- The organisation which holds efficient and trained employees, has a possibility of effective organisation. The organization which holds the major staff having untrained and unskilled employees finds linear system of organisation very convenient.

A9. QUALITIES/ CHARACTERISTICS OF AN IDEAL ORGANIZATION:

- **Simplicity:** If an employee is able to properly understand the works allotted to him, then he would be able to carry out his duty properly. Hence, the organization should be such that can explain the functions, duties and responsibilities in the, simple manner. Simplicity is essential for its success.
- **Certainties/ Definiteness:** Functions, authority, responsibilities and duties should be specific and fixed. Every employee should be aware about his duty, responsibility and authority. At the same time the work should not be duplicated. If it is done accordingly, then the responsibility of a particular person can be established.



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- **Stability:** Instability means failure and stability means success. Unnecessary changes should not be made in the authority, duties and responsibilities once allocated to the employees. It reduces the enthusiasm and spirit of the employees, which results into inefficiency. Stability brings in success. Even then, it should have to be kept in mind that stability does not mean rigidity.
- **Flexibility:** Changes should be brought in the organization as per the changing situations. That means it should be flexible to absorb changes. Along with stability, flexibility as per changing time and situation should be essential. It can maintain the employee morale and efficiency.
- **Efficiency:** The organization should be set up in such a manner that ability of every employee should be best utilized and maximum production is made at minimum cost. Efficiency can be increased only if the employees are satisfied; hence, their, qualifications and ambitions and humane feelings should always be kept in mind.
- **Balance:** Ideal organization should be balanced from every point of view. Proper balance should be maintained between the authority, responsibilities and duties of employees and officers. Little fluctuation of authority or responsibility can hinder the efficiency. Hence, the organization should be so balanced that duties so that there will not be any misuse of authority.
- **Co-ordination:** Co-ordination is the pre-condition of co-operation, Proper co-ordination system among all the employees and functions of different departments prevents clash and obtains co-operation. Co-operation brings in efficiency. Without co-ordination, it would create mismanagement and haphazard working.
- **Specialization :** As per the principles of division of labor and specialization, work should be distributed to the employees, so that expert knowledge of employees can be utilized, efficiency increases and expenses reduce, which prove to be beneficial to the business enterprise.
- **Facilities for development:** It should have such a set up that with the development of business, there should be development of organization also. The changes for development should be made in such a manner that the efficiency of the organization is not put in danger.
- **Achievements of goals:** Ultimate goal of any organisation is to achieve the predetermined goals. This is made possible by an efficient organisation only.

A10. DETAILED NOTE: TYPES OF ORGANIZATION STRUCTURES

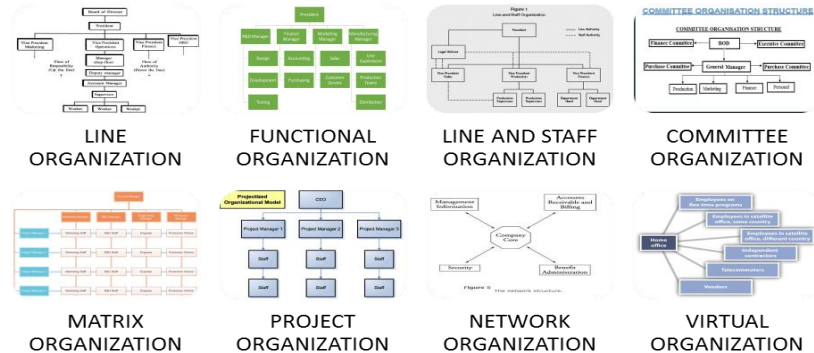


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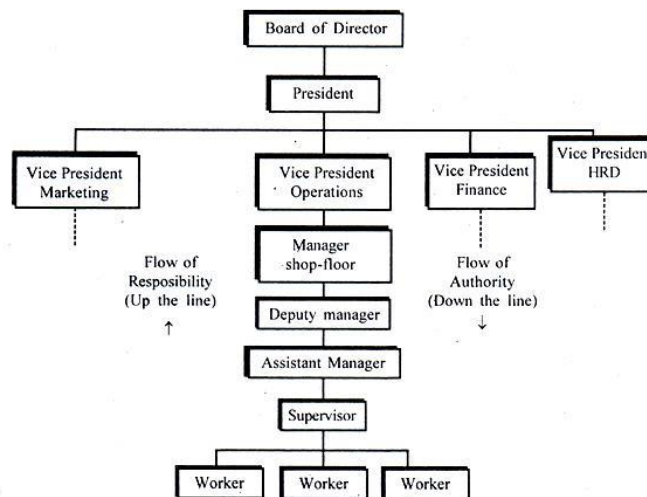
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1. Line organization:

- Line organization/ also called hierarchical structure is the simplest and oldest form of organisation structure. It is called as military or departmental or scalar type of organization.
- Under this system, authority flows directly and vertically from the top of the managerial hierarchy ‘down to different levels of managers and subordinates and down to the operative level of workers.
- Line organisation clearly identifies authority, responsibility and accountability at each level. The personnel in Line organization are directly involved in achieving the objectives of the organization.



Advantages:

- a. The line organization structure is very simple to understand and simple to operate.
- b. Communication is fast and easy and feedback can be acted upon faster.
- c. Responsibility is fixed and unified at each level and authority and accountability are clear-cut, hence each individual knows to whom he is responsible and who is or in truth responsible to him.
- d. Since it is especially useful when the company is small in size, it provides for greater control and discipline in the organization.



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- e. It makes rapid decisions and effective coordination possible. So it is economic and effective.
- f. The people in line type of organization get to know each other better and tend to feel close to each other.
- g. The system is capable of adjusting itself to changing conditions for the simple reason that each executive has sole responsibility in his own sphere.

Disadvantages:

- a. It is a rigid and inflexible form of organization.
- b. There is a tendency for line authority to become dictatorial.
- c. It overloads the executive with pressing activities so that long-range planning and policy formulation are often neglected.
- d. There is no provision for specialists and specialization, which is essential for growth and optimisation.
- e. Different departments may be much interested in their self-interests, rather than overall organizational interests and welfare.

2. Functional organization:

- The functional structure is the most common type of organizational structure that businesses use, grouping employees by specialty, skill or related roles.
- It is based on levels of hierarchy that include different departments, under the direction of designated leaders. Businesses commonly operate under functional structure because it groups people together who have similar knowledge, and when used in a team environment, helps companies achieve their goals. Each worker receives instructions not only from one superior, but also from a group of specialists.
- Three types of authority relationships are in the functional organisation such as line authority, staff authority and functional authority. Staff specialists are given the authority to decide and do things in a limited way. The scope of the work is kept limited but the area of authority is left unlimited. There is a grouping of activities of the enterprise into certain major functional departments.

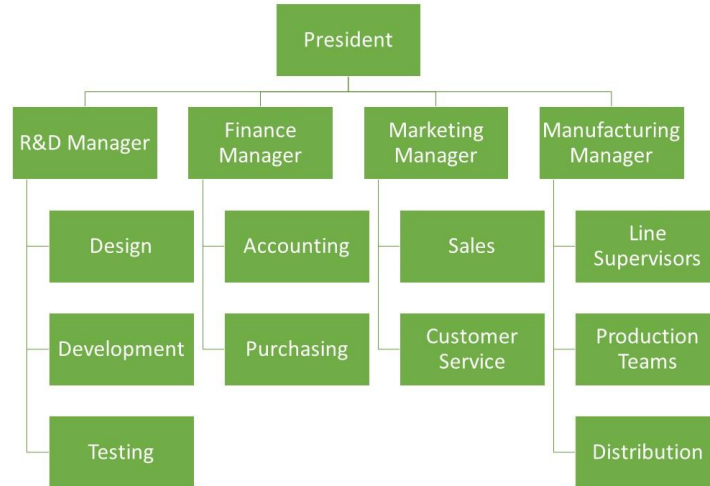


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Advantages:

- a. Each manager is an expert in his field. He has to perform a limited number of functions. So complete specialisation will be in functional organisation.
- b. The greater degree of specialisation leads the improvement in the quality of product.
- c. Since the job requirements are definite and tangible, organisation can achieve the intensive utilisation of the principle of specialisation of labour at the managerial level.
- d. Specialisation will lead for mass production and standardisation.
- e. Since experts get sufficient time for creative thinking, planning and supervision are made efficient.
- f. It increases the work satisfaction for specialists who presumably do what they like to do.

Disadvantages:

- a. Since there is no direct boss or controller of the workers, co-ordination is hard to achieve.
- b. Since workers are under different bosses, discipline is hard to achieve. As results there will be low morale on the part of the workers.
- c. The non-supervisory employees are uncertain as to whom they should turn for advice and aid when problem call for analysis.
- d. Due to that control is divided, action cannot be taken immediately.
- e. Since there will be many foreman of equal rank in the same department, the conflicts of leadership may arise.
- f. It reduces the opportunities for the training of all-round executives to assume further leadership in the firm.

3. Line and Staff organization:

- This type of organization structure is in large enterprises.
- The functional specialists are added to the line in line and staff organization.



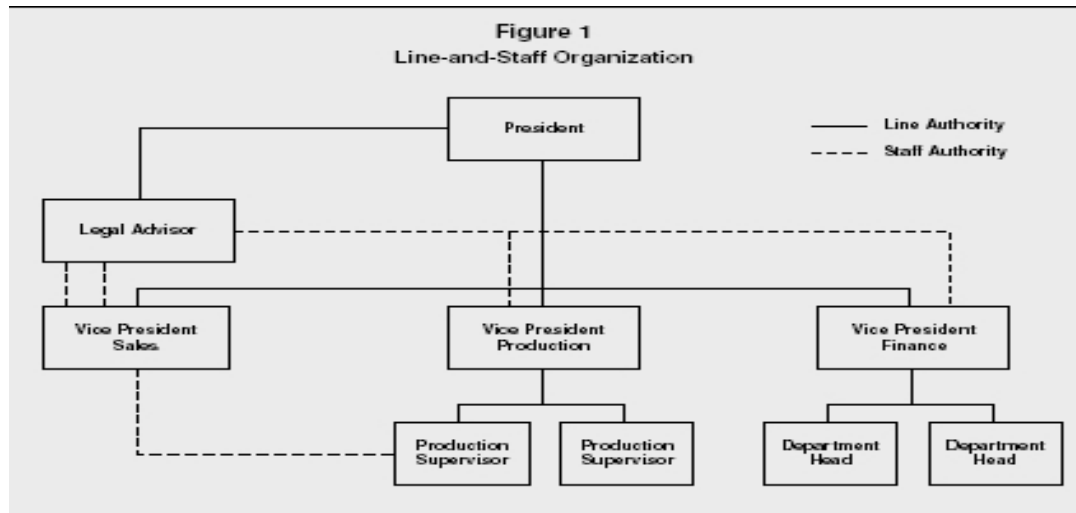
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Mere, staff is basically advisory in nature and usually does not possess any command authority over line managers. Allen has defined line and staff organization as follows:



Advantages:

- a. Line officers can concentrate mainly on the doing function as the work of planning and investigation is performed by the staff. Specialisation provides for experts advice and efficiency in management.
- b. Since the organisation comprises line and staff functions, decisions can be taken easily.
- c. The staff officers supply complete factual data to the line officers covering activity within and without their own units. This will help to greater co-ordination.
- d. It provides an adequate opportunity for the advancement of workers.
- e. The staff services provides a training ground for the different positions.
- f. Adequate organisation a balance among the various activities can be attained easily.
- g. The system is flexible for new activities may be undertaken by the staff without forcing early adjustments of line arrangements.

Disadvantages:

- a. Confusion and conflict may arise between line and staff. Because the allocation of authority and responsibility is not clear and members of the lower levels may be confused by various line orders and staff advices.
- b. Staff generally advise to the lines, but line decides and acts. Therefore the staffs often feel powerless.
- c. Too much reliance on staff officers may not be beneficial to the business because line officials may lose much of their judgment and imitative.
- d. Normally, staff employees have specialised knowledge and expert. Line makes the final decisions, even though staff give their suggestions. Staff officers, therefore, may be resented.



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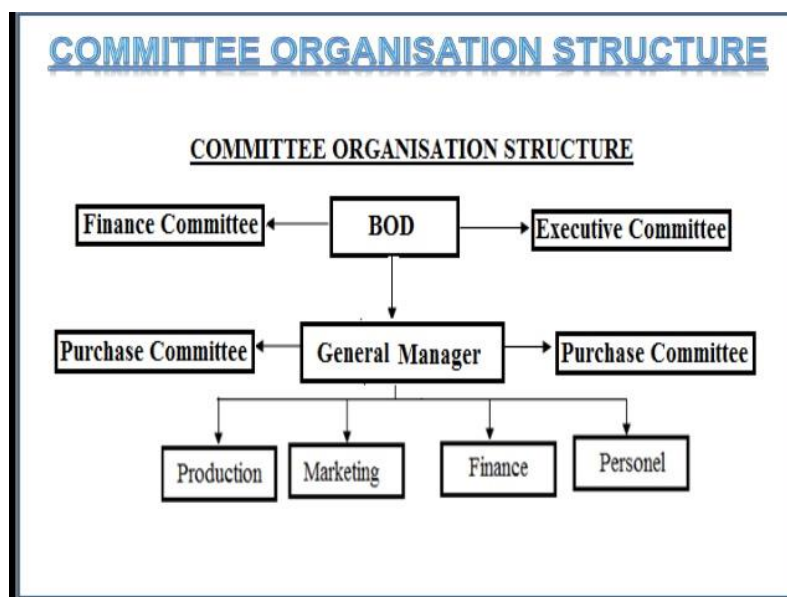
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- e. Staff officers are much educated so their ideas may be more theoretical and academic rather than practical.
- f. Although expert advice is available it reaches the workers through the managers. Here it is liable to create a greater deal of misunderstanding and misinterpretation.
- g. Since staff specialists demand higher payments, it is expensive.
- h. The staff are unable to carry out its plan or recommendations because of lack of authority. So they become ineffective sometimes, it will make them careless and indifferent towards their jobs.

4. Committee organization:

- A committee organization is an association of people set up to arrive at solutions to common problems. The line people are given opportunities to discuss their problems in the committee.
- The committee organizational structure is not like line or functional organization, but is similar to staff organization. Its decisions are implemented, whereas staff decisions are not necessarily implemented. It is a formal part of the organizational structure wherein the members are specifically mentioned.
- For example, the Finance Committee will include all the functional managers, viz. Marketing Manager, Production Manager, Personnel Managers, etc. as members, and the Managing Director as the Chairman. It will decide the financial requirements of each and every department. The decisions taken by the committee are followed by the line people, as the committees are representatives of various functional departments.



Advantages:

- a. It is an excellent medium of discussion and education and of communication between management and workers.



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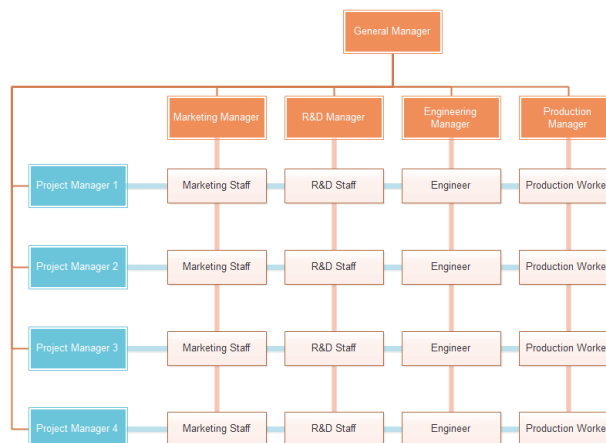
- b. It is extremely useful in coordinating plans as well as in facilitating their execution.
- c. Setting organisational objectives, and developing and finalising plans and policies require pooling of information, abilities and expertise, as well as integration of conflicting interests and viewpoints. It is not one man's job, and is best performed by committees.
- d. Sometimes problems are so complex or of inter-departmental nature that they are best solved by committees composed of concerned executives.
- e. It is able to serve as a mechanism of participative decision making. By participating in discussions or decision, a member feels motivated in accepting a situation or implementing a decision. ,
- f. Committee form of decision making is, of course, a democratic process. It reduces the tyranny of executive authority and provides for participative decision-making.

Disadvantages:

- a. It is an expensive device both in terms of time and cost.
- b. Nobody is accountable for committee decisions. A committee decision is nobody's decision just because it is everybody's decision.
- c. Often committees result into more conflict than problem solving.
- d. The decisions taken in committee organisation are the result of compromise and hence they are generally slow in forthcoming and weak.

5. Matrix organization:

- A matrix organisation, also referred to as the “multiple command system” has two chains of command. One chain of command is functional in which the flow of authority is vertical.
- The second chain is horizontal depicted by a project team, which is led by the project, or group manager who is an expert in his team’s assigned area of specialisation.
- Since the matrix structure integrates the efforts of functional and project authority, the vertical and horizontal lines of authority are combination of the authority flows both down and across.





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Advantages:

- a. Since there is both vertical and horizontal communication it increases the coordination and this coordination leads to greater and more effective control over operations.
- b. Since the matrix organisation is handling a number of projects, available resources will be used fully.
- c. It focuses the organisational resources on the specified projects, thus enabling better planning and control.
- d. It is highly flexible as regards adherence to rules, procedures etc. Here experience is the best guide to establishing rules and procedures.
- e. As any department or division has to harness its effort towards accomplishment of a single project, employees are effectively motivated.

Disadvantages:

- a. Since, there is more than one supervisor for each worker, it causes confusion and conflicts and reduce effective control.
- b. There is continuous communication both vertically as well horizontally, which increases paper work and costs.
- c. It is difficult to achieve a balance below on the projects technical and administrative aspects.

6. Project organization:

- This type of organisation is of the recent origin developed after World War II. It is one which is structured for completion of a particular project within a given framework of time, money and quality.
- In other words, a temporary organisation designed to achieve specific results by using a team of Specialists from different functional areas in the organisation is called project organisation. This type of organisation is used in construction of dam, Bridge or flyover. The project organisation is managed by project manager. The project staff is separate from and independent of the functional department.



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Advantages:

- Experts can very well concentrate on the projects without disturbing the routine
- Provides immense flexibility
- Facilitates collection and processing of new data
- Allows maximum utilization of knowledge

Disadvantages:

- Most projects are not self sufficient and needs support from other dept.
- Project managers are always under pressure
- Difficulty in decision making
- Lack of motivation in employees

7. Network organization:

- A network organization is a collection of autonomous firms or units that behave as a single larger entity, using social mechanisms for coordination and control. The entities that make up a network organization are usually legally independent entities (separate firms) but not always.
- Some of the entities may be wholly owned subsidiaries. They can even be divisions within the company, but treated as separate companies that sell to outside customers. For the purpose of discussion, it is convenient to distinguish three types of network organizations: internal, stable, and dynamic.

- **Internal Network:** where large companies have separate units acting as profit centres.
- **Stable Network:** where a central companies outsources some work to others.
- **Dynamic:** where a network integrators outsources heavily to other companies

8. Virtual organization:



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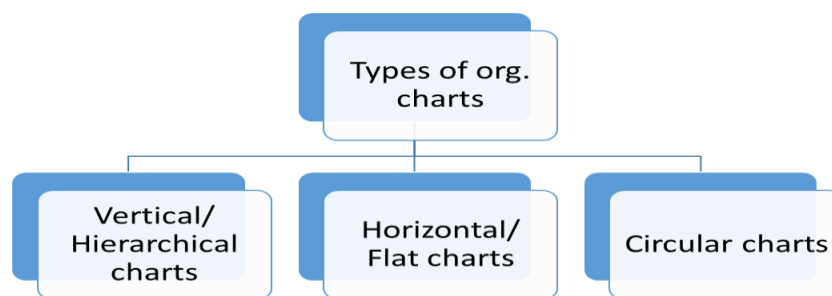
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- This new form of organisation, i.e., ‘virtual organisation’ emerged in 1990 and is also known as digital organisation, network organisation or modular organisation.
- Simply speaking, a virtual organisation is a network of cooperation made possible by, what is called ICT, i.e. Information and Communication Technology, which is flexible and comes to meet the dynamics of the market.
- Alternatively speaking, the virtual organisation is a social network in which all the horizontal and vertical boundaries are removed. In this sense, it is a boundary less organisation. It consists of individual’s working out of physically dispersed work places, or even individuals working from mobile devices and not tied to any particular workspace. The ICT is the backbone of virtual organization.

A11. INTRODUCTION

- An organizational chart graphically represents an organization's structure, highlighting the different jobs, departments, and responsibilities that connect the company's employees to each other and to the management team.
- Definition: “An organization chart is a diagrammatic representation of the framework or structure of an organization.” (J. Beatty)



1. Vertical/ Hierarchical charts



- The hierarchical model is the most popular organizational chart type. There are a few models that are derived from this model.



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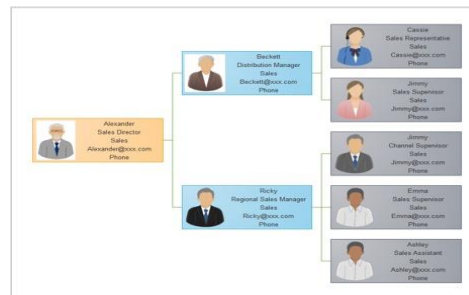
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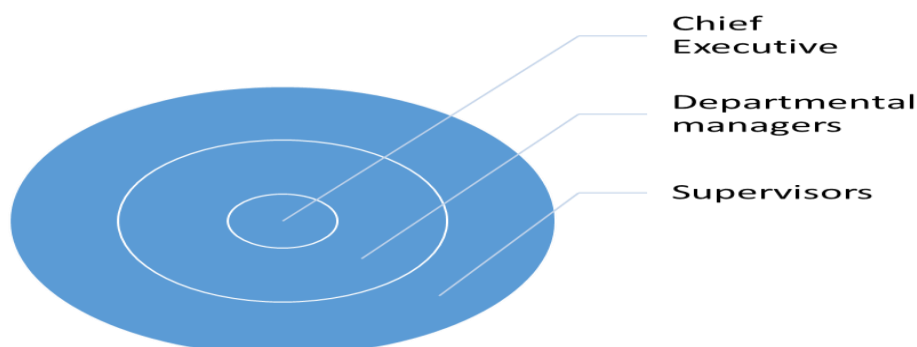
- In a hierarchical organization structure, **employees are grouped with every employee having one clear supervisor**. The grouping is done based on a few factors, hence many models derived from this.
- The vertical organizational structure is a strict hierarchical structure with power emanating from the top to the bottom. With a chain of command well defined, decisions usually move from the top down through layer by layer, and people at the bottom have the least autonomy. In the structure, each person is supervised by the one directly above him. Employees can clearly monitor their roles and duties.

2. Horizontal/ Flat charts



- In a horizontal organization, your business has a flat structure, which means there are very few managers and more authority is granted to rank-and-file employees.
- This system allows employees to feel empowered, because they can make important decisions without needing approval from a manager.
- Rather than having to satisfy a manager, employees in a horizontal organization are motivated and driven by company goals, which can improve efficiency and morale.
- This format is best for – and most often used by – smaller companies and organizations that have a lot of overlap in their roles.
- In fact, a horizontal org chart is perfect for a startup or small business. It allows for more responsibility and independence, as well as communication. It also improves coordination and the speed of implementing new ideas.

3. Circular charts





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- In circular charts, the chief executive's position is in the center of a circular chart
- The lowest position at the outermost circle
- Different positions in the organization are placed in such a way that the distance from the center indicates the degree of closeness to the top position
- Positions of equal importance lie on the same concentric circle
- It is easy to read as it can be viewed from any angle
- Yet might be confusing at times

Uses of Organizational charts

- Helps to meet the business objectives by building and designing the organization structure
- Can guide the employees to know their rights and responsibilities
- Helps to divide the function of a company, enterprise or department systematically
- Shows the relationships between employees
- Easy to find what actually is the workload of each employee is
- Helps to find out whether is incompetent in this work at important positions
- Clarity can be created and employee's performance can be improved
- Easy to understand and enhance the coordination
- Easy to see promotion channels
- Can be used as a tool to analyze budget, design work team and generate reports

{B} AUTHORITY, POWER AND RESPONSIBILITY

A1. INTRODUCTION

- **Authority** is the right to give orders and get it obeyed or in other words it is the power to take decisions.
- **Responsibility** means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.
- Authority and responsibility are closely related and this principle states that these two must go hand in hand. It means that proper authority should be delegated to meet the responsibilities.
- A match should be there between these two because of two main reasons:--
- Firstly, if a person is given some responsibility without sufficient authority he can't perform better, and also could not accomplish the desired goal.
- Secondly, if there is excess authority being delegated to an individual without matching responsibility then the delegated authority will be misused in one way or the other.
- This is an important and useful principle of management because if adequate authority is not delegated to the employees they cannot discharge their duties with efficiency and this in turn will hamper the achievement of the organizational goal. Sometimes the relation between management and employees is also badly effected by non delegation of proper authority.



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Important features of authority

- Authority enables a position holder to regulate the behaviour of his subordinates in a genuine manner
- Authority provides the right to decide things. He also has the right to enforce decisions
- Authority is exercised to avail obedience and expected set of behaviour
- Authority draws the veil between two persons. In it, one is the superior and the other one is the subordinate
- Authority is positional. It rests in the chair, with the change in the position. There is due change in the authority also
- Authority is linked with the objective orientation. Any authority is exercised for the ultimate purpose of achieving the organisational objective

Responsibility

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

Characteristics of Responsibility

- The essence of responsibility is the obligation of a subordinate to perform the duty assigned.
- It always originates from the superior-subordinate relationship.
- Normally, responsibility moves upwards, whereas authority flows downwards.
- Responsibility is in the form of a continuing obligation.
- Responsibility cannot be delegated.
- The person accepting responsibility is accountable for the performance of assigned duties.
- It is hard to conceive responsibility without authority.

Relationship between: authority and responsibility

- Authority is the legal right of person or superior to command his subordinates while accountability is the obligation of individual to carry out his duties as per standards of performance
- Authority flows from the superiors to subordinates, in which orders and instructions are given to subordinates to complete the task.
- It is only through authority, a manager exercises control.
- In a way through exercising the control the superior is demanding accountability from subordinates.
- If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer.



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- Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top. Accountability is a result of responsibility and responsibility is result of authority. Therefore, for every authority an equal accountability is attached.

Q2. EXPLAIN THE CONCEPT OF POWER. ALSO WRITE ABOUT THE DELEGATION OF AUTHORITY AND ITS ELEMENTS.

A2. CONCEPT OF POWER

- Power is the ability to influence other people. It refers to the capacity to affect the behaviour of the subordinate with the control of resources. It is an exchange relationship that occurs in transactions between an agent and a target. The agent is the person who uses the power and target is the receipt of the attempt to use power.

Power and Authority

- Sometimes **power and authority** is used synonymously because of their objective of influencing the behavior of others. However, there is difference between the two. Power does not have any legal sanctity while authority has such sanctity. Authority is institutional and is legitimate. Power, on the other hand, is personal and does not have any legitimacy. But still, power is a crucial factor in influencing the behavior in organizational situation.

DELEGATION OF AUTHORITY:

- A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority.
- Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Definition:

- The **Delegation of Authority** is an organizational process wherein, the manager divides his work among the subordinates and give them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the authority, i.e. the power to take decisions with the subordinates, such that responsibilities can be completed efficiently.

Elements of Delegation

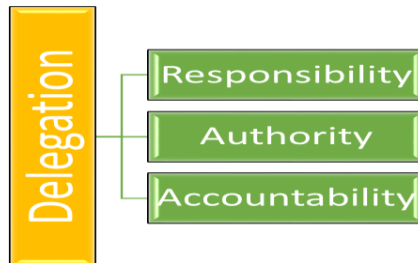


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Responsibility

- Responsibility - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him.
- If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses.
- Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility.
- The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

Authority

- **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined.
- All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it.
- Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.
- Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility.
- Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

Accountability

- **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated.
- For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'.



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- The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job.
- Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

A3. CENTRALIZATION AND DECENTRALIZATION OF AUTHORITY

CENTRALIZATION

- In the centralization, quick decision, rapid implementation and immediate changes, if need be are possible. Except manager, the officers and employees do not have authority to take the decisions. The subordinates have simply to implement the taken decisions. It is divided into two parts: Decision-making and implementing it.
- "Centering the authority at the top level in the organization means centralization of authority." Important decisions of the unit are taken at this centre place. The managers take decisions at the higher level or do planning or fix a policy, which is known as centralization of authority.

Advantages:

- With the help of centralization of authority, harmony can be established among different departments of the unit for policy decisions and implementation.
- As duties are fixed, there is no possibility of misunderstanding or confusion. Hence, it becomes easier to take work from them.
- The effectiveness and efficiency of the activities can be increased.
- As the resources and experts of the head office are in close proximity, their maximum utilization can be made possible.
- With the more use of modern methods, machineries, the capacity is efficiently used, reducing the unproductive time.
- Common standards of work style can be maintained, which makes easier for the different functions of the unit.

Limitations:

- Works are delayed because the decisions taken are made from chief officer to lowest level of employees. As there is a great distance between decision centre and implementation of decision, it delays the work.
- As the top managers have to take all the decisions, they have to note down minor details. Thus, the time and energy are wasted.
- There is a possibility of change, misunderstanding and misinterpretation of the decisions because many mediators come in between.



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- The employees at the lower level simply have to carry out work as per the decision; it becomes very routine and machine like work. They do not have any opportunity to think. Hence, their enthusiasm gets reduced.
- The development low level officers are hampered due to centralization. They do not get experience of decision-making. They also do not get the opportunity to develop their creativity.
- Due to centralization of authority, the top managers remain loaded with heavy work. While the lower level employees become careless and without any tension.
- In the modern era use of machinery and electronic instruments and service of experts proves expensive.

DECENTRALIZATION

- **Decentralization:** When the organization delegates more responsible, more precious, more risky and more important decision — taking authority to lower level officers and assistants in more and more extent, it is called the decentralization of authority.
- More the expansion of authority more would be its decentralization. In the organization structure, more numbers of decisions taken by the lower level employees, better would be the decentralization.
- More the importance of decisions taken at the lower level better would be the decentralization. More the expansion of decisions taken at lower level better would be the decentralization.
- Less the control over the decisions taken at the lower level, better would be the decentralization.

Objectives of Decentralization:

- Rapid decision-making and lack of complexity.
- Lack of clash between the top management and departments.
- Non-formal and democratic management.
- Lack of distance between minimum officers of the organization with the maximum number of assistants.
- The employees who can be promoted are available in large numbers.
- Considering the weak managers by competitive outcomes.
- Lack of favoritism by high officers and complete awareness about the managerial taken centrally decisions.

Factors affecting decentralization or objectives:

- Bigger the size of the unit, more time it takes for the top managers to take decisions.
- When the work area of the manager is expanded, then he has to delegate authority to his subordinates. To do so, with the help of decentralization of authority is extended, so that the administrative efficiency increases. It reduces the problems of co-ordination and duplication.
- Sometimes the type of enterprise is such that it becomes essential to have decision process established in the departments and sub-departments.



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- As there is rapid development in the accountancy, information collection and technology, on the one hand, some of the decisions draw towards top in the centre point of decisions, while on the other; they become the reason for decentralization of authority.
- The officers and subordinates at every level of organization have the desire to independently take the decisions with the awareness about the responsibilities. As they are pleased to do so with honour, then decentralization becomes easier.
- Sometimes the type of work is such that the decisions are required to be taken at lower level, or by assistants or as per local situations. Division of labor, specialization, economic use of machinery, supply of raw material, market, and objectives of customers is determinants of decentralization of authority.
- The decentralization of authority, to some extent, depends on the business dynamism. If there is rapid development of business and industry and consequently so many problems arise, then the management has to take decisions at the centre level for solving the problems, instead of it, if decentralization of authority is done, then the problems can be solved easily and rapidly.

Advantages:

- In the centralized organization, the complete work load of the decisions remains on the managers. As the managers have to keep track of the smallest matters, proper time cannot be devoted to important tasks. In such a situation, by taking the services of experts or forming the committees much work load cannot be reduced. With the decentralization of authority the work load of top managers is reduced.
- The departmentation of the tasks can be easily carried out in the decentralized organization. In the centralized organization, departmentation of all the departments is not possible, because single-handed authority is adopted there.
- Due to decentralization of authority the officers and assistants at the different levels get the opportunity to take conscious decisions independently. This creates self-confidence in them and their creativity gets momentum. This leads to enthusiasm in them.
- The lower level officers get opportunity to take decisions and find out satisfactory solutions. This contributes substantially in fulfilling the unit's future requirement of managers.
- By delegating the authority to take decisions at the lower level, their capacity can be assessed. Their efficiency and expertise are tested. Their qualities get chance to get exposure.
- With the help of decentralization, the clash between the top management and different departments of the organization can be prevented. Lower level officers are able to work independently.
- As the officers have the authority to take decisions on the spot, the decisions for the solution to problem, as and when they arise, are taken speedily and as its implementation has to be done there.

Limitations:



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- Administration cost increases. There is a duplication of works. In the factory having its branches at different places, all the tasks and processes are required at all the five places separately; there is wastage of time, energy and money.
- Sufficient use of intellect, skill, efficiency, expertise and knowledge and experience is not possible at the top level.
- At the lower levels there arises shortage of people being clever, capable and with Wisdom.
- Due to decentralization of authority the officers at every level take independent decisions, it becomes difficult to maintain uniformity, co-ordination and harmony in the management.
- As different decisions are taken at different levels, if some changes are to be brought on the basis activities of the institute or rapid decisions are to be taken in critical situations, then it becomes difficult.
- Every department head, in order to give importance to his own department, with short sightedness ignores the overall interest of the whole unit.
- The decisions taken at different levels and its implementation are not rapidly reaching the head office. This makes difficult the task of controlling.
- Due to decentralization of authority, the respect, status, authority and impact of top managers get reduced, leading to discontent among them.

DIFFERENCE

Point	Centralization	Decentralization
Meaning	When all the powers of decision making are concentrated in top management it is called centralisation	When authority to take decision is delegated to all the levels of Management it is called decentralization
Importance of subordinates	Centralisation reduces the importance of subordinates	Decentralization gives the weightage and importance to subordinates
Decision making power	Rests with top management	Delegated to all levels of management
Delegation of authority	No delegation	Authority delegated to all levels
Burden of superiors	Increases here	Reduces as it is distributed
Development of leaders	There is no environment for development of leaders	As managers at all levels take decisions, leaders are prepared



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Difficulty in coordination	For integrated management centralisation is necessary, there is little difficulty in coordination	As authority is delegated to a number of people, there arises problems of coordination
Facing crisis	In times of crisis, centralisation becomes more useful	In times of crisis, decision making is delayed which creates problems
Size of organization	When the unit is small, centralization can be adopted	When the unit is fairly big, it is a must to adopt decentralization
Rigidity	When the organization is rigid, centralization is seen	When the organization is subjected to changes, the decentralization can be noticed
Appropriate	<ul style="list-style-type: none"> • When work is repetitive and standardized • Where communication system is effective • Where subordinates do not have decision making capacity • When organisation is small 	<ul style="list-style-type: none"> • When work is not standardized • When work is routine in nature • When subordinates have the ability of decision making • When organisation is big and complex

{C} DEPARTMENTATION

A1. INTRODUCTION – DEPARTMENTATION

- Departmentation is nothing but grouping the activities and the delegation of authority for the efficient administration in the organisation
- When the size of the business unit exceeds certain limits, then it becomes difficult to maintain control over its expanding activities. Bigger the size and activities, more difficult becomes its control
- To overcome this problem, the principle of departmentation is adopted
- As per the principle of departmentation, effective control can be maintained and coordination can be accomplished
- Departmentation is a process where tasks are grouped into jobs and jobs into identifiable segment
- It is headed by a head known as departmental manager who is entrusted with responsibility of the performance of activities of the department
- Departmentation is a means of dividing a large and complex organisation into smaller, flexible and manageable units, so that the various functions of organisation can be performed the best



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- It is a method of arranging homogenous activities into one organisation unit based on special and continuous nature of the work done

Need and Objectives of Departmentation

- **To make specialization possible:** With the division made of the functions and activities of the business, every person has to do only one task, making that person expert in it.
- **Obtaining benefits of organization as per work:** If the base of the organization as per work are the division of labour and work division, by accepting the departmentation, there is the objective to obtain benefits of organization as per work.
- **For easy management:** For easily managing every department also, departmentation is accepted.
- **For easy control:** The tasks of control and supervision can be carried out easily. Due to departmentation, the officers have to supervise only certain number of employees so that it becomes easy for controlling.
- **To make the task easy and speedy:** Through the administrative smoothness and specialization in the activities, work is made simple and speedy. Due to this, the customers are provided speedy and better services.

A2. BASIS OF DEPARTMENTATION



1. Basis of function

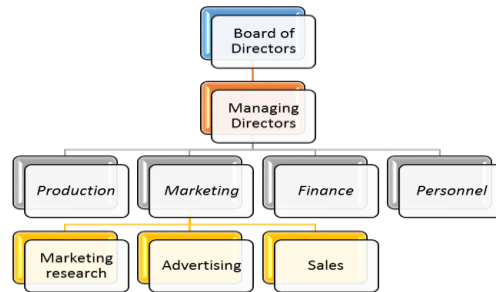


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- Functional departmentation is the most widely used basis for organising activities and is present in almost every large organisation at some level.
- It is the grouping of homogenous activities to form an organisational unit. All the important functions as production, purchasing, sales, finance etc. are divided into subsections as per their functioning.
- Similar activities of a business are grouped into major departments or divisions under an executive who reports to the chief executive. This departmentation is most widely used basis for organising activities and is present in every organisation at some level.

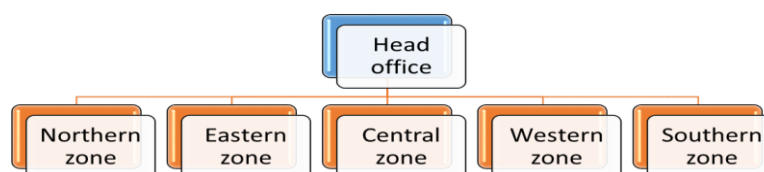
Merits

1. It suits well the small enterprises for creating major departments.
2. It promotes specialization.
3. It economizes operations and makes possible the adoption of logical and comprehensible structure.
4. It facilitates inter-departmental co-ordination.
5. It suits well for those organisations which have single product line.

Demerits

1. It may lead to excessive centralization.
2. Decision making process is delayed.
3. Poor inter-departmental co-ordination.
4. It is rather difficult to set up specific accountability and profit centres within functional departments so the performance is not accurately measured.
5. It hinders human development in all the areas.

2. Basis of Region/ Territory



- It is suitable for organisations having wide geographical market such as pharmaceuticals, banking, consumer goods, insurance, railways etc.



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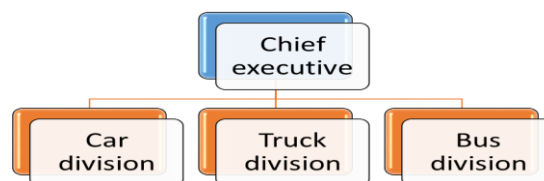
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- Here, the market is broken up into sales territories and a responsible executive is put in charge of each territory. The territory may be known as district, division or region.

Merits	Demerits
<ol style="list-style-type: none"> It helps in achieving the benefits of local operations such as local supply of materials & labour, local markets etc. Full attention can be paid to local customer groups. A regional division achieves a better co-ordination and supervision of activities in a particular area. It helps in reducing transportation and distribution costs. It facilitates the expansion of business to different regions. It provides an opportunity to a regional manager to gain broad experience as he looks after the complete operation in a particular territory 	<ol style="list-style-type: none"> It creates the problem of communication and co-ordination between various regional offices. It may be uneconomical due to costly duplication of personnel & physical facilities. It may be difficult to provide efficient centralized services to various departments located in different areas. Various regional units may become so engrossed in short term competition among themselves that the overall long term interests of the organisation as a whole may be overlooked. The problem of top management control becomes difficult

3. Basis of Product



- In a multiproduct organisation the departmentation by product most suits. Here the activities are grouped on the basis of produce or product lines. All functions related to particular product are brought together under the umbrella of product manager.



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Merits

1. Each product division can be taken as a viable profit centre for accountability purposes.
2. Marketing strategy becomes more pragmatic.
3. Top management is relieved of operating task responsibility and can concentrate on such centralized activities as finance, research etc.
4. It facilitates decentralization.
5. Attention is given to product lines, which is good for further diversification and expansion.

Demerits

1. It increases management cost. Service functions are duplicated both at the top and at the operating levels of management.
2. High cost of operation prevents the small & medium sized concerns from adopting this basis of classification, particularly for creating major units.
3. There are problems at the top of co-ordination.

4. Basis of Process

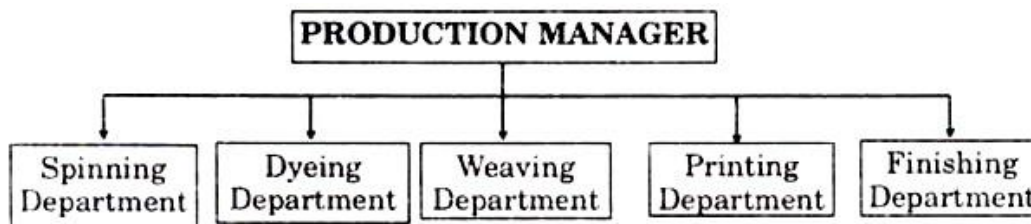


Fig. 6.10. Departmentation by process (Textile mill)

- The production function may be further subdivided on the basis of the process of production when the production process has distinct activity groups, they are taken as the basis of departmentation.
- Process departmentation is suitable when the machines or equipment's used are costly and required special skill for operating. It is useful for organisations which are engaged in the manufacture of products which involves several processes.

Merits

1. It provides economy of operation
2. The benefits of specialization are available.
3. Efficient maintenance of equipment's is possible.
4. It simplifies supervision and plant layout.

Demerits

1. There may be difficulties in coordinating the activities of different departments
2. Due to specialized activity, the employee mobility is reduced.
3. Extreme specialization may reduce flexibility of operations.
4. This type of departmentation may not provide opportunity for the all-round development of managerial talent.
5. Conflicts may arise among managers of different



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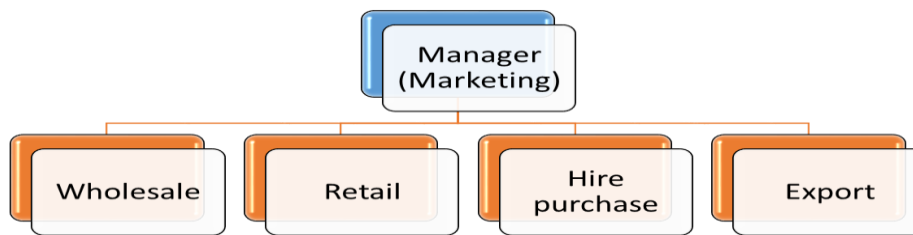
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processes, particularly when they lose sight of the overall company goals.

5. Basis of Customer



- This type of classification is adopted by enterprises offering specialized services. To give the attention to heterogeneous groups of buyers in the market, marketing activities are often split into various several parts.
- Such groups are suitable to organisations serving several segments like a pharmaceutical company supplying to institutional buyers such as hospitals and government and non-institutional buyers as wholesalers and retail chemists.

Merits

1. The main advantage of following this type of departmentation is that particular needs of the particular- customers can be solved.
2. Benefits of specialization can be obtained.

Demerits

1. There may be duplication and underutilization of facilities and resources.
2. It may be difficult to maintain co-ordination among the different customer departments.

6. Basis of number of persons

- For accomplishing the objectives of the unit in an integrated manner, when the labour is inevitable and the number of persons is very high, then the departmentation is done in this manner. Proper groups are formed and such group is covered under the single department.
- It is very common in Army, the division is done as per this method. Moreover in the activities of construction, mining such departmentation is used.
- Such departmentation is carried out at the lower level of organization. This method is adopted where unskilled employees are working. It is best suited when other factors except the labour are of negligible importance.

A3. FACTORS AFFECTING THE SELECTION OF DEPARTMENTATION



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Ph. No–(0281)2471645

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1. **Specialization:** One should look carefully into the organisational framework and then select the form of departmentation, which will result into specialisation during the performance. The organisation structure reflects the division of work through grouping of activities in departmental form, the more efficiently and effectively it tends to contribute to the operations.
2. **Control:** Control is the process of analysing whether the intended results are being achieved by a particular department or not. If not, what can be done to bring the situations to desirable level. Thus, from the control viewpoint, all those activities whose immediate contribution is similar, should be grouped together. So the responsibility for achieving results can be clearly specified.
3. **Co-ordination:** While specialisation involves that the most suitable personnel perform an activity, coordination involves that all the related activities are performed in a way that their performance is synchronised so that each activity contributes to others. Therefore best results can be achieved when all the activities are performed in coordination.
4. **Economy:** A balance should be maintained between the cost of creating a department and its contribution. The existence of a department is desirable only when it contributes more than its cost.
5. **Focus on results:** In an organisation the results or objectives are achieved through the achievement of subordinate results. Therefore all those activities which contribute to the achievement of these results should be given proper attention. Care should be taken to notice that the auxiliary services departments should not be given prominence over the main department.

PART – II : STAFFING

A1. STAFFING

Definition:

- Staffing is defined as, “Filling and keeping filled, positions in the organizational structure. This is done by identifying work-force requirements , inventorying the people available, recruiting, selecting, placing, promotion, appraising, planning the careers, compensating, training, developing existing staff or new recruits, so that they can accomplish their tasks effectively and efficiently.”

Characteristics of staffing:

1. **It is concerned with human beings:**
 - Staffing is related to human beings. The management functions like planning, organising and controlling is only with the objectives achievement. Staffing is related to human beings and that's why it is difficult to perform. Staffing is concerned with matching right people with right job. If right candidates are not selected then it creates difficult situations in the organisation.
2. **It is a continuous process:**
 - Staffing is a continuous process and it starts with recruitment and selection - that means from the time people enter the organisation. As with the development of organisation there is a requirement of new staff members. Sometimes due to labour turnover and retirement of staff again staffing is essential. Staffing not only includes recruitment and selection but with that, training, development,



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promotions, transfer, compensation etc. are also a part of staffing. Therefore it is a continuous process.

3. Techniques of staffing:

- Various techniques are used to recruit, select, train, promote, transfer and compensate the staff. These techniques are performance appraisal on merit rating, job analysis, job description, man specification for proper recruitment and selection, time wage, piece wage system for compensation, on the job and off of the job for training etc.

4. It is an important function:

- Staffing is considered as an independent and separate function of management. Staffing is an important function and is closely related to the other functions of Management. Without staffing, other management functions are meaningless.

Importance of Staffing:

Objective achievements: Employees are the invaluable Assets of an organisation for the achievement of organisational objectives. There should be a correlation between individual objectives and organisational objectives.

Development of employees and morale improvements: Staffing create healthy and developmental environment in the organisation for the development of employees. These developments of employees also contribute to the organisational development. It also increases the morale of the employees and helps in achieving the satisfaction level as well.

Maintaining discipline: It is the duty of human resource manager to maintain discipline in the organisation. The manager frames rules, policies and regulations for employees so that the employees have to work as per the instructions and guidance of their authority.

Development of healthy relations and Team Spirit: For the development of organisation and achievements of objectives, there should be a good relationship and tuning. Management of organisation has to take keen interest to satisfy Their employees. That is fired employees will work efficiently and perform better for their achievement of organisational goals.

Reduce wastage and production cost: HR manager tries to satisfy the employee so that they will work efficiently. By this way, wastage will be reduced and productivity of employees will rise. This will reduce overall cost of production and increase profits of the firm.

Employee satisfaction: By successful implementation of staffing function employee gets the opportunity for the advancement and growth. Management allows participation of employees in various important matters. This will help their employees to be satisfied and create healthy environment in organisation.



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Brand building: An organisation which has committed and experienced staff will provide quality goods at reasonable prices due to low cost of production. This will create a good brand image and Prestige of the company in the market.

A2. FACTORS AFFECTING STAFFING:

- **External**

Legal:

- Various labour laws are to be followed by an organisation while staffing and recruitment like reservation, child labour, minimum wages act and so on. These laws are to be observed mandatory by an organisation to see that employees are not exploited in any ways.

Socio-political:

- The socio-political parties at times put pressure on the organisation to grant jobs only to the local people. Again this pressure may be to appoint certain individuals from community to which promoter of an organisation belongs to. At times there maybe pressure from business contacts.

Competition:

- There is a huge demand for highly qualified and experienced staff. This has resulted into Cut To Cut competition between different organisations to attract and hire efficient staff. Organisation often changes their staff policies to add the best minds in their workplace.

Educational standards:

- If educational standards of a place are very high then organisations will only select qualified and experienced staff for all job positions. Staffing gets affected accordingly.

- **Internal**

Reward and promotion policy:

- Staffing is affected by the promotion policy of the organisation. If the organisation has a good promotion policy with prospects to career growth and development, only then efficient people will be attracted to the organisation. Internal promotions are better for lower and middle-level jobs. This is because it increases the morale and motivation of the staff.

Future growth plans:

- Staffing is also affected by the future growth plans of the organisation. If the organisation wants to grow and expand then it will need many talented people. In order to grow and expand, the organisation must select experts and give them continuous training and development.

Technology used:

- Staffing is also affected by the technology used by the organisation. If the organisation uses modern technologies then it must have a continuous training programs to update the technical knowledge of their staff.

Support from top mgt:

- Staffing is also affected by the support from Top Management. If the top management gives full support to it then the organisation can have scientific selection procedures, scientific promotion and transfer policies, continuous training programs, career development programs, etc



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Image of organization:

- Staffing is also affected by the image of the organisation in the job market. If it has a good image then staffing will attract the best employees and managers. An organisation earns a good image only if it maintains good staffing policies and practices. This includes job security, training and development, promotion, good working environment, work culture, etc.

A3. FUNCTIONS OF STAFFING/ PROCESS OF STAFFING

- Manpower planning:**
- Manpower planning is the process of estimating the optimum number of people required for completing a project, task or a goal within time. Manpower planning includes parameters like number of personnel, different types of skills, time period etc. It is a never ending continuous process to make sure that the business has the optimized resources available when required taking into consideration the upcoming future projects and also the replacement of the outgoing employees. It is also called as Human Resource Planning.
- Recruitment and selection:**
- Recruitment** refers to the process where potential applicants are searched for, and then encouraged to apply for an actual or anticipated vacancy. **Selection** is the process of **hiring** employees among the shortlisted candidates and providing them a job in the organization.

Sources of recruitment

Internal	External
<ul style="list-style-type: none"> Promotion within the organisation Internal resume or biodata records Friends and relatives of current employees Advertisement notice at factory and office outlets 	<ul style="list-style-type: none"> Advertisements in newspapers and websites Public and private employment agencies School and college campus recruitment Contractors Labour unions Jobbers Recommendation of existing employees

Selection process

Receiving applications → screening of applicants → Preliminary interview → Selection test (Aptitude test, Interest test, Personality test etc.) → Final interview → Reference checking → Physical and medical test → Final selection → Placement

- Training and development:**
- Training and development refers to educational activities within a company created to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks. Training refers to a systematic setup where employees are instructed and taught matters of technical knowledge related to their jobs. It focuses on teaching employees how to use particular machines or how to do specific tasks to increase efficiency. Whereas, Development refers to the overall holistic and educational growth and maturity of people in managerial positions.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

The process of development is in relation to insights, attitudes, adaptability, leadership and human relations.

- **Wage and salary administration:**

- Wage and salary administration is a collection of practices and procedures used for planning and distributing company-wide compensation programs for employees. These practices include employees at all levels and are usually handled by the accounting department of a company.

- **Promotion, Transfer, termination, demotion:**

- Promotion and transfer is the easiest way to fill up vacancies within the organisation. Promotion is an upliftment of an employee from a lower grade to a higher grade with changes in the work, responsibility, authority, Prestige and salary. Transfer is the movement of an employee within the same level with changes may be of the department, location, office etc. The functions of promotion and transfer are:

- **Services – welfare, QWL:**

- Services and welfare are concerned with recreational and motivational activities for employees. Example: Transport facility, medical, child education, housing facility etc. Quality of work life is concerned with creating healthy and comfortable environment with Team Spirit in the organisation.

- **Employee participation and grievance handling:**

- In an organisation there may be chances of conflicts, disputes, disagreements between employer and employee or employee and employee or employer and Labour Union. Personnel manager has to solve these problems in a very tactful way. Coordination should be established between all. Negotiations should be conducted when needed. Grievance handling procedure should also be formed.

- **Career planning and development:**

- Every employee needs growth and development in the organisation. No one wants to stick at the same cadre and position. Therefore management has to frame certain programs for career development of the employees.

-

A4. PRINCIPLES OF STAFFING

- **Clarity of authority and responsibility:** Every employee should know about his work, duties and authority so that a cordial relationship between employees develop.

- **Competent and expert personnel manager:** The management of an organisation has to appoint knowledgeable and competent personnel manager. He should have a thorough knowledge of Human Resource Management and organisational behavior.

- **Formation of personnel policy:** Management should form clear policy regarding manpower planning, recruitment, selection and appointment, training, wage and salary administration, promotion, transfer, demotion and termination, service welfare and Quality of work life, employee participation and Grievance handling, and career Planning and development.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- **Objective and fair standards:** There should be objective and fair standards in the organisation which maintains the interest and satisfaction of employees. The standard related to wages, incentive, duty hour, salary should be fair and equal for all employees as per the positions.
- **Communication of information:** There should be smooth flow of information from top to bottom and bottom to top. All employee should know about all the rules and regulations policies and procedures of organisation.
- **Selection of appropriate methods:** Personnel manager has to use different scientific methods for recruitment, training, compensation, performance appraisal so that the objective of the organisation is fulfilled.
- **Growth and development opportunities:** It is the part of management to provide growth and development opportunities for their employees. Management has to organize various training and development programs or seminars for motivating their employees.
- **Participative approach:** It is quite natural that for effective implementation of any decision in the organisation there is a requirement of participatory approach of Management. Employees should be allowed to form various personal policy and decisions.
- **Research and evaluation:** Personnel manager has to continuously evaluate policies, programs, rules and regulations. He has to conduct research on various aspects of staffing.
- **Appraisal and rewards:** Employee should be motivated by giving them rewards in terms of extra incentives, gifts, free Tours, bonus. This will maintain their work Tempo and stimulate them to contribute more in the achievement of organisational goals.

A5. EMPLOYEE'S PROMOTION

Introduction and Meaning

- Promotion is the stage wherein the existing employee of the firm maybe given more responsibility, prestige, respect and salary
- Employee's promotion is one of the very positive and motivating function of staffing

Definition: “Promotion is the advancement of an employee to a better job, better in terms of grades, responsibilities, more prestige or status, greater skill and especially increased rates of pay and salary.”

Main conditions of promotion

- Promotion may be temporary or permanent depending upon the organization's needs and employee's performance
- Reassignment of higher level of job to employee than what he is presently performing
- The employee maybe delegated with more responsibility and authority than what he has been enjoying earlier



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Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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- Promotion normally assures higher pay
- Parameters of promotion: on the basis of:
 - Seniority
 - Efficiency

A6. TRAINING METHODS

Training methods for employees:

1. **On the job method:**

- On-the-job training, also known as OJT, is a hands-on method of teaching the skills, knowledge, and competencies needed for employees to perform a specific job within the workplace. Employees learn in an environment where they will need to practice the knowledge and skills obtained during their training. On-the-job training uses the existing workplace tools, machines, documents, equipment, and knowledge to teach an employee how to effectively do their job. Consequently, no stand-ins exist that will require an employee to make the training transfer to the workplace.

2. **Vestibule:**

- The **Vestibule Training** is one of the methods of training, where the technical staff, especially those who deal with the tools and machinery, are given the job education training in the workplace other than the main production plant. In other words, the Vestibule training is called, “**near the job training**”, which means the simulated setup is established, proximate to the main production plant, wherein the technical staff learns how to operate the tools and machinery, that may be exactly similar, to what they will be using at the actual work floor.

3. **Apprenticeship:**

- A formal occupational training program combining on – the – job training with related instructions that enables workers to master the practical and technical skills required for skilled occupation. Generally this training is given to technical staff. Ex. Mechanics, electricians, craftsman, welders etc. They work under the experts of each field for a longer period.

4. **Internship:**

- Under the **Internship Training** programme, an educational or a vocational institute enters into an arrangement with the industrial enterprises to provide experiential knowledge to their students.

5. **Other methods:**

- Sometimes training is provided by other training methods like flying squad through school college, journals, magazines, circulars, electronic machines etc.

Training methods for supervisors/ manager:

1. **Observation:**

- **Observation** provides the opportunity to monitor or assess a process or situation and document evidence of what is seen and heard. Seeing actions and behaviours within a natural context, or as



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

they usually occur provides insights and understanding of the event, activity or situation being evaluated.

2. **Job rotation:**

- Job rotation is a method aimed at broadening the knowledge and skills of the trainees. Under this method trainees are rotated from one job to another according to the pre-determined plan so that trainees can have an exposure to different types of jobs. Generally, job rotation method is used to familiarize a person with the overall functioning of the particular department or division in which one is to be promoted as a manager to head the department or division. Thus, job rotation prepares a trainee to perform different types of jobs within a particular broad job category.

3. **Conferences and seminars:**

- Conference is a formal meeting of people that is conducted to discuss the points and subject of common interest. Here, participating trainees contribute orally and leader tries to develop knowledge on the basis of the contributions of the participants. In conference, discussions take place on the defined subject matter according to pre-determined plan. Active involvement and participation of the trainees is emphasized. Each participant builds upon the ideas of other participants and thus learning is facilitated.

4. **Case study:**

- A case is an objective description of the business situation happened in real-life. Trainees are given cases for discussion wherein they have to identify apparent and hidden problems for which the solutions are to be suggested on the basis of analysis. The executive only would know the actual decision taken in the subject case which he would disclose at the end of the session. This would be compared with the different solutions suggested by the group. In short, in case study method, real business situation is described in a comprehensive manner in form of a case. The trainees have to separate the important facts from the trivial items, analyze important facts, find out the different probable solutions, and suggest the best one on the basis of comparative analysis.

5. **Assignment of special projects:**

- a particular temporary assignment is taken on hand involving some problems. Alternative solutions are derived in the discussion and deliberation is done on different views. At the end, solution is derived and recommendations are given on the basis of that.

6. **Role playing:**

- This method aims at developing human relation skills. Here, participants are put to realistic behaviour in imaginary situation so that they can have an insight in to their own behaviour and they can understand the effect of their behaviour on others which develops their human relations skills. According to Norman Major, "A role-playing experience soon demonstrates the gap between Thinking' and 'doing' the idea of role-playing involves action, doing and practice." Here, trainees are given specific roles that they do in case of stage play or drama. They are supposed to interact with each other assuming different roles. The role players are the roles to be played by them but dialogues are not provided. At times, the play is tape-recorded and the trainee can be given an opportunity to observe and study his or her own performance.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

UNIT – 4 DIRECTING & CONTROLLING

{A} DIRECTING

A1. INTRODUCTION AND DEFINITION OF DIRECTING:

- **DIRECTING** is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.
- Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently.
- “Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on-the-job instructions and of course, issuing orders. “—**Ernest Dale**

Characteristics / features/ Nature of Directing:

1. Process of action: Direction initiates action at top level of the organisation and flows down the hierarchy. It follows that subordinates have to be directed by their superiors only.

2. Continuing Function: Directing is a continuous process. A manager cannot just rest after issuing orders and instructions. He has to continuously guide, supervise and motivate his subordinates. He must continuously take steps to make sure that orders and instructions are carried out properly.

3. Directing takes place at every level: Directing is a pervasive function as it is performed by managers at all levels and in all locations. Every manager has to supervise, guide, motivate and communicate with his subordinate to get things done. However, the time spent in directing is comparatively more at operational level of management. Directing takes place wherever superior subordinate relation exists.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

4. Directing flows From Top to Bottom: Directions are given by managers to their subordinates. Every manager can direct his immediate subordinate and take directions from immediate boss. Directing starts from top level and flows to lower level.

5. Directing is situational: Managers influence the behaviour of employees according to situation. The directions change from situation to situation. Factors like environment, nature of workers, group behaviour, attitude towards work etc. affect directing.

6. Pervasive: Managers at all levels in all functional areas direct their subordinates. Top managers guide middle and lower level managers who further direct supervisors and workers. It is performed at every level of management.

Importance/ significance of Directing:

It Initiates Action:

- Directions is the function which is the starting point of the work performance of subordinates. It is from this function the action takes place, subordinates understand their jobs and do according to the instructions laid. Whatever are plans laid, can be implemented only once the actual work starts. It is there that direction becomes beneficial.

It Ingrates Efforts –

- Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. For this, efforts of every individual towards accomplishment of goals are required. It is through direction the efforts of every department can be related and integrated with others. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness and stability in a concern.

Means of Motivation –

- Direction function helps in achievement of goals. A manager makes use of the element of motivation here to improve the performances of subordinates. This can be done by providing incentives or compensation, whether monetary or non - monetary, which serves as a “Morale booster” to the subordinates Motivation is also helpful for the subordinates to give the best of their abilities which ultimately helps in growth.

Coping up with the changes –

- It is a human behaviour that human beings show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is directing



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

function which is of use to meet with changes in environment, both internal as external. Effective communication helps in coping up with the changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptations and smooth running of an enterprise.

Efficient Utilization of Resources –

- Direction finance helps in clarifying the role of every subordinate towards his work. The resources can be utilized properly only when less of wastages, duplication of efforts, overlapping of performances, etc. doesn't take place. Through direction, the role of subordinates become clear as manager makes use of his supervisory, the guidance, the instructions and motivation skill to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and increasing profits.

Creates a sound work environment –

- If directions are issued in consultation with employees (participative), it creates an environment of understanding where people work to their maximum potential, willingly and enthusiastically to contribute towards organisational goals.

Develops managers –

- Managers who are personally motivated to work can also direct others to work. Managers develop their skills and competence to direct others to follow. If managers and employees work in harmony, it promotes skills of the employees and develops managers to assume responsibilities of higher levels in the organisation.

Increase in productivity:

- Personally satisfied employees contribute towards output and efficiency of the organisation. Direction gets maximum out of subordinates by exploiting their potential and increasing their capabilities to work.

Facilitates growth:

- Organisation open to change is responsive to growth. Direction harmonizes physical, financial and human resources, balances various parts of the organisation and creates commitment amongst people to raise their standards of performance.

A2. TOOLS OF DIRECTING

Directing Tools:

 Leadership



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- ✚ Motivation
- ✚ Communication
- ✚ Supervision

1. LEADERSHIP

- ✚ Leadership has originated the word from ‘To lead’ means to provide direction. On the bases a person who directs, shows the path, motivates, initiates is a leader.
- ✚ “Leadership is influencing the people to follow the direction given for the achievement of the common goal.”-Koontz and O’Donnell

Characteristic of Leadership

1.Leadership implies the existence of followers:We appraise the qualities of a leader by studying his followers. In an organisation, leaders are also followers, e.g., a supervisor works under a branch head. Thus, in a formal organisation a leader has to be able to be both a leader as well as a follower, and be able to relate himself both upward and downward.

2.Leadership involves a community of interest between the leader and his followers:In otherwords, the objectives of both the leader and his men are one and the same. If the leader strives for one purpose and his team of workers work for some other purpose, that's hardly a sign of leadership.

3.Leadership involves an unequal distribution of authority among leaders and group members: Leaders can direct some of the activities of group members, i.e., the group members are compelled or are willing to obey most of the leader's directions. The group members cannot similarly direct the leader's activities, though they will obviously affect those activities in a number of ways.

4.Leadership is a process of influence:Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates Legitimate directions.

5.Discipline and dedication A good leader sets a good example for his followers. Lyndall Urwick once remarked, "It does not matter much what a leader says, still less what he writes, that influences subordinates. It is what he is. And they judge what he is by what he does and how he behaves." Therefore, a good leader needs to be disciplined and dedicated;

Style And Techniques Of Leadership:

Techniques of leadership are same as the techniques of direction. This is natural because the function of a leadership of a leader is nothing but the directing. Following are the types of leadership.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

(A) Autocratic leadership:

Under autocratic leadership style, a leader firmly believes that sub-ordinates should not be given any freedom to do work. This is because they do not possess the ability to work on their own. This style is generally used when sub-ordinates are illiterate, unskilled and untrained. All the power and supremacy rests in hand of a single leader.

(B) Democratic / Participative leadership: In this method importance are given to employees. The manager consults his sub-ordinates and invites their suggestions in decision making. Through formal and informal meeting employee's suggestion are taken into account. This participative method of leadership is more likely to successes the departmental head get opportunity to work with top officials of the company. They listen their view points and understand the forces which worked behind decisions. If this method is misused or if the supervisors are unable to employ it effectively, it is likely to fail.

(C) Free reign, laissez faire: The term management provides total freedom to the employees to take decisions and the interference in the management is as minimum as possible. Maximum freedom is given to the employee to work independently. Top managers only supervise and provide guidelines whenever required. It is preferred highly educated and independent mind employees are there.

(D) Intellectual It is also known as functional leadership. Here, a leader possess great technical knowledge, experience and competence. He is highly intellectual person. The leader is highly accepted amongst the group due to his knowledge. The leader acts as an expert in the style and he does not interfere with the regular work of employees.

(E) Paternalistic The leader is expected to play the multifaceted role like a father place in the family. The subordinates are considered as a part of the family. The leader constantly strives to keep the subordinates intact and happy. As a father acts as a guide, friend, philosopher and protector in the family, so does the leader here.

(F) Charismatic Charismatic leadership is defined by a leader who uses his or her communication skills, persuasiveness, and charm to influence others. Charismatic leaders, given their ability to connect with people on a deep level, are especially valuable within organizations that are facing a crisis or are struggling to move forward.

2.MOTIVATION

✚ **Motivation** is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the **process** of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be - desire for money. success.

✚ Which factors is responsible to stimulate human beings? Which types desires, thoughts, actions, beliefs are stimulated? These answers only can be got through the motivation.

✚ “Motivation is the act of stimulating someone or oneself, to get desire course of action” - Jucies



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3- Vaishalinagar
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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

Characteristics of motivation:

1 Sources of Motivation is need: The human wants are unlimited and nay person cannot leave without any needs and desires. On the basis of needs motivation should be given. Then only it will be effective. Satisfied needs cannot stimulate any person.

2 Motivation is of various types: As the needs are many the motivation also are of the different kinds. Satisfaction, ideal work condition, safety for job high level efficiency, these different kinds of things motivate the person. There are many forms of motivation, just as different types of needs.

3. Motivation change with human needs: Motivation is not the static factor but if fluctuates. Which the need as a result the level of motivation also increases or decreases as the time passes and changes with situation. Needs also changes thus, motivation factor also changes.

4. Motivation keeps changes: Motivates change according to time, age, person etc. Based on time and the condition, the level of motivation is differs and it is not remain the same for all persons. Because human needs are different.

5. Motivation is forced: Motivation is the internal feelings it is such a force which gets people to come it themselves towards activities. Employees get stimulated to work and they try to satisfy their needs like thirsty person takes immediate steps to get to water.

6. Lack of motivation is depression: Employees become burdensome when their needs are not satisfied they get depressed. Such a depressed person becomes a burden on the management as well as himself.

7. Motivation defers from person to person: Management can not provide same type of motivation to all employees because people do not have the same set of needs. Management should provide different motivation to the different employees then it will be effective.

8. It is Continuous process: Once the motivation process started, it will be stopped only at the time of liquidation of the firm. It means it is continues process. For getting work done through employees they have to stimulate employees are required direction frequently. It is also the one part of motivation.

Importance Of Motivation

1 Helps to accomplish goals: If employees get stimulated, firm can achieved their goal easily by providing motivation provided to the employees. A person's behavior, wishes, desires, activities etc are determined on the bases of goals and need. If the intensity of the need is high then employees will have a strong desire to work.

2 Provides fuel to employees: Many times it happens that employees have capacity, ability to work but they do not possess the desire to work. Motivation is a force which provides employee the necessary fuel. This



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3- Vaishalinagar
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fuel affects on employees efficiency upto a certain period or limit only. After this period, management has to refill the fuel of motivation.

3. It creates an interest: Motivation is an effective tool to create interest toward work and creates desire to work. Motivation is called the injection of strength. It gives necessary efficiency to the employees.

4 Develops moral & discipline: There is direct relationship between motivation & job satisfaction. If employees have to be motivated, the level of morale increases. If the employees are able to satisfy their needs, the enthusiasm level also remains high.

5. Increase in work efficiency: Motivation creates interest towards work in the employees. If employees are satisfied, they will work efficiently and effectively as motivation provides job satisfaction. The management can use maximum capacity of employees.

6. Increase in productivity: Motivation provides efficiency to the employees and efficiency has direct relationship with productivity. If efficiency increases, productivity also increases. If production increases it means Average Cost decreases. This is also beneficial to the firm.

7. It develops employee's skill: Motivation helps to manager in developing inborn qualities and skill remains in employees. Before providing the motivation, manager has to supervise the activity of the employees, and then only they can provide them motivation. It means management tries to know desire, needs, skills, interest, etc. of the employees. Therefore motivation is called the core of management.

3. COMMUNICATION

Meaning and Definition:

- ✚ Since management basically means to get things done through other, a management has to convey information to all employees in the organization. Guidance is to be provided in such a manner that their tasks are speeded up and provide them encouragement.
- ✚ “Communication is an exchange of facts, ideas, opinions or emotions by two or more person.” *
Newman & summer

Purpose of communication:

- (i) Exchange ideas and Conveying the right message to persons concerned.
- (ii) Coordinating the efforts of all those who are engaged in the business.
- (iii) Development of managerial skill and understanding.
- (iv) Maintaining good industrial relations.
- (v) Assessing the effectiveness of policies, practices, behavior and procedures etc.
- (vi) planning human resources
- (vii) Training and development programs are possible with proper communication



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- (viii) Evaluation of employees' performance
- (ix) to discuss the problems and grievances of workers
- (x) A tool for collective bargaining

Features Of Effective Communication:

Clarity:

- ✚ The idea or message to be communicated should be clearly spelt out. It should be worded in such a way that the receiver understands the same thing which the sender wants to convey. There should be no ambiguity in the message. It should be kept in mind that the words do not speak themselves but the speaker gives them the meaning. A clear message will evoke the same response from the other party. It is also essential that the receiver is conversant with the language, inherent assumptions, and the mechanics of communication.

Adequacy:

- ✚ The information communicated should be adequate and complete in all respects. Inadequate information may delay action and create confusion. Inadequate information also affects efficiency of the receiver. So adequate information is essential for taking proper decisions and making action plans.

Timing:

- ✚ This principle states that communication should be done at proper time so that it helps in implementing plans. Any delay in communication may not serve any purpose rather decisions become of historical importance only.

Interpersonal trust/ Informality:

- ✚ Formal communication is generally used for transmitting messages and other information. Sometimes formal communication may not achieve the desired results, informal communication may prove effective in such situations. Management should use informal communication for assessing the reaction of employees towards various policies. Senior management may informally convey certain decisions to the employees for getting their feedback. So this principle states that informal communication is as important as formal communication.

Effective listening/ Attention:

- ✚ In order to make communication effective, the receiver's attention should be drawn towards message. People are different in behaviour, attention, emotions etc. So they may respond differently to the message. Subordinates should act similarly as per the contents of the message. The acts of a superior also draw the attention of subordinates and they may follow what they observe. For example, if a superior is very punctual in coming to the office then subordinates will also develop such habits. It is said that 'actions speak louder than words.'

Appropriate feedback:

- ✚ The principle of feedback is very important to make the communication effective. There should be a feedback information from the recipient to know whether he has understood the message in the same sense in which the sender has meant it.



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Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

PROCESS OF COMMUNICATION

The communication process can be presented in the following terms:

1 Sender: When the one person communicates another person with the objective to provide the information or idea is called sender. Generally, the sender first collects the information needs to inform other person. Due to different reasons, the need of information arises.

2 ideas: Communication may be in form of opinion, attitude, order, beliefs, feelings, instruction, etc. So, there must be some matters include in communication. Without matters or ideas, communication is not possible.

3 Encoding: To sent any information to the another person, it must be encoded. Now a day, the most convenient code to present the concept is the language. It may be in form of figures, any sign or symbols. But the aim of encoding is to provide information in such a way that another person can understand easily.

4 Channel: Communication channel means the medium through which the message is sent. Communication channel should be appropriate and depending upon the nature of the contents. Generally, appearance and the voice are the two channels through which the message is sent.

5 Receiver: The person receiving the message is required. Without the receiver; the information which is sent is meaningless. Without the receiver, communication process also does not complete.

6 Decoding: The person receiving the message interprets it. The receiver should be able to understand codes. The person sending the message turns it into a message. Thus, the encoding and decoding are mutually contradicting process.

7 Feedback: The response of the person receiving the message whether he has understood or not and if not properly understood, then more message are required to be sent. So, from the feedback of the receiver, sender can confirm that receiver is understood or not.

Barriers Of Effective Communication:

1. Distortion of message:

When the sender shows carelessness in expression of the message, chooses wrong words, omits some important points and creates confusion in drafting then it will not be effective. If message is drafted in highly technical terms, its interpretation creates difficulties. Koontz and O'Donnell describe the obstruction created from the inefficient use of language as 'badly expressed message.'

2. Change the meaning during transmission:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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The meaning of the message may change as it passes from one individual to another. It is believed that about 30% of information gets evaporated in such transmission process. Sometimes the facts are filtered and sent as per his benefit by employees. Thus the information gets coloured.

3.Lake of attention:

Many of the employees do not care to pay attention to the notice, circular and reports published by the company. During discussion or transmission, the listener may have different in his mind; this type of behavior is common. So, effective communication is not possible.

4.Unclarified assumption:

Sometimes the senders and receivers both assume away certain things which may not be contained in the message. The authority empowered to an employee may seem precise but in certain circumstances, a question may arise whether he should go beyond his limit or not.

5.Lack of trust:

Sometimes supervisors represent messages received from the top managers in destroyed form and due to such repeated experience, employees do not take message seriously and if the person receiving message has any doubt the its implementation, it becomes obstructive factor. Such situation arises due to the distrust on higher officer who has conveyed the message.

6.Overloaded communication:

If some employee has to send many different kinds of information, he feels overloaded. The manager gets so much information that he is unable to take necessary steps. Such situation is called overload of information and it reduces the effectiveness of communication system.

7.Improper order:

Information should be arranged in order according to its importance. If information is not ordered correctly, action cannot be taken on time. Hence it becomes difficult to take decisions and implement, them on right time.

8.Selection of improper medium:

If wrong or improper medium is chosen for conveying message, it fails to reach to proper person. Selection of convenient medium increases the effectiveness of communication while improper selection reduces its effectiveness.

9.Non acceptance:

It is the objective of the effective communication system that its implementation is done and the person who gets such information accepts it. It may be implemented but it may not be accepted mentally then it does not become effective.

10.Personnel relations:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Good relations between the employees and their higher officer and mutual trust between them increase the effectiveness of communication. If the relations are not good, the message may be not passed successfully.

11.Failure to communicate:

It may happen that there is a need of communication but it may be ignored. Sometimes, manager cannot communicate all the things. It means if he effective and necessary matters may be left out.

12.Fear:

Manager received routine reports from their assistant but the assistant do not always convey true or complete information in the report. This may be due to the fear that true communication would harm their interest.

4. SUPERVISION:

Introduction: Supervision is the element of directing. When we try to understand the term supervision, it includes guiding the efforts of others to achieve the stated objectives. Here the scope of supervision may be very limited as compared to direction that includes motivating, leading, and communication. However, when supervision is used in the context of supervisors, it includes all the supervisory functions like planning, organizing, staffing, directing, and controlling too.

ELEMENTS OF EFFECTIVE SUPERVISORY PRACTICES:

1. **Leadership:** effective supervisors perform the functions related to leadership instead of doing the same work as the subordinates do. This style of supervision leads to high morale and high productivity as well as ultimate goal of organization.
2. **Consideration for Human factor:** this style of functioning stresses on the relationship aspects of an employee's job. It emphasis a lot on how to take interest in the work of the others. And accept individually and personal needs. Supervision always focuses on the employees' oriented style. the supervisor has try to focus on employees work, also try to understand the problems of employees & cooperate him in its task.
3. **Group Cohesiveness:** the members of the group come together for a common goal for achievement in the situation. All the members are ready to take overall responsibility as a group. Its become the responsibility of supervisor always attempts for marinating group cohesiveness by influencing confidence and trust.
4. **Delegation:** delegation of authority becomes very important at the supervisory levels, as it is considered as the last level of delegation of authority. Effective delegation always implies adequate delegation. The supervisor tries to behave in such a manner it creates motivation in the subordinates for better performance, again, appropriate delegation leads to high productivity.
5. **Close supervision:** the degree of closeness of supervision may differ from highly close supervision to highly free supervision. Successful supervisors follow the style of less close supervision. A close



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

supervision is often defined wherein there is close check and less freedom on the part of the employees. Close supervision causes low morale and motivation. while on the other hand, less close supervision produces high morale and motivation, which are essential for high productivity.

Importance Of Supervision:

1. Ensures Issuing of Instructions:The supervisor makes sure that all the instructions are communicated to each and every employee. The top level and middle level, plan out all the instructions but the instructions are issued only by supervisory level management.

2. Facilitates Control:Control means match between actual and planned output. Whenever the workers are under constant supervision or monitoring then step by step check is kept and if they are deviating from plan then immediate instructions are issued by the supervisor. By this constant monitoring, the supervision function ensures strict control over the activities of subordinates.

3. Optimum Utilisation of Resources:When the workers are constantly monitored or observed then they always use the resources in the best possible manner which leads to minimum wastage. But if there is no supervision or check on workers they may result in wastage of resources.

4. Discipline:The strict supervision and guidance of supervisor encourages the employees and workers to be more disciplined in their activities. Under the guidance of supervisor the workers follow a fixed or strict time-table and execute the plans in right directions.5. Feedback:The supervisors are directly dealing with the subordinates. So they are the best persons to give feedbacks of subordinates. They give the report regarding the working of every worker which becomes the base for the performance appraisal for the employees. The supervisor gives the feedback regarding complaints, grievances and problems of subordinates to superiors.

6. Improves Communication:Supervisors issue instructions and orders to all the subordinates and make sure that these instructions and orders are clear to all the members.While playing the role of the linking pin or mediator the supervisor tries to remove the communication gap between the superiors and subordinates as he passes on the complaints and problems of subordinates to superiors and instructions of superiors to subordinates.

7. Improves Motivation:The relationship with the supervisor is a very good incentive to improve the motivation level of the employees. While guiding the employees the supervisors encourage the subordinates to perform to their best capacity.

A3. CO- ORDINATION:

- ✚ According to *Mooney and Reelay*, “Co-ordination is orderly arrangement of group efforts to provide unity of action in the pursuit of common goals”.
- ✚ According to *Charles Worth*, “Co-ordination is the integration of several parts into an orderly hole to achieve the purpose of understanding”.



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DIRECTING	COORDINATION
Directing is function of instructing and guiding about different activities	Coordination is synchronizing of all the different activities in different departments
Directing tells the employees as to how to do the job, when to complete, etc.	Coordination helps to weave these job and tasks into complete goal achieving functions
Directing helps to know who will do what in what manner	Coordination prevents overlapping and conflicts in the action
Through direction the manager directs his team towards proper action	Coordination is harmonizing the activities already directed by the manager
Direction provides a way to proper action	Coordination provides unity of actions among individual, work groups and departments
Direction aims at getting work done through people	Coordination helps to synchronize these efforts of people like an orchestra to produce wonderful piece of music
Directing functions are inevitable for any organisation	Coordination is inevitable in large units
Directing is one of the functions of Management	Coordination is an integral element of all the managerial functions. It is the hidden force which binds all other functions of Management
Directing can be identified as a separate and individual function	Coordination is a part of directing as well as important part of every POSDCORB function of management
Directing as management in action	Coordination is essence of management

Methods/Techniques Of Co- Ordination:

1. **Coordination of Command:** The Chain of command is one of the most important methods of coordination. The supreme coordinating power in an organization is the authority. The exercise of authority through the chain of command or hierarchy is the traditional means of coordination. The different parts of an organization are brought together through the chain of command. It also relates them to a central authority.



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2. **Coordination through group meetings:** The Meeting and conference provided to the staffs is a platform for discussion and solution of various problems faced by the departments. Staff meetings and conferences may be highly effective in the promotion of coordination. It helps to learn new things. It provides the subordinates an opportunity to bring up the problems.
3. **Coordination through leadership, delegation:** Effective leadership facilitates coordination efforts in the planning and the execution stage. The activities of the subordinates can be continuously guided by a good leader in the right direction. It can inspire to pull them together for the accomplishment of the common objectives. Sound leadership can persuade subordinates to have an identity of interests. It also helps to adopt a common outlook. The effective leadership reduces the dependence on such formal means of coordination.
4. **Hierarchy:** The chain of command states the relationship between a superior and a subordinate. Exercise of authority through the chain of command or hierarchy is a traditional means of securing coordination.
5. **Rules, procedures, policies:** Coordination becomes very easy if there are well-defined and comprehensive policies and programs. This brings uniformity in action because everyone understands the policies and programs in the same sense. These are also good tools for coordination as they provide the timetable, schedules etc.
6. **Coordination through liaison:** Establishment of liaison offices may help in achieving coordination among different department. They officers are supposed to be in touch with the heads of the departments and reconcile differences and restore co-ordination. Many large organizations have liaison officers to maintain cordial relation between company and outsiders as well as various divisions of the company.
7. **Incentives:** The term 'incentives' includes only monetary incentives. They are increments in the scale of pay, bonus, profit sharing and the like. These schemes of incentives promote better team spirit which subsequently ensures better co-ordination.
8. **Planning:** Coordination facilitates sound planning in the organization. The plan, policies, and comprehensive programs prefer coordination of activities and individuals. Standard procedures and rules create uniformity in repetitive operations. Thus, coordination is regarded as an essential element for sound planning

{B} CONTROLLING

Meaning & Definition of control:

Control is dynamic and flexible activity. The control process changes as goals and standards are changed in response to the changing environmental needs. If control remains static, then it will affect all the areas of organization.

"Controlling is determining what is being accomplished that is evaluating the performance and if necessary, applying corrective measures so that performance takes place according to plans." -

Characteristics of control:

1. Control is managerial function:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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Control is the function of management. It cannot be considered as administrative function. The policy and the planning carried out by the management are implemented by the administration. It is the responsibility of the management to see to it whether the administration is done properly or not. It can be considered as the function of the management. Thus, control is the function of management and not of the administration.

2.Control is the final function of management:

Control is the last function of management. It is the task of control to see to it whether the work is carried out as per the plans of the management or not. The manager has to carry out the task of control after carrying all the functions. If planning is the first function of management, control is its final function.

3.Control is the continuous activity:

It is difficult to imagine business unit without control. Control is closely related with business. Till the professional activities continue the function of control will also go on. It is the permanent constant process.

4.Universal Function:

Control is related with every level of organization. Control is the important overall process. Its scope is widespread and universal. All the activities of the unit should be carried out with all-extensive spread. The chain of control is spread from top level to the bottom.

5.Control is changeable and dynamic process:

Control is not a rigid work. Changes take place as per situation. Change is natural in the organizational environment.

6.Control is more a positive activity:

Objectives of control are not only to stop the work or find out mistakes. Its basic aim is to achieve goal. It is the task of control to make objective-oriented the activities of the employees and guide them to the right direction. It works prohibitively by constant examination and supervision but even then its objective is positive.

7.Control is constructive:

It is the wrong belief that control interferes with the functioning or the task. Control turns to the direction on the basis of specific facts and figures. It brings away employees from the wrong path to the right direction. Thus, its function is positive.

8.Control is more related with future:

Control examines the deviations from the determined planning and takes reformative steps. Hence, it is not proper to believe that it has relation only with the past. It has concern with future also. Its task is not only to find out defects or mistakes, but to make such an arrangement that prevents mistakes. Control takes care to see that the past mistakes are not repeated. Thus, it is consider as future activity.

9.Control is person-oriented:

Though control is all extensive in the management, it is kept in view a person in its centre, because the final responsibility of every function is that of a person only. Evaluation of every person and his different activities is done by control. The evaluation by the control is ultimately of the responsible persons. Thus, the control is concerned with the persons working in a unit.

10.Control is impossible without planning:



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Ph.No–(0281)2440478, 2472590

Control has close relationship with the planning. If planning is done, then only it can be verified whether the work is carried out as per planning or not. If there is no planning, how can there be any need for examination? Hence it is appropriately said that planning without control and control without planning are futile (useless)."

Scope of Control:

1.Organization controls:

Organization is an instrument to achieve business goals. It aims at achieving efficiency in the tools and techniques used. It is checked whether the policies and procedures are aligned with the organizational goals or not. An organizational structure is prepared to make the organization more efficient. It can be ascertained about the power, duties and responsibilities of every person in the organization. Such manuals are very important for controls. Control can be exercised on even activities and reports.

2.Production control:

Production control includes control over quality, quantity, cost, innovations and product development. Through production planning, control can be exerted over quantity and quality. To control wage expenses, cost control techniques are used. For product development and research, research policy, research budgets, time table etc. are used. Production control helps to increase the profitability.

3.Sales:

The main aim of sales control is to ensure whether sales are taking place as per the detailed standards or not. Sales estimates are prepared. The actual sales are compared with these estimates. If the actual sales are not as per the budgeted sales, then measures are taken to increase it.

4.Employees control:

The main aim of employee control is to increase the efficiency and interest of employees. Through various policies like selection, training, promotion, transfer etc. the work of employees can be controlled. Performance standards are fixed to keep control over the employees. Supervision is maintained constantly to ensure whether employees are doing the work properly.

5.Control on policies:

Policy means constraints. Every business unit makes fixed policies. The managers have to perform their activities, within these policy constraints. They cannot violate (break) the policies. If policies are written, then it is easy to understand and to implement for the staff.

6.Monetary control:

The main aim of monetary control is to reduce the mismanagement of finance. Money is the life-blood of business; Proper control should be exerted on it. The general tools of the monetary control are budget, liquidity, cash flows, application of finance, capital expenditures control and proper accounting system. Without the consent of officers, financial expenses cannot be incurred.

7.Work procedure control:

The main aim of this control is to increase the effectiveness of managerial activities. Work procedure is the defined techniques. Every activity should be done in a particular manner. It should be fixed as to who will perform which activity and in what manner. Control becomes necessary to maintain a proper work pattern.



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3- Vaishalinagar
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8. Quality control:

Quality control technique is introduced to maintain the standards of quality of the finished goods. Quality control is fixed with respect to production. Quality control charts, process control charts etc are used. This would utilize resources and equipments to an optimum level.

9. Overall control:

There is a requirement to control all the activities of an organization. All the activities of the business and all the functions are interconnected with each other. Hence, overall control is the financial control. Even the success or failure of different business plans are measured by financial control. It includes through budgeting, profit and loss, auditing, calculating returns on invested capital and by creating a control department.

Importance of Control:

1. Control helps in the attainment of goals:

The plan is framed keeping in view the objectives of business enterprise. Other functions are also arranged according to this plan. Then these functions are brought under control. Thus control helps in moving the enterprise towards its set goals.

2. Control is the basis of planning:

Planning cannot take concrete shape without control. Planning, however sound is meaningless without control. Whether the performance of the unit is conformity with the plan or not that can be judged through control only. Planning cannot proceed without control.

3. Controlling is useful in organizing also:

Organization structure is prepared keeping in view the objectives of the enterprise. In an organization, interrelationships are established by assigning authority, duties and responsibilities to definite individuals. If there is any error or defect in it, it will be brought to light through control. Thus, control can prevent maladjustments in the organizational set up. Hence control is necessary on such organizational factors as delegation of authority and assignment of responsibilities.

4. Directing made effective through control:

Once planning and organizing are completed, directing employees become necessary. Control helps directing by suggesting where, when and to whom direction or guidance is necessary.

5. Control helps co-ordination:

To realize the goals of business, it is necessary that all functions of management are well-coordinated. Control shows where there is lack of coordination among departments, functions of individuals. Koontz and O'Donnell believe that it is inevitable for the achievement and maintenance of co-ordination.

6. Control is necessary for the delegation of authority:

Delegation of authority is an important and complex problem in organizing. If delegation of authority is a key to efficient management, controlling is a key to efficient organization. Controlling is necessary to strike a balance between authority and responsibility.

7. Control helps in removing mistakes, defects etc:



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Control is exercised on all important aspects of a business unit such as policy, procedures, organization, personnel, quality and budget. Errors and defects in any of these fields are detected, it is rectified through control. Unless, through control performance is evaluated, errors and defects cannot be detected.

LIMITATIONS:

1. Difficult to establish the standard of control:

Success of control is based in its standards. For majority of the functions, such standards can be established, but there are certain functions, for which any specific standards are not possible. Where such standards cannot be determined, the control system becomes limited.

2. Self-centered standards:

The functions for which standards can be determined should be object-oriented standards. If the prejudice of manager enters into it, the standards become selfish and self-centered. If it so happens, the differentiations made available. Such self-centered standards reduce the efficiency of control.

3. Problem of deciding responsibility:

Control can be effective only if the responsibility of a person for specific standards or deviations is fixed. If authority or responsibility is not properly distributed, the scope of control becomes limited in such a situation.

2.00 Techniques of control:

2.1 Breakeven analysis control technique:

Such a level of sales quantity is found out at which level of sales of the cost is equal to income and expenditures. Breakeven point shows the quantity of production at which there is no profit or loss. At this level the cost and the income is equal. Breakeven point states that level which represents, "No profit No loss" situation. Breakeven point is important to fix the budget figures. Breakeven point shows what should be the level of production at which there will be no loss-no profit. Managers can prepare graphs of break even and ascertain the goals of sales. With the help of break even graph it can also be found out as to how much production is required to be made to earn how much profit.

Advantages:

1. At what level of quantity produced will the cost and revenues be equal.
2. It helps to take decisions regarding the capacity utilization, fixed cost sales, need of employees etc.
3. To maintain business, how much minimum profit is required can be decided.
4. Break even analysis helps budgetary control in many ways.
5. Effective cost control can be possible with the help of budgetary control.
6. How much sales is required to get the specified return on capital investment can be known.

• Limitations:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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1. Due to changes in raw material prices, technological changes etc. the production cost is changed and so the break even charts are not of any use.
2. Through break even chart or analysis, it is assured that production is done and sold immediately, but it does not happen in reality.

2.2 Budgetary control:

Overall control through budget is a very old-technique. For different departments and activities budget is prepared like sales budget, expenditure budget etc. But out of all those budgets, an overall budget is prepared. Different department heads get sanctioned budgets of their respective departments. Top management, before sanctioning the budget, study it properly and maintains overall control. Estimated income and estimated expenditure for a specific period of time are presented for the future by budget. Budget is presented in figures. Real outcomes are compared with the budget figures. If any difference is found, then the reasons behind it is found out and removed. The comparison of real outcomes is made possible. Hence it is considered as the control tool. Budget provides parameters for the goal achievement and capacity of the compete unit. Budget is used as the base for taking decisions like how to utilize financial funds, which types of expenditures to do, how to fulfill the financial responsibility etc. With the help of budget, the management can keep control. Hence, this complete technique is known as budgetary technique.

• **Advantages:**

1. Co-ordination can be ensured among various types of activities of a business unit.
2. The estimate of cost and income can be known in advance and monetary policy can be fixed for a specific time.
3. Due to budget, administrative efficiency can be improved.
4. Limits can be put on the cost.
5. Proper guidance can be obtained from the budget.
6. Budget is a barometer to measure progress of a unit because the actual result can be compared with the budgeted results.
7. Due to budget, the departmental activities can be made clearer. Whatever results have to be accomplished should be clear. Thus, responsibilities can be properly allocated.
8. Budget clarifies the financial policy decisions to be undertaken.
9. Results can be found out for the negative deviations, which are traced when the actual results are compared with the budget results.

• **Limitations:**

1. If the implementation is not done as per the budget, then the budget remains only on paper.
2. If budget stresses too much on figures, then it becomes difficult for the employees to understand.
3. If the top management does not take interest in the budget, then the budget programme cannot become successful.
4. If employee's views are not considered in budget, then it becomes unsuccessful.
5. If the budget is not flexible, then the budget will have a very bad impact on the employees.
6. For forming the budget, there should be precise details available, by guessing goals cannot be achieved.

2.3 Profit-loss control technique:

This tool can be made applicable to the complete unit and overall control can be maintained. It indicates as to every department should contribute how much share in the profitability of the business and



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makes it possible to compare it with the realistic achievements. If a firm is having its plants at different places, every plant should independently contribute how much in the profit of the organization can be indicated. Profit-loss account is prepared on the basis of income. These estimated figures are recognized as the parameters. To make this technique successful the officers should be made aware to keep the expenses under control.

2.4 Return on capital investment technique:

By taking out the extent of how much capital is invested in the business and against it how much return is obtained is determined, through which efficiency is measured. A comparison can be made for the similar type of business industry for how much return is available to them and accordingly steps are taken to increase the efficiency.

By obtaining percentage with the help of different ratios the rate of return on investment can also be found out by the businessman, which becomes useful in taking important decisions.

2.5 Internal audit control technique:

The managers are able to keep control over all the activities of the unit, including financial matters. Expenses are properly incurred and payments are made according to the financial policy, which is kept trace and control by internal audit.

Overall control can be maintained over sales, storing, payment of wages, payment of expenses etc. Special staff is appointed for this purpose. The management has to bring changes as per the changing situation in direction, budget, planning, production system and sales system. These changes affect the complete enterprise.

2.6 Accounting analysis control techniques:

Accounting analysis managerial control technique becomes useful in taking important decisions and maintaining control.

(1) Accounting ratio:

With the help of different ratios accounts are analyzed and profitability of the unit, return on profit, profit rate on sales, rates of assets and liabilities etc. are found out. These ratios become helpful in keeping control and for taking decisions also these ratios are helpful.

(2) Fund flow statement:

By preparing the estimated fund flow register, the figures indicated in it are recognized as the parameters. The real fund income is compared with the figures in the fund flow register so that the managers can take decisions and keep control.

(3) Estimated balance sheet:

Right from the beginning of the year estimated balance sheet is prepared. Estimated balance sheet is prepared keeping in view what changes will take place in the assets, which new assets will be purchased, how much fluctuation will be there in the investment, what will be the changes in liabilities during the year are calculated. Those figures are compared with the real balance sheet at the end of the year and in this manner control is maintained.

(4) Estimated cash flow register:



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3- Vaishalinagar
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Ph.No–(0281)2440478, 2472590

An estimated cash flow register is prepared which indicates how much cash would be available and when during the year and where it will be spent. When the cash will be easily available and when will be shortage can be ascertained from this register.

(5)Computer Based control Technique:

Control can be made more effective with the help of modern machine like computer. Computer is extensively used in the fast developing modern times. In big enterprises, accounts and auditing are also done by computers. As per this system every process is arranged in order and every procedure should be carried out in sequential order. With the help of the programmes set up by the machines, every function can be carried out in a very controlled manner.

2.7.PERT Method:

PERT is the Programme Evaluation and Review Technique. As per this technique the graph indicating all the activities of any programme and sequence of events and arrangement of time as well as their inter-relationship is fixed so that the determined goal can be achieved in minimum time frame at the minimum expenses, which is called PERT method. In this method the analysis of expenses is the base. After ascertaining the specified time, it becomes relevant with the minimum time. All the procedures of the programme, are done with the help of sequential order and presented in the form of a chart. When the programme is required to be implemented the works are accomplished accordingly and long term path is also ascertained as per its relevance. After that their inter-relationships are established. All these make the planning and control more effective.

2.8.Critical Path Method:

Known in brief as CPM, this method is also based on time as in the case of PERT method. As per PERT chart the longest path shown in it also is the cause of delay in time in the critical job. Out of the time paths right upto the first event the total of expected time period of all the activities of critical path is always maximum. If there is delay in completing the critical path activities, then there is going to be delay in the complete programme. Due to this reason only more attention is paid toward the planning and control of critical path. Till the activities of CPM path are completed, previous events to it cannot become complete. Hence, the planning of CPM path should be done effectively.

2.9Responsibility Accounting:

In the responsibility accounting every person's responsibility is made specifically in the planning and organizational structure. Employee is in the centre in the responsibility accounting.

Responsibility accounting is the highly useful tool of control for the management. It becomes helpful for evaluating the employees' performance. Responsibility accounting becomes useful in adopting decentralization, for division of work for obtaining organizational effectiveness. This accounting method becomes useful in achieving goals.

3.00 Characteristics of budgetary control:

1. The targets for activities are fixed in the manner that co-ordination is accomplished among different activities. These targets are financial and material types, which provide standards for control,.
2. Budgets for control are for specific future time period,
3. The target fixed sales, production, income and expenditure are based on systematic details,
4. Details related to actual achievements are collected,
5. Actual outcomes are compared with the estimated targets,



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

6. The difference between the achievements and the targets are found out and causes for them are also found out. Immediate steps are taken to remove those differences.

4.00 Benefits & Limitations of Budgetary control :

As per Q 3 Point 2.2

5.00 Non-budgetary Control:

Other methods than the budgetary one which can be useful for overall control is called non-budgetary control methods. We have earlier discussed non-budgetary control methods in the conventional and modern methods of control. Here we are just mentioning its types:

- I. Cost return analysis method
- II. Material control
- III. Quality control,
- IV. Control through exception,
- V. Accounting ratio
- VI. Rate of return on capital
- VII. Break even analysis,
- VIII. Other methods which are for return on the investment.

Short note: Zero Base Budgeting.

ANS:

Zero base budgeting is a new approach to budgeting. In traditional budgeting, figures of previous year are adjusted to get the new figures. Previous year figures get space in budget and only increase and decrease are subjected to debate. Zero based budgeting assumes no previous year figure. In it budget is prepared afresh without considering the previous year figure, taking into account the needs of the operations. The manager has to offer justification for the budget request without referring to previous year allocations. It is the recalculation of all organizational activities to see which should be eliminated or funded at reduced level or funded at the current level or funded at the increased level.

1.00 Benefits of zero-base budgeting:

This being a new and modern technique, the following benefits are claimed for it:

1. Every proposal is considered every year afresh and is evaluated on the basis of cost benefit analysis. All alternatives are considered and only the most profitable one is selected. This helps eliminating wastes, unnecessary expenditure etc. and improves overall efficiency of the business.
2. Under the traditional budgeting just increases and decreases from the current operations are made and budget formulated. Rethinking of each proposal promotes more effective allocation of resources.
3. It is an educational process that can promote development of the management teams. Managements at all levels take part in preparation of budgets. Their sense of ego is satisfied, as they feel that they have contributed to the formulation of budgets. This leads to job satisfaction.
4. Top management has greater flexibility in reallocating resources and allowing greater budget shifts among organizations.
5. Duplication of efforts among organizational limits will be identified. This will result in eliminating or centralizing these functions.

2.00 Limitations of zero-base budgeting :



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

1. It is not correct to say that the method is a new one. The current practices also make use of such techniques of evaluation of various alternatives benefit analysis etc. Hence, it cannot be labeled as a neo-modern method.
2. The method cannot be used in all types of organizations or for every manager. It cannot claim to be universally applicable. Even in the U.S.A hardly 100-150 companies have adopted it.
3. It is not practicable to evaluate each proposal on the basis of cost benefit e.g. the Government is required to accept many proposals in respect of which financial considerations have to be ignored.
4. As far as government budgets are concerned, all the proposals to be included cannot be evaluated on the basis of cost benefit analysis. Political or social objectives are sometimes more important than financial considerations in case of certain proposals. In addition, in countries like India, most of the members of the parliament and legislative assemblies do not understand the technique of cost-benefit analysis.
5. The method is undoubtedly expensive. It invites evaluation of hundreds of decision packages, comparing various alternative proposals and ranking them on the basis of cost benefit analysis. This demands appointment of experts, creating the whole organization, buying costly electronic machines etc.

PERT Method:

- ✚ In industry and business, there are a number of projects which are planned and executed. For example building a bridge, introducing a new product in the market, sending a space craft on to the Moon, preparing a missile etc, are all called 'Projects'. All these projects involve huge amount of money and time. They must therefore be completed in minimum of time and money. For this purpose there must be careful study and analysis of the whole project. The techniques used for the purpose of planning and control of such projects are known as PERT and CPM. PERT is the short form of Programme Evaluation and Review Technique and full form of CPM is Critical Path Method. Both the methods are systems of determining the minimum time within which a programme or a project can be completed systematically.-Both were developed almost at the same time i.e. in 1957 and 1958.
- ✚ CPM was developed by Walker and Kelly in the well-known Du Pont Company, while PERT was developed in 1958 by the US Navy in planning, scheduling and controlling Missile System. Thereafter the use of PERT was so fast that it has become compulsory to use it for implementing any programme in US military. Though both the systems, were developed at the same time independent of each other, the basic techniques are the same.

Process of Controlling:

The stage of process of controlling can be shown as under:

1.Establishment of standards :

Establishment of standards is the first step of management of control. The objective of control is to evaluate the functions of the unit according to the pre-determined standards and if any deviations are found



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

they are to be removed through corrective measures. Thus the first step of management of control is to establish standards. These standards reflect the objectives and goals of the unit and help to evaluate the functions of the unit. If there are no standards evaluation and comparison of the units function will become impossible and the control management cannot be effective.

While deciding the ideal standards there should be certain peculiarities like the standards should be substance oriented. The standards should reflect the planned objectives of the unit. The standards should be realistic and practical. There should be a system of evaluating the standards. The standards should not be rigid.

Koontz and O'Donnell state five main types of standards : (I) Physical standards (II) Standards of expenditure (III) Standards of capital (IV) Standards of Income (V) Standards which cannot be measured.

2.Acquiring information:

The second stage of control is to acquire information about realistic situation." Performance is to be measured to find out whether the activities are carried out according to standards set, such information helps to evaluate the realistic activities of the unit. Thus the function of acquiring information should be given as much importance as setting of the standards.

The various methods utilized to acquire information are: (I) Individual observation (II) Oral report (III) Written report. It should be noted that one or the other above mentioned methods might prove useful in different situations for different standards.

3.Evaluation of work :

Information collected by various methods are compared to pre-determined standards. By comparison one can find whether the achievements are more than the standards set, according to the standards set or less than the standards set. The first two situations signs of satisfactory progress but if the achievements are lower than the standards set and if the difference is too great it should be problematic, whenever the deviation from the standards is great more efforts should be concentrated.

Generally at the time of establishment of standards it is decided how and in what situation will the activities be carried out but one cannot ascertain the favourable and unfavourable situation. Thus if the situation change the results should be evaluated as per the changed situation. Many times normal deviations are not taken into considerations but if even a small or slight deviation is important due to long term effects it should be given due importance.

4.Corrective actions:

The function of controlling is not to just find out errors but to guide the functions of the unit in the direction of achievement of objectives. So controlling is called creative process.

After the evaluation of work if exceptional deviations are found at any stage the causes of deviations must be found and removed immediately by corrective measures. Such corrective measures should be progressive and be such that they should be able to remove the deviations. For this the co-operation of employees is necessary. The controlling officer should encourage the workers to adopt such measures. It should be noted that the function of corrective actions is not only to correct the mistakes immediately but also to see that such mistakes do not occur in future.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

NEED FOR CONTROL FUNCTION IN N ORGANIZATION:

1. To measure progress:

There is ultimate relationship between planning and controlling functions. Where planning determines the course of action, the control process measures the progress of those goals. The manager in the organizations constantly takes the reading to see whether his enterprise or the particular department is on the charted and predetermined course of action or not.

2. To expose deviations(if any) :

Once the working of the organization is set into correct motion to achieve the objectives, there are a number of events that occur which tends to pull the actions off the target. It has been proved that the successful control system is that which detects the error before the deviation becomes too serious to manage. Few major events lead to pull an organization "off the target" is change, complexity of the work, to err, wrong delegation of powers. Thus, it is very important that the divergence must be detected before they grow serious.

3. To suggest corrective actions:

Controlling is incomplete without the implementation of corrective actions. As soon as the deviations are being noticed by the manager, corrective actions are recommended and should be implemented too. Because no controlling system is complete without rectification.

SPAN OF CONTROL:

✚ The concept of span of control can be expressed as to a manager's efficiency to control the number of members in an organization. The span of control is nothing but the extent to which the manager can manage the number of employees. The span of control that can be managed by him highly depends on his ability and potentiality. One must understand that a manager can not exercise his control beyond a limited number of subordinates effectively. Thus, his control restricts to a certain number of members, this is known as span of control.

✚ Generally, the span of control depends on one's ability and efficiency. The span of control is dependent in an organization on many factors. Thus, while deciding the span of control various factors are to be considered like mentioned below:

1.Capacity and intelligent of the manager:

The span of control of a manager highly depends on his own intelligence, ability, a capacity as well as energy and experience. It is obvious that the span of control will be narrow if the ability of a manager is limited. On the other hand, it's easy for a competent manager to control fairly large number of subordinates.

2.Nature of planning:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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If the planning is clear and non ambiguous it's very easy to frame and follow the policies. The manager can efficiently plan put the control system if the planning is comprehensive. Again if the planning is clear subordinates do not require too much guidance, which facilitates span of control wider.

3. Time given by managers:

If the manager has the capacity to allocate more time duration for the supervision of the subordinates the more number of subordinates can be controlled by him and vice-versa.

4. Training programs:

If the team of subordinates is well trained and mentored, they are vigilant about their responsibility. The manager does not require much to teach and train very now and then. Consequently, he may be able to have a large span on control.

5. Nature of work:

If the repetitive nature of work if performed in an organization, it can result into greater span of control. If there is a high variation in the nature of activities, the span of control is limited, as it will call for the constant supervision and instruction on the part of the manager.

6. Effective communication system:

If the communication system in an organization is effective, speedy and modern, it is very easy for the manager to keep in touch with the subordinates. It clearly helps to have the contact with large number of subordinates at the same time.

7. Type of delegation:

If in an organization authority is delegated to subordinates, they themselves have the decision making power, ensuring control wider as compared to centralizing, where managers must be frequently consulted for many minor decisions also. Here the span of control may be restricted.

8. Dynamism in business:

Many business are very dynamic in nature. Thus, if the changes are faster in the unit the span of control will be narrow. In addition, if the changes are not likely to occur very frequently the activities an organization will not change rapidly facilitating the wide span of control.

Thus, we can conclude that though the span of control is related to the capacity and ability of the manager, various determinants are to be considered while deciding the width of control of a manager in a unit.

Characteristics of effective controlling system:

Controls at every level focus on inputs, processes and outputs. It is very important to have effective controls at each of these three stages. Effective control systems tend to have certain common characteristics. The



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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importance of these characteristics varies with the situation, but in general effective control systems have following characteristics.

1. Accuracy: Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.

2. Timeliness:

There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.

3. Flexibility:

The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control.

4 Acceptability:

Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers.

Accordingly, employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

5. Integration:

When the controls are consistent with corporate values and culture, they work in harmony with organizational policies and hence are easier to enforce. These controls become an integrated part of the organizational environment and thus become effective.

6. Economic feasibility:

The cost of a control system must be balanced against its benefits. The system must be economically feasible and reasonable to operate. For example, a high security system to safeguard nuclear secrets may be justified but the same system to safeguard office supplies in a store would not be economically justified. Accordingly the benefits received must outweigh the cost of implementing a control system.

7. Corrective actions :



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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An effective control system does not only identify the deviation but also suggest solutions to correct such a deviation. The controlling system thus should be which provides proper corrective actions to any deviation or mistakes already identified. Without corrective actions all the controlling becomes useless.

8.Emphasis on exception:

Controlling system should work on the exception principle, so that only important deviations are brought to the attention of management, exception principle ensures that managerial attention is directed towards error and not towards conformity. This helps to focus on very critical issues of the organization.

ESSENTIALS OF AN EFFECTIVE CONTROLLING SYSTEM

1. **Simple** : The control system needs to be easy to understand and straightforward to perform. Control system fails to communicate the right meaning. As there are more chances of mistakes and confusion when the system is not simple. It is only when the employees understand it well, Its performance can be in accordance of pre-destined targets. Intricate control system leads to difficulty in achieving goals. Thus, simplicity is the pre-requisite for successful controlling.

2. **Appropriate** : While framing controlling system, the need of the organization must be considered. Controlling is function for which such a system should be adopted which fits exactly the needs of the unit. It must consider the nature, objectives and area of activities of the organization. Only then the appropriate control system can be devised which coincides with the need of the unit.

3. **Flexible** : An organization exists in highly fluctuating environment. Technological advancement, competition, preference changes are some such factors, which are highly volatile. As a result, the control should be necessarily flexible. Therefore, it can easily adjust and change with the external factors. Even adverse changes can be made up and new opportunities can be grabbed if the controlling system is flexible enough.

4. **Sound and Cost-effective** : Any control system must justify the benefits that it gives against the costs incurred. Cost effectiveness is the motto of any business unit. It is a common practice of the management to minimize cost; it always tries to enforce the least amount of control system employed should be worth its investment and easy to maintain also.

5. **Selective** : The control system must focus on the key and strategic deviations in the performance. Only those deviations are to be paid attention to, which may really prove to be important. Insignificant and negligible deviations need not be looked into seriously. This helps to save the time and energy of the managers and also helps them to meet the problems head-on effectively.

6. **Effective Communication System**: By now, we all know that the control is related to the present and future events. The managers should immediately find out the deviations by comparing the actual standards with the established standards. If entire information is not procured speedily about the various activities, then control can not be effective. The base of the effective control is on the effective communication network.

7. **Forward Looking**: An effective control system should be forward looking. It must provide timely information on any deviation. Any discrepancies must be detected as soon as possible and corrective



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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3- Vaishalinagar
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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

actions should be taken, so as to avoid any fatal consequences in future. Control not only rectifies the present error but also it avoids reoccurrence in future and thus, it is forward looking in that sense.

8. Acceptable: However the control system is adopted and implemented, if the people (employees) are not ready to accept it and adapt, it will not prove any good. For the control system to be acceptable to the employees on whom it is employed, it has to be quantified, simple, attainable and above all understood by one and all.

BENEFITS OF CONTROLLING (MANAGEMENT) BY EXCEPTION

1. It saves time: It saves the executive's time because they apply themselves on fewer and important problems. Other minor and usual types of problems are left to subordinates.

2. It contributes executives' efforts on major problems: Instead of splitting the attention across all sorts of problems it is placed selectively where and when it is needed. Thus it also ensures better utilization of managerial talents.

3. It facilitates better delegation of authority: It provides better opportunities for self motivated personnel in organization. It lessens the frequency of decisions at the higher levels of management which can concentrate on strategy management rather than engaging themselves in operational management.

4. It helps to identify crises and critical problems: It helps to identify crises because the moment any exceptional deviations occurs the attention of higher level manager is drawn. This way it makes the management alert to appraise opportunities as well as difficulties.

5. Helps to enhance the communication between different departments: It encourages exchange of information between functions. Also between function and cost centre of profit centre to which it reports. Communication determines the cohesiveness in organization and leads to achievement of objectives.

{B} DECISION MAKING

A[1] INTRODUCTION, DEFINITIONS, CHARACTERISTICS AND IMPORTANCE OF DECISION MAKING.

Introduction:

- In management, decision making plays a very important role. For managers, it is an essential skill to make right decision at the right time.
- Decision making judges the skills and efficiency of the managers. The success or the failure of the business organization totally depends on the decision making of the manager.

Managers have to take various decisions in his organization like:

- Objectives – planning – policies, procedures, strategies etc.
- Organization structure
- Leading and actuating



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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Nr. Amrapali Railway Crossing
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- Controlling etc.
- It means decision making is a choice or selective process from alternatives. Managerial decisions are considered as actions against particular problem.
- Decision making shows efficiency of management to achieve their predetermined set of goals in organization.

Definition of Decision Making:

“Decision making is the actual selection from among alternatives of a course of action. It is at the core of planning.” -*Koontz and O'Donnell*

- In short, decision making means selecting a course of action which is chosen for achieving desired results.

Characteristics of Decision Making:

Managerial function:

- Like other managerial function decision making is also one of the managerial function. It is essence of planning. Continues decisions have to be taken for accomplishing any work.
- Manager has to take short term and long term decisions.

Rational activity:

- Decision making is rational process. Keeping in mind predetermine standards, decision have to be taken on the basis of evaluating different alternatives and selecting the best alternative.
- It means any alternative cannot be selected randomly without consider it's positive and negative side.

Decision making – Process:

- Decision making is not a single activity but it has to pass through various stages to take any decision.
- Information has to be collected then evaluation is required and then best options should be selected. So it is a continuous process where selection and evaluation are continuously done.

Alternative process:

- Decision making is the process of selecting best alternative from available alternatives.
- When there are many alternatives the best one is are needed to be selected. So, decision making is important.

Positive or negative form:

- The form of decision making may be positive or negative. Sometimes due to internal conditions, decisions turn out to be negative.
- Thus, decision making may result into positive or negative.

Related to goal:

- Decision making is a purposeful activity to achieve desired goals and objectives. It is also required to solve some problems, disputes, conflicts, dissatisfaction etc.

All pervasive:

- Decision making is required at all the levels of management i.e. top level, middle level, bottom level. Though the degree of applicability may be different, managers have to take decisions in their working criteria.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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- It is also required at all the functional levels i.e. production, marketing, finance and personnel.

Importance of Decision making:

Proper utilization of resources:

- Organization has various resources like man, money, method, material, machine, market and information.
- All these resources are properly utilized without any leakage and wastage with the help of right decision at right time. As a result, an organization can operate at a minimum cost.

Selecting the best alternative:

- As we know that the problem has multiple solutions.
- Decision making is important to select the best alternative among various alternatives by analyzing them one by one using various financial, statistical, and accounting tools/ technique.

Evaluation of the managerial performance:

- Decision making is not only important to select the best alternative but also essential for evaluating the performance of a manager.
- The quality/success of manager largely depends upon the number of right decision that he/she can take for the organizational success. Therefore, decision making is important to judge the performance of top level of management.

Employees motivation:

- Decision making is important to motivate the employees within an organization. It provides an overall framework of operation and guideline to the operating level of staffs.
- It also provides different types of facilities and benefit on time. As a result, employees are motivated to their job or work as per the organizational requirement.

Achievement of goal/ objectives :

- Decision making is important to achieve the organizational goals/objectives within given time and budget. It searches the best alternative, utilize the resources properly and satisfy the employees at the workplace.
- As a result, organizational goal or objectives can be achieved as per the desired result.

Pervasive function:

- Decision-making is a pervasive function of managers aimed at achieving organizational goals.
- Decisions are to be taken in all managerial functions such as planning, organizing, motivating, directing and controlling and in all functional areas such as production, marketing, finance, personnel and research and development. It indicates that the decision-making is spread over many areas of the organization.

A[2] TYPES OF DECISION MAKING



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Nr. Amrapali Railway Crossing
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Manager requires different skills and understanding to solve different problems. So, we have to understand the types of decisions made by managers at different levels of organization:

1. Basic and Routine Decisions:

- Basic decision are those which require a good deal of deliberation and are of crucial importance. These decisions require the formulation of new norms through deliberate thought provoking process. Examples of basic decisions are plant location, product diversification, selecting channels of distribution etc.
- Routine decisions are of repetitive nature and hence, require relatively little consideration. It may be seen that basic decisions generally relate to strategic aspects, while routine decisions are related to tactical aspects of a organization.

2. Organizational and Personal Decisions:

- Organizational decisions are those which an executive takes in his official capacity and which can be delegated to others.
- On the other hand, personal decisions are those which an executive takes in his individual capacity but not as a member of organization.

3. Programmed and Non-programmed Decisions:

- These decisions are of a routine and repetitive nature. The programmed decisions are basically of a routine type for which systematic procedures have been devised so that the problem may not be treated as a unique case each time it crops up.
- The non-programmed decisions are complex and deserve a specific treatment. In the above example, if all the professors in a department stop their teaching work the problem cannot be solved by set procedural rules. It becomes a problem which requires a thorough study of the causes of such a situation and after analysing all factors a solution can be found through problem solving process.

4. Individual and group decisions:

- When the decision is taken by a single individual, it is known as individual decision. Usually routine type decisions are taken by individuals within the broad policy framework of the organisation.
- Group decisions are taken by group of individuals constituted in the form of a standing committee. Generally very important and pertinent matters for the organisation are referred to this committee. The main aim in taking group decisions is the involvement of maximum number of individuals in the process of decision- making.

5. Operational Decision & strategic decision:

- Operating decisions relate to day-to-day functioning or operations of business. Middle and lower level managers take these decisions. Ex. if bonus is to be given to the employees, calculation of bonus in respect of each employee is an operating decision.
- Strategic decisions are important which affect objectives, organisational goals and other important policy matters. These decisions usually involve huge investments or funds. These are non-repetitive in nature and are taken after careful analysis and evaluation of many alternatives. These decisions are taken at the higher level of management.



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6.Planned and Unplanned Decision:

- Planned decisions are actions based on already defined organizational plan. It is simply a future action of what plan had been made in past.
- Unplanned Decisions, as the name suggests such kind of decision is highly relative to the situation and circumstances of an organization. This type of decision also known as off-the-cuff-decision. The manager has to give quick response and quick decision making requires proper handling of unexpected changes and circumstances.

A[3] PROCESS OF DECISION MAKING:

Understanding the problem:

- The first step in making the right decision is recognizing the problem or opportunity and deciding to address it. Determine why this decision will make a difference to your customers or fellow employees.

Data analysis:

- Next, it's time to gather information and analyze it so that you can make a decision based on facts and data. This requires making a value judgment, determining what information is relevant to the decision at hand, along with how you can get it. Ask yourself what you need to know in order to make the right decision, then actively seek out anyone who needs to be involved.
- **Identify alternatives.** Once you have a clear understanding of the issue, it's time to identify the various solutions at your disposal. It's likely that you have many different options when it comes to making your decision, so it is important to come up with a range of options. This helps you determine which course of action is the best way to achieve your objective.
- **Evaluate the alternatives:** In this step, you'll need to "evaluate for feasibility, acceptability and desirability" to know which alternative is best, according to management experts Phil Higson and Anthony Sturgess. Managers need to be able to weigh pros and cons, then select the option that has the highest chances of success. It may be helpful to seek out a trusted second opinion to gain a new perspective on the issue at hand.
- **Choose best alternatives.** When it's time to make your decision, be sure that you understand the risks involved with your chosen route. You may also choose a combination of alternatives now that you fully grasp all relevant information and potential risks.
- **Implementation:** Next, you'll need to create a plan for implementation. This involves identifying what resources are required and gaining support from employees and stakeholders. Getting others onboard with your decision is a key component of executing your plan effectively, so be prepared to address any questions or concerns that may arise.
- **Verification of decision.** An often-overlooked but important step in the decision making process is verifying and evaluating your decision for effectiveness. Ask yourself what you did well and what can be improved next time.

{C}FORECASTING:



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A[1] INTRODUCTION AND DEFINITIONS OF FORECASTING

Introduction:

- In preparing plans for the future, the management authority has to make some predictions about what is likely to happen in the future. It shows that the managers know something of future happenings even before things actually happen. Forecasting provides them this knowledge.
- Forecasting is the process of estimating the relevant events of future, based on the analysis of their past and present behaviour. The future cannot be probed unless one knows how the events have occurred in the past and how they are occurring presently.
- The past and present analysis of events provides the base helpful for collecting information about their future occurrence. Thus, forecasting may be defined as the process of assessing the future normally using calculations and projections that take account of the past performance, current trends, and anticipated changes in the foreseeable period ahead.
- Forecasting provides a logical basis for determining in advance the nature of future business operations and the basis for managerial decisions about the material, personnel and other requirements.

DEFINITION

- “Business forecasting refers to the statistical analysis of the past and current movement in the given time series so as to obtain clue about the future pattern of those movements.”

A2. ELEMENTS OF THE FORECASTING PROCESS:

J.W. Redfield describes the following elements of forecasting process:

1. Prepare the groundwork.
2. Establishing future business.
3. Comparing actual with estimated results.
4. Refining the forecasts.

1. Prepare the Groundwork:

- The group work preparation requires a thorough study, investigation and analysis of the company, its products, its market share, its organisational structure and the industry.
- The investigation will involve the past performance of all these factors, their growth over a period of time and the extent of their inter-relationships and inter-dependence. The aim is to build a foundation on which future estimates can be based.

2. Establishing Future Business:

- The future expectancy of the business can be reasonably computed from the past data as well as the input from the key executives of the organisation, sales personnel and other specialists.



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- This forecast is developed with the participation of the key personnel and is officially communicated to all. Thus all these people assume responsibility for meeting these forecasts and accountability for any deviations from this forecast.

3. Comparing Actual with Estimated Results:

- The forecast estimates over the future years provide benchmarks against which the actual growth and results can be measured and compared.
- If there are significant variations between the two, one way or another, the reasons for such deviations can be investigated and analysed.

4. Refining the Forecasts:

- In the light of any deviations found, the forecast can be refined to be more realistic. If some conditions have changed during the periodic evaluation, then the new values of the variables can be incorporated in the estimates.
- Thus, these constant revisions and refinements and improvements would add to the experience and skill in forecasting, since proficiency in forecasting can only be gained through practice and experience.
- The above elements indicate a systematic approach to the problem of forecasting. As a materiality, these elements are found in any research procedure.

A[3] FEATURES, IMPORTANCE AND LIMITATIONS OF FORECASTING

Features of forecasting

- ✚ Forecasting is a Prediction of future. And essential element of planning.
- ✚ The base of forecasting is past data and events.
- ✚ Forecasting gives only estimations of future happenings up to certain extent.
- ✚ Forecasting is used for accurate decision making by estimating future events.
- ✚ Mathematical and statistical techniques are used in scientific and systematic evaluation of past events which helps to make accurate forecasting.

Importance of Forecasting:

1. Promotion of new business:

- Forecasting is of utmost importance in setting up a new business. It is not an easy task to start a new business as it is full of uncertainties and risks. With the help of forecasting the promoter can find out whether he can succeed in the new business; whether he can face the existing competition; what is the possibility of creating demand for the proposed product etc.

2. Estimation of financial requirements:

- The importance of forecasting can't be ignored in estimating the financial requirements of a concern. Efficient utilisation of capital is a delicate issue before the management. No business can survive without adequate capital. But adequacy of either fixed or working capital depends entirely on sound financial forecasting.
- Financial estimates can be calculated in the light of probable sales and cost thereof. How much capital is needed for expansion, development etc., will depend upon accurate forecasting?



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3. Smooth and continuous working of a concern:

- ‘Forecasting of earnings’ ensures smooth and continuous working of an enterprise, particularly to newly established ones. By forecasting, these concerns can estimate their expected profits or losses. The object of a forecast is to reduce in black and white the details of working of a concern.

4. Correctness of management decisions:

- This shows that the decision making process continues throughout the life of the concern. Forecasting plays an important role in various fields of the concern.
- As in the case of production planning, management has to decide what to produce and with what resources. Thus forecasting is considered as the indispensable component of business, because it helps management to take correct decisions.

5. Success in business:

- The accurate forecasting of sales helps to procure necessary raw materials on the basis of which many business activities are undertaken.
- The accurate sales forecasting becomes the basis for several other budgets. In the absence of accurate sales forecasting, it is difficult to decide as to how much production should be done.

6. Plan Formulation:

- The importance of correct forecasting is apparent from the Key role it plays in planning. It should not go unaccounted that forecasting is an essential element in planning since planning premises include some forecasts.
- There are forecast data of a factual nature having enormous implication on sound premises.
- Undoubtedly, forecasting is a prelude to planning and indeed it is the foundation on which planning takes place.

7. Co-Operation and co-ordination:

- Forecasting is not one man’s job. It needs proper co-ordination of all departmental heads in a company. Thus, by bringing participation of all concerned in the process of forecasting, team spirit and coordination is automatically encouraged.

8. Complete Control:

- Forecasting provides the information which helps in the achievement of effective control.
- The managers become aware of their weaknesses during forecasting and through implementing better effective control they can overcome these weaknesses.

Limitations Of Forecasting:

The following limitations of forecasting are listed below:

1. Basis of Forecasting:

The most serious limitations of forecasting arises out of the basis used for making forecasts. Top executives should always bear in mind that the bases of forecasting are assumptions, approximations, and average conditions. Management may become so concerned with the mechanism of the forecasting system that it fails to question its logic.



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This critical examination is not to discourage attempts at forecasting, but to sound caution about the practice of forecasting and its inherent limitations.

• 2. Reliability of Past Data:

The forecasting is made on the basis of past data and the current events. Although past events/data are analysed as a guide to the future, a question is raised as to the accuracy as well as the usefulness of these recorded events.

3. Time and Cost Factor:

- Time and cost factor is also an important aspect of forecasting. They suggest the degree to which an organisation will go for formal forecasting. The information and data required for forecast may be in highly disorganized form; some may be in qualitative form.

A[4] RELATIONSHIP BETWEEN: PLANNING, FORECASTING AND DECISION MAKING

<u>PLANNING</u>	<u>FORECASTING</u>	<u>DECISION MAKING</u>
Planning is more comprehensive and includes decisions like: What is to be done? How to be done? When to be done?	It includes estimates of future events and provides base for planning.	For managers, decision making is a central job to choose. What is to be done? Who is to do? When, where and how to do?
The basic component is a commitment of actions	It may not require commitment of actions but acts as a basic component of planning process in determining future course of actions.	It is a core of planning where major requirement is decision making. Ex. Setting of objective, policy, rules etc.
There are large number of people involved in the planning process. Major from top level.	It is performed at middle or lower level. Staff people to arrive at a planning decision.	It is a managerial function applicable at all the levels.
Planning is a decision making process to decide about where the organization would like to go.	Forecasting does not include any decision making but helps in it as a link to make future predictions.	It is an intellectual, conscious and determinant process including individual and social phenomena.



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MICRO ECONOMICS

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UNIT 1

DEFINITION OF ECONOMICS

Topic: Critically discuss the wealth Oriented Definition of Economics / Classical approach

(A) Classical Approach OR Science of Wealth:-

- classical economist considered Economics as nothing but **Science of wealth**
- Economics was considered as science of , **“Bread and Butter”**
- According to them all types of **development, prosperity is not possible without money** or wealth
- It was **criticized** on many grounds

(B) Detailing:

Some classical economist formulated the **definition** in terms of wealth. They are as under:-

- Professor Adam smith says-

In his book “An inquiry into the nature and causes of the wealth of nation”, defined **“Economics as Science of Wealth”**

- Professor J.B. Say Says-

“Economics is the study of the laws which govern wealth”.

- Professor Walker says-

“Economics is the name of that part of knowledge which is related to wealth”.

- Professor N.Senior Says:-

“Economics is not happiness but Wealth”



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Criticism:-

The various wealth definition formulated by the classical economist have been criticized on several grounds. According to later economist like Thomas Carlyl, John Ruskin, Professor Dickens, Professor William the wealth definition ignored the man they used expression like-

(i) **Restricted Meaning of Wealth:**

- In Adam Smith's wealth-oriented definition, the meaning of wealth is restricted.
- Only material goods were considered as wealth. Non-material goods like services of doctors, lawyers and teachers were not considered as wealth.
- This restricted meaning of wealth has restricted the scope of study of economics.

(ii) **Neglected Human Welfare:**

- During the later part of the 19th century, the economists started realizing the humanistic character of economics.
- It was visualized that wealth is only a means to an end, the end being human welfare.
- Therefore, some economist severely condemned Adam Smith wealth definition which gives too much importance on wealth and completely ignored human welfare.

(iii) **The Concept of economic man:**

- The concept of economic man is criticised by Marshall and Pigou.
- They believed that economic man who works for selfish ends alone is not found in real life.

(iv) **Ignores the Problem of scarcity and choice:**

- This definition by giving too much importance on wealth has completely ignored the problem of scarcity and choice.

(v) **A Materialistic Definition:**



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- Ruskin and Carlyle criticised this definition as a materialistic definition as it gives too much emphasis on wealth and neglect other humanitarian and social welfare aspects of man.
- Ruskin and Carlyle called Economics as a “bastard science”.

Conclusion:-

- A prominent place has been given to wealth in the above definitions.
- If we consider above definition we can say wealth is everything.
- All the economic activities cluster around the wealth.

(C) 1 word Question Answer

Sr No.	Question	Answer
1	Who is considered as the father of economics?	Adam Smith
2	The economists who presented wealth oriented definition of Economics	Classical
3	The Classical economists presented _____ oriented definition of Economics	Wealth
4	Adam Smith is considered as the _____ of economics?	Father
5	Economics was considered as science of , “Bread and Butter” by _____ economists	Classical
6	The book “An inquiry into the nature and causes of the wealth of nation” is written by _____	Adam Smith
7	“Economics as Science of Wealth” is the definition given by _____	Adam Smith
8	“Economics is the study of the laws which govern wealth” is the definition given by _____	J.B. Says
9	“Economics is not happiness but Wealth” is the definition given by _____	N.Senior

Topic: Critically discuss the welfare Oriented Definition of Economics / neo - Classical approach



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(A) Welfare Oriented Definition of Economics / neo -Classical approach

- Economics not only analysis the aspect of how to acquire wealth but also how to utilize this wealth for obtaining material gains of human life
- wealth is a means to achieve certain ends , not end itself
- Economics is not a science of wealth but a science of man primarily
- Economics called as the science which studies human welfare

(B) Detailing:

- Neo-classical economists like Professor Marshall, Pigou and Cannon have defined economics in terms of welfare.
- These groups of economist have given precedence to welfare over wealth.

Some important **definitions** are as under.

(1) Prof. Marshall says:-

“Economics is a study of mankind in the ordinary business of life. It examine that part of individual and social action which is the most closely connected with the attainment and with the use of the material of well-being .thus, it is on the one side a study of wealth and on the other hand more important side a part of study of man.”

(2)Prof. Cannon says:-

“The aim of political economy is the explanation of general causes on which material welfare of human being depends.”

Conclusion:-

- (i)Neo-classical approach puts emphasis on man rather than wealth.
- (ii)Prominent place has given to the material well-being.
- (iii)Professor Marshal laid the foundation of new branch of economics called welfare economics.



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(iv)The ultimate aim of the study of economics is to achieve welfare of human being.

Criticisms:-

Modern economist Prof. Robbins has been criticized welfare definition on several grounds:-

(i)Marshal definition is not analytical but it is classificatory. It classifies economic phenomena in to material and non-material.

(ii)The definitions ignore non-material aspects and therefore it is narrow. It puts emphasis on material goods only (food, clothing, housing, etc) it excludes non-material activities like a survived of teacher or a service of doctor from the scope of economics.

(iii)According to prof. Robbins the concept of welfare is subjective .it varies from community to community and nation to nation because it is a matter of personal likes and dislikes. Therefore it is not scientific.

(iv)The definition needlessly gives an ethical touch to economics. Neo-classical held that the function of economics is to give value judgment as regard ends.

In Robbins words whatever economics is concerned with but it is not concern with the cause of material welfare as such.

(C) 1 word Question Answer

Sr No.	Question	Answer
1	The economists who presented welfare oriented definition of economics:	Neo-Classical
2	The Neo-Classical economists presented _____oriented definition of economics:	Welfare
3	The definition “The aim of political economy is the explanation of general causes on which material welfare of human being depends.” Is given by	Prof. Cannon



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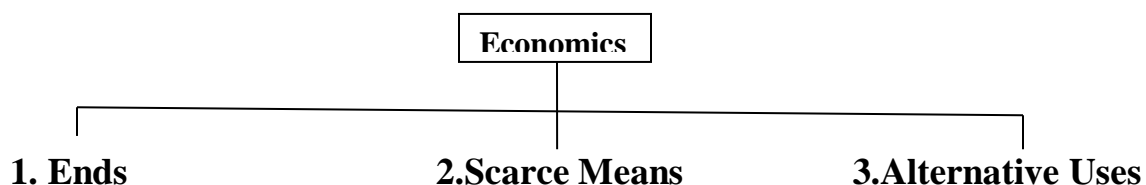
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4	Neo-classical approach puts emphasis on man rather than_____.	Wealth
5	_____ laid the foundation of new branch of economics called welfare economics.	Prof. Marshal
6	Prof. Marshal laid the foundation of new branch of economics called _____	welfare economics
7	The ultimate aim of the study of economics is to achieve _____ of human being.	Welfare
8	Marshal definition is not analytical but it is _____. It classifies economic phenomena in to material and non-material.	Classificatory
9	The welfare definitions ignore _____- aspects and therefore it is narrow	non-material
10	welfare definitions puts emphasis on _____ only it excludes non-material activities like a survived of teacher or a service of doctor from the scope of economics.	Material goods
11	The economists who presented growth oriented definition of Economics	Samuelson

Topic: Discuss the Modern Approach OR Scarcity Definition of Economics

- Prof. Robbins proposed modern definition of economics
- Robbins focused his attention on a particular aspect of human behavior, that is, behavior associated with the utilization of scarce means (resources) to achieve unlimited ends (wants).



(B) Detailing:



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- Lionel Robbins challenged the traditional view of the nature of economic science. His book, “**Nature and Significance of Economic Science**”, published in 1932 gave a new idea of thinking about what economics is.
- He called all the earlier definitions as classificatory and unscientific.
- According to him, “Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses.”
- This definition focused its attention on a particular aspect of human behavior, that is, behavior associated with the utilization of scarce resources to achieve unlimited ends (wants).

Robbins definition, thus, laid emphasis on the following points:

(1)Economics is a social science:

- There is no controversy on the point that economics is a science.
- It contains the systematic knowledge in regard to a specific part of human behavior.
- It can also be used for predicting future behavior under a given set of condition.
- However the emphasis in the above definition is on the positive character of the science.

(2)Unlimited wants OR Multiplicity of Wants:-

- If our wants are limited no economic problem would have arise like other animal but wants of human begin are unlimited.
- When we are satisfied with one want another want arise. Thus, there is a chain of wants one changing the other.

(3)Wants can be graded:-

- However all wants are not equally important, some are more important and more urgent than others.



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- Thus a man's want can be arranged in order of their importance or priority. In this way wants can be graded.

(4) Scarcity of Means:-

- Our wants are unlimited but mean to satisfy them are relatively limited.
- Means is a generic term. It stands for whatever is useful to satisfy our wants, it may involve time, money, energy and other resources.
- In this way the basic economic problem is of scarcity of resources.

(5) Alternative uses of means:-

- Our means are not only limited but also have many uses. They can be used for satisfying any one of our many wants.
- Thus, means are capable for alternative uses. For example-money can be used either for consumption or for investment.
- If it is used for consumption however it cannot be used for an investment.

Conclusion:-

(i) Economics is the logic of **choice**

(ii) The term “**ENDS**” used by Professor Robbins does not have any ethical meaning.”ENDS” may either be good or bad. Economics is not concerned with the nature of ends as such.

(iii) Professor Robbins definition is **universal** in its application.

(iv) Definition is **analytical** because according to professor Robbins economics studies human activity as a whole.

(v) Economics is a **positive science**. Science are divided in two parts

1. Positive science
2. Normative science



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(vi) According to Professor Robbins economics is concerned with **economizing**. Economizing does not mean to live like a miser but we have to **use our resources prudently** or to make the best use of our resources.

(vii) The term “**SCARCITY**” used by Professor Robbins is not an absolute term but a relative concept because it is always in relation to want.

Criticism of Robbins Definition:-

Professor Robbins definition has its limitations. It has been criticized on following ground:-

(i) According to professor Robbins economic problems arise due to the **scarcity of means** in relation to wants. In this way the emphasis only on scarcity but the economic problems arise even under the **condition of abundance** for example:- under the condition of depression the supply of goods is more than the demand therefore there is over production which is an important economic problem.

(ii) Professor Robbins attached **too much importance to the economics of scarcity** but the modern economics is growth oriented. At present how to overcome this scarcity is in the center of the study of economics.

(iii) The definition of Professor Robbins **does not take in to account the social aspect of economic activities**. Economics being a social science it is concerned with the study of economic activities of man as a member of society. The Economic behavior of a man alone on, an island is not important.

(iv) According to Professor Robbins definition the **scope of economics becomes either too wide or too restricted**. Its wider interpretation we can say that the economics will cover practically everything in human life because the problem of choice and scarcity is universal, in its narrow sense. Economics becomes the study of market only. Because in modern society, the adjustment of scare means with relation to wants is brought, by the market process.



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(C) 1 word Question Answer

Sr.No	Question	Answer
1	The author of “An Essay on the Nature and Significance of Economic Science” is _____	Prof. Robbins
2	The root of economic problem is _____	Scarcity
3	The concept of Scarcity is _____	relative
4	According to Robbins, Economics is a _____ science	Positive
5	Who expressed the view that economics is neutral between ends?	Prof. Robbins
6	The law of scarcity applies to _____	all economies
7	Scarcity of resources implies that, we cannot _____ all wants at the same time	Satisfy
8	“Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses”, this definition is given by _____	Prof. Robbins
9	Our means are not only limited but also have _____ uses	Alternative
10	Our wants are _____ ,but mean to satisfy them are relatively limited	Unlimited

Topic: Explain the scope OR Subject Matter of Economics

(A) Scope of Economics:

- Economics is a very vast subject. It has several branches
- Fundamentally it is the study of man's behavior in the economic society.
- The subject matter of economics is the economic problem as we have already seen, the economic problem arise due to the scarcity of means in relation to wants.
- In this regard we can classify the subject matter of economics into various functional areas namely they are as under:
 - Consumption (Basis of all Economic Activities)
 - Production (Increasing Utility – Form ,Place, Time etc..)



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- Exchange (An individual cannot satisfy all his wants by himself, so exchange is needed)
- Distribution (Allocation of wealth between Factors of production)
- Public Finance (Funds utilized by Govt. for public welfare)

(B) Detailing:

(i)Consumption:-

- It is logical that the theory of wants or consumption of wealth should be the first branches of economics because the wants of human begin are in base of economics activities.
- Therefore the consumption take place in the scope of economics .
- It deals with the meaning of consumption, the role of consumption in motivating economic activity nature of wants, the law of demand, elasticity of demand, utility analysis, the Engels law of family expenditure etc.

(ii) Production:-

- Production involved the use of resources to produce goods to satisfy wants under this point economics studies the main factors of product namely land, labour, capital and organization (entrepreneurship), production function, cost and output relationship, forms of industrial organization, division of labor , location of industry, etc.

(iii)Exchange:-

- Every individual is dependent on other individual. As we know our wants are many in number and we are not able to produce each and every commodity by ourselves.
- Exchange thus becomes vital part of our economic activity. Exchange is connecting link between consumption and production.



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- In exchange we study the buying and selling of goods and how the price of goods are determined.
- The nature and structure of market that can practice price discrimination? These points are included in this portion.

(iv)Distribution:-

- The production of wealth or income generated is the result of joint effort of the factors production .
- therefore it should be distributed among the various factors of production.
- Under this point, the economics study the share of the various factors of production in the form of rent, wages, interest, and profit accruing respectively to land, labor, capital and enterprise.

(v)Public Finance:-

- Modern state is not only police state but it is known as welfare state.
- In modern economy, how government raise income and how it spent is studied in the special branch of economics called public finance.
- Under this branch of economics we study the principles of taxation, public expenditure and public debt etc.

Conclusion:-

Economics studies the problems of production, distribution, consumption and Exchange both form static and dynamic point of view and also from micro and macro economics point of view economics also studies the problem of economic development and growth.

(C) 1 word Question Answer

Sr.No	Question	Answer
1	_____ are the basic force for all economic activities	Wants
2	_____ is the base of all economic activities	Consumption



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3	Increasing Utility of goods is _____	Production
4	Converting wood to furniture, _____ utility is added?	Form
5	Many traders come from Nepal to sell woolen clothes in winter. It is _____ utility	Time
6	_____ is the link between production and consumption	Exchange
7	The proper allocation of wealth among the factors of production is called _____	Distribution
8	Modern state is _____ state	Welfare

Topic: Explain the nature of economics

(A) Nature of Economics:

- Economics is Science because it explains causes effect relation between different variables
- Art is a practical application of scientific theories while science lays down certain theory
- Thus, Economics is both an art and science

(B) Detailing

Introduction:-

We have already studied the definition and the scope of economics. We are now in a position to grasp the true nature of economics. In the nature of economics we generally deal with its character as science or art.

(1) Economics as Science:-

- The term science means a system body of knowledge which describes the cause and effect relation between different variables.
- A branch of knowledge becomes systematic or scientific .When relevant facts, are collected, classified, analyzed and laws are



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established to explain the cause and effect relationship between these facts.

- We must remember that every science has to pass through three stages of growth like descriptive predictive and control stage.
- In the first stage there is description of observed facts.
- In the second stage science becomes predictive. In this stage a limited use is made of quantitative techniques.
- In the third stage the science is in a position to control the phenomenon it deals with.

Applying this concept of science we may **conclude that economics is a fully fledged science**. Among social science it is said economics is on the top. But the question still remains whether it is a positive science a normative science.

(2)Economics as Art:-

- Art is a practical application of scientific theories while science lays down certain theory.
- Art puts these theories to **practical use**.
- For Example: -

To identify the causes of income inequality is within the preview of science and to use this knowledge for framing policy for the reduction income inequality is an art.

However it is difficult to separate art from science .Even though we can sharply draw the different between science and art. A science is a theoretical body of knowledge. But art is applied knowledge. Art does not explain theorems, it solve general problem. In this way a science teach us to know and art teach us to do.



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(3)Economics as a positive science:-

- Positive science are all those science which study things **as they are**, they do not suggest how thing should work but study thing as they actually work.
- Under positive science the **relationship between causes and effect are brought out**. It states what will happen under given conditions. No advice is rendered. It **does not indicate what should be done**.
- According to Prof. Robbins economics is a positive science because it studies things as they are and explain their causes are effects.
- It studies the things in reference to what is? The businesses of an economist are to analyses and explain facts. He has not to pass any judgment on any matter.
- In Robbins word- **“Economics is entirely natural between ends”**.

The economist is not concerned with the ends as such ends may be good or bad, moral or immoral, fair or unfair. Economist does not say anything about it.

(4)Economics as a normative science:-

- Normative science is all those science which study thing as they **ought** to be.
- Ethics is a normative science. It tells us how we should behave. It suggests what action should be taken under a given situation to achieving a given purpose.
- According to Prof. Marshall and Pigou the ultimate object of the study of any science is to **contribute human welfare**. Therefore economics should be a normative science.
- It should be able to **suggest policy measures to the politician**. It should be able to **describe guideline for the conduct of economic activities**.
- In this way it should be called a both light bearing and fruit bearing science (Normative and Positive).



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Conclusion:-

From The above discussion, we could conclude that economics is both a science and art.

(C) 1 word Question Answer

Sr.No	Question	Answer
1	Who expressed the view that economics is neutral between ends?	Prof.Robbins
2	_____explains causes effect relation between different variables.	Science
3	_____is a practical application of scientific theories	Art
4	science means a system body of_____ which describes the cause and effect relation between different variables	Knowledge
5	every science has to pass through three stages of growth like descriptive, predictive and _____stage	Control
6	In the _____ stage there is description of observed facts.	Descriptive
7	In ____ stage a limited use is made of quantitative techniques	Predictive
8	In the _____ stage the science is in a position to control the phenomenon it deals with.	Control
9	Among _____science it is said economics is on the top	Social
10	Art puts these theories to_____ use.	Practical
11	_____ science are all those science which study things as they are	Positive
12	_____science is all those science which study thing as they ought to be	Normative

Topic: Discuss the concept of Micro ans Macro Economics in detail:





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(A) Micro Economics:

- It is concerned with the study of the market system on a small scale.
- Microeconomics looks at the individual markets that make up the market system and is concerned with the choices made by small economic units such as individual consumers, individual firms, or individual government agencies.

Macro Economics

- It is concerned with the study of the market system on a large scale
- Macroeconomics considers the aggregate performance of all markets in the market system and is concerned with the choices made by the large sub sectors of economy- the household sector, which includes all consumers; the business sector, which includes all firms; and the government sector, which includes all government agencies.

(B) Detailing

CONCEPT OF MICRO ECONOMICS:

Definition:

Microeconomics is the study of individuals, households and firms' behavior in decision making and allocation of resources. It generally applies to markets of goods and services and deals with individual and economic issues.

Description:

Microeconomic study deals with what choices people make, what factors influence their choices and how their decisions affect the goods markets by affecting the price, the supply and demand.

CONCEPT OF MACRO ECONOMICS:

Definition:

- Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole.



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- It focuses on the aggregate changes in the economy such as unemployment, growth rate, gross domestic product and inflation.

Description:

- Macroeconomics analyzes all aggregate indicators and the microeconomic factors that influence the economy.
- Government and corporations use macroeconomic models to help in formulating of economic policies and strategies.

(C) 1 word Question Answer

Sr.No	Question	Answer
1	The economist who popularized the terms ‘micro’ and ‘macro’ is _____	Ragnar Frisch
2	The problem of resource allocation belongs to _____	Micro Economics
3	_____ is concerned with the study of the market system on a small scale.	Micro Economics
4	_____ studies individual consumers, individual firms, or individual government agencies.	Micro Economics
5	_____ considers the aggregate performance of all markets	Macroeconomics
6	Macroeconomics considers the _____ performance of all markets	Aggregate
7	Microeconomics is the study of _____	Individuals
8	_____ is the branch of economics that studies the behavior and performance of an economy as a whole.	Macroeconomics
9	Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a _____.	whole

Topic: Concept of Economic and Non-Economic Activity

(A)Activities:



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- Economic Activities involves money.
- Any activity that includes manufacturing, distributing or utilizing products or services is called Economic Activities.
- The motive of Economic Activities is to satisfy day-to-day needs of life.
- Non - Economic Activities does not involve money.
- Non-economic activity is an activity performed with the purpose of rendering services to others without any consideration to financial gain.

(B)Detailing

- Economics is a social science which deals with the production, distribution and consumption of goods and services.
- It is the study of how individuals, businesses, governments and countries make choices on allocating resources to motivate their needs and wants and attempt to determine how these categories should gather and correlate attempts to attain maximum output.
- Economic analysis certainly advances through analytical procedures, like mathematical logic, where the conjectures of different human activities are envisaged in a “means-ends” structure.

Economic Activities:

- Economic activity is an activity of providing, making, buying or selling commodities or services by people to satisfy day-to-day needs of life .
- Any activity that includes manufacturing, distributing or utilizing products or services.

In fact, whatever that involves money or the exchange of products or services is economic activities. The three types of economic activities are.

Business – This economic activity provides goods and services to satisfy human needs on a daily basis with the aim of earning profits.

Profession – It can also be defined as an occupation or a professional job that offers specialized services in return for professional charges.



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Employment – The activity is based on a contract between the company and the employee. Here, the employee performs duties for the company, and are paid (wages or salary) in return.

Features of Economic activities:

Earning motive
Utility creation
Satisfaction
Measurement

Non-Economic Activities:

Non-economic activity is an activity performed with the purpose of rendering services to others without any consideration to financial gain. Those activities which are initiated for personal content or to meet human sentiments are non-economic activities.

Some common examples of non-economic activities are.

Free -Time Activities – Its only aims at acquiring pleasure in idle time. For instance, painting and signing etc.

Family-Commitment Activities – This activity is dedicated and inspired by family. For example, a teacher education to her/his own child at home and a doctor consulting his family etc.

Cultural and Religious Activities – The activity includes happiness and mental. Example, e.g. worshipping God and visiting the temple etc.

Social Welfare Activities – It is based on a passionate feeling of helping or sympathizing towards others. Such as a donation to underprivileged, participation on relief camp to help people affected by war, natural calamities etc.

Features of Non- Economic Activities

Service motive
Self-satisfaction



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Non-measured in money
Social obligation

(C) 1 word Question Answer

Sr.no	Question	Answer
1	_____activities refer to those activities, which are not undertaken to earn money.	Non-Economic
2	_____activities are performed out of love, sympathy, sentiments, patriotism etc.	Non-Economic
3	Economic Activities involves _____.	Money
4	There are ____types of economic activities	Three
5	Business provides goods and services to satisfy human needs on a daily basis with the aim of earning _____.	Profits
6	Profession is an occupation or a professional job that offers specialized services in return for _____	professional charges
7	_____is based on a contract between the company and the employee	Employment
8	Non-economic activity is an activity performed with the purpose of rendering _____ to others without any consideration to financial gain	Services
9	Non-economic activity is an activity performed with the purpose of rendering services to others without any consideration to _____	financial gain



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UNIT 2

THEORIES OF DEMAND AND SUPPLY

Topic: what is demand? Discuss the determinants of demand in detail

(A) Demand:

- Quantity of the commodity that a consumer is able and willing to purchase in a given period and at a given price.
- demand for a commodity depends on number of factors, which are known as determinants of demand

(B) Detailing:

- In the ordinary sense the term demand is conceived as a desire to possess a particular thing.
- But in economics demand is not the same thing as desire. In economics however demand is an effective desire.
- Desire becomes effective when it is backed by ability and willingness to pay for the goods. In other words, demand in economics implies three things.
 - (i) Desire for the commodity.
 - (ii) Ability to pay price, means the person should have adequate purchasing power.
 - (iii) Willingness to pay its price.

Further, demand is not an absolute term but it is a relative concept. Demand or any commodity should have always in reference to price, place and time. Therefore, to speak of demand without reference to price, place and time is meaningless.

Determinants of Demand:

- The price of a commodity is determined by the inter play between its Demand and supply.



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- It is therefore necessary to look in to the nature of demand and supply. Here we are concerned with the theory of demand which attempts to identify the determinant of demand for a commodity.
- In practice demand for a commodity depends on number of factors. These factors are known as determinants of demand

The main determinants of demand are as follows-

1. The price of the commodity:-

- Basically the demand of any commodity depends upon the price charge for it.
- Usually higher the price the lower the quantity demanded and lower the price the higher will be quantity demanded. In this way price is one of the important determinants of the demand.

2. Income of the individual:-

- The demand for a commodity influence by the income of the individual because a person would not be purchases any commodity which is out of their income limit.
- Generally larger the income the greater will be the quantity demanded. At present, demand for commodities does not contract in India inspite of price rise because monetary income is increasing rapidly.

3. The individuals habits, tastes and preferences:-

- Habit, tastes and preferences of a individual can have a powerful influence on the level of demand for a commodity.
- If a particular commodity comes in to fashion it will be demanded in large quantity even if its price is high.similary if a particular commodity goes out of fashion it will be demanded in small quantity even if its price is low

4. Prices of related commodity:-

- Demand for a commodity is also influence, by the level of price of other related commodity, related commodity means either substitute or complementary goods.



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- **For Example(1)** : Lux and Liril are substitute commodity. If the price of Lux falls some people will substitute Lux for Liril. Thus, demand for Liril decreases now takes an example of complementary goods.
- **For Example(2)** :The scooter and petrol are complementary goods. If the price of scooter falls more scooters will be bought. At the same time the demand for petrol will also increase, though its Price is constant.

5. Size of the population:-

- Total demand for a commodity depends upon the number of its customers.
- If the number of its customers increases, the demand for commodity will increase.
- The number of customer depends upon the size of population.
- **For Example:-**The number of customer of wheat will increase with the growth of population in the country. Hence, demand for wheat will increase.

6. Expectations about future price:-

- Demand for a commodity will depend on people's expectation about its future price and availability.
- **For Example:-**Demand for groundnut oil will increase in spite of its high price at present. If people expect, price will increase more in future.

7. Income Distribution:-

- The pattern of demand for commodity depends upon the pattern of income distribution among various class of the society.
- If the income inequality increases the pattern of demand will change in favor of luxury.
- If the inequality is reduced and purchasing power shift from rich to poor overall demand will rise.
- When the above mentioned factors change the general demand pattern will be affected and there will be change in market demand as a whole.

(C) 1 word Question Answer

Sr.no	Question	Answer
1	If the price of motor cars falls, demand for petrol will	decrease



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2	If the price of tea falls, demand for coffee will ___	decrease
3	Quantity of the commodity that a consumer is able and willing to purchase in a given period and at a given price is ___	Demand
4	demand for a commodity depends on number of factors, which are known as ___ of demand	Determinants
5	Demand implies three things. (i) ___ For the commodity (ii) Ability to pay price, and (iii) Willingness to pay its price.	Desire
6	Demand implies three things. (i) Desire for the commodity (ii) ___ to pay price, and (iii) Willingness to pay its price.	Ability
7	Demand implies three things. (i) Desire for the commodity (ii) Ability to pay price, and (iii) ___ to pay its price.	Willingness
8	demand is not an absolute term but it is a ___ concept	Relative
9	higher the price the lower the ___ demanded	Quantity
10	Generally ___ the income the greater will be the quantity demanded.	larger

Topic: Write a Short note on Demand Function and Demand Schedule

(A) Demand Function:-

- Demand function expresses the functional relationships between demand and its determinants
- $D_x = f(P_x, Y, P_y, A)$

Where,

D_x = Demand of x Commodity

f = Function

Y = Income of buyers

P_y = Price of related commodity y

A = Advertisement

P_x = price of x commodity

Demand Schedule:- It is a tabular representation which shows the relationship between price of the commodity and quantity purchased.



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Individual Demand:- Demand by an individual consumer.

Market demand:- The sum of all Individual demand schedules Constitute market demand

(B)Detailing:-

Demand Function:-

- The term function is basically derived from the terminology of mathematics.
- The demand function expresses the functional relationships between demand and its determinants.
- Thus, demand function can be expressed as given below:

D_x is a function of P_x, Y, P_y, A

$D_x = F(P_x, Y, P_y, A)$.

Here,

D_x = Demand of x Commodity

F = Function

Y = Income of buyers

P_y = Price of related commodity y

A = Advertisement

P_x = price of x commodity

- The above stated demand function is complicated one.
- Economist therefore adopt very simple statement of demand function assuming all other variable except price to be constant.
- Thus, an over simplified demand function is

$D_x = f(p_x)$.

- This indicates that the demand for X commodity is the function of its price.
- The traditional demand theory deals with this demand function.
- In this function D_x is a dependent variable and P_x is a independent variable and both are related with functional relation.



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Demand Schedule:-

- Demand schedule is a tabular statement, showing quantities of a commodity demanded at different prices.
- It represents functional relationship between price and quantity demanded. Demand schedule are of two types. They are as under:-

1. Individual Demand Schedule:-

- Individual demand schedule shows the quantity of commodity that a person will buy at different prices.
- In other words, it shows relationship between the price and quantity demanded by an individual, we can represent individual demand schedule as follows:-

Price of Commodity	Quantity demand by an individual
5	5
10	4
15	3
20	2
25	1

- In this way, most of the demand schedule shows inverse relationship between price & quantity demand.
- It will be noted that the given demand schedule is purely hypothetical.
- A real demand schedule for any commodity is very difficult to estimate.

On the basis, of above given schedule we can draw individual demand curve as follows:-

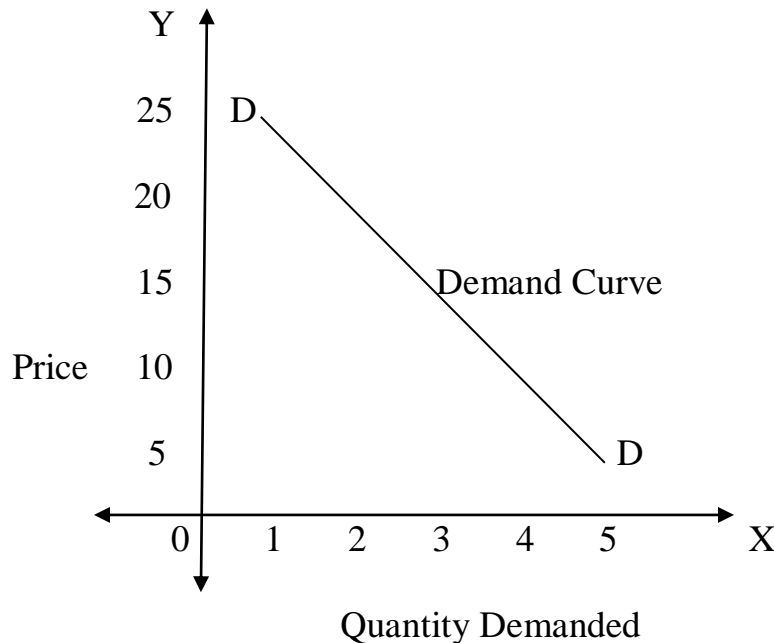


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- The slopes of individual demand curve is downward from left to right, demand curve shows inverse relationship between price & quantity demand, it indicates that lower the price, greater would be quantity demanded.
- And at higher the price smaller would be the quantity demanded.

2. Market demand schedule:-

In any market, there is a large no. of buyers. Each of them has their own Demand schedule. The sum of these demand schedules Constitute market demand schedule. Thus, market demand schedule may be defined as a Schedule indicating various amount of commodity that would be purchased by all the buyers at various prices.

Here, we assume that there are three buyers in the market and their demand schedules are as follows:-

Per unit price	Units purchased by 'A'	Unit purchased by 'B'	Unit purchased by 'C'	Total market demand
1	3	5	7	15
2	2	3	5	10
3	1	2	2	5



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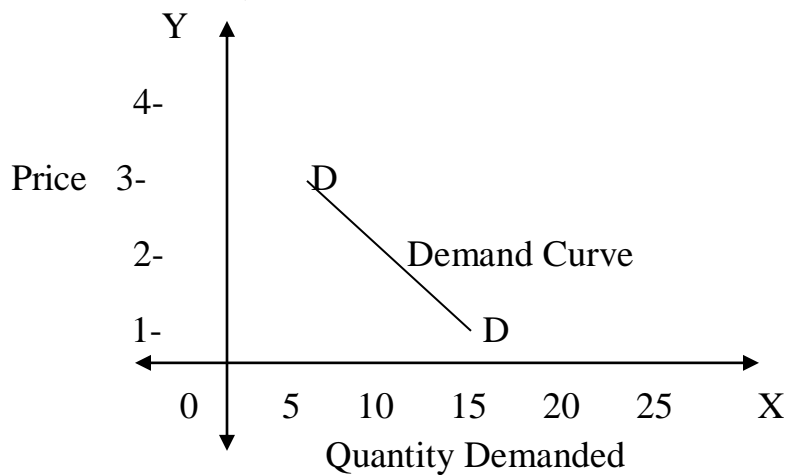
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Ph. No- (0281)2471645

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Above mentioned market demand schedule represents total demand for the commodity at various prices. Usually the market demand schedule denotes decreasing functional relationship between price and quantity demanded. It refers to general tendency of the consumers that more will be bought at low price and less will be bought at high price.

On, the basis of this, we can draw market demand curve as follows:-



Here DD is market demand curve. The slope of market demand curve is downward from left to right. Demand curve shows inverse relationship between price & quantity demand. It indicates that quantity of demand decrease with the rise in price.

(C) 1 word Question Answer

Sr.No	Question	Answer
1	What is the shape of demand curve?	Negative
2	the relation between price and demand is _____	Inverse
3	Demand function expresses the functional relationships between demand and its _____	determinants
4	_____ is a tabular representation which shows the relationship between price of the commodity and quantity purchased.	Demand Schedule
5	The sum of all Individual demand schedules Constitute _____ demand	Market



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6	The ____expresses the functional relationships between demand and its determinants.	demand function
7	_____demand schedule shows the quantity of commodity that a person will buy at different prices.	Individual
8	Most of the demand schedule shows inverse relationship between _____& quantity demand.	price
9	Most of the demand schedule shows inverse relationship between price &_____.	quantity demand

Topic: State and explain the law of demand with its exceptions.

(A) Law of Demand: Other things remaining constant, demand of a good falls with rise in price and vice versa.

- The law of demand states that there is inverse relation between the price and demand for a commodity.
- According to law of demand, other things being equal, if price of a commodity falls, the quantity demanded of it will rise and if price of a commodity rises, the quantity demanded of it will fall.
- Although, this relationship is not proportionate i.e. it does not mean when price falls by one-half the demand for good will be doubled. It simply shows the direction of change in demand as a result of change in price.
- We can say that quantity demanded and price has an inverse relationship.

Statement of the law:-

Other thing being equal .the higher the price of a commodity the smaller is the quantity demanded and the lower the price the larger the quantity demand.

Assumptions in the law of demand

According to Stigler and Boulding, the law of demand is based on the following assumptions:

1. There should be no change in the income of the consumers.



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2. There should be no change in the tastes and preferences of the consumers, because the law of the demand applies only when the tastes and preferences of the consumers remain constant.
3. Price of the related commodities should remain unchanged.
4. The commodity in questions should be a normal one.
5. There should be no change in the size of population.
6. There distribution of income and wealth should be equal.
7. There should be continuous demand except in case of indivisible commodities.
8. There should be perfect competition in the market.

Demand Schedule: - The law of demand can be illustrated with the help of schedule as follows:-

Price(per unit)	Quantity Demand (in Unit)
5	100
4	200
3	300
2	200
1	500

The demand schedule shows that when the price of commodity declines the more quantity is demanded and the price of commodity rises the less quantity is demanded.



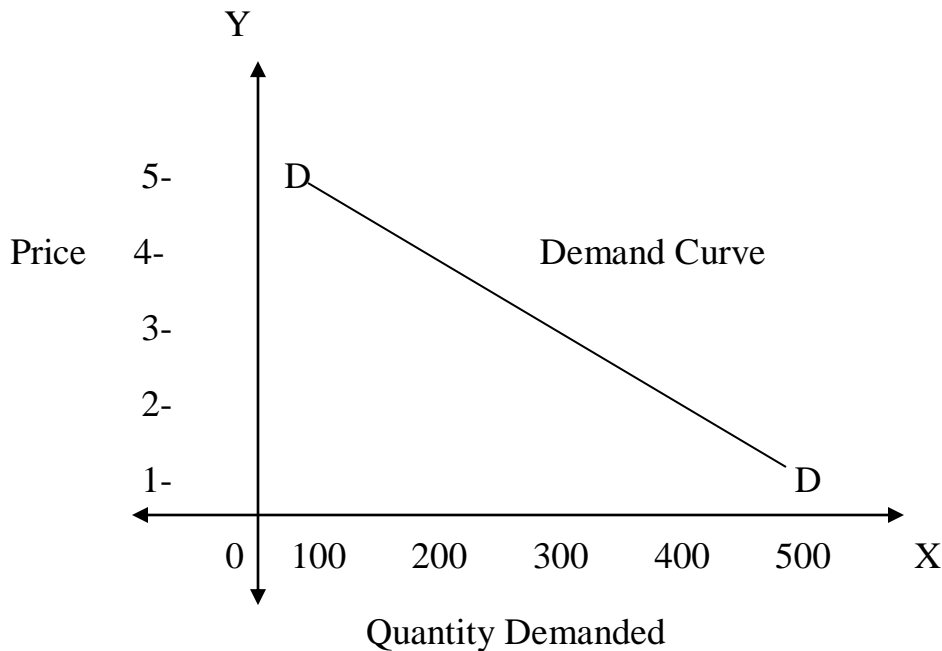
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Demand curve: - In fact, the graphical presentation of the demand schedule is called a demand curve. On the basis of given demand schedule we can draw demand curve as follows:-



The X-axis measures the quantity demanded and the Y-axis is price. DD is the demand curve which has a negative slope, sloping downward from left to right. It indicates an inverse relationship between price and demand.

Explanation:-

There are three reasons which explain why price and demand for a commodity are inversely related. They are as follows:-

(i) There are all types of consumers in the market-some are rich and some are poor. Some like the commodity more than others. When price of commodity is high the poor consumers do not purchase because it is beyond their income limit and the



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people with less liking also keep away from the commodity because they do not consider it worth purchasing at this price. When however the **price goes down** the **poor consumer can now afford** to purchase it. Hence they begin to purchase the commodity and the **people with less liking also feel that now the commodity is worth purchasing**. Therefore they also buy it.

(ii) When the price of one commodity falls and the price of other commodities remains the same. This commodity becomes more attractive to the consumer in relation to other. Consumer will **substitute it for other commodity whose price has remained unchanged**. Therefore the demand will increase with the falls price. This is known as the substitution effect.

(iii) Besides the substitution effect there is also the **income effect** when the price of commodity falls the **consumers can purchase more quantity by the same amount**. In other words with the falls in price, the real income of consumer will increase and therefore consumer will purchase more quantity of commodity. This is known as the income effect.

Exception of the law of demand:-

The exceptions of the law of demand point the situation in which the law of demand does not hold true even when all basic conditions of the law are fulfilled. The main exceptions of the law of demand are as follows:-

(i)Articles of prestige value:-

- The law of demand does not apply in case of articles which satisfy the desire for prestige value. It is known as article of snob appeal.
- These articles purchased by only rich people for status symbol.

For example: - Diamonds costly jewellery with increase in the price of these articles their prestige value also increase .Therefore when price of these articles goes up rich people will purchase more it.

(ii)Inferior Articles:-

- In case of certain inferior goods like coarse grains or coarse clothe. It is said that law does not apply when the price of inferior goods falls.



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- It will increase real income of the consumer and therefore consumer will substitute better quality goods for inferior goods.

(iii) Expectations regarding future prices. : -

- Speculation (a guesswork or prediction of a future event and act accordingly) is another exception to the law of demand.
- If the price of commodity is increasing and people expect a further rise in the price, they will tend to buy more of the commodity at higher price than they did at the lower price.
- It is observed that when there is a hike in edible oil prices recently, some people purchased more of it in the expectation that future prices will be even more.

(C) 1 word Question Answer:

Sr.No	Question	Answers
1	According to the law of demand, the relation between price and demand is _____	Inverse
2	According to the law, of demand, when price falls, demand _____	Increase
3	In most cases, relation between price and demand for inferior goods Is _____	Direct
4	What happens to the demand for prestige goods, when their prices fall?	Decreases
5	What is the shape of demand curve?	Negative
6	Law of demand is a _____ statement	conditional
7	The effect of change in relative prices on demand is known as _____	substitution effect
8	The effect of change in consumer's real income on demand is Called _____	Income effect
9	In case of _____ goods, demand tends to fall with the increase in consumer's income.	Inferior
10	Law of demand is concerned with _____ demand	Individual
11	What happens to consumer's real income when price	Increase



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	falls?	
12	Giffen goods are _____ goods	Inferior
13	While drawing a demand curve, _____ of the commodity is allowed to change	Price
14	If the price of motor cars falls, demand for petrol will ____	Decrease
15	If the price of tea falls, demand for coffee will _____	Decrease

Topic: What is elasticity of demand? Specify various types of elasticity of demand.

(A) Elasticity of Demand:

- Elasticity of demand is defined as the degree of responsiveness of the quantity demanded of a good to a change in its price, consumer’s income and prices of related goods.
- There are three concepts of demand elasticity – price elasticity, income elasticity and cross elasticity.

$$E = \frac{\% \text{ change in Quantity demanded}}{\% \text{ change in variable}}$$

(B) Detailing:

- Demand always varies with price .The law of demand states that there is an inverse relationship between price and quantity demanded.
- But it does not tell us anything about the proportionate changes. When price of any commodity changes, demand of that commodity is affected, but the extent of variation is not uniform in all cases. In some cases, the variation is extremely wide, while in some other cases it may be just nominal.
- The extent of variation in demand is thus technically expressed as elasticity of demand.

The term elasticity of demand, when used without clarification is commonly referred to as price elasticity of demand. But this is a loose interpretation of the term. In a strict logical sense the elasticity of demand is a measure of the extent of



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change in demand in response to the change, in any one of demand determinants.
In fact economist considers three important kinds of elasticity of demand like:-

- (i) Price elasticity of demand
- (ii) Income elasticity of demand
- (iii) Cross elasticity of demand

(C) 1 word Question Answer:

Sr.No	Question	Answer
1	_____ of demand is defined as the degree of responsiveness of the quantity demanded of a good to a change in its price, consumer's income and prices of related goods	Elasticity
2	There are _____ concepts of demand elasticity	Three
3	Elasticity of demand is a measure of the extent of change in demand in response to the change, in any one of demand_____.	Determinants
4	_____ of demand is a measure of the extent of change in demand in response to the change, in any one of demand determinants.	Elasticity
5	Three kinds of elasticity of demand are: (i) Price elasticity of demand (ii) Income elasticity of demand and (iii) _____ elasticity of demand	Cross
6	Three kinds of elasticity of demand are: (i) Price elasticity of demand (ii) _____ elasticity of demand and (iii) Cross elasticity of demand	Income
7	Three kinds of elasticity of demand are: (i) _____ elasticity of demand (ii) Income elasticity of demand and (iii) Cross elasticity of demand	Price
8	The term elasticity of demand is commonly referred to as _____ elasticity of demand	price

Topic: What is price elasticity of demand? Explain various types of price elasticity of demand.



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(A) Price elasticity of demand:-

- Price elasticity of demand (PED or Ed) is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price.
- More precisely, it gives the percentage change in quantity demanded in response to a one percent change in price (holding constant all the other determinants of demand, such as income).

Price elasticity of Demand = $\frac{\text{Proportionate change in purchases of commodity X}}{\text{Proportionate change in price of commodity X}}$

Degrees of Price Elasticity of Demand



(B) Detailing:

Price elasticity of demand:-

According to Prof. Marshall, the price elasticity of demand may be defined as, “The ratio of the relative change in demand to a relative change in price. In other words, we may say-Price elasticity refers to the responsiveness of demand to price change.

The price elasticity of demand attempts to measure the relationship between percentage change in price and percentage change in demand for a give commodity.



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Thus, Price elasticity Demand = $\frac{\% \text{change in demand for } x}{\% \text{ change in price for } x}$

Symbolically it may be stated as under,

$$\text{Price ed} = \frac{\frac{\Delta D_x}{D_x}}{\frac{\Delta P_x}{P_x}}$$

$$\text{Thus, Price ed} = \frac{\Delta D_x}{D_x} \times \frac{P_x}{\Delta P_x}$$

Where,

D = Demand

P = Price

Δ = Change

X = Commodity

- By using the above formula the numerical co-efficient of price elasticity can be measured from any such given data.
- It may be noted that the numerical co-efficient of price elasticity of demand is always negative because there is an inverse relationship between change in price of a commodity and change in its demand.
- It is for the sake of convenience that economists ignore the negative sign and generally use a positive figure.

Types of price Elasticity:-

- On the basis of responsiveness of demand to a change in price of commodity Prof.Marshall has suggested three fold classification of types of price elasticity of demand.
- But the modern economists have stated 5 types of price elasticity of demand.



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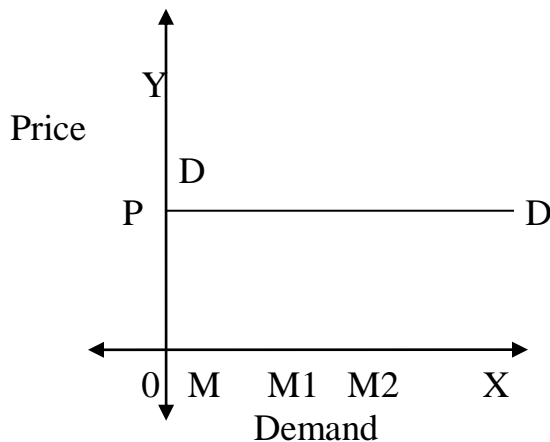
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They are as follows: -

1. Perfectly Elastic Demand:-

- An endless demand at a given price is the case of perfectly elastic demand.
- When the demand is perfectly elastic, with a slight rise in the price reduces the demand to zero and a slight fall in the price increases demand to infinity.

The scope of demand curve reflects the elasticity of demand .In case of perfectly elastic demand. The demand curve will be a horizontal straight line. It should be parallel to X-axis as given below.



Perfectly elastic demand is the case of theoretical extremity. There is no commodity in the market which has perfectly elastic demand. In case of perfectly elastic demand co-efficient would be infinity $E_d = \infty$

2. Perfectly Inelastic Demand:-

- When the demand for a commodity shows no response at all to change in price, whatever is the change in price, but the demand remains the same.
- We have a case of perfectly inelastic demand. Here the change in price fails to bring about any change in the demand.

It has also theoretical importance .But the commodity of absolute necessity like salt seems to have perfectly inelastic demand .In this case demand curve can be drawn as follows:-

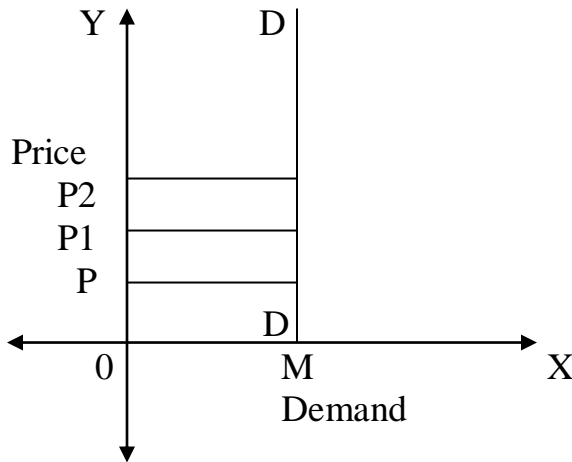


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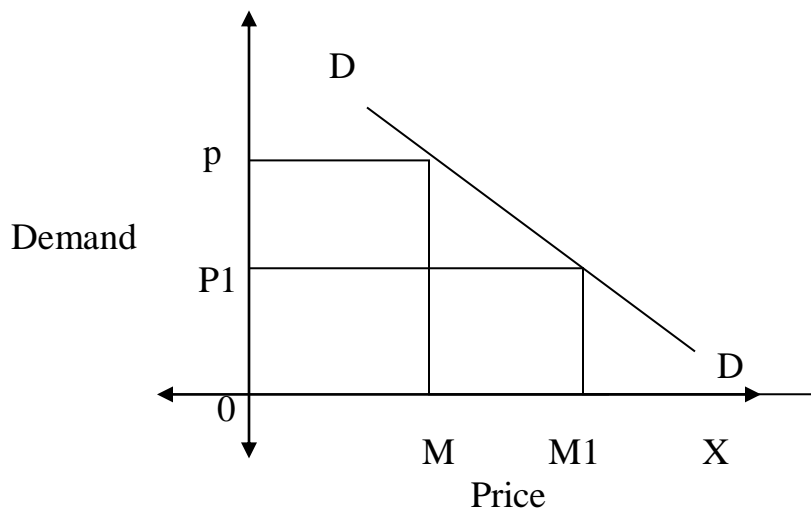
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In case of perfectly inelastic demand the demand curve would be the straight vertical line .Here inelasticity of demand= 0. Therefore $E_d = 0$

3. Unitary Elastic Demand:-

- When the proportion of change in demand is exactly the same as the change in price , the demand is said to be unitary elastic.
- Here the change in price will bring equal change in demand.
- We can draw unitary elastic demand curve as under.



In case of unitary elastic demand the demand curve would be rectangular hyperbola curve. Hence elasticity of demand=1 there for $E_d = 1$



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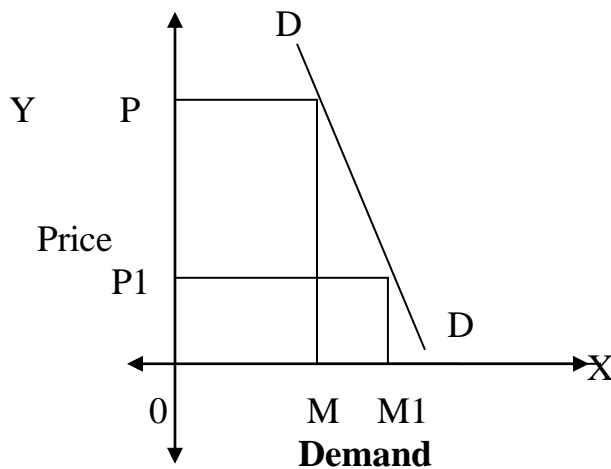
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4. Relatively Inelastic Demand:-

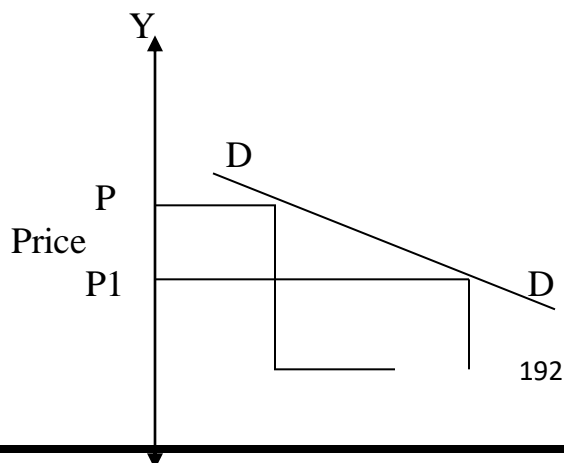
- When the proportion of change in the quantity demanded is less than that of price, the demand is said to be relatively inelastic.
- Here, the demand is less elastic than unit. We can draw the curve as under.



In case of relatively inelastic demand, the demand curve would be rapidly sloping downward. It should be steeper demand curve Here elasticity of demand is less than 1. Thus, $E_d < 1$

5. Relatively elastic Demand:-

- When the proportion of change in the quantity demanded is greater than that of price, the demand is said to be relatively elastic, here the demand is more elastic than units. We can draw demand curve as follows:-



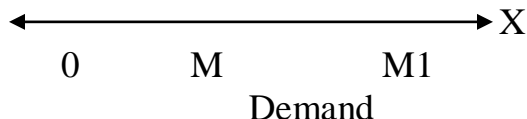


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In case of relatively elastic demand, the demand curve would be gradually sloping downward. It should be flatter more. Here, the elasticity of demand is more than 1. Thus, $E_d > 1$

(C) 1 word question Answers:

Sr.No	Question	Answer
1	What is the value of E_p , when demand is inelastic?	less than one
2	If $E_p=0$, demand curve would be Parallel to __ axis	Y
3	If $E_d= \alpha$, demand curve would be Parallel to __ axis	X
4	_____ elasticity of demand show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price.	Price
5	Price elasticity of demand gives the percentage change in _____ in response to a one percent change in price	quantity demanded
6	The definition, “The ratio of the relative change in demand to a relative change in price.” -is given by_____	Prof.Marshall
7	When the demand for a commodity shows no response at all to change in price, whatever is the change in price is _____ Demand	Perfectly Inelastic
8	When the proportion of change in demand is exactly the same as the change in price is _____ Demand	Unitary Elastic
9	When the proportion of change in the quantity demanded is greater than that of price, the demand is said to be _____ elastic	Relatively

Topic: Determinants of price elasticity of demand/Explain Factors affecting price elasticity of demand



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(A) Determinants/ Factors of price elasticity of demand:

- price elasticity of demand is relative
- A change in demand for a commodity in response to a change in its price may differ from person to person.
- Therefore, it is not possible to say exactly Whether the demand for a commodity is elastic or inelastic
- The demand for a commodity is elastic or inelastic will depend on a variety of factors
- The factors which influence elasticity are termed as Determinants

(B)Detailing:

Elasticity of demand differs from commodity to commodity. The various factors upon which elasticity depends are the following:

1. Substitute goods:

- A commodity will have elastic demand if there are good substitutes for it.
- This is because when price of a good rises, a consumer will not buy the good but purchase its substitute.

2. Nature of commodity:

- All necessities like salt, rice etc that have no substitutes/or less substitutes will have an inelastic demand.
- People have to purchase such commodities for their sustenance.
- Therefore, there will be some demand despite the changes in price.
- Demand for luxury goods, on the other hand, will be elastic.
- If prices of such commodities rise even a little, consumers refrain to buy.
- At the same time a little lowering of price of such commodities attract a large number of consumers.

3. Number of uses of commodity:

- The larger the number of uses to which a commodity can be put, the higher will be its elasticity.
- Therefore the demand of such goods will have elastic demand.
- For example, milk can be used for various purposes such as for making curd, cake, sweets etc.



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- When its price goes down, demand increases but a little rise in its price makes demand fall greatly.

4. Possibility of postponement of consumption:

- If there is a possibility of postponement of consumption of a commodity then demand will be elastic otherwise inelastic.
- Demand for certain goods can be postponed for sometime such as computers, printers, scanners etc. People may wait till they become cheaper.
- Therefore, their demand is elastic. But the demand for food or electricity cannot be postponed. As such their demand is inelastic.

5. Percentage of income spent:

- The elasticity of demand is also influenced by the percentage of income spent on the purchase of a commodity.
- If the percentage is very less than the demand will be inelastic.
- For instance, we spend a very less amount of our total money income on things like agarbatties (incense sticks), matches, pens, pencils etc.
- If prices of such commodities rise also, our demand is not reduced. Thus, demand of such goods is inelastic.

6. Fashion:

- Commodities, which are in fashion, will have inelastic demand.
- Fashion minded people do not compromise with price.
- Even if price is high, some people will demand more just because goods are in fashion.

7. Change in taste:

- A habitual commodity or a commodity for which consumers have developed a taste will have inelastic demand.
- A chain smoker always requires a cigarette, whatever the price may be.
- Likewise, a habitual paan (betel nut) chewer cannot leave his habit, in spite of rise in price. In such cases, therefore, demand is elastic.



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8. Price of the commodity:

- Very high priced or very low priced goods have low elasticity whereas moderately priced commodities are quite high-elastic.
- If a good is very expensive, demand will not increase much even if there is little fall in its price.
- And demand will not increase even at very low prices, because people have already purchased their requirement at low prices.

9. Influence of habit and custom:-

- There are certain articles which have a demand on account of customs or habit.
- In this case elasticity is less.
- For Example:-Mangalsutra to Hindu bride or cigarettes to a smoker have inelastic demand.

10. Complementary Goods:-

- Goods which are jointly demanded have less elasticity.
- For Example:-Ink and Pen have inelastic demand for this reason.

11. Durable Goods:-

- In case of durable goods the demand generally tends to be elastic in the short run.
- For Example: - Radio, T.V, Scooter, Furniture etc.

In case of these commodities demand can be postponed because it is repairable commodity But in reference to perishable goods like Milk and Vegetables demand is relative inelastic.

(C) 1 word question Answers:

Sr.No	Question	Answer
1	price elasticity of demand is _____	Relative
2	Demand for Necessities is generally _____.	inelastic
3	The demand for luxuries is _____.	relatively elastic



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4	The demand for a commodity which has substitute is generally _____.	Elastic
5	If a particular commodity has many uses the demand for it is said to be _____.	elastic
6	In case of durable goods the demand generally tends to be elastic in the _____.	short run
7	Goods which are jointly demanded have _____.	less elasticity
8	There are certain articles which have a demand on account of customs or habit. In this case elasticity is _____.	Less

Topic: Income Elasticity of Demand

(A) Income Elasticity of Demand:-

- Income elasticity of demand measures the percentage change in demand caused by a percent change in income.
- A change in income causes the demand curve to shift reflecting the change in demand.
- IED is a measurement of how far the curve shifts horizontally along the X-axis. Income elasticity can be used to classify goods as normal or inferior.
- With a normal good demand varies in the same direction as income.
- With an inferior good demand and income move in opposite directions
- $\text{Income Elasticity} = \frac{\text{Proportionate change in the quantity purchased}}{\text{Proportionate change in Income}}$

(B) Detailing: -

- Demand for a commodity is function of many variables.
- Price is one of them. Among other variable influencing demand –income of the buyer is important.
- Therefore, sometimes demand changes due to change in the buyers income.
- All other factors including price remain constant.
- It expresses relationship between percentage change in income and percentage change in demand for the given commodity.



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- The income elasticity is thus defined as the ratio of percentage change in quantity demanded to the percentage change in income.
- Income elasticity co-efficient is thus measured by the following formula.

$$\text{Income Ed} = \frac{\% \text{change in demand}}{\% \text{change in income}}$$

$$\text{edy} = \frac{\Delta D}{D} \times \frac{Y}{\Delta Y}$$

Where,

D=Demand

Δ =Change

Y=Income

Types of Income Elasticity:-

Income elasticity, on the basis of its co-efficient may be classified as under-

1. Positive Income Elasticity:-

- When an increase in income causes an increase in the demand for a commodity, the demand is said to be a positive income elastic.
- In the case of positive income elasticity the co-efficient would be positive(+).
- The commodity which are consider as “Superior” or normal have positive income elasticity.
- The slope of demand curve in this case will be upward as below.

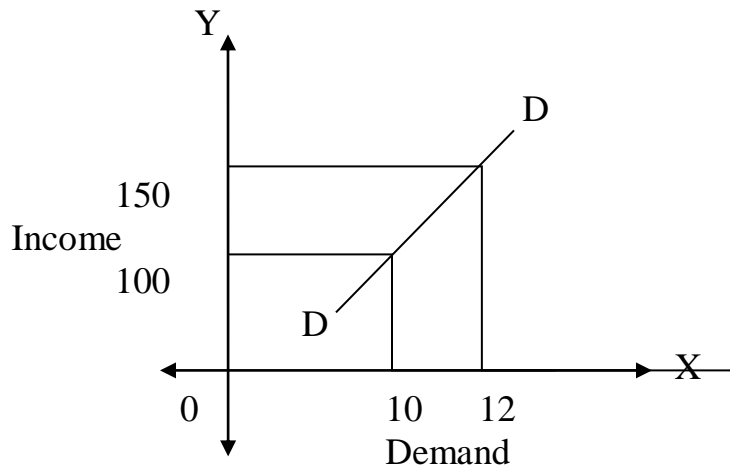


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1. Positive Income Elasticity:-

(a) Unitary income elastic Demand:-

- When the percentage change in demand is equal to the percentage change in income the demand is unitary income elastic.
- Here change in income will bring equal change in demand. Therefore, elasticity of demand = 1, therefore $ed_y = 1$

(b) Income elasticity greater than unity:-

- When the percentage change in quantity demanded is greater than the percentage change in income.
- The income elasticity of demand is more than unity.
- Here the change in income will bring more change in demand. Therefore $ed_y > 1$

(c) Income elasticity less than unity:-

- When the percentage change in quantity demanded is less than the percentage change in income, the income elasticity of demand is less than unity.
- Here the change in income will bring less change in demand. Therefore $ed_y < 1$



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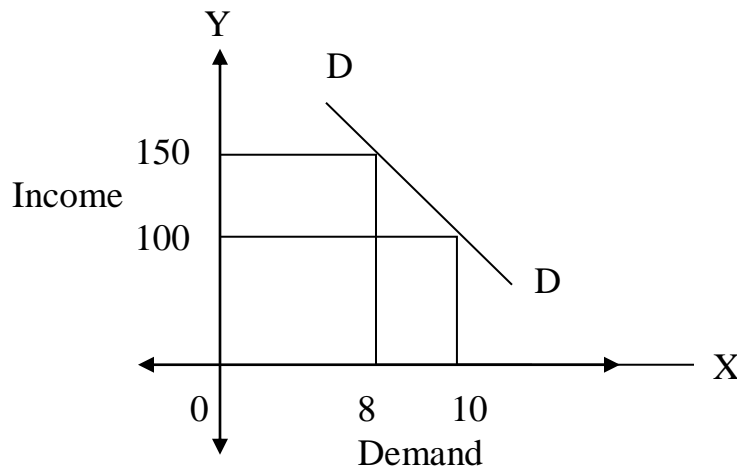
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2. Negative Income Elasticity:-

- When an increase in income causes a decrease in the demand for a given commodity, the demand is said to be negative income elasticity.
- In case of negative income elasticity the co-efficient would be negative (-).
- The commodities which are considered as “inferior” generally have negative income elasticity.
- The demand curve in this case will be downward sloping as given below:-



3. Zero income Elasticity:-

- When the demand for commodity shows no response at all to change in income, whatever is the change in income but the demand remains the same it is the case of zero income elasticity.
- In case of zero income elasticity the co-efficient would be zero (0).
- The commodities like Sale, Match-box, Pin, Post-card etc, have zero income elasticity.
- Demand curve in this case is a vertical straight line as given below:-

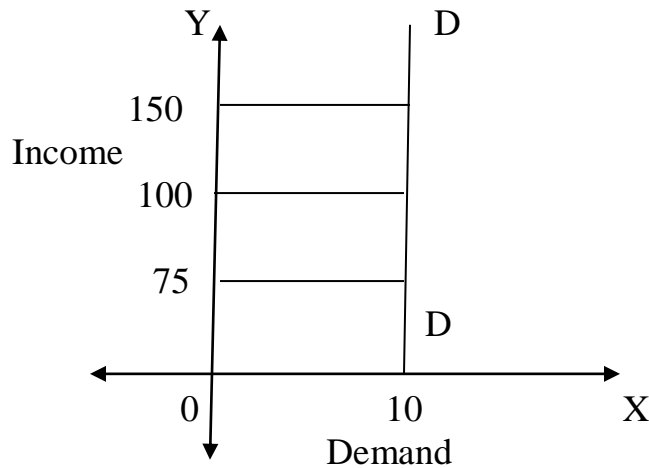


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(C) 1 word question Answers:

Sr.No	Question	Answer
1	Income elasticity of demand for an inferior commodity is _____	Negative
2	For a luxury, income elasticity of demand is _____ and greater than one	Positive
3	Income Elasticity of Demand expresses relationship between percentage change in _____ and percentage change in demand for the given commodity.	Income
4	Income Elasticity of Demand expresses relationship between percentage change in income and percentage change in _____ for the given commodity.	Demand
5	When an increase in income causes an increase in the demand for a commodity, the demand is said to be a _____ income elastic	Positive
6	The slope of demand curve in Positive Income Elasticity will be sloping _____.	Upward
7	When the demand for commodity shows no response at all to change in income, whatever is the change in income but the demand remains the same it is the case of _____ elasticity	zero income
8	When an increase in income causes a decrease in the demand	Negative



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	for a given commodity, the demand is said to be _____ income elasticity	
--	---	--

Topic: Write a short note on cross elasticity of Demand

(A) cross elasticity of Demand:

- Cross price elasticity of demand measures the percentage change in demand for a particular good caused by a percent change in the price of another good.
- Goods can be complements, substitutes or unrelated.
- A change in the price of a related good causes the demand curve to shift reflecting a change in demand for the original good.
- Cross price elasticity is a measurement of how far, and in which direction, the curve shifts horizontally along the x-axis. Positive cross-price elasticity means that the goods are substitute goods.

(B) Detailing:

- Demand for commodity is influenced not only by the price of the commodity and income of the consumer but also by the price of other commodity.
- Thus the demand for orange depends on the price of apples also.
- The cross elasticity of demand express a relationship between the change in the demand for a given commodity in response to the change in the price of some other commodity.

The concept of cross elasticity is important in the case of commodities, which are either substitutes or complementary. Lux and Liril are substitute for each other. pen and ink, car and petrol are complementary goods, and cross elasticity can be measured by the following methods:-

$$\text{Cross ed} = \frac{\% \text{change in demand of 'x'}}{\% \text{change in price of 'y'}}$$



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Where,
X and Y refers different commodity

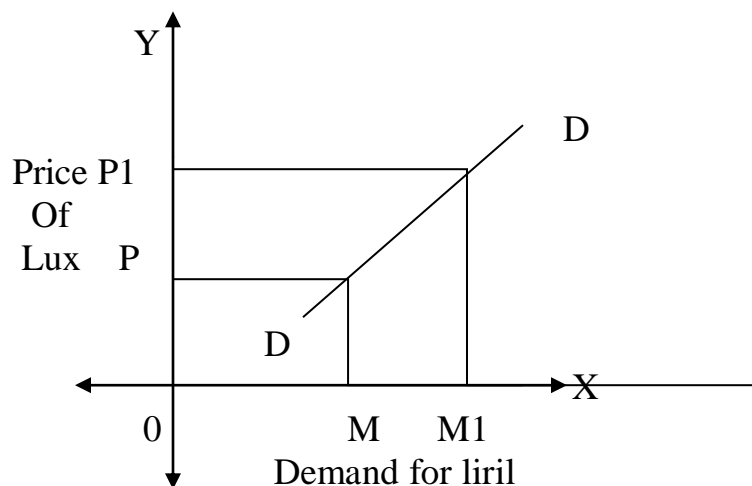
Types of cross elasticity:-

On the basis of co-efficient of cross elasticity, we can divide the cross elasticity of demand in to two types. They are as follows:-

1. Positive cross elasticity:-

In the case of substitute commodity, the cross elasticity of demand would be positive.

For e.g. Lux & Liril. If the price of Lux falls, demand for Lux rises. But the demand for Lux would rise at the lost of Liril. (Some consumer who preferred Liril earlier now turns to lux) Therefore, the demand for Liril would fall in response to a fall in a price of lux. In diagram, we can put it as follows:-



Conclusion:-

1. In case of perfect substitute co-efficient of cross elasticity of demand would be infinity. $Cross\ ed = \alpha$
2. In case of close substitute co-efficient of cross elasticity demand would be more than unit. $Cross\ ed > 1$ (One) $ed > 1$
3. In case of far substitute co-efficient of cross elasticity demand would be less than unit. $Cross\ ed < 1$



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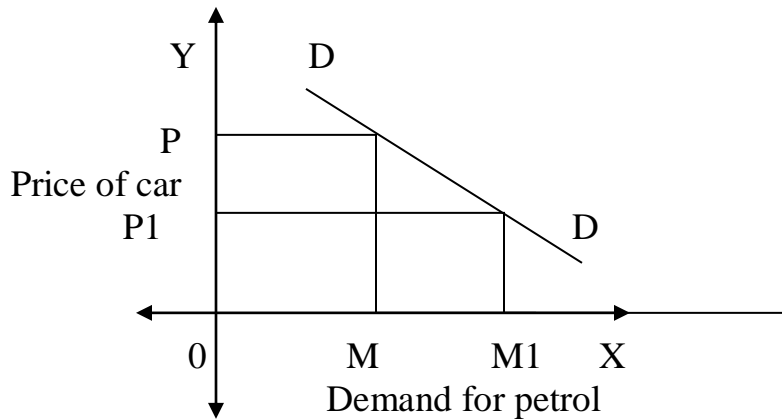
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2. Negative cross Elasticity:-

In case of complementary commodity, the cross elasticity will be negative. Take the case of Car and Petrol-A fall in the price of car, demand for car rises-Petrol being a complementary of car, the demand for Petrol also rise. Therefore the demand for Petrol would rise in response to the fall in the price of Car. we can put it as follow:-



In diagram, we can see that there is an inverse relationship between price of car and demand for Petrol. Therefore the co-efficient of cross elasticity demand would be negative.

(C) 1 word question Answers:

Sr.No	Question	Answer
1	Ratio of percentage change in D_x , to percentage change in P_y is called ____ elasticity of demand	Cross
2	What would be elasticity of demand, when x and y are substitute _____	Positive
3	the co-efficient of cross elasticity demand would be_____.	Negative
4	cross elasticity of demand is divided in to ____ types.	two
5	Ratio of percentage change in _____ of X commodity to percentage change in Price of Y commodity is called cross elasticity of demand	Demand
6	Ratio of percentage change in Demand of x commodity to	Price



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percentage change in ___ of y commodity is called cross elasticity of demand Cross	
--	--

Topic: Explain the law of supply

(A) Supply:

- Supply means the quantities of goods which are offered for sale at particular prices during a given period of time.
- Thus, the supply of a commodity may be defined as the amount of that commodity which the sellers (or producers) are able and willing to offer for sale at a particular price during a certain period of time.

(B) Detailing:

Normally we believe that the term supply means the commodities actually sold in the market or the total production of the commodity. But this is a loose interpretation of the term. In economics supply at a given point of time means the quantities which are offered for sale at particular prices.

In other words, the term supply may be defined as the actual amount of the commodity which is brought to the market for sale at a given price.

In short, stock (Total Production) is potential supply while supply refers to that part of stock which is offered for sale in the market at a given price.

Supply is always at a price. It is not possible to speak unless we mention the price.

The Law of Supply:-

Seller always sell their product for profit, Here we assume that the production cost is given. Thus, Profits are likely to be high at high prices. Therefore, more quantity of commodity supplied at higher price and less quantity at a lower price. This is the well known law of supply which states that other thing being equal the amount of commodity supplied increases with every increase in its price and decrease with every fall in its price. The law of supply thus express the supply function which as under:-



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$$S=f(p)$$

This function implies that the supply of commodity is the increasing function of its price.

Assumption:-

The law state that the supply varies directly with the price. It is based on various assumptions which are as under-

1. There is no change in the price of substitution.
2. There is no change in the cost of factors of production.
3. There is no expectation of any change in price in future.
4. The seller should not be in any sudden need of cash.

Supply Schedule:-

Supply schedule is tabular statement showing the different quantities of a commodity supplied at different prices. It represents a functional relationship between the price and quantity supplied. We can represent the supply schedule in two different ways-

- (1) Individual supply schedule
- (2) Market supply schedule

For, Example:-

1. Individual Supply Schedule

Price	Supply
1	100
2	200
3	300
4	400
5	500



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2. Market Supply Schedule

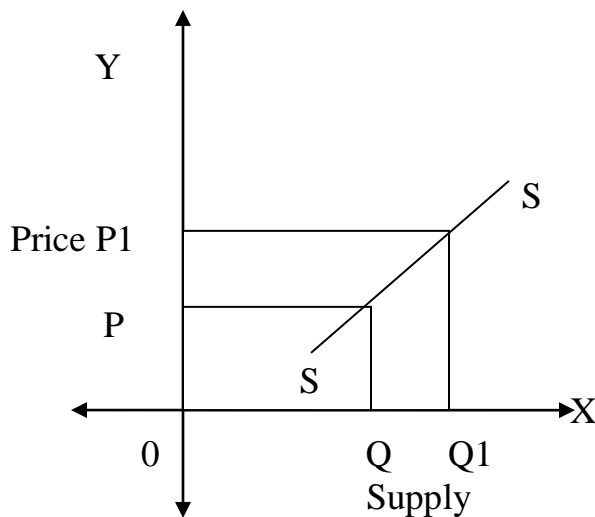
Price	Quantity supplied by			Market supply
	Seller “A”	seller “B”	seller “C”	
1	25	30	35	90
2	30	35	40	105
3	35	40	45	120
4	40	45	50	135
5	45	50	55	150

An individual supply schedule represents the quantities supplied by a single seller, while the market supply schedule represents the sum of the quantity supplied by various sellers.

Whatever it is an individual supply schedule or market supply schedule, it normally conforms to the law of supply.

Supply curve:-

It is a graphical presentation of the law of supply. The slope of supply curve is always upward because there is a positive relationship between price and quantity supplied.





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S.S is the supply curve. It slopes upgrade from left to right because when the price of commodity increases the new sells enters in the market and the existing sellers offer more at a higher price and vice-versa.

Exceptions to the law of supply:-

There are certain exceptions to the law of supply. In certain case the slope of supply curve is backward.

For Example: - In the case of labor, as wages increase the worker might work for less a number of hours than before.

An exception to the law is also seen in the case of person who wants to have a fixed income from their investment. As interest rate rise, the amount of investment Required to earn the same amount of interest is obviously less. In this case the slope of supply curve is backward.

(C) 1 word question Answers:

Sr.No	Question	Answer
1	Supply of a commodity means Quantity offered for ____ at a definite price and unit of time	Sale
2	Supply of a commodity means Quantity offered for sale at a definite ___ and unit of time	price
3	Supply of a commodity means Quantity offered for sale at a definite price and unit of ____	Time
4	According to the law of supply the relationship between price and supply is _____	Direct
5	An increase in supply of a commodity is caused by _____ in technology	Improvement
6	The portion of output brought in the market at a given price is called _____	Supply
7	With the fall in production costs, supply tends to _____	Increase
8	What types of statements, the law of supply is?	Conditional



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Topic: Write a short note on determinants of supply.

(A)Determinants / Factors affecting Supply:

The determinants of supply, other than price, are as follows:

- 1) Price.
- 2) Prices of related goods.
- 3) Objectives o producer
- 4) Infrastructure
- 5) The cost of factors of production
- 6) The State of Technology
- 7) Factors outside the economic sphere, Weather conditions, floods and droughts, epidemics etc.
- 8) Tax and Subsidy

(B)Detailing:

Supply of a commodity depends upon a number of factors. The important determinants of supply can be grouped together in a supply function as follows:

$$SX = f (PX, P, F, T, G)$$

Supply function:

Describes the functional relationship between supply of a commodity (say X) and other determinants of supply, i.e., price of the commodity (Px), prices of related commodities(Py), price of the factors of production (F), technology (T) and goals (G) or general objectives of the producer.

Let us discuss the factors that determine supply of a product as under:

1. Price of the product:

As already stated, price determines the supply of a product. When price is high, supply is more and vice versa. Producers are encouraged to produce more when price is high because of high profit margin.



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2. Technology:

The change in technology also affects supply of a product. It may reduce the cost of production and as a result supply will be more. Automatic and digital photocopier machines have increased the speed of photocopy per unit and hence large production.

3. Price of factors:

Changes in prices of factors also cause a change in cost of production and thereby bring changes in the supply of the product. When costs of factors come down, it reduces the overall cost of production and as a result producers are induced to produce and supply more.

4. Prices of other products:

Prices of substitutes and complements also affect the supply of a product. For example, if prices of tea rise, it will result in the reduction in the production and supply of coffee as the producers will withdraw resources from the production of coffee and devote these to the production of tea.

5. Future price expectation:

If sellers expect the prices to rise in future, they would reduce supply of a product in the market and hoard the commodity to sell in the future. This is specially done for earning high profits. For example, when traders expect that price of kerosene oil will rise further, they create artificial scarcity and stock so as to sell and reap high profits in future.

6. Non-economic factors:-

Weather condition, Flood, drought, cyclone, etc., can be the cause for the fluctuation in the supply of agriculture goods. Fire, war and earthquakes may destroy productive assets of society and curtail future supply.

7. Tax and Subsidy:-

When the tax on a commodity increase or decreases it will affect to the production cost therefore supply will be affected. A subsidy on the other hand provides an incentive to production and therefore supply will be increased.

8. Political Stability:-



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Political stability in the country maintains law and order, security of life and property, creates a favorable atmosphere for the industrialist to set up new industry. It will increase production and ultimate the supply will rise.

9. Improvement in the means of transport and communication:-

Adequate, quick and cheap means of transport and communication will make easy the movement of commodities from areas of plenty to areas of scarcity. Therefore the supply will increase.

(C) 1 word question Answers:

Sr.No	Question	Answer
1	With the fall in production costs, supply tends to _____	Increase
2	When price is expected to rise in future, supply tends to _____	reduce
3	When price is high, _____ is more	Supply
4	Producers are encouraged to produce more when price is high because of high _____.	profit margin
5	The change in technology may reduce the cost of production and as a result _____ will be more	supply
6	When costs of factors come down, it reduces the overall cost of _____ and as a result producers are induced to produce and supply more.	Production

UNIT 3

UTILITY ANALYSIS

TOPIC: Explain the concept of utility?

(A)Utility:

- The satisfaction which a consumer gets from using/consuming a good or service
- Utility is not measurable (i.e., cannot be quantified in numbers)



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- Utility is relative concept (because it differs in time, place and person)

(B)Detailing:

Introduction:-

- The consumer has a Pivotal Place in the economic activity.
- He consumes goods and services for the satisfaction of his wants.
- Satisfaction of wants is the beginning and end of all economic activities.
- Thus, economic analysis always begins with the understanding of the consumer behavior.
- The concept of utility is in centre of consumer behavior.
- The concept of utility is the base in understanding of consumer behavior.

Meaning of utility:-

Prof. Stanley Jevons a noted classical economist has originated the concept of utility, as the fundamental basis of consumer demand for a commodity. The term utility refers to the want satisfying power of a commodity or service. In the word of Prof. Erich roll utility expresses a relationship between a subject and object from the point of view of problem of want satisfaction.

Characteristics of utility:-

(1)Utility is a introspective phenomena because it is purely a **subjective concept** and relates to the **inner sentiments and emotion** Thus, it is a matter of experience.

(2)The utility is a **relative concept** because it depends on **time, place and person**. The same commodity may have different degree of utility for different person at different place and time.

(3)The utility has **no moral or legal consideration**. A commodity which satisfies any kind of want whether morally good or bad has utility.

For Example: Knife has utility to a housewife but it has also utility to a killer for stabbing someone.



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(4)A utility is **not necessarily equated with usefulness**. A commodity may not be useful and yet it may have utility for a particular person.

For Example: cigarette has utility to the smoker but it is injurious to his health. Therefore, it is not useful commodity.

(5)The utility is **not measurable utility** begin an introspective concept cannot be measured directly in a precise manner. Therefore a direct numerical expression of utility is not possible.

(6)The term utility is however **distinct from satisfaction**. Utility implies potentiality of satisfaction in a commodity. It serves as basis to induce the consumer to buy the commodity but the real satisfaction is the end result of the consumption of a given commodity.

(C) 1 word question Answers:

Sr.No	Question	Answer
1	_____ implies a commodity's capacity to satisfy wants	Utility
2	A rational consumer aims at _____ utility	Maximum
3	_____ relates to the inner sentiments and emotion	Utility
4	_____ is a relative concept	Utility
5	utility has no moral or _____ consideration.	Legal
6	utility has no _____ or legal consideration.	Moral
7	utility is not necessarily equated with _____	Usefulness
8	utility is not _____	Measurable
9	utility is distinct from _____	Satisfaction
10	_____ implies potentiality of satisfaction in a commodity	Utility

TOPIC: Explain the relationship between Total Utility and Marginal Utility

Total Utility: The total satisfaction a consumer gets from a given commodity /service (or) Sum of marginal utility is known as total utility



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Marginal Utility: An addition made to total utility by consuming an extra unit of commodity. Sum of marginal utilities derived from various goods is known as total utility.

(B)Detailing:

Introduction: The total utility and marginal utility are basis concept in the cardinal measurement of utility.

Total utility means the total satisfaction experienced by the consumer regarding all the unit of a commodity taken together in consumption. In this way total utility refers to the sum total of utility derived by a consumer from the different unit of a commodity.

For Example: If the first apple gives 10 unit of utility to a consumer and the second apple gives 5 unit of utility, the total utility of 2 apples would be $10+5=15$ units.

Marginal utility on the other hand refers to a change (addition or subtraction) in the total utility caused by the consumption of an additional unit of the commodity. In this way marginal utility indicates the successive increment in total utility made by taken separately each unit of a commodity. In, short, marginal utility refers to the utility of the marginal unit of consumption .Marginal unit is not fixed, it change with the change in the stock of commodity. It is the last unit in the sequences of consumption.

Schedule of Total Utility and Marginal Utility

Unit of commodity	Total utility	Marginal Utility
0	0	0
1	10	10
2	18	8
3	24	6
4	25	1
5	25	0
6	24	-1



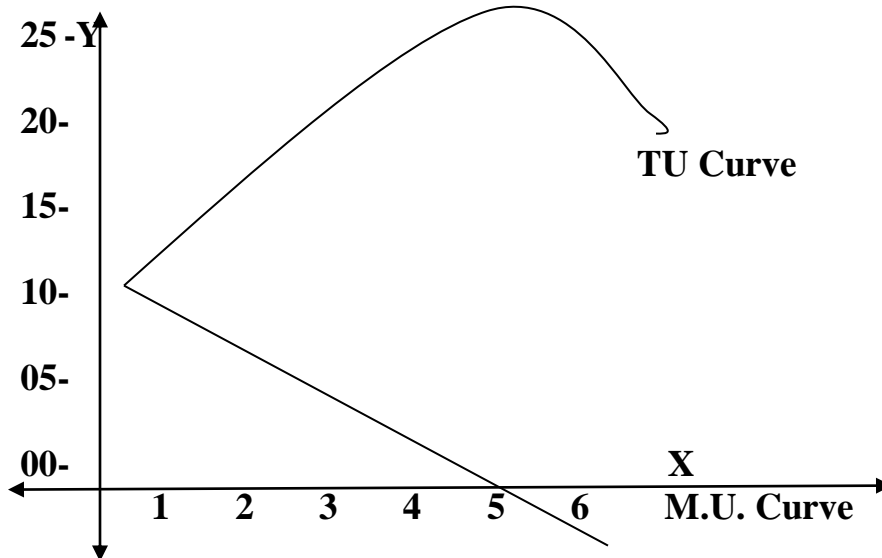
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Relationship between total utility and Marginal utility:-

- When more and more units of a commodity are consumed total utility increases up to a point and then falls. The increase in total utility is a diminishing rate.
- Marginal utility on the other hand continuously falls till it moves to zero and then becomes negative.
- Total utility is maximum when marginal utility is zero.
- When marginal utility becomes negative, total utility diminishes.

(C) 1 word questions:

Sr.No	Question	Answer
1	Marginal utility means Utility of the _____ unit	additional
2	When MU is zero, TU is	Maximum
3	When MU is zero, what happens to TU with the increase in consumption?	Decreases
4	What is the shape of MU curve	Negative
5	The change in TU caused by one unit change in	marginal



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	consumption is Called_____	utility
6	MU depends on _____of consumption	Quantity
7	In the beginning what happens to TU with the increase in consumption?	Increases
8	_____ MU can never be zero	Money's
9	Sum of marginal utility is known as _____utility	Total
10	Total utility is maximum when marginal utility is ____	Zero

Topic: Discuss the law of diminishing marginal utility with its exception

(A) Law of diminishing marginal utility:

- It states that as the consumer consumes more and more units of a commodity, the marginal utility derived from each successive units goes on diminishing.
- Demand for a commodity refers to the quantity of a commodity which a consumer is willing to buy at a given price in a given period of time.

(B) Detailing:

- This law expresses the mode of consumer's satisfaction of a commodity.
- The Law indicates that as the stock of goods for consumption increases the utility derived from it decreases.
- It is just a nature (tendency) in us that the more of a thing we have the less we want.
- Thus, in fact the law of diminishing marginal utility is based on the satiability characteristic of human wants, that a single want taken separately at a time can be fully satisfied.

For Example: The want of a hungry man for food may be intense. But when he takes the first bread he finds that it gives him very high satisfaction. But after the intensity for the second, third and fourth unit of bread diminishes till it becomes zero.



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Statement of the law:-

Prof. Boulding:-

As a consumer increases the consumption of any one commodity keeping constant the consumption of all other commodities, the marginal utility of the variable commodity must eventually decline.

Prof. Marshall:-

The additional benefit which person derived from a given increase of his stock of a thing diminishes with every increase in the stock that he already has.

Briefly, we may say that other things being equal with the increase in the stock of a commodity consumed or acquired its marginal utility diminishes. In other words each additional unit of consumption adds relatively less and less to the total satisfaction derived.

In mathematical terms the law implies a decreasing functional relationship between the quantity of commodity consumed and the marginal utility derived.

Illustration of the law:-

The law of diminishing marginal utility may be explained with help of schedule as follows:-

Unit of commodity	Total utility	Marginal utility
1	10	10
2	18	8
3	23	5
4	25	2
5	25	0
6	24	-1

When the person consumes the first unit of X-he gets utility equal to 10. The second unit gives him utility equal to 8 in this way marginal utility declines up to the fourth unit and at the fifth unit it becomes zero and then he gets negative utility.



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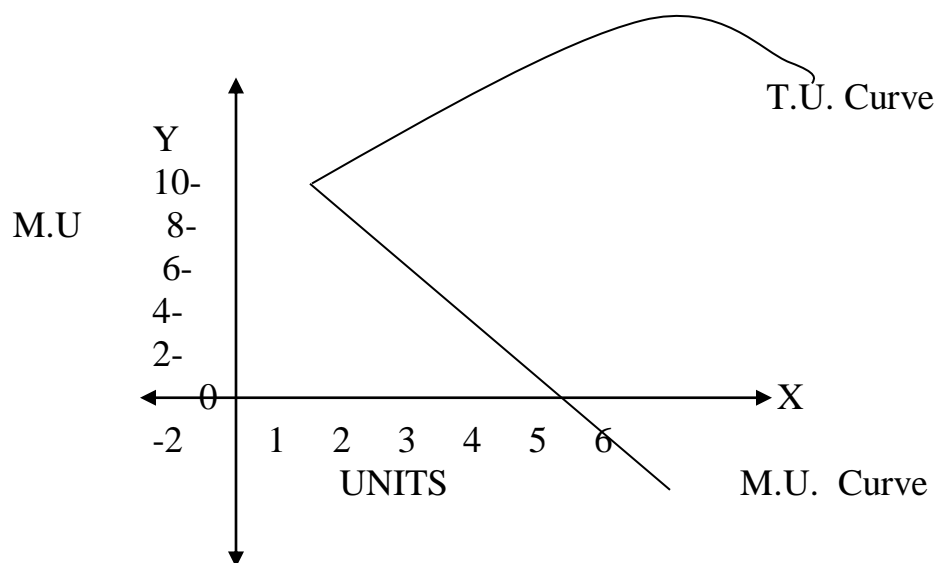
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With the help of schedule we can say the marginal utility derived from each successive unit tend to diminished-eventually the M.U. May become zero and ultimately negative. The zero M.U. implies the point of satiety, where the want is fully satisfied.

Graphical Presentation of the law:-



When the Marginal Utility Schedule is represented on a graph, we have a diagrammatic representation of the law.

In this diagramme X axis represents the unit of commodity and M.U. is measured on the Y axis. Marginal Utility curve slopes down ward from left to right. It indicates an inverse relationship between M.U. and the stock of the commodity. Marginal Utility curve intersects at a certain point on the X axis .That is the satiety point where Marginal Utility is zero. After this the curve sloped down further denoting negative values.

Assumption of the law:-

The law of diminishing marginal utility is conditional. Its validity is attributed to the following assumptions.



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- (1)The consumer behaves in **rational** manner. He is trying to maximize his satisfaction.
- (2)The **income** of consumer remains **unchanged**.
- (3)The different units of the commodity are **homogeneous** in character like quality size, taste, flavor, color etc.
- (4)The consumption process should be **continuous** without any internal of time. There is **no time gap** between consumption of one and another unit.
- (5)The utility can be **measured in cardinal numbers**. The consumer can express how much utility he gets from different unit.
- (6)The units of consumption should be of **reasonable size**. It should be normal standard unit

For Example: We should take a glass of milk and not a spoon of milk.

Exception to the law:-

Under the above stated conditions the law is deemed to be universal. But in certain case however it has been observed that a consumer tends to attain increasing marginal utility. Such cases are treated as exception to the law but a care observation shows that the exceptions are not very genuine.

(1)Hobbies:-

- It has been said that certain hobbies like stamp collection, Collection of antique goods, collection of old coins etc, every additional unit gives more pleasure.
- The M.U. tends to increase no doubt this is true but it is not genuine exception of the law because such case homogeneity condition of the law violated and each time a new variety of stamp or coin or antique collocated by a person and not the same variety.

(2)Consumption of liquor:-

- It is said that the marginal utility of liquor rise with increased consumption.



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- But in this case also we find that after a certain stage even the marginal utility of liquor to the drunkard will start declining and ultimately become negative.
- If that were not so the drunkard would continue to drink for indefinite time. Here rationality condition of the law is violated.

(3)The love of music:-

- In the case of music it is commonly experienced that a repeat hearing gives a better satisfaction than the first one.
- Hence we can say that the law does not be applicable here. But even here also a person would certainly like a change after repeatedly hearing the same music.

(4)Reading habit:-

- Since more reading gives more knowledge a scholar would get more and more satisfaction with every additional book , but here also we point out it is not real exception to the law-because the homogeneity condition is violated here.
- Knowledge and satisfaction increase by reading different books.

Criticisms of the law OR Limitations of the law:-

1. The law is based on unrealistic assumption **homogeneity, continuity and rationality condition** .All together at a time are very difficult to full filled in practice.
2. The law does not apply in the case of **indivisible commodity** like T.V, Scooter, house etc.
3. The law unrealistically assumed **constant Marginal Utility of Money**.
4. The law presumes that the **M.U. is measurable** in the Cardinal term, but it is **unrealistic**.

(C) 1 word question Answers



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Sr.No	Question	Answer
1	Which law has been derived from the law of diminishing marginal utility?	Law of demand
2	The law of diminishing marginal utility applies to_____	Consumption
3	Marshall failed to explain the behavior of the demand for_____ goods	inferior
4	the law of _____ M. U implies a decreasing functional relationship between the quantity of commodity consumed and the marginal utility derived.	Diminishing
5	What is the nature of relationship between marginal utility and consumption?	Inverse
6	There is inverse relationship between marginal utility and _____	Consumption
7	Law of diminishing marginal utility unrealistically assumed constant Marginal Utility of _____	Money
8	The law of diminishing marginal utility presumes that the M.U. is _____	Measurable

Topic: Explain the law of equi -marginal utility with illustrations OR show how does consumer attain equilibrium at different purchasing?

(A)Law of equi -marginal utility:

It states that a consumer gets maximum satisfaction when the ratio of the marginal Utilities of two goods and their prices are equal i.e., $MU_x / P_x = MU_y / P_y$

(B)Detailing:

Introduction:-

- The principle of equi -marginal utility occupies an important place in the utility analysis.
- This law is an extension of the law of diminishing marginal utility. This law is also called the law of substitution or the law of maximum satisfaction.
- It is obvious that the law of diminishing marginal utility is applicable only to single want with a commodity but in reality there may be a number of



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wants to be satisfied at a time and this various wants are to be satisfied with several goods.

- To analyze such a situation the law of equi-marginal utility is useful.

Statement of the law:-

The law of equi-marginal utility states that other things being equal a consumer gets maximum total utility from spending his given income when he allocates his expenditure to the purchase of different goods in such a way that the marginal utility derived from the last unit of money spent on each item of expenditure tend to be equal. (That is to say the consumer maximizes his satisfaction when he obtains equi-marginal utility from all the goods purchased at a time.)

In other words we can say that a consumer should allocate his limited income in such a way that the marginal utility of the different commodity which he purchases is the same.

According to Prof. Marshall –

“The law of equi-marginal utility is on the base of proportionality rule. The proportionality rule states that when the ratio of marginal utility to price of different goods are equal. The consumer derives maximum total utility.”

In symbolic term, the proportionality rule may be stated as under-

$$\frac{M_{ua}}{P_a} = \frac{M_{ub}}{P_b} = \frac{M_{uc}}{P_c} = \frac{M_{un}}{p_n}$$

Mu = Marginal utility

p = price

abc = Refer to different commodity.

Illustration of the law:-

Let us assume that:



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- (i) A consumer has a given income of Rs. 24.
- (ii) He wishes to spend his income on three different goods –a, b and c.
- (iii) The price of a commodity is Rs.2 per unit, b commodity is Rs.3 per unit and c commodity is Rs. 5 per unit.

Marginal Utility Schedule

Unit of commodity	marginal utility of A commodity	marginal utility of B commodity	marginal utility of C commodity
1	30	24	15
2	20	15	10
3	16	9	8
4	8	6	5
5	6	3	1
6	4	1	0

Now, question is that how would consumer spend his Rs.24 so that he derives maximum satisfaction.

As per the proportionality rule of the law of equi-marginal utility .We may solve the problem as under.

Computation of the ratio of marginal utility to price

unit of commodity	Mua/pa	Mub/pb	Muc/pc
1	$30/2 = 15$	$24/3 = 8$	$15/5 = 3$
2	$20/10 = 2$	$15/3 = 5$	$10/5 = 2$
3	$16/2 = 8$	$9/3 = 3$	$8/5 = 1.6$
4	$8/2 = 4$	$6/3 = 2$	$5/5 = 1$
5	$6/2 = 3$	$3/3 = 1$	$1/5 = 1/5$
6	$4/2 = 2$	$1/3 = 0.33$	$0/5 = 0$

As per the law, the consumer would get maximum total satisfaction when:-

$$6/2 = 9/3 = 15/5 = 3$$



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In this case, the consumer will get the maximum satisfaction when he spends Rs. 10/- on a commodity, Rs. 9/- on b commodity, Rs.5/- on c commodity. By spending his income in this way he gets 5,3 and 1 unit of the commodities A, B & C respectively.

It follows that total utility so derived tends to be:-

$$T_{ua} = 30 + 20 = 16 \times 8 = 6 = 80$$

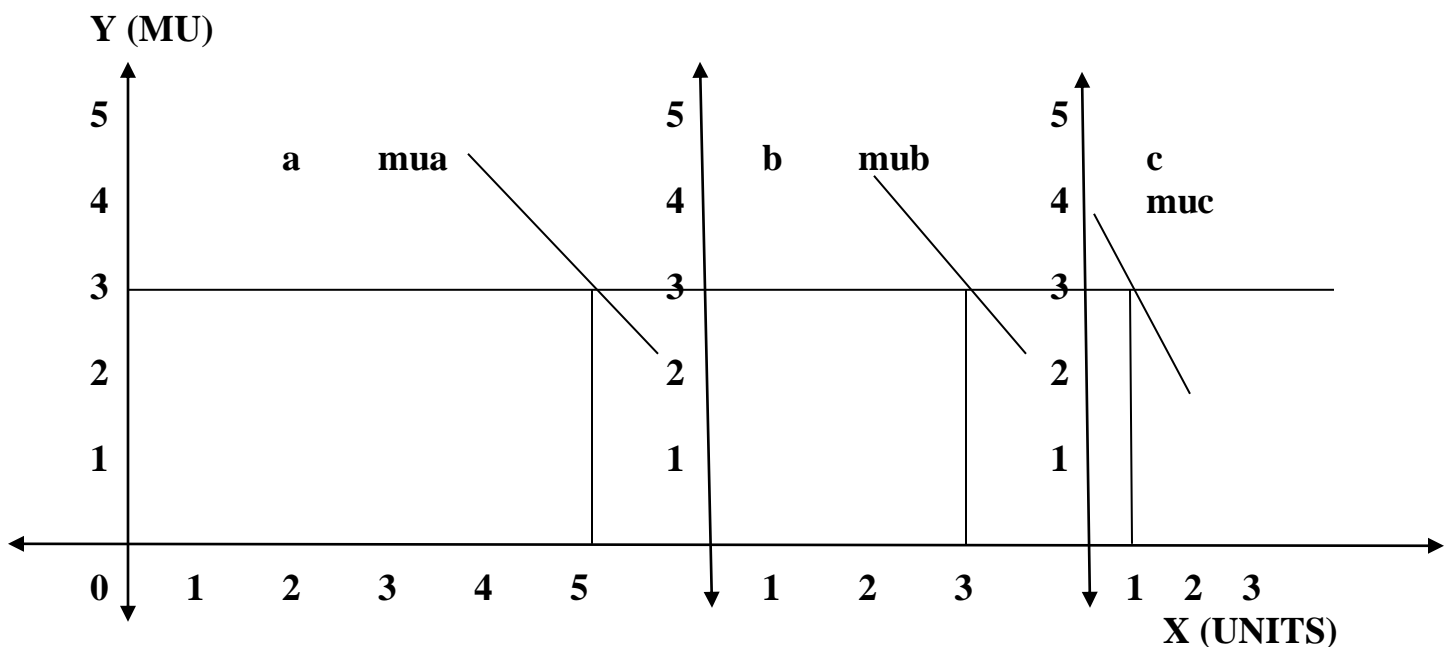
$$T_{ub} = 24 + 15 + 9 = 48$$

$$T_{uc} = 15 = 15$$

$$\sum T_u = 143$$

Therefore, $T_u = 143$ is the maximum aggregate satisfaction. Here consumer will be in equilibrium.

The law of equi-marginal utility can also be expressed graphically as below:





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In above diagramme, unit of commodity purchased by consumer is denoted on X axis .The Y-axis represents utility curve, m_{ub} , m_{uc} , m_{ua} are the marginal utility curve for the assumed commodity A,B, &C respectively.

In diagramme we can see that consumer will purchase 5 units of commodity A, 3 units of commodity B & 1 unit of commodity C. It is easy to see that by purchasing different commodity in this way the consumer equalizes the marginal utility of each commodity.

Assumption of the Law:-

The law of equi-marginal utility is based on the following:-

- (i)The consumer is a **rational economic man**. He wants to maximize his total satisfaction.
- (ii)Utility is **measurable** in cardinal term.
- (iii)**Prices** of commodities are **given & unchanged**.
- (iv)**Income** of the consumer is **given & unchanged**.
- (v)The **marginal utility** of money is **constant**.
- (vi)The wants & commodities are **substitutable**.
- (vii)The consumer has a given scale of preference OR He has a perfect knowledge of utility derived.

(C) 1 word question Answers

Sr.no	Question	Answer
1	Well known economist associated with the law of equi-	Prof.



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	marginal utility is _____	Marshall
2	According to Law of Equi- marginal utility wants & commodities are _____	substitutable
3	The marginal utility of money is _____	constant.
4	The marginal utility of _____ is constant.	Money
5	Income of the consumer is given & _____	unchanged.
6	_____ of the consumer is given & unchanged.	Income
7	_____ of commodities are given & unchanged.	Prices
8	_____ is measurable in cardinal term.	Utility
9	The consumer is a _____ economic man.	Rational
10	consumer gets maximum satisfaction when the ratio of the marginal Utilities of two goods and their prices are _____	equal

UNIT 4 MARKET STRUCTURE

Topic: What is Market? Discuss various Types of Market

(A) Market:

- Market is a place in which buyers and sellers come into contact for the purchase and sale of goods and services.
- Face to face contact of buyer and seller is not necessary for market.

Market structure:

- It refers to number of firms operating in an industry, nature of competition between them and the nature of product.

(B)Detailing:

Meaning:

- In general, the word ‘market’ refers to a place or an area where buyers and sellers generally meet so as to buy and sell a particular commodity.



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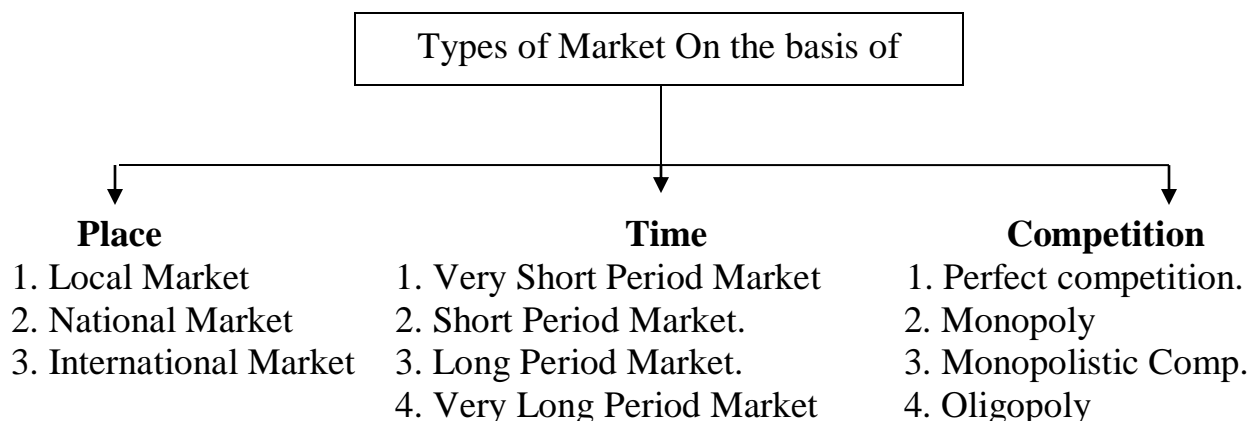
- In Economics, we make use of the term ‘market’ in a different sense. It refers to a particular commodity that is sold and purchased rather than a place or an area.
- For example, cotton market, tea market etc. Any effective arrangement for bringing buyers and sellers into contact with one another is defined as a market in economics.

The essential **Characteristics** of a market are the following:

1. Market does not confine to a particular place but the whole area wherein buyers and sellers of a commodity are spread over;
2. There must be buyers and sellers and for that physical presence is not necessary. In modern days, we sell goods through websites or electronic shopping markets or through telephonic media;
3. The existence of buyers and sellers.
4. There must be a commodity which is bought and sold; and
5. There should be free interaction between buyers and sellers so that only one price is agreed upon for the commodity.

Classification or Types of Market

The classification or types of market are depicted in the following chart:



Generally, the market is classified on the basis of:



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1. Place,
2. Time and
3. Competition.

On the **basis of Place**, the market is classified into:

1. Local Market or Regional Market:

- When the competition between purchaser and seller is localized and limited at a specific market then it is called Local Market.
- In this market sale and purchase of articles is localized to state only and not outside the state.
- In this market mostly perishable goods are purchased and sold.
- For example: Sale of vegetable, fish, eggs, milk etc.

2. National Market or Countrywide Market.

- It is that market in which the demand of the goods is in the nation as a whole where you are living.
- For example: Hindi book in India can have national market. Outside India you may not have market of Hindi books.

3. International Market or Global Market.

- If the competition of goods is world-wide, the market will be International.
- Gold and silver are examples of commodities that possess an international market.

On the **basis of Time**, the market is classified into:

1. Very Short Period Market.

- In daily or short period market the supply of goods is almost stable.
- Because the supply of goods is stable, therefore the price of goods is determined according to the demand of the goods.
- If the demand diminishes the price will fall and vice- versa.
- **For example:** The demand of fish or eggs etc.,



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2. Short Period Market.

- Short period market is that in which slight variation can be made regarding the demand for the goods.
- The demand for the goods can be increased to some extent and if the demand diminishes, it can be reduced.
- **For example:** The demand for milk or its related products.

3. Long Period Market.

- If the period is longer, supply will be influenced by the cost of producing additional output; and the predominant influence on value will be the forces of supply.
- If the demand for goods increases, there is time to increase the supply.
- Here the price is influenced more by supply of the goods.

4. Very Long Period Market.

- The secular period is very long. According to Marshall, it is a period of more than ten years in which changes in demand fully adjust themselves to supply.
- Since it is not possible to estimate the changes in demand due to changes in techniques of production, population, raw-materials i.e., over a very long period therefore Marshall did not analyze pricing under the secular period.
- Here the supply has upper hand in the determination of price.

On the **basis of Competition/Market Structure**, the market is classified into:

1. Perfectly Competitive Market Structure.

- A market is said to be perfect when all the potential sellers and buyers are promptly aware of the prices at which transactions take place
- all the offers made by other sellers and buyers and when any buyer can purchase from any seller and conversely.
- The prevalence of the same price for the same commodity or at the same time is the essential characteristics of a perfect market.
- Under such a condition, the price of a commodity will tend to be the same. Every quality of the commodity is regarded as a separate commodity.



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2. Imperfectly Competitive Market Structure.

- A market is said to be imperfect when some buyers or sellers or both are not aware of the offers being made by others.
- Naturally, therefore, different prices come to prevail for the same commodity at the same time in an imperfect market. (Market structure refers to number and types of firms operating in the industry.)
- Both these market structures widely differ from each other in respect of their features, price, etc. Under imperfect competition, there are different forms of markets like monopoly, duopoly, oligopoly and monopolistic competition.
- The suffix poly has its origin from Greek word Polus which means many or more than one.

1. A monopoly has only one or a single (mono) seller.

- In monopoly, there is a single producer or seller who controls the market.
- There are no close substitutes for his product.
- He controls the supply and he can fix the price.
- He is the firm and he also constitutes the industry.
- Thus, under monopoly the distinction between the firm and industry disappears.
- In this, the average revenue curve or the demand curve always slopes downwards to the right.
- Here, there is no need to differentiate products because no close substitutes are available.
- It is one homogeneous product and completely under the control of the monopolist.

2. Duopoly has two (duo) sellers.

- In duopoly, there are two sellers, selling either a homogeneous product or a differentiated product.
- These two sellers enjoy a monopoly in the sale of the product produced by them.

3. Oligopoly has little or fewer (oligo) number of sellers.



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- The word ‘Oligopoly’ is from the Greek words “Olig” meaning ‘a few’ and ‘poly’ meaning ‘sellers’.
- Thus, in oligopoly there are only a few sellers. They may be producing and selling either a homogeneous or a differentiated product.
- The former is called perfect oligopoly and the latter imperfect or differentiated oligopoly.

For example:

The manufacturer of motor cars by Hindustan Motors (Ambassador car); Premier Automobiles (Fiat cars) and Standard Motor Company (Standard cars).

4. Monopolistic competition has many or several numbers of sellers.

- In a monopolistic competitive market the number of sellers is large but each seller has a product differentiated from those of his rivals.
- What one firm produces is not quite like what any other firm produces. In fact, each firm has a kind of limited monopoly of its own product and hence the name “monopolistic competition”.

(C) 1 word question Answers

Sr.No	Question	Answer
1	_____ product has a local market	Perishable
2	In _____, the number of sellers is too large	Perfect competition
3	_____ market contains the elements of both competition and monopoly	Monopolistic competition
4	Product differentiation is an important feature of_____	Monopolistic competition
5	_____ is a market in which there are two sellers facing a large number of buyers	Duopoly
6	Indian railways provides an example of_____	Monopoly
7	The word ‘Oligopoly’ is from the _____ word	Greek
8	According to Marshall, secular is a period of more than _____ in which changes in demand fully adjust	ten years



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	themselves to supply	
9	In _____, there is a single producer or seller who controls the market	Monopoly

Topic: What is Perfect Competition? Discuss its features/characteristics

(A) Perfect Competition:

- It refers to a market situation in which there are large number of buyers and sellers.
- Firms sell homogeneous products at a uniform price.

(B) Detailing

- In the study of market structure perfect competition is an important type of market.
- It has been formulated by classical economist.
- According to classical economist, Perfect Competition may be defined as “a market situation in which a single market price is ruling for the commodity, which is determined by the forces of total demand and total supply in the market.”

Perfect Competition is said to prevail in the market when the following condition exist-

(i) Large number of buyers and sellers:-

- The first condition of perfect competition is that there is a large number of buyers and sellers in the market, in such a situation each individual buyer and seller deal with a very small quantity in market.
- Each buyer buys so little and each seller sells so little that none of them is in a position to influence the market.
- In other words we can say that in the Perfect Competition there should be large number of firm in the industry.
- The output of an individual firm is a very small of the total output of the industry therefore an individual firm has no command over the price.



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- But an individual firm has to accept the price, which is determined in the market by the forces of total supply and total demand.

(ii) Existence of homogeneous product:-

- The second important feature of perfect competition is that the product being sold by the various sellers must be homogeneous or identical in eye of buyers.
- The product is homogeneous in the sense that they are perfectly substitute from the buyer point of view.
- This ensures that no firm can change a price even slightly above the ruling market price, because if it does so, the firm will lose all his customers.

(iii) Perfect Knowledge about Market:-

- The important condition of perfect competition is the existence of perfect knowledge on the part of buyers and sellers.
- Since we assume that the buyers have perfect knowledge about the market conditions there is no need to do any expenditure on publicity and advertisement.
- In this way sellers also possess perfect information especially regarding the market price, quality of product, number of competitors, substitute etc.

(iv) Non existence of transport costs:-

- A perfectly competitive market also assumes the non existence of transport cost. It assumes that the various firms so close to each other that there are no transport cost.
- This condition essential because only then there will prevail a single uniform price for the same product .
- If transport cost are added to the price of the product even a homogeneous commodity will have different price.

(v) Perfect mobility of factors of production:-

- Another important condition of Perfect Competition relates to the perfect mobility of factors of production.



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- This implies that the various factors of production move freely from one occupation to another occupation, from one place to another place.
- The factors of production move where they get maximum rewards.

(vi) Free entry and exit:-

- There is free entry of new firms in the market.
- There is no legal, technical, financial or any other barrier to their entry. Similarly existing firms are free to leave the market.
- Thus, the mobility of firms ensure that whenever there is scope in the business new firms will enter and competition will be always stiff.
- When above all conditions are together satisfied in the market, we can say there is a Perfect Competition.
- But according to Prof. Joel Dean it is a myth of classical economist. It has never existed and it can never exist.

(vii) Zero Advertisement Cost: -

- Since all products are identical in features like quality, taste, design etc.
- there is no scope for product differentiation, So advertisement cost is nil.

(viii) No Government Intervention: -

- Since market has been controlled by the forces of demand and supply,
- there is no government intervention in the form of taxes, subsidies, licensing policy, control over the supply of raw materials etc.,

(C) 1 word question Answers

Sr.No	Question	Answer
1	In _____ there is no government intervention in the form of taxes, subsidies, licensing policy, control over the supply of raw materials etc.,	Perfect Competition
2	Since all products are _____ there is no scope for product differentiation	Identical
3	_____ refers to a market situation in which there are large	Perfect



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	number of buyers and sellers.	Competition
4	The first condition of perfect competition is that there is a large number of _____ in the market	buyers and sellers
5	Firms sell _____ products at a uniform price.	Homogeneous
6	Firms sell homogeneous products at a _____ price.	Uniform
7	A perfectly competitive market also assumes the non existence of _____ cost.	Transport
8	Another important condition of Perfect Competition relates to the perfect mobility of _____	factors of production
9	There is free entry of new firms in the market in _____	Perfect Competition

Topic: What is Monopoly? Discuss its Types and Charecteristics

(A) Monopoly:

- Monopoly is a market situation dominated by a single seller who has full control over the price.
- The term monopoly is derived from Greek words 'mono' which means single and 'poly' which means seller. So, monopoly is a market structure, where there only a single seller producing a product having no close substitutes.
- This single seller may be in the form of an individual owner or a single partnership or a Joint Stock Company. Such a single firm in market is called monopolist.
- Monopolist is price maker and has a control over the market supply of goods. But it does not mean that he can set both price and output level.
- A monopolist can do either of the two things i.e. price or output. It means he can fix either price or output but not both at a time.

(B) Detailing:

- The term monopoly is made up of two words “Mono” and “Poly”, Where Mono means Single and Poly means to Seller.
- Monopoly thus means power to sell alone, in other words when there is only one single seller of a product in the market, that situation will be referred to as monopoly. But this is only a literal meaning of the term Monopoly.



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Characteristics or Conditions of Monopoly:-

- (i) In monopoly there should be only one seller in the market.
- (ii) Monopolist has full control over the supply because he is alone in the market.
- (iii) In a monopoly market the monopoly firm itself is the industry-therefore monopoly know as single firm industry.
- (iv) In monopoly, firm is in a position to determine the price in this way monopolist is price maker.
- (v) The demand curve of monopoly firm is relatively inelastic. It is downward slopping curve. It suggests that the monopolist can sell more output only by reducing the price.
- (vi) In monopoly firm is in a position to earn abnormal profit.
- (vii) In monopoly the unity of product is homogeneous.

According to Prof Joel dean product under monopoly is lasting distinctiveness. Its distinctiveness lasts for several years - pure monopoly is a myth but imperfect monopoly is a very much realistic.

Types of Monopoly:-

Actually the term Monopoly in economics is linked with the degree of competition prevailing in the market on the basis of degree of competition we can classify Monopoly in to the following types:

1. Perfect Monopoly

It is also called as absolute monopoly. In this case, there is only a single seller of product having no close substitute; not even remote one. There is absolutely zero level of competition. Such monopoly is practically very rare.

2. Imperfect Monopoly

It is also called as relative monopoly or simple or limited monopoly. It refers to a single seller market having no close substitute. It means in this market, a product may have a remote substitute. So, there is fear of competition to some extent e.g. Mobile (Cell phone) telecom industry (e.g. vodafone) is having competition from fixed landline phone service industry (e.g. BSNL).



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3. Private Monopoly

When production is owned, controlled and managed by the individual, or private body or private organization, it is called private monopoly. e.g. Tata, Reliance, Bajaj, etc. groups in India. Such type of monopoly is profit oriented.

4. Public Monopoly

When production is owned, controlled and managed by government, it is called public monopoly. It is welfare and service oriented. So, it is also called as 'Welfare Monopoly' e.g. Railways, Defense etc.

5. Simple Monopoly

Simple monopoly firm charges a uniform price or single price to all the customers. He operates in a single market.

6. Discriminating Monopoly

Such a monopoly firm charges different price to different customers for the same product. It prevails in more than one market.

7. Legal Monopoly

When monopoly exists on account of trademarks, patents, copy rights, statutory regulation of government etc., it is called legal monopoly. Music industry is an example of legal monopoly.

8. Natural Monopoly

It emerges as a result of natural advantages like good location, abundant mineral resources, etc. e.g. Gulf countries are having monopoly in crude oil exploration activities because of plenty of natural oil resources.

9. Technological Monopoly

It emerges as a result of economies of large scale production, use of capital goods, new production methods, etc.

For Example: engineering goods industry, automobile industry, software industry, etc.



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10. Joint Monopoly

A number of business firms acquire monopoly position through amalgamation, cartels, syndicates, etc, it becomes joint monopoly. e.g. Actually, pizza making firm and burger making firm are competitors of each other in fast food industry. But when they combine their business that leads to reduction in competition. So they can enjoy monopoly power in market.

(C) 1 word question Answers

Sr.No	Question	Answer
1	The control of OPEC countries over the production of petroleum products is an example of _____	Natural monopoly
2	Indian railways provides an example of _____	Legal monopoly
3	In _____ market, a firm has largest control over price?	Monopoly
4	A number of business firms acquire monopoly position through amalgamation, cartels, syndicates, etc, it becomes _____ monopoly.	Joint
5	_____ emerges as a result of economies of large scale production, use of capital goods, new production methods, etc.	Technological Monopoly
6	_____ Monopoly firm charges different price to different customers for the same product.	Discriminating
7	_____ firm charges a uniform price or single price to all the customers. He operates in a single market.	Simple monopoly
8	When production is owned, controlled and managed by government, it is called _____ monopoly	Public
9	When production is owned, controlled and managed by the individual, or private body or private organization, it is called _____ monopoly	Private
10	There is absolutely zero level of competition in _____	Perfect Monopoly



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Raiya Road,
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Topic: Discuss meaning and features/characteristics of Monopolistic Competition:-

(A) Monopolistic Competition

- Monopolistic competition refers to a market situation in which there are many firms who sell closely related but differentiated products.
- Pure monopoly and perfect competition are two extreme cases of market structure.
- In reality, there are markets having large number of producers competing with each other in order to sell their product in the market.
- Thus, there is monopoly on one hand and perfect competition on other hand.
- Such a mixture of monopoly and perfect competition is called as monopolistic competition. It is a case of imperfect competition.
- Monopolistic competition has been introduced by American economist Prof. Edward Chamberlin, in his book 'Theory of Monopolistic Competition' published in 1933.

(B) Detailing:

In a monopolistic competitive market the number of sellers is large but each seller has a product differentiated from those of his rivals. What one firm produces is not quite like what any other firm produces. In fact, each firm has a kind of limited monopoly of its own product and hence the name “monopolistic competition”.

Characteristics of Monopolistic Competition:-

The following are the features or characteristics of monopolistic competition:-

1. Large Number of Sellers

There are large number of sellers producing differentiated products. So, competition among them is very keen. Since number of sellers is large, each seller produces a very small part of market supply. So no seller is in a position to control price of product. Every firm is limited in its size.



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2. Product Differentiation

It is one of the most important features of monopolistic competition. In perfect competition, products are homogeneous in nature. On the contrary, here, every producer tries to keep his product dissimilar than his rival's product in order to maintain his separate identity. This boosts up the competition in market. So, every firm acquires some monopoly power.

3. Freedom of Entry and Exit

This feature leads to stiff competition in market. Free entry into the market enables new firms to come with close substitutes. Free entry or exit maintains normal profit in the market for a longer span of time.

4. Selling Cost

It is a unique feature of monopolistic competition. In such type of market, due to product differentiation, every firm has to incur some additional expenditure in the form of selling cost. This cost includes sales promotion expenses, advertisement expenses, salaries of marketing staff, etc.

But on account of homogeneous product in perfect competition and zero competition in monopoly, selling cost does not exist there.

5. Absence of Interdependence

Large numbers of firms are different in their size. Each firm has its own production and marketing policy. So no firm is influenced by other firm. All are independent.

6. Two Dimensional Competition

Monopolistic competition has two types of competition aspects viz.

- i. Price competition i.e. firms compete with each other on the basis of price.
- ii. Non price competition i.e. firms compete on the basis of brand, product quality advertisement.

7. Concept of Group

In place of Marshallian concept of industry, Chamberlin introduced the concept of Group under monopolistic competition. An industry means a number of firms producing identical product. A group means a number of firms producing differentiated products which are closely related.



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8. Falling Demand Curve

In monopolistic competition, a firm is facing downward sloping demand curve i.e. elastic demand curve. It means one can sell more at lower price and vice versa.

(C) 1 word question Answers

Sr.No	Question	Answer
1	a mixture of monopoly and perfect competition is called as _____	monopolistic competition
2	In monopolistic Competition there are large number of sellers producing _____ products	Differentiated
3	Number of sellers is large, each seller produces a very small part of market supply. So, no seller is in a position to control _____ of product	Price
4	Free _____ maintains normal profit in the market for a longer span of time.	entry or exit
5	In monopolistic competition, due to product differentiation, every firm has to incur some additional expenditure in the form of _____.	selling cost
6	In monopolistic competition, All firms are _____.	Independent
7	A group means a number of firms producing _____ products which are closely related.	differentiated
8	A group means a number of firms producing differentiated products which are _____.	closely related

Topic:

(A) Oligopoly:

- Oligopoly is a market structure in which there are few large sellers of a commodity and large number of buyers.
- Oligopoly is that form of imperfect competition where there are few firm in market producing either homogeneous or differentiated products which are closely substitute.



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(B)Detailing:

- The term oligopoly is derived from two Greek words: ‘oligi’ means few and ‘polein’ means to sell.
- Oligopoly is a market structure in which there are only a few sellers (but more than two) of the homogeneous or differentiated products.
- So, oligopoly lies in between monopolistic competition and monopoly.
- Oligopoly refers to a market situation in which there are a few firms selling homogeneous or differentiated products.
- Oligopoly is, sometimes, also known as ‘competition among the few’ as there are few sellers in the market and every seller influences and is influenced by the behavior of other firms.

According to Prof.George Stigler- “Oligopoly is that market situation in which a firm formulates its market policy in part on the expected behavior of few close rivals”.

- Oligopoly is a real world market situation.
- Even in India we find that very few firms are controlling the whole market in certain commodities.
- Motor car industry in India is an example of Oligopoly.

Characteristics of Oligopoly:-

1. Few firms:

- Under oligopoly, there are few large firms.
- The exact number of firms is not defined.
- Each firm produces a significant portion of the total output.
- There exists severe competition among different firms and each firm try to manipulate both prices and volume of production to outsmart each other.
- For example, the market for automobiles in India is an oligopolist structure as there are only few producers of automobiles.



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- The number of the firms is so small that an action by any one firm is likely to affect the rival firms. So, every firm keeps a close watch on the activities of rival firms.

2. Interdependence:

- Firms under oligopoly are interdependent. Interdependence means that actions of one firm affect the actions of other firms.
- A firm considers the action and reaction of the rival firms while determining its price and output levels.
- A change in output or price by one firm evokes reaction from other firms operating in the market.
- For example, market for cars in India is dominated by few firms (Maruti, Tata, Hyundai, Ford, Honda, etc.). A change by any one firm (say, Tata) in any of its vehicle (say, Indica) will induce other firms (say, Maruti, Hyundai, etc.) to make changes in their respective vehicles.

3. Non-Price Competition:

- Under oligopoly, firms are in a position to influence the prices.
- However, they try to avoid price competition for the fear of price war.
- They follow the policy of price rigidity.
- Price rigidity refers to a situation in which price tends to stay fixed irrespective of changes in demand and supply conditions.
- Firms use other methods like advertising, better services to customers, etc. to compete with each other.
- If a firm tries to reduce the price, the rivals will also react by reducing their prices.
- However, if it tries to raise the price, other firms might not do so. It will lead to loss of customers for the firm, which intended to raise the price.
- So, firms prefer non- price competition instead of price competition.

4. Barriers to Entry of Firms:

- The main reason for few firms under oligopoly is the barriers, which prevent entry of new firms into the industry.



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- Patents, requirement of large capital, control over crucial raw materials, etc, are some of the reasons, which prevent new firms from entering into industry.
- Only those firms enter into the industry which is able to cross these barriers. As a result, firms can earn abnormal profits in the long run.

5. Role of Selling Costs:

- Due to severe competition ‘and interdependence of the firms, various sales promotion techniques are used to promote sales of the product.
- Advertisement is in full swing under oligopoly, and many a times advertisement can become a matter of life-and-death.
- A firm under oligopoly relies more on non-price competition.
- Selling costs are more important under oligopoly than under monopolistic competition.

6. Group Behavior:

- Under oligopoly, there is complete interdependence among different firms.
- So, price and output decisions of a particular firm directly influence the competing firms.
- Instead of independent price and output strategy, oligopoly firms prefer group decisions that will protect the interest of all the firms.
- Group Behavior means that firms tend to behave as if they were a single firm even though individually they retain their independence.

7. Nature of the Product:

The firms under oligopoly may produce homogeneous or differentiated product.

i. If the firms produce a homogeneous product, like cement or steel, the industry is called a pure or perfect oligopoly.

ii. If the firms produce a differentiated product, like automobiles, the industry is called differentiated or imperfect oligopoly.



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8. Indeterminate Demand Curve:

- Under oligopoly, the exact behavior pattern of a producer cannot be determined with certainty.
- So, demand curve faced by an oligopolist is indeterminate (uncertain). As firms are inter-dependent, a firm cannot ignore the reaction of the rival firms.
- Any change in price by one firm may lead to change in prices by the competing firms.
- So, demand curve keeps on shifting and it is not definite, rather it is indeterminate.

(C) 1 word question Answers

Sr.No	Question	Answer
1	_____ is a market structure in which there are few large sellers of a commodity and large number of buyers.	Oligopoly
2	Oligopoly is a form of _____ competition	Imperfect
3	The term oligopoly is derived from two ____ _ words	Greek
4	In _____ each firm produces a significant portion of the total output	Oligopoly
5	In Oligopoly there exists severe competition among different firms and each firm try to manipulate both prices and volume of production to _____ each other.	Outsmart
6	Firms under oligopoly are _____	Interdependent
7	In Oligopoly firms prefer _____ competition instead of price competition.	non- price
8	In Oligopoly firms can earn _____ profits in the long run.	Abnormal
9	Due to severe competition 'and interdependence of the firms, various sales promotion techniques are used to promote _____ of the product	Sales.



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FORMS OF BUSINESS ORGANISATION

BBA - 1

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2 – Vaishalinagar
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UNIT – 1

NATURE, SCOPE & HUMAN OCCUPATION

➤ TOPIC : EXPLAIN SHORT NOTE ON ECONOMIC AND NON-ECONOMIC ACTIVITY

❖ INTRODUCTION:

- Human life is built around work. The existence of human being has been known from thousands of years now.
- Since then, people have directly or indirectly consciously or unconsciously engaged themselves in some kind of work.
- Whether one likes, it or hates it, work is an essential part of life. Numerous and varied are the activities that a man undertakes during his life-time and long indeed is the list of the roles that he has to play in the theatre of life.
- We know it from our experience as also from that of others around us that all activities of man fall into two categories viz., economic and non-economic activities.

Basis	Economic	Non-economic
Meaning	Those activities whose aim is to earn money.	Those activities whose aim is not to earn money, and to create wealth, but to satisfy social, psychological and emotional needs.
Example	A teacher teaching in a school. People working in factories.	A teacher teaches his/her son/daughter at home. A housewife cooks food for her family.

• NON –ECONOMIC ACTIVITY:

In the first category come all those acts and activities of man which are inspired by love, patriotism, sympathy, humanity and similar sentiments. A housewife's cooking for her family, a man's sacrifice for the country and his visits to the temple for the day's prayers are



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all examples of human actions of the first type. Though important, these are outside the scope of the present discussion.

• **ECONOMIC ACTIVITY:**

In Economics, we call these economic activities. All of them involve working to earn a livelihood and are usually called occupations, _ A lawyer goes to the court, a teacher to the school or college, a government servant to his office, an employee to his work-place, a factory worker to his factory, and a factory owner to his office in the factory to earn a living by plodding wealth in different forms. These are all instances of human occupations. If we look at the whole range of human occupations, we can classify these under the following categories:

- 1) **Business**
- 2) **Profession**
- 3) **Employment**



➤ **ONE WORD QUESTION AND ANSWER :**

Sr no	Que	Ans
<u>1</u>	The activity which aims to earn profit	Economic activity
<u>2</u>	The activity which is done for love or any concern	Non-economic activity
<u>3</u>	Economic activity is divided in to category	<u>3</u>
<u>4</u>	A teacher teaching in school is the example of ?	<u>E</u> conomic activity
<u>5</u>	<u>A</u> teacher teaching his child is known as	Non –Economic Activity



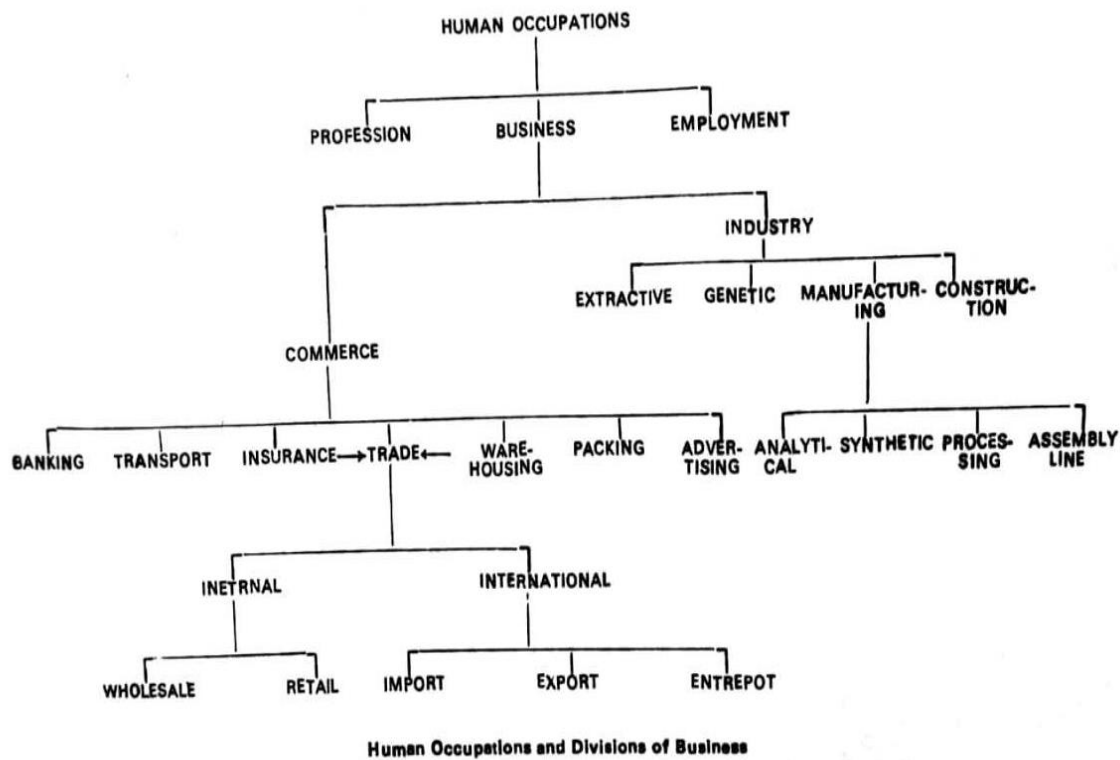
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➤ TOPIC : EXPLAIN THE TERM BUSINESS, PROFESSION AND EMPLOYMENT



➤ BUSINESS

➤ INTRODUCTION :

“Business may be defined as an activity in which different persons exchange something of value whether goods or services for mutual gain or profit.



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➤ Characteristics of business:

1. Production and/or distribution of goods and services

Business includes all those activities concerned with the production and for distribution of goods services. Production is concerned with the conversion of raw materials and other inputs into certain output required by the consumers and distribution is concerned with all those activities which facilitate selling the goods and services to the ultimate users.

2. Recurrence of transaction

Business involves those activities, which are carried on recurring as distinct from one or two isolated transactions. For instance, if a person sells his home and earns some profit it is not a business activity. But if he purchases and sells houses regularly to earn his livelihood, it will be called his business.

3. Profit objective

The main objective of a business is to earn reasonable profit as the survival of a business depends upon its ability to earn profit.

4. Elements of risk and uncertainty

All business activities involve some element of risk and uncertainty as regards the success of business, change of taste of people, non availability of raw materials and other factors.

5. Business as an adventure

Those engaged in business have the important function of looking for business potential and converting problems or potentialities into opportunities. If they succeed in this Endeavour, they are rewarded with returns, if they fail, they have to lose and try afresh. Thus, we can say , business is and adventure.

6. Desire for future growth and success

The business aims at its growth in size expansion. With this intention in mind, business tries its best to earn more and more profit, retain a part of the profit and reinvest it again and again.

7. Social commitment

The business of today has its social obligations towards different stakeholders like customers, workers, shareholders and different sections of the society.



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➤ Motives/Objectives of Business

❖ Human Objectives

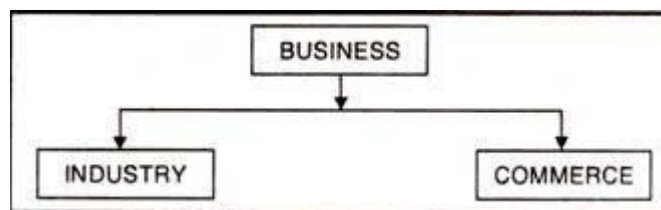
- Fair deal to employees
- Development of Human Resources
- Participation

❖ Social Objectives

- Towards management
- Towards Employee
- Towards Stockholders
- Towards Unions
- Towards Customers
- Towards Suppliers
- Towards local community
- Towards general public
- Towards competitors

➤ Classification of business

Business activities can be classified into two broad categories, i.e. (a) industry and (b) commerce. Both are inter-related and interdependent.



(A) Industry:

The production side of business activity is referred as industry. It is a business activity, which is related to the raising, producing, processing or manufacturing of products. There are various types of industries. These are mentioned as follows:-



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1. Primary Industry

Primary industry is concerned with production of goods with the help of nature. It is a nature-oriented industry, which requires very little human effort. E.g. Agriculture, farming, forestry, fishing, horticulture, etc.

2. Genetic Industry

Genetic industries are engaged in re-production and multiplication of certain species of plants and animals with the object of sale. The main aim is to earn profit from such sale. E.g. plant nurseries, cattle rearing, poultry, cattle breeding, etc.

3. Extractive Industry

Extractive industry is concerned with extraction or drawing out goods from the soil, air or water. Generally products of extractive industries come in raw form and they are used by manufacturing and construction industries for producing finished products. E.g. mining industry, coal mineral, oil industry, iron ore, extraction of timber and rubber from forests, etc.

4. Manufacturing Industry

Manufacturing industries are engaged in transforming raw material into finished product with the help of machines and manpower. The finished goods can be either consumer goods or producer goods. E.g. textiles, chemicals, sugar industry, paper industry, etc.

5. Construction Industry

Construction industries take up the work of construction of buildings, bridges, roads, dams, canals, etc. This industry is different from all other types of industry because in case of other industries goods can be produced at one place and sold at another place. But goods produced and sold by constructive industry are erected at one place.

(B) Commerce:

Commerce is a branch of business. It is concerned with the exchange of goods and services. It includes all those activities, which directly or indirectly facilitate that exchange. Commerce looks after the distribution aspect of the business. Whatever is produced it must be consumed, to facilitate this consumption there must be a proper distribution channel. Here comes the need for commerce which is concerned with the smooth buying and selling of goods and services.



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COMMERCE = TRADE +AUXILIARY SERVICES/(Aids to trade)

Commerce removes different obstructions or hindrances, which are as follows

- ✓ Hindrance of place (transportation)
- ✓ Hindrance of exchange (banking)
- ✓ Hindrance of time (warehousing)
- ✓ Hindrance of risk (insurance)
- ✓ Hindrance of knowledge (advertising and middlemen)

➤ **Vocation:**

- ✓ It is an activity to which a person is attracted on account of his natural aptitudes and talents. Vocation helps in earning a livelihood.
- ✓ It is different than profession and also than business in the way that in a profession there is necessity of some academic qualification and in some cases registration is also compulsory where as in vocation there is necessity of some technical guidance and skill.
Ex. A ‘kirana’ merchant is a businessman who runs his business where there is no need of any technical skill to run the business. Any layman can start it with required capital.
But a vocational person need some technical skill and any layman can not take it.
Ex. Carpenter, goldsmith, potter etc. are vocational person.

➤ **Features of vocation:**

- ✓ It is a part of business.
- ✓ It is necessary to have some technical skill to conduct.
- ✓ More hard work is necessary than a business.

➤ **Profession:**

INTRODUCTION

Professions are those occupations which involve the rendering of personal services of a special and expert nature. For example a lawyer who practices the legal profession takes up cases and offers his technical advice and specialized services for suitable payment.

Definition:

“Profession is the systemized body of knowledge, which is studied in specialized institutions and practiced in the real situation of life.”



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(1) **Specialized body of knowledge:**

A body of knowledge is already there into existence and in order to become a professional, one has to study that particular body of knowledge. A sound theoretical base is to be developed through such an effort.

(2) **Formal training:**

A professional has to undergo a formal training related to that particular profession. Through such formal training a professional can develop special abilities and aptitudes for work. Not only that they can also apply their learning into real life situations through such formal training. This formal training is for essential and mandatory for professionals.

(3) **Code of conduct:**

Code means 'set of laws' and conduct means 'behaviour' . So we can comprehend that there are various rules and regulations formed for smooth and ethical workings of different professions. These professionals are expected to follow the rules and regulations set for them. Professions render different important services to the society. By the virtue of their knowledge they can make use of their specialised knowledge for their own benefit even and exploit their clients. In order to avoid such issues code of conduct or ethical standards are formed for all the professions.

(4) **Service motive:**

The services rendered by professionals are quite important and at times almost unavoidable because of it being specialised in nature. Hence professionals are expected to keep service motive in mind while charging from their clients.

(5) **Professional association:**

A profession is always supported by its association. As discussed earlier it also sets laws for the member of its own association. It regulates and develops the professional activities. It also sets the criteria for people intending to enter the profession. The sole aim of forming the professional association is to regulate the profession and constantly update itself with the latest researches and trends.

➤ **Employment**

INTRODUCTION:

A person is said to be under employment when he works under an agreement or rules of service and performs the work assigned to him by the employer.



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➤ **Characteristics/ features of employment:**

Service contract :

This service contract is offered by the employer to its selected candidate. Once the offer is accepted by the candidate he/she becomes the employee of the company. Under this service contract all the rules

and regulations, terms and conditions for the workings are mentioned. It is actually a document that binds the organisation and the employee. Violation of rules and regulations by either of the parties might also bring them to certain penalties.

Nature or type of work:

The type of work actually depends on the organisation the employee is working in. According to the command of their superiors or employers they are suppose to work.

Form of earning:

The form of earning for an employer would in form of salary and wages. Depending upon the type of organisation sortie extra remuneration may also be paid in form of commissions, bonus, share in profits, other –all etc to boost the morale of their employees.

Employer-employee relationship:

Because of the services contract between the two parties, it enables to create the relationship of employer and employee between two parties.



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Business, profession and employment - at a glance

Point of comparison	Business	Profession	Employment
1. Capital investment	Considerable	Moderate	Nil
2. Basis of existence	Decision of a person or a group of persons.	Licence from apex institution	Agreement of service.
3. Nature of work	Provision of goods/services	Rendering services of a specialised personal nature	Duties prescribed by agreement of employment
4. Qualifications	Enterprising abilities	Minimum educational qualifications and experience	Prescribed by agreement of employment
5. Nature of income	Profits (even losses)	Professional fee	Salary or wages
6. Risk	Considerable, due to competition, government and consumer behaviour	Moderate, due to practice of fellow practitioners	Risk of losing a job; if temporary or with a private employer.
7. Code of conduct	Social responsibilities and ethical behaviour	Prescribed by apex body	Prescribed by agreement of employment

➤ ONE WORD QUE.AND ANSWER:

Sr no	Que	Ans
1	The economic activity which has only one owner is known as	BUSINESS
2	THE field which need special skills	Profession
3	A man is working under the employer	Employment
4	In business we get	Profit
5	In profession we get	<u>Fees</u>
6	In employment we gets	Salary



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❖ TOPIC : Describe in short Evolution of Industry or Stages of Industry

1. Handicraft stage :

- Processes of production were extremely simple
- Most of the work was done by hand
- A worker who started manufacturing a product carried it through all stages
- Product were exchanged with product and market was starting to develop
- Capital invested was minimize

2. Guild stage :

- Artisans living in a local area joined themselves into an association
- The aim of guilds was to protect and develop their business interests and commercial relations
- The merchant guilds tried to establish and enforce fair trade at customary prices, and regulate the conduct the members
- The craft guilds were to maintaining high standards of production and securing reputation for fair dealings

3. The domestic system:

- Crafts men were not able to fulfill the unlimited and increasing wants of people by using the limited resources
- It became necessary that merchants collect all the artisans and workers under one roof and supervise them
- These places of work came to be known as manufactories
- Use of tools for producing quality goods was introduced
- People were employed and were paid according to the units of goods produced

4. Industrial revolution :

- The industrial revolution was a phenomenon which radically altered the whole system of production
- Domestic system of production was replaced by large scale factory system.
- The scale of production was enlarged many times, and the products catered to the needs of consumers all over the world
- capital became the dominating factor of production
- Costly machines with high degree of efficiency and precision were needed



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5. Present age :

- Today's modern era with industrialization, use of technology, computerization, modernization is the developed stage of industries.
- Production through robotizing is also one of the important features in today's highly advanced and automatic industries.
- There are huge number of industries producing large number of goods to meet large amount of needs and wants and also providing many jobs and good salaries.

❖ TOPIC : STAGES OF COMMERCE

❖ INTRODUCTION:

➤ Evolution of Commerce:

Commerce is that aspect of business activity which is concerned with the distribution of goods and services produced by industry. Modern commerce is a well developed system of exchange and involves transport, insurance, warehousing and other allied activities which facilitate trade. This system is the outcome of gradual evolution spread over a long period of human history. Stages of evolution of commerce:

1. Household economy :

- Division of labor was unknown except at the family level
- Men folk tried to meet primitive needs of their families with the help of their women
- Self sufficiency
- Commercial intercourse between families was almost absent
- Men developed themselves to the tougher jobs like hunting , fishing , making weapons etc.
- Women engaged in fruit gathering, cultivation of land etc.

2. Primitive barter economy:

- Gradually, the needs of the family became more numerous.
- The need for exchange between different districts became imperative
- commerce made its beginning and barter – exchange of goods for goods began to be practiced

3. The rise of trade:

- In this stage needs of people got multiplied and the need for exchange arose
- In the beginning trade took the form of direct exchange
- The next stage was the growth of protected trade centers
- Money appeared as an instrument and medium of exchange



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➤ Introduction of weights&measures was another step forward in the development of commerce.

4. **Town economy:**

- At this stage, division of labor became increasingly important
- Production began to be undertaken for catering to the needs of fixed local markets
- Traders were divided into wholesale and retail merchants
- Trade assumed certain fixed forms and credit began to be allowed

5. **International trade:**

- Next stage was the large scale extension in the geographical coverage of trade
- Goods were produced for being sold in various foreign markets too
- The revolutionary change in the commerce was due to industrial revolution which increased the scale of production immensely
- Specialized institutions like banks, transport companies, insurance companies, warehousing were set up to help the traders

❖ **TOPIC : Industrial Revolution**

● **INTRODUCTION:**

- The Industrial Revolution was a period of major industrialization that took place during the late 1700s and early 1800s.
- The Industrial Revolution began in Great Britain and quickly spread throughout the world; the American Industrial Revolution, commonly referred to as the second Industrial Revolution, started sometime between 1820 and 1870.
- This time period saw the mechanization of agriculture and textile manufacturing and a revolution in power, including steam ships and railroads, that effected social, cultural and economic conditions.

❖ **Economic consequences of Industrial Revolution**

1) **Mass production:**

As a result of the Industrial Revolution goods began to be produced on a mass scale. Previously, the methods of production were more or less direct but with the industrial revolution they became indirect and roundabout. The increase in scale of production following the industrial revolution was unprecedented.



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2) Growth of Capitalism:

By far the most important consequence of the industrial revolution was the transformation of the natural economy to capitalism economy. In a natural economy, communities were self sufficient and the workers did not work to amass wealth. Capital was represented by machinery and machinery was subordinated to the personal skill of the workers. The Industrial revolution replaced this simple system by a more complicated and more gigantic one called the capitalistic economy.

3) Specialization:

Having been produced on a mass scale, goods had to be marketed over wide areas. Efficient means of transport not only helped in sending goods to different places but also helped manufacturers to buy raw materials from far off places economically.

4) Improvement in standard of living:

The industrial revolution killed small industries and thus increased unemployment amongst artisans and workers but it began to provide employment for unskilled labor and later on for skilled labor in ever increasing number. Thus increasing employment and availability of cheaper goods raised the standard of living.

5) Trade cycle:

Economic progress has not been altogether smooth. It has been an inherent feature of a capitalistic economy after the revolution that there should be periods of prosperity with high level of employment and high prices, followed by depressions and slumps when large number of firms fail leading to large scale unemployment and losses. On the whole, the progress has been upward but only by fits and starts-two steps forward and one step backward.

❖ TOPIC : Explain Forms of business organization

Almost every country consists of two business sectors, the private sector and the public sector. Private sector businesses are operated and run by individuals, while public sector businesses are operated by the government. The types of businesses present in a sector can vary, so let's take a look at them.



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❖ Sole Traders

Sole traders are the most common form of business in the world, and take up as much as 90% of all businesses in a country. The business is owned and run by one person only. Even though he can employ people, he is still the *sole proprietor* of the business. These businesses are so common since there are so little legal requirements to set up:

- ❖ The owner must register with and send annual accounts to the government Tax Office.
- ❖ They must register their business names with the Registrar of Business Names.
- ❖ They must obey all basic laws for trading and commerce.

❖ Partnership

A partnership is a group consisting of 2 to 20 people who run and own a business together. They require a Deed of Partnership or Partnership Agreement, which is a document that states that all partners agree to work with each other, and an issue such as who put the most capital into the business or who is entitled to the most profit. Other legal regulations are similar to that of a sole trader.

❖ Private Limited Companies

Private Limited Companies have separate legal identities to their owners, and thus their owners have limited liability. The company has continuity, and can sell shares to friends or family, although with the consent of all shareholders. This business can now make legal contracts. Abbreviated as Ltd (UK), or Proprietary Limited, (Pty) Ltd.

❖ Public Limited Companies

Public limited companies are similar to private limited companies, but they are able to sell shares to the public. A private limited company can be converted into a public limited company by:

1. A statement in the Memorandum of Association must be made so that it says this company is a public limited company.
2. All accounts must be made public.
3. The company has to apply for a listing in the Stock Exchange.
A prospectus must be issued to advertise to customers to buy shares, and it has to state how the capital raised from shares will be spent.

❖ Co-operatives

Cooperatives are a they are able to sell shares to the public.. Their features are:

- All members have equal rights, no matter how much capital they invested.



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- All workload and decision making is equally shared, a manager maybe appointed for bigger cooperatives
- Profits are shared equally.

The most common cooperatives are:

- Producer co-operatives: just like any other business, but run by workers.
- Retail co-operatives: provides members with high quality goods or services for a reasonable price.
- **ONE WORD QUE.AND ANSWER :**

Sr no	Que	Ans
<u>1</u>	most common form of business in the world,	SOLE TRADERS
<u>2</u>	❖ They must register their business names with the Registrar of Business Names.	Sole traders
<u>3</u>	is a group consisting of 2 to 20 people	Partnership
<u>4</u>	They require a Deed of Partnership or Partnership Agreement,	Partnership
<u>5</u>	have separate legal identities	Private company
<u>6</u>	they are able to sell shares to the public.	Public company
<u>7</u>	they are able to sell shares to the public.	Co-operatives



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UNIT 2

SOLE PROPRIETORSHIP & PARTNERSHIP

❖ Topic : Explain the Characteristics, Advantages & Disadvantages of Sole proprietorship

❖ DEFINITION

“It is a type of business unit where one person is solely responsible for providing the capital, for bearing the risk of the enterprise and for the management of the business”.

❖ Formation of sole-proprietorship

- Sole trader business is started by the initiative of a single person. He prepares the blueprints of the business and arranges the necessary finance. No legal formalities are required in the formation of sole proprietorship.
- Any individual can start a business whenever and wherever he likes. However, the sole trader must be a person competent to enter into a contract. The business to be carried on must be allowed by law.
- In some cases, a license from the competent authorities may be needed for starting the business. For example, a person desirous of starting a chemist shop is expected to get a license from the local Government.





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Characteristics of sole-proprietorship

Single ownership:

Any single entrepreneur known as sole proprietor can start this type of business. Even though his family members may help him or few people employed by him to manage the business, the ownership lies with one person. Since the sole proprietor is the only owner, the entire amount of capital is invested by him either from his own savings or partly through borrowing.

No separate entity:

Law does not confer any separate entity to the business. The business and the proprietor are one and the same in the eyes of law.

No separation of ownership from management:

There is no separation of ownership and management. The entrepreneur himself manages the business and enjoys absolute control over the affairs of the business. He is the owner, manager, seller, purchaser and everything.

Unlimited liability:

The liability of the sole proprietor is unlimited. Thus, the private property of the owner is at risk as it is liable for business obligation in the event of business losses. There will be hardly any difference between personal property and business property of the entrepreneur.

- **Individual risk:**

The entire risk of the business is borne by the entrepreneur himself as he is the only owner of the business. All the risk and gain are the sole responsibility of the owner. This undivided risk will keep the entrepreneur vigilant and cautious for the business.

- **No profit sharing:**

The entrepreneur enjoys the entire profit earned in this form of business as there are no other persons to share the profit. Being the owner, he enjoys all the benefits.

- **Least legal formalities:**

There are no legal formalities required for setting up sole proprietorship business. There is no need of registration of the business. But in some cases a license is to be obtained for starting the business. For example, an individual cannot set up a bank or an insurance company. License is needed for starting a restaurant or selling drugs, crackers etc.

- **Secrecy:**



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Since all the decisions are usually, to be taken by the entrepreneur himself, he can maintain utmost secrecy for the same.

❖ Advantages Of Sole-Proprietorship

- **Easy formation:**

The formation of sole proprietorship business is very easy and simple. No legal formalities are involved for setting up the business excepting a license or permission in certain cases. The entrepreneur with initiative and certain amount of capital can set up such form of business.

- **Direct motivation:**

The entrepreneur owns all and risks all. The entire profit goes to his pocket. This motivates the proprietor to put his heart and soul in the business to earn more profit. Thus, the direct relationship between effort and reward motivates the entrepreneur to manage the business more efficiently and effectively.

- **Better control:**

The entrepreneur takes all decisions affecting the business. He checks out the plan and executes the same. His eyes are on everything and everyone. There is no scope for laxity. This results in better control of the business and ultimately leads to efficiency.

- **Promptness in decision-making:**

When the decision is to be taken by one person, it is sure to be quick. Thus, the entrepreneur as sole proprietor can arrive at quick decisions concerning the business by which he can take the advantage of any better opportunities.

- **Secrecy:**

Each and every aspect of the business is looked after by the proprietor and the business secrets are known to him only. He has no legal obligation to publish his accounts. Thus, the maintenance of adequate secrecy leaves no scope to his competitors to be aware of the business secrets.

- **Flexibility in operations:**

The sole proprietorship business is undertaken on a small scale. If any change is required in business operations, it is easy and quick to bring the changes.



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- **Scope for personal touch:**

There is scope for personal relationship with the entrepreneur and customers in sole proprietorship business. Since the scale of operations is small and the employees work under his direct supervision, the proprietor maintains a harmonious relationship with the employees. Similarly, the proprietor can know the tastes, likes and dislikes of the customers because of his personal rapport with the customers.

- **Inexpensive formation and management:**

The cost of formation of a sole proprietorship is the minimum because no cost is involved in its formation excepting the license fee in certain cases. The management of the business is also inexpensive as no specialists are normally appointed in various functional areas of the business which is the added advantages.

- **Free from Government control:**

Sole proprietorship is the least regulated form of business. Regulated laws are almost negligible in its formation, day-to-day operation and dissolution.

- **Easy dissolution:**

Like that of formation, the dissolution of the sole proprietorship is also very easy. Since the proprietor is the supreme authority and no regulations are applicable for closure of the business he can dissolve his business any time he likes.

- **Socially desirable:**

New and small entrepreneurs can take up business on small- scale basis. There will be no scope for concentration of wealth in few hands. Sole proprietorship continues its operation in almost each and every area of business activity and caters to the need of the society. Further, it provides ample opportunities for large-scale self-employment for rural and less skilled personnel. Thus, it is socially desirable.

❖ **Disadvantages of sole-proprietorship**

The sole proprietorship business is not free from criticism. It suffers from certain limitations and drawbacks, because of its very nature and scope of operations. These points may be duly taken care of while entrepreneur adopting this mode of business.

- **Limited resources:**



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Ph. No–(0281)2471645

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The financial resource of any small entrepreneur as an individual is limited. He mainly finances from his own savings or borrows from financial institutions, friends and relatives as per his capacity. Thus, limited resource is the major drawback of this form of business.

➤ **Limited managerial capability:**

Modern business requires updated managerial skills in each and every sphere of activity. We cannot hope a single individual to possess all the managerial talents necessary to carry on a business efficiently. The limited financial resource of the sole proprietorship is a hindrance to hire the services of managers with expertise in different areas, thereby the growth of the business.

➤ **Unlimited liability:**

Since the liability of the sole proprietor is unlimited, the private property of the proprietor is also at risk. When the business fails, the private properties of the owner are utilized to pay off the business debts. Thus, the entrepreneur must have to look this aspect carefully.

➤ **Uncertainty of continuity:**

The continuity of the business is uncertain because the business may come to an end due to the incapacity or death of the proprietor. Even if at all the business passes on to the successor of the proprietor, it is unlikely that they may possess the business acumen like that of the proprietor. The discontinuance of the business is a social loss.

➤ **Less scope for economies of large-scale:**

The economy of large-scale operation is enjoyed only by a large-scale enterprise, which the sole proprietorship business normal lacks. Therefore, there is less scope for availing the economies of large-scale.

➤ **Not suitable for large-scale business:**

The limited financial resources, limited managerial capability of the proprietor, risk to the private property etc. makes the sole proprietorship business unsuitable for large-scale business. This system of business can not afford for large-scale operation

Difficult to maintain personal contact:

Even though there is scope for personal touch in sole proprietorship business, it is unlikely to happen when the business is undertaken in different areas. It is not so easy on the part of the proprietor to have personal contact with customers and suppliers at the same time.



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Ph. No–(0281)2471645

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➤ ONE WORD QUE. AND ANSWERS :

Sr no	Que	Ans
1	It is a type of business unit where one person is solely responsible	<u>S</u> ole proprietorship
2	legal formalities are required in the formation of sole proprietorship.?	No
3	the liability of the sole proprietor is.....	Unlimited
4	limited resource is the major drawback of this form of business.	<u>S</u> ole proprietorship
5	There is scope for personal relationship with the entrepreneur and customers in	<u>S</u> ole proprietorship
6	Law does not confer any separate entity to the business.	<u>S</u> ole proprietorship

➤ Topic : Explain the features , Advantage , Disadvantage and Types of PARTNERSHIP

➤ Definition:

According to the Indian Partnership Act, 1932: "Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all."

The Act also explains that persons who have entered into partnership with one another are called individually "partners" and collectively "a firm".

➤ Characteristics:

1. Existence of an agreement:

Partnership is the outcome of an agreement between two or more persons to carry on business. This agreement may be oral or in writing. The Partnership Act, 1932 (Section 5) clearly states that "the relation of partnership arises from contract and not from status."



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2. Existence of business:

Partnership is formed to carry on a business. As stated earlier, the Partnership Act, 1932 [Section 2 (6)] states that a "Business" includes every trade, occupation, and profession. Business, of course, must be lawful.

3. Sharing of profits:

The purpose of partnership should be to earn profits and to share it. In the absence of any agreement, the partner should share profits (and losses as well) in equal proportions.

4. Agency relationship:

The partnership business may be carried on by all or any of them acting for all. Thus, the law of partnership is a branch of the law of Agency. To the outside public, each partner is a principal, while to the other partners he is an agent. It must, however, be noted that a partner must function within the limits of authority conferred on him.

5. Membership:

The minimum number of persons required to constitute a partnership is two. The Act, however, does not mention the upper limit. For this a recourse has to be taken to the Companies Act, 1956 [Section 11 (1) & (2)]. It states that the maximum number of persons is ten, in case of a banking business and twenty, in case of any other business.

6. Nature of liability:

The nature of liability of partners is the same as in case of sole proprietorship. The liability of partners is both individual and collective. The creditors have a right to recover the firm's debts from the private property of one or all partners, where firm's assets are insufficient.

7. Fusion of ownership and control:

In the eyes of law, the identity of partners is not different from the identity of partnership firm. As such, the right of management and control vests with the owners (i.e., partners).

8. Non-transferability of interest:

No partner can assign or transfer his partnership share to any other person so as to make him a partner in the business without the consent of all other partners.

9. Registration of firm:

Registration of a partnership firm is not compulsory under the Act. The only document or even an oral agreement among partners required is the 'partnership deed' to bring the partnership into existence.

- **Formation of partnership**

A partnership can be formed by two or more persons. Law prescribes no mode of forming a partnership. Even the registration of partnership is not compulsory.



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3- Vaishalinagar
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Partnership is formed through a contractual relation between two or more persons. This relationship is based upon mutual trust and good faith. The agreement between the partners is to carry on a lawful business and to share the profits there from.

In order to avoid disputes, the agreement should be in writing, though the law does not require the agreement to be in writing. In the absence of such an agreement the rights and duties of partners are determined of the Partnership Act 1932.

Partnership Deed: It is a document containing the terms and conditions of a partnership. It is an agreement in writing signed by all the partners duly stamped and registered.

• **Registration of Partnership**

Registration of a partnership firm is not compulsory under law. The Partnership Act 1932 provides that if the partners so desire they may register the firm with the Registrar of Firms of the State in which the main office of the firm is situated. A firm may be registered at the time of its formation or at any time thereafter.

• **Partnership Deed**

Before starting a partnership business, all the partners have to draw up a legal document called a Partnership Deed of Agreement. It usually contains the following information: There are many parts that should be included in any articles of partnership. These are:

- Names of included parties - includes all names of people participating in this contract
- Commencement of partnership- includes when the partnership should begin. The date of the contract is assumed as this date, if none is given.
- Duration of partnership - includes how long the partnership should last. It is automatically assumed that the death of one of the contracting parties breaks the contract, unless otherwise stated.
- Business to be done - includes exactly what will be done in this partnership. This section should be very particular to avoid confusion and loopholes.
- Name of firm - includes the name of the business entity.
- Initial investments - includes how much each partner will invest immediately or by installments.
- Division of profits and losses - includes what percentages of profits and losses each partner will receive. If it is not a limited partnership, then there is unlimited liability (each partner is responsible for all partners' debts, including their own).
- Ending of the business - includes what happens when the business winds down. Usually this includes three parts: 1) All assets are turned into cash and divided among the members in a certain proportion; 2) one partner may purchase the others' shares at their value; 3) all property is divided among the members in their proper proportions.
- Date of writing - includes simply the date that the contract was written.



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3- Vaishalinagar
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❖ TYPES OF PARTNER

There are various types of partners in a partnership firm. They are as follows:

- Active Partner:

Partner who takes an active part in the management of the business is called active partner. He may also be called 'actual' or 'ostensible' partner. He is an agent of the other partners in the ordinary course of business of the firm and considered a full fledged partner in the real sense of the term.

- Sleeping or Dormant Partner:

A sleeping or dormant partner is one who does not take any active part in the management of the business. He contributes capital and shares the profits which is usually less than that of the active partners. He is liable for all the de of the firm but his relationship with the firm is not disclosed to the general public.

- Nominal Partner:

A partner who simply lends his name to the firm is called nominal partner. He neither contributes any capital nor shares in the profits or take part the management of the business. But he is liable to third parties like other partners. A nominal partner must be distinguished from the sleeping partner. While the nominal partner is known to the outsiders and does not share in the profits, the sleeping partner shares in the profit a his relationship is kept secret.

- Partner in Profits:

A partner who shares in the profits only without being liable of the losses is known as partner in profits. He does not take part in the management of the business but he is liable to third parties for all the debts of the firm.

- Sub-partner:

When stranger shares the profits derived from the firm by a partner he is regarded as a sub-partner. A sub-partner is in no way connected with the firm or he not a partner of the firm. He is simply a partners' partner. Therefore, he has no rights again the firm nor he is liable for the debts of the firm. He only shares profits from a partner.



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- **Partner by Estoppels or Holding out:**

When a partner is not a partner but represent to the outside world that he is a partner in a firm, he is stopped or prevented from denying the truth. He is considered as a partner in the eyes of law. Similarly, if a person is declared i be a partner by a partner of a firm and such person remained silent without denying it, he also considered a partner by holding out. Thus, such persons are liable to outsiders i partners on the principle of estoppels or holding out because on faith of their representation action outsiders have granted credit to the firm.

- **Minor Partner:**

Partnership arises from contract and a minor is not competent to enter into contract. Therefore, strictly speaking, a minor cannot be a full-fledged partner. But with the consent of all the partners he can be admitted into partnership for benefits only. He is not personally liable to third parties for the debts of the firm, on attaining majority, if he continues as a partner, his liability will become unlimited with effect from the date of hi original admission into the firm.

❖ **TYPES OF PARTNERSHIP**

1. General partnership:

In a general partnership, the liability of each partner is unlimited. It means that the firm's creditors can realize their dues in full from any of the partners by attaching their personal property if the firm's assets are found to be inadequate to pay off its debts.

An exception is made in the case of a minor partner whose liability is limited to the amount of his share in the capital and profits of the firm. In India all partnership firms are general partnerships.

Each partner of a general partnership is entitled to take active part in the management of the firm, unless otherwise decided by the other partners.

2. Limited partnership

A limited partnership is a partnership consisting of some partners whose liability is limited to the amount of capital contributed by each. The personal property of a limited partner is not liable for the firm's debts.

He cannot take part in the management of the firm. His retirement, insolvency, lunacy or death does not cause dissolution of the firm. There is at least one partner having unlimited liability. A limited partnership must be registered.

Limited partnership is now allowed in India under the Limited Liability Partnership Act.



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3- Vaishalinagar
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3. Partnership at will:

It is a partnership formed for an indefinite period. The time period or the purpose of the firm is not mentioned at the time of its formation. It can continue for any length of time depending upon the will of the partners. It can be dissolved by any partner by giving a notice to the other partners of his desire to quit the firm.

4. Particular partnership:

It is a partnership formed for a specific time period or to achieve a specified objective. It is automatically dissolved on the expiry of the specified period or on the completion of the specific purpose for which it was formed.

❖ Advantages of partnership

The advantages claimed for partnership are as follows:

i. Easy formation:

The formation of partnership is very easy. Simply an agreement among the partners in oral or written words can bring a partnership into existence. It includes very less legal formalities and expenses.

ii. Large resources:

A partnership is in a position to accumulate large resources as more than one contributes capital. The added financial strength of the partners can be utilised to increase the scale of operation of the business. New partners can be admitted to meet the additional requirement of fund.

iii. Diverse skills and expertise:

Partnership provides a scope for association of persons with diverse skills and expertise. Partners having expertise and skills in different functional areas of business can manage the business efficiently.

iv. Flexibility of operations: Like that of sole proprietorship the partnership can bring changes in its operation easily and quickly looking at the changing circumstances. Such changes cannot be implemented in a company with ease because of the restrictions imposed.

v. Sharing of risk:

The losses of the firm and other associated risk in business are shared by the partners. Hence, the share of risk of each partner is less in comparison to sole proprietorship.



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vi. Benefits of unlimited liability:

Since the liability of the partners is unlimited it acts as great check against speculative activities and partners shall not be careless in managing the business. Further, the firm enjoys good credit standing and easily obtains loans because the creditors can realize their loan amount from the private property of the partners.

vii. Promptness in decision making:

Since the partners meet quite frequently, they can arrive at decisions promptly. Thus, business opportunities requiring quick decision shall not be lost.

viii. Close supervision:

Partners take active part in the management of the business. The close supervision of partners eliminates wastage and leads to greater efficiency.

ix. Reduced management cost:

Since different functional areas are managed by the partners themselves, the huge managerial expenses can be saved to a great extent.

x. Secrecy:

There is no statutory obligation on the part of partnership to publish the accounts of the firm. Hence, the business secrecy can be maintained to a certain extent.

xi. Protection of minority interest:

Every partner has a right to participate in the management. All important decisions are taken unanimously by the partners. There is no scope to disregard the interest of a minority group of partners.

xii. Relationship between effort and reward:

There is a direct relationship between effort put by partners and reward. If the business is managed efficiently, the reward shall be in the form of more profit, better customer satisfaction and good image of the business.

❖ Disadvantages of partnership:

Even though, partnership form of business is comparatively better than sole proprietorship form of business, still it is not the only best option available to an entrepreneur. The following are some of the important shortcomings of partnership form of organization which must be carefully studied before finalization of this form of business.

i. Limited capital:

There is a limit to the maximum number of partners in a partnership. Therefore, the capital that can be raised from the partners is limited. Large-scale business requires huge capital and partnership is not the proper form to meet the requirement.



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ii. Unlimited liability:

Like that of the sole proprietorship, unlimited liability is a important drawback of partnership. The risk of loss of private property of the partnership influences the partners to avoid further risk and play safe.

iii. Instability:

There is instability in existence because a successful firm can be dissolve on the death, insolvency or lunacy of a partner. The difference of opinion may also bring about closure of the business. The sudden closure of a successful business is a great social loss.

iv. Risk of implied authority:

A partner acts as an agent of the firm and his acts bind the firm and other partners. A dishonest or incompetent partner may lead the firm in difficulties because the other partners shall have to pay for the dishonesty or inefficiency < a partner.

v. Lack of harmony:

Difference of opinion is the natural consequence in partnership. The conflicts and lack of harmony among the partners may not be beneficial for the business and sometimes even that lead to dissolution of the firm.

vi. Non-transferability of interest:

No partner can transfer his interest in a firm to third party without the consent of the other partners. Thus, a partner does not enjoy the freedom of converting his interest in the firm into cash.

vii. Lack of public confidence:

There is no legal binding on the firm to publish accounts. The public may suspect that the firm is earning huge profit at the cost of the consumers. Thus, the firm lacks confidence of the public.

viii. Cautious approach:

The very approach of unlimited liability makes the partners over cautious. This restricts the partners in taking up any risky ventures and thus misses ma business opportunities.



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Distinction between partnership and proprietorship

Point of Distinction	Partnership	Proprietorship
Number of members	Minimum 2, Maximum Banking 10 others 20.	Only one man show.
Formation basis	Agreement is essential	Agreement not essential
Registration	Elective if desired	Nil
Ownership and control	With the partners	with propriety
Division of profits	Among the partners in agreed proportion	The proprietor entitled to entire profit.
Risk – bearing	Partners jointly and individually bear the risks	The sole – proprieties alone has to bear all risks.
Implied agency	Each partner is an implied agent of the firm and of the other partner.	Nil. The propriety may appoint an agent.
Agreement	Results of an oral or written agreement, between partners.	Being a one man show, question of agreement does not arise.
Capital contribution	Capital contributed by partners	Entire capital is brought by the sole trader
Decision – making	All decisions are taken collectively	All decisions are taken by the sole – trader.
Disputes	There can be disputes among partner.	No room for disputes.



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➤ ONE WORD QUE. AND ANSWER

Sr no	Que	Ans
1	Which is the indian partnership act ?	1932
2	It is the outcome of agreement between 2 or more partners	Partnership
3	Is the registration of partnership compulsory ?	No
4	The legal document among partners is?	Partnership deed
5	The profit is distributed among partners as per ?	Pre decided ratio mentioned in deed

➤ Topic: Write a note about Limited Liability Partnership

A Limited Liability Partnership or LLP is an alternative corporate business form which offers the benefits of limited liability to the partners at low compliance costs. It also allows the partners to organize their internal structure like a traditional partnership. A limited liability partnership is a legal entity, liable for the full extent of its assets. The liability of the partners, however, is limited. Hence, LLP is a hybrid between a company and a partnership.



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➤ Features of LLP:

1.LLP is a body corporate

According to Section 3 of the Limited Liability Partnership Act (LLP Act), 2008, an LLP is a body corporate formed and incorporated under the Act. It is a legal entity separate from its partners.

2.Perpetual Succession

Unlike a partnership firm, a limited liability partnership can continue its existence even after the retirement, insanity, insolvency or even death of one or more partners. Further, it can enter into contracts and hold property in its name.

3.Separate Legal Entity

It is a separate legal entity. Further, it is completely liable for its assets. Also, the liability of the partners is limited to their contribution in the LLP. Hence, the creditors of the limited liability partnership are not the creditors of individual partners.

4.Mutual Agency

Another difference between an LLP and a partnership firm is that independent or unauthorized actions of one partner do not make the other partners liable. All partners are agents of the LLP and the actions of one partner do not bind the others.

5.LLP Agreement

The rights and duties of all partners are governed by an agreement between them. Also, the partners can devise the agreement as per their choice. If such an agreement is not made, then the Act governs the mutual rights and duties of all partners.

6.Artificial Legal Person

For all legal purposes, an LLP is an artificial legal person. It is created by a legal process and has all the rights of an individual. It is invisible, intangible and immortal but not fictitious since it exists.



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7.Common Seal

If the partners decide, the LLP can have a common seal [Section 14(c)]. It is not mandatory though. However, if it decides to have a seal, then it is necessary that the seal remains under the custody of a responsible official. Further, the common seal can be affixed only in the presence of at least two designated partners of the LLP.

8.Limited Liability

According to Section 26 of the Act, every partner is an agent of the LLP for the purpose of the business of the entity. However, he is not an agent of other partners. Further, the liability of each partner is limited to his agreed contribution in the Limited Liability Partnership.

9.Minimum and Maximum Number of Partners

Every Limited Liability Partnership must have at least two partners and at least two individuals as designated partners. At any time, at least one designated partner should be resident in India. There is no maximum limit on the number of maximum partners in the entity.

10.Management of Business

The partners of the Limited Liability Partnership can manage its business. However, only the designated partners are responsible for legal compliances.

11.Business for Profit Only

A Limited Liability Partnership cannot be formed for charitable or non-profit purposes. It is essential that the entity is formed to carry on a lawful business with a view to earning a profit.

12.Investigation

The power to investigate the affairs of a Limited Liability Partnership resides with the Central Government. Further, they can appoint a competent authority for the same.

13.Compromise or Arrangement

Any compromise or arrangement like a merger or amalgamation needs to be in accordance with the Act.



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➤ Topic: Explain the Conversion of partnership into joint stock company

There are several reasons why partnership firm would like to convert itself into private limited company. These reasons include:

1.Uncertain existence- The firm directly gets affected due to death insanity or insolvency of any partners and thus their continuity is uncertain

2.Dual Tax Liability- The partnership faces an evil of dual tax liability. That means the firm has to pay tax on its income and then partners have to pay taxes individually.

3.Unlimited liability- As discussed earlier, the liability of partners in a partnership firm is unlimited which narrows the risk taking abilities of the firm and obstructs the profit too.

- The partnership firm can be converted into a private limited company by paying out the purchase consideration.
- The purchase consideration has to be satisfied by the company in the form of any of the following instruments such as equity shares, preference shares, debentures or cash.
- Moreover, the shares can be issued at par, or at premium or at discount.
- Also, the shares the firm receives through conversion should be distributed in the same ratio as profits

➤ ONE WORD QUE. AND ANSWER :

1	.....is corporate business form which offer benefit of limited liability to partners at low compliance cost	LLP
2	THE LIABILITY of the partners are ?	Limited
3	LLP ACT IS?	2008
4	THE full form of LLP is?	Limited liability partnership
5	LLP is not the creditors of other partners?	True



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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Unit :3

Joint stock company and Cooperative society

- **Topic : Explain the features, advantage and Disadvantage of Cooperative Society**

Definition:

"Cooperative is a form of organization wherein person's voluntary associates together as human beings on the basis of equality for the promotion of the economic interests of themselves."

➤ Characteristics of Co-operative Society:

Based on the above definitions, we can derive the following characteristics of cooperative organisations.

1. Voluntary association:

Everybody having a common interest is free to join cooperative society. There is no restriction on the basis of caste, creed, religion, colour, etc. Anybody can also leave it at any time after giving due notice to the society. That is specialty of any cooperative society. There should be minimum of 10 members to for cooperative society but there is no maximum limit for the membership.

2. Separate legal entity:

A cooperative society after registration is recognised as separate legal entity by law. It acquires an identity quite distinct and independent of its member can purchase, dispose its own assets, can sue and also can be sued. The income of cooperative society is legally taxable as per the Income Tax Act, 1961.

3. Democratic management:

Equalities is the essence of cooperative enterprises, governed by democratic principles. Every member has got equal right over the function management of that society. As such each



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

member has only single voting right irrespective of the number of shares held or capital contributed by them. In case of cooperative society, no member detects the terms and conditions of the functioning because "one man one vote" is the thumb rule.

4. Service motive:

The main objective being formation of any cooperative society is for mutual benefit through self-help and collective effort. Profit is not at all in the agenda of the cooperative society. But if members so like, they can take up any activities of their choice to generate surplus in order to meet the day-to-day expenses.

5. Utilisation of surplus:

The surplus arising from the operation of business is partly kept in a separate reserve and partly distributed as dividend among the members. According to Indian Cooperative Societies Act - 1912, each society must transfer at least one-fourth of its profits to general reserve. It may distribute maximum upto 90 per cent of its surplus as dividend to its members and can spend another 10 per cent for the welfare of the members.

6. Cash trading:

One exception in the cooperative society is that like other business it never goes for credit sales. It sells the goods on the basis of cash only. Hence, the cooperative society hardly comes across with the financial hardship because of non-collection of sales dues. Members can only purchase on the basis of credit, which is an exception to the present rule.

7. Fixed rate of return:

All members are supposed to contribute capital for the formation of a cooperative society or at the time of joining as a member of the cooperative society. In return to the capital invested, the members are assured of a fixed rate of return maximum to the extent of 9 per cent per annum on the sum deployed by them. This amount is being paid from the surplus generated by the society on that year. This is an incentive extended by the society to its members.

8. Government control:

All the cooperative societies of the country are regulated by the Government through its different rules and regulations framed from time to time. Cooperative societies of the country are required to register themselves as per the Indian Cooperative Societies Act, 1912.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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Sometimes different State Governments also frame laws regarding the registration and functioning of cooperative societies for their states.

9. Capital:

The capital of the society is raised from its members by way of share capital. However, the major part of finance is raised by the society through taking loan from the Government or by accepting grants and assistance from the Central or State Government or from the apex cooperative institutions like state and central cooperative banks operating in that state.

➤ Advantages of Cooperative Society

1. Easy to form:

The formation of a cooperative society is very simple as compared to the formation of any other form of business organisations. Any ten adults can join together and form a cooperative society. The procedure involved in the registration of a cooperative society is very simple and easy. No legal formalities are required for the formation of cooperative society.

2. No obstruction for membership:

Unless and otherwise specifically debarred, the membership of cooperative society is open to everybody. Nobody is obstructed to join on the basis of religion, caste, creed, sex and colour etc. A person can become a member of a society at any time he likes and can leave the society when he does not like to continue as member.

3. Limited liability:

In most cases, the liabilities of the members of the society is limited to the extent of capital contributed by them. Hence, they are relieved from the fear of attachment of their private property, in case of the society suffers financial losses.

4. Service motive:

In Cooperative society members are provided with better goods and services at reasonable prices. The society also provides financial help to its members at concessional rates. It assists in setting up production units and marketing of products of small business houses so also small farmers for their agricultural products.



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3- Vaishalinagar
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Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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5. Democratic management:

The cooperative society is managed by the elected members from and among themselves. Every member has equal rights through its single vote but can take active part in' the formulation of the policies of the society. Thus all member are equally important for the society.

6. Stability and continuity:

A cooperative society cannot be dissolved by the death insolvency, lunacy, permanent incapability of the members. Therefore, it has stable life are continues to exist for a longer period. It has got separate legal existence. New members m< join and old members may quit the society but society continues to function unless are otherwise all members unanimously decided to close the same.

7. Economic operations:

The operation carried on by the cooperative society economical due to the eliminations of middlemen. The services of middlemen are provided by the members of the society with the minimum cost. In the case of cooperative society, the recurring and non-recurring expenses are very less. Further, the economies of scale-ma production or purchase, automatically reduces the procurement price of the goods, thereby minimises the selling price.

8. Surplus shared by the members:

The society sells goods to its members on a nominal profit. In some cases, the society sells goods to outsiders. This profit is utilised for meeting the day-to-day administration cost of the society. The procedure for distribution of profit that some portion of the surplus is spent for the welfare of the members, some portion kept reserve whereas the balance shared among the members as dividend on the basis of this purchases.

9. State patronage:

Government provides special assistance to the societies to enable them to achieve their objectives successfully. Therefore, the societies are given financial lo< at lower rates. Government also extends many type of subsidies to cooperative societies strengthening their financial stability and sustainable growth in future.



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Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

❖ Disadvantages of Cooperative Society:

Despite many an advantages, the cooperative society suffer from certain limitations c drawbacks. Some of these limitations, which a cooperative form of business has are as follows:

1. Limited resources:

Cooperative societies financial strength depend on the cap contributed by its members and loan raising capacity from state cooperative banks. The membership fee is limited for which they are unable to raise large amount of resources as their members belong to the lower and middle class. Thus, cooperative^ are not suitable for the large scale business which require huge capital.

2. Inefficient management:

A cooperative society is managed by the members only. They do not possess any managerial and special skills. This is considered as major drawback of this sector. Inefficiency of management may not bring success to the societies.

3. Lack of secrecy:

The cooperative society does not maintain any secrecy in business because the affairs of the society is openly discussed in the meetings. But secrecy is very important for the success of a business organisation. This paved the way for competitors to compete in more better manner.

4. Cash trading:

The cooperative societies sell their products to outsiders only in cash. But, they are usually from the poor sections. These persons require to avail credit facilities which is not possible in the case of cooperatives. Hence, marketing is a shortcoming for the cooperatives.

5. Excessive Government interference:

Government put their nominee in the Board of management of cooperative society. They influence the decision of the Board which may or may not be favourable for the interest of the



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3- Vaishalinagar
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Nr. Amrapali Railway Crossing
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society. Excessive state regulation, interference with the flexibility of its operation affects adversely the efficiency of the management of the society.

6. Absence of motivation:

The members may not feel enthusiastic because the law governing the cooperatives put some restriction on the rate of return. Absence of relationship between work and reward discourage the members to put their maximum effort in the society.

7. Disputes and differences:

The management of the society constitutes the various types of personnel from different social, economical and academic background. Many a times they strongly differs from each other on many important issues. This becomes detrimental to the interest of the society. The different opinions and disputes may paralyses the effectiveness of the management.

- **Formation of co-operative society**

A co-operative society must be formed under the Co-operative Societies Act, 1912 or under the relevant state co-operative society's law. A co-operative society can be formed by atleast 10 adult members. The members willing to form a society must have common bond among them. They may be the residents of same locality, employees of some organisation, belonging to some group having affinity etc. The basic idea is that all the persons intending to form a society should have some common objectives to achieve. The application for forming a society must have the following information:

- (a) Name and address of the society.
- (b) Aims and objectives of the society.
- (c) Names and addresses of members of the society.
- (d) Share capital and its division.
- (e) Mode of admitting new members.
- (f) A copy of the bye laws of the society.



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The required documents are filed with the Registrar of Societies. The Registrar scrutinizes the documents; if these are as per requirements then the society's name is entered in the register. A certificate of registration is also issued to the society. The society will become a corporate body from the date mentioned in the certificate.

• Federal co-operative society/federation of co-operative society

Basically there is an entire structure of cooperatives in a country. At the apex we have national level co-operatives then next comes district level co-operatives and at the bottom we have primary level co-operatives is very small and also not professionally managed. District level co-operative join hands with state level and state level with national level and form of federation. In India, examples of such national level co-operative bodies are:

- ❖ National consumer co-operative federation
- ❖ National agricultural co-operative marketing federation
- ❖ National federation for sugar factories
- ❖ National federation for dairy co-operatives
- ❖ National federation for industrial co-operative

➤ One word que. And answer :

1	There should be minimum of 10 members	Co-operative society
2	A co-operative society must be formed under the Co-operative Societies Act,	1912
3	A co-operative society can be formed by atleast adult members	10

❖ Topic : Explain Types, Features, Advantage & Disadvantage of Joint stock company

Definition :

"A Joint Stock Company is a voluntary association of individuals for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership."



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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❖ TYPES OF COMPANY:

❖ Chartered Companies

These are types of companies that come into existence when a special Charter or Royal Charter is granted by a King or a Queen or the Head of a country. Eg. East India Company, Chartered Bank of Australia, China etc. Such companies rarely exist in our country today. Such a Royal Charter empowers the company to an unrestricted corporate capacity within the jurisdiction of the state.

❖ Statutory Companies

These are companies that are established by passing special and specific Acts at the Parliament. This is done mainly to regulate the working of certain companies in the national interest. Reserve Bank of India, Bank of India, and State Bank of India, Life Insurance Corporation is examples of Statutory Companies.

❖ Registered Companies: -

These are companies that are incorporated in India under the Companies Act, 1956. These are formed and registered with the Registrar of Companies under the provisions of the Companies Act.

On the basis of limit to liability, these companies may be classified into the following three categories.

a. Companies that are limited by shares.

b. Companies that are limited by guarantee.

c. Unlimited Companies

a. Companies limited by shares

The share holders of such companies enjoy limit to the liability of the company in the event of its winding up, to the extent of the unpaid value of the shares only, if any. They will not be asked to pay anything more than the fully paid up value of the share.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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b. Companies limited by guarantee

The company may be registered in one of the two forms;

- i) Companies limited by guarantee having no share capital.
- ii) Companies limited by guarantee having share capital.

The members in case of the former type agree to pay at the time of winding up agreed sums as stipulated in the Memorandum of Association. The members in case of the latter type are liable to pay the unpaid value of share capital and in addition the amount of guarantee that they had agreed to pay while becoming shareholders in the event of winding up of the company. These companies are also known as guarantee companies and are usually formed to promote art, sports, education, charity etc.

c. Unlimited Companies

These are companies, the members of which have no limit on the liability in the event of winding up. In case the assets of the company are insufficient to raise funds to clear the external liabilities of the company, the shareholders may be asked to pay from their personal properties in order to set off the company's liabilities.

The companies limited by shares and guarantees may be classified into two categories.

(i) Private Companies

(ii) Public Companies

(iii) Private Companies :- According to the Companies Act, a Private Company is one which is formed by at least 2 persons, and which:

- a. restricts the number of members to 50
- b. restricts invitation to public for subscriptions towards shares or debentures.
- c. restricts transfer of shares.



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(ii) Public Companies: -

The Companies Act does not give a direct or clear definition of a Public Company. It states that all the Companies that do not follow the three restrictions to be followed by a Private Company are Public Companies. Also, there must be a minimum of seven members to start a Public Company.

In addition to the above mentioned types of companies there are the following types of companies.

a. Government Companies:

Sec. 617 of the Companies Act defines a Government Company as one in which not less than 51% of the paid-up share capital is held by the Central or State Government or partly by both central and state Governments.

b. Foreign Companies:

Foreign Companies are companies incorporated outside the country but have transactions in places within India. These companies transact business in India in accordance with the regulations laid down by the Indian Companies Act as far as their operations within India are concerned.

c. Holding Companies:

A Holding Company is a company that holds more than 51% of the Registered Capital of another company. Since they are the major shareholders, they have the right of appointing or removing directors of the company whose shares are held by the Holding Company.

d. Subsidiary Companies:

Subsidiary Companies are companies whose shares are held by another company to the extent of 50% or above its nominal value of share capital.



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3- Vaishalinagar
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❖ Characteristics of Joint Stock Company

The analysis of above definitions reveals the following characteristics of a company:

1. Association of persons:

A company is a voluntary association of persons established for profit motive. A private company must have at least two persons and the public limited company must have at least seven persons to get it registered. The maximum number of persons required for the registration in case of private company is fifty and in case of public company there is no maximum limit.

2. Artificial person:

A company is an artificial person. It is created by law. Like that of the natural person, it can own property, incur debts, file suits, enter into contracts with others under its own name. It can be sued and fined but cannot be imprisoned.

3. Separate legal entity:

A company being created under law has a separate entity from its members. Any of its members can enter into contracts with others. A member cannot bind a company by his acts or dealings with the third parties. The company can file a suit against its members and its shareholders can also sue the company. Further, a shareholder is not liable for the acts of the company even though he may be holding all the shares of that company.

4. Limited liability:

The liability of the members or shareholders is limited to the extent of the value of shares held or the amount guaranteed by them. The shareholders are not personally liable for the debts of a company beyond that limit.

5. Transferability of shares:

The shares of a public limited company are freely transferable and can be purchased and sold through the stock exchanges. A shareholder of a public limited company can transfer his shares without the consent of other shareholders. But there are certain restrictions on transferability of shares in case of private limited company.



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6. Common seal:

Since a company is an artificial person, it cannot put its signature on any document. Therefore, it is statutory for every company to have a seal on which the name of the company is engraved. Affixing of seal on any document signifies the signature of the company. Of course two directors have to sign as witnesses in such cases.

7. Separation of ownership from management:

The shareholders are the owners of the company. They are heterogeneous group of people who are widely scattered throughout the country and abroad. The shareholders elect their representatives called directors to manage the company. Thus, the company is managed by directors rather than the shareholders. This results in separation of ownership from management.

8. Perpetual succession:

The company enjoys a continuous existence. Its existence is not affected by death, lunacy or insolvency of its shareholders or directors as the case in partnership or sole proprietorship. The company can only be dissolved by the operation of law.

9. Investment facilities:

A joint stock company raises its funds through issue of shares to general public. Due to the small denomination of the shares, the company provides investment opportunities to all sections of people who want to put their surplus money in the company's share.

10. Accountability:

A joint stock company has to function as per the provisions of the Companies Act. The accounts are to be audited by qualified auditors. Such accounts and exports are published for the information of all stakeholders. Regular and timely reports are to be submitted to the Government.



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11. Restricted action:

A company cannot go beyond the powers mentioned in the abject clause of the Memorandum of Association. Therefore, its action is limited.

❖ ADVANTAGES AND DISADVANTAGES OF JOINT STOCK COMPANY

The following points depict the advantageous points of this form of business.

❖ Advantages of Joint Stock Company:

(1) Huge resources:

A company can raise large amount of resources from the genera public by issuing shares. Since, there is no maximum limit of the number of shareholders ii case of public company, fresh shares can be issued to meet the financial requirement. Capita can also be obtained by issuing debentures and accepting public deposits.

(2) Limited liability:

The liability of the shareholders is limited to the extent of the face value of the shares held by them or guarantee given by them. The shareholders are not liable personally for the payment of debt of the company. Thus, limited liability encourages the investors to put their money in the shares of the company.

(3) Transferability of shares:

The shares of the public company are transferable without any restriction. A shareholder can sell his shares at any time to anybody in the stock exchange Therefore, the conservative and cautious investors are also attracted to invest in the shares of public company. This brings liquidity to the investors.

(4) Stability of existence:

A joint stock company enjoys perpetual succession. It continues for a long period of time because it is unaffected by the death, insolvency of the shareholders directors. Change of ownership and management also does not affect the continuity of the business.



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(5) Efficient management:

A company can hire the services of professional manager for its functional areas because of its financial strength. The directors who look after the management of the company are generally experienced and persons of business acumen. Therefore, the management of a company is sure to be efficient.

(6) Scope for expansion:

A company can generate huge financial resources by issuing shares and debentures to finance new projects. Companies also transfer a portion of their profit to reserve which can be utilised for future expansion. The managerial capabilities at the disposal of a company helps it for planning the future expansion and growth.

(7) Economies of large scale production:

The company is in a position to undertake large scale operation because of its huge financial resources. When the scale of operations is large, the economies in buying, selling, production etc. are enjoyed by the undertaking. The economies of large scale enables the company to produce goods at lower cost and supply the same to the consumers at cheaper prices.

(8) Public confidence:

A company submits required information to the Government and other authorities at regular intervals. The accounts of the company are audited by chartered accountants and also published for the information of the stakeholders and others. This enables a company to enjoy the trust and confidence of the public.

(9) Social benefits:

A joint stock company provides a number of benefits to the society. It creates employment opportunity, investment opportunity, utilises the unutilised natural resource of the nation, supplies quality products and services at cheaper rate and generates revenue for the Government and also undertakes many infrastructural developmental programmes in the country.

(9) Diffused risk:

The entire business risk of a company is distributed over a large number of shareholders. Thus, the risk is reduced for each shareholder. No shareholder is burdened with more than what he has paid as the price of shares held. No personal property will be attached for the same.



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(10) Tax benefits:

As a separate entity, companies pay income tax at a flat rate. Because of this, the company's tax burden on higher income is less in comparison to other forms of business organisation. Companies also avail tax exemptions deductions and concessions for undertaking their operations in specific areas, dealing with nature of goods and services and others.

❖ Disadvantages of Joint Stock Company:

Despite the above advantages, the company form of organisation also suffers from certain demerits. The following are some of the important demerits of a company which every entrepreneurs should know while going for selection of type of business.

(1) Difficulty in formation:

The formation of a joint stock company is very difficult, time taking and expensive as compared to any other form of organisation. Conceiving the very idea and getting it implemented is very difficult process. Preparation of the basic documents like memorandum of Association and Articles of Association, fulfilling legal formalities as per the Act and getting the business registered needs lot of time, money and expertise.

(2) Delay in decision-making:

The Board of Directors of the company decides about the policies and strategies of the company. Certain decisions are taken by the shareholders. The meeting of the directors or the shareholders cannot be held at any time as and when required. Thus, the decision making process is usually delayed. The delay in decision-making may result in losing some business opportunities.

(3) Separation of ownership and management:

The company is not managed by the shareholders but by the directors who are the elected representatives of the shareholders. The directors and managers may lack the personal initiative and motivation to manage the company efficiently as the shareholders (owners) themselves would.

(4) Lack of secrecy:

Each and every business strategy is discussed in the meeting of the Board of Directors. The annual accounts are published and compliance to Government, Tax authorities etc. are made at



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regular intervals. Therefore, it is very difficult to maintain business secrecy in a company form of organization in comparison to sole proprietorship and partnership.

(5) Speculation in shares:

When profit is earned by manipulating the prices of shares without actually holding the shares, it is considered as speculation. A company provides scope for speculation and the directors and managers may derive personal benefit out of this. It is harmful to the innocent small shareholders who invest their hard earned money with a view to get higher rate of return.

(6) Fraudulent management:

The possibility of starting a bogus company, collecting huge sums of money and subsequently bringing liquidation of the company is not ruled out. The promoters with an intention to defraud may indulge in such practices. The directors and managers may function for their personal gain overlooking the interest of the company.

(7) Concentration of economic power:

The company form of business gives scope for concentration of economic power in the hands of a few through multiple directorship and creation of subsidiary companies. Some persons are elected as directors in a number of companies. These directors formulate policies of the company which will safeguard and promote their own interest. Majority shares of other companies are purchased to create subsidiary companies.

(8) Excessive Government regulations:

A company functions under too much of regulations of the Government. Reports are to be filed and compliance are made at regular intervals to appropriate authorities failing which penalty is imposed. A considerable time and money of the company is involved in the process of regular compliance.

(9) Evils of Factory system:

Due to large scale operation, the company may give rise to insanitation, pollution, congestion and some social evils like migration from villages to towns, shifting from agriculture to industry etc. They cause instances in the society.



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➤ ONE WORD QUE. AND ANSWER

Sr no	Que	Ans
1	is a voluntary association of individuals for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership."	<u>A</u> joint stock company
2	Which documents are compulsory ?in company	AOA AND MOA
3	IT is the invitation of common public for investing in shares	Prospectus
4	The liability of members are ?	Unlimited
5	The meetings are handled by?	Chairperson

Unit – 4

BUSINESS COMBINATION

- ❖ Topic : Write a detailed note about Public enterprise
- ❖ Definition :

According to A. H. Hanson, "Public enterprise means state ownership and operation of industrial, agricultural, financial and commercial undertakings".

❖ Characteristics :

1.State ownership:

A public enterprise is wholly owned by the Central Government or State Governments(s) or local authority or jointly owned by two or more of them. In case the enterprise is owned both by the Government and private sector, the State must have at least 51 per cent share in ownership.

2. State control:



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The ultimate control of a public enterprise lies with the Government which appoints its Board of Directors and the Chief Executive.

4. Government financing:

The whole or a major portion of the capital of a public enterprise is provided by the Government.

5. Service motive:

The primary aim of a public enterprise is to render service to the society at large. It may have even to incur losses for this purpose. However, public enterprises are expected to generate surplus in course of time.

6. Public accountability:

Public enterprises are financed out of public money. Therefore, they are accountable for their results to the elected representatives of the public, i.e., the Parliament and the State Legislature.

That is why; the working of public enterprises is scrutinized by the Committees of the Parliament or the State Legislature.

7 Autonomous Bodies:

Public enterprises are autonomous or semi-autonomous bodies. In some cases they work under the control of Government departments. In other cases these enterprises function as companies and statutory corporations.

- **Advantages and Limitations of Public enterprise**

- **Advantages:**

1. Balanced growth:

By establishing public sector enterprises, a country can develop its economy in all regions. Thus there is a balanced growth. These enterprises can be developed on economic, social and regional basis.

2. Long period planning:

In comparison with private sector, public sector is in a better position to plan for future development of an industry.



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3. Facilities for economic development:

Profits of public enterprises can be used by the state for financing the schemes of economic development.

4. Greater public welfare:

Private enterprises are for increasing profit but public enterprises do not work for making profit for the owner but they work to help the national economy as a whole.

5. Equal distribution of wealth:

With the help of public sector there is possibility for the Government to reduce inequalities of income and wealth among the people.

6. Better co-ordination:

Having better control of public enterprise, there is scope for better co-ordination among industries controlled by public sector.

7. Abolition of monopoly:

As all public enterprises are controlled by the State, the danger of concentration of power in a few hands can be eliminated.

8. Greater economy:

Due to unified control and large scale operation there is a possibility of economy in the working of public enterprises.

9. Better relation with labour force:

In public enterprises labourers' interest is well protected through job security, better working condition etc.

10. Better deal to consumers:

In public sector consumers are well protected and their interest is well taken care of. If they pay a higher price for the product purchased, the benefit goes to the large community.



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11. Utilization of local resources:

As public enterprises are established all over the country, it is easy to utilise local labour and raw materials available.

12. Achievement of self-reliance:

As public sector helps domestic industry, it is possible for the industry to be self reliant and the country to eliminate foreign goods.

13. Establishment of heavy and strategic industry:

These industries require huge capital, thus private enterprises are not interested in these industries. Further some strategic industries, like defense industry, are not permitted to be started by private enterprises.

14. Balanced production:

The aim of private enterprises is to make profit. Thus, there is possibility of excess production. The public enterprises are under the control of public authorities and there is possibility of balanced production of goods required by the people. Further it avoids concentration of wealth in the hands of few.

➤ Limitations:

1. Lack of initiation and efficiency:

Lack of profit motive leads to inefficiency and slow working. Therefore decision making is not so quick in public sector like in private enterprises. Public Enterprises are managed like Government offices, thus efficiency cannot be seen in public enterprises.

2. Lack of selection of goods:

It is a kind of monopoly under the control of Government. Consumers have no choice of selection of goods. Because of the monopolistic attitude of the Government, the buyers lose the right of choice.



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3. Political interference:

Due to undue influence of politicians, the public sectors cannot function smoothly and effectively. It hampers the efficient conduct of operations.

4. Slow growth:

Public enterprises have little scope for expansion and modernisation as they take a long period to establish and the return on investment is also less.

5. Poor management:

Due to excess interference by the Government and political parties, the public enterprises cannot be managed on sound lines or as per the plans laid out. Further the financing of public sector is fully in the hands of the Government, which restricts the scope for development.

6. Lack of flexibility:

There is a lack of flexibility in public enterprises. This is due to slow decision making habit of the state. Implementation of the decision also takes a long time in public enterprises.

• FORMATION OF PUBLIC ENTERPRISE

The following are the major organisational forms of the public enterprises.

(a) Departmental Organisation

It was, at one point of time, the prominent form of organisation of the public enterprises for two reasons. First, it was easy for a government to create an enterprise within the organisational framework of one of its already existing departments. Secondly, in the initial stages of developmental planning, the number of such enterprises with commercial functions was small.

• The major characteristics of Departmental enterprises are

(a) The enterprise is financed by annual appropriation from the treasury and all or major share of its revenues are paid into the treasury.



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- (b) The enterprise is subject to budget accounting and audit controls applicable to other government activities.
- (c) The permanent staffs of the enterprise are civil servants, the method by which they are recruited and the conditions of service under which they are employed are ordinarily the same as for other civil servants.
- (d) The enterprise is generally organised as a major sub-division of one of the central government departments and is subject to direct control of the need of the department.
- (e) Wherever this applies in the legal system of the country concerned, the enterprise possesses the sovereign immunity of the state and cannot be sued without the consent of the government.

(b) Public Corporation

It is an autonomous form of the organisation "clothed with the power of the government, but possessed with the flexibility and initiative of private enterprise" according to F.D. Roosevelt, the President of USA, given while discussing the Tennessee Valley Authority.

Public Corporation may be understood in general terms as an autonomous commercial organisation established at government's insistence outside the framework of government department and company legislation.

1. It is wholly owned by the State.
2. It is generally created by, or pursuant to, a special law defining its powers, duties, and immunities and prescribing the form of the management its relationship to established departments and ministries.
3. As a corporate body it is a separate entity for legal purposes and can sue and be sued, enter into contract and acquire property in its own name.
4. Except for appropriations to provide capital or to cover losses, a public corporation is usually independently financed.
5. It is generally exempted from most regulatory and propitiatory statues applicable to expenditure of public funds.



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6. It is ordinarily not subject to budget accounting and audit laws and procedure applicable to no corporate agencies.
7. In majority of cases, employees of public corporations are not civil servants and they are recruited and remunerated under terms and conditions, which the corporation itself determines.
8. It may not be wholly owned by the State.
9. Every public corporation need not be the result of a special enactment.
10. Some of the restrictive regulations applicable to government departments' expenditures and the audit system can also be imposed on public corporations.
11. Some of the employees of public corporations, especially at the top level, may be from the civil services.

(c) Government Company

The joint stock company is another organisational form of public enterprises. The 'company form' which may also be called a 'government company' is described in many countries as an enterprise registered under the Companies Act of the land in which the government and/or public enterprises hold at least 51 per cent of equity capital.

The public sector companies in India were incorporated into two main objectives:

- To achieve more equity in the distribution of wealth and income amongst the citizens of the country.
- To gain the momentum in the growth of the nation.

❖ Features of a Government Company

- It is a separate legal entity.
- It is incorporated under Companies Act 1956 & 2013.
- The management is governed and regulated by the provisions of Companies Act.



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- The Memorandum of Association and Articles of Association govern the appointment of employees.
- A government company gets its funding from government shareholding and other private shareholdings. The company can also raise money from the capital market.

❖ Merits of a Government Company

- To incorporate a government company, all the provisions of the Companies Act are to be followed.
- The government organization enjoys all autonomy in management decisions and flexibility in day to day activities.
- These companies control the local market and sustain it to curb the unhealthy business practices.

❖ Limitations of a Government Company

- These companies face a lot of government interference and involvement of government officials, ministers, and politicians.
- As these companies are financed by the government, so these companies evade all constitutional responsibilities of not answering to the parliament.
- The efficient operations of the company are hampered, as the board of the company comprises mainly of politicians and civil servants, who have more emphasis and interest in pleasing their political party co-workers or owners and less concentrated on growth and development of the company.

❖ Role of public enterprise in infrastructure development

Public sector investment on **infrastructure sector** like power, transportation, communication, basic and heavy industries, irrigation, education and technical training etc. has paved the way for agricultural and industrial **development** of the country leading to the overall **development** of the economy as a whole.



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Generation of Employment and income-Public sector enterprises has been playing a positive role in generation of income and employment opportunities. The share of public sector in country's national income has increased from 7.5% in 1950 to 26% in 2000. Also the public sector enterprises provided employment to almost 158 lakh people in 1981 which has now increased up to 193 lakh in 2000.

Capital Formation-Capital formation means the net addition made to the existing stock of capital goods. The share of public sector in gross domestic capital formation has increased has from just 46% to 61%.

Infrastructure- Without the development of infrastructural facilities, economic development is not possible. These infrastructures are developed only by the public sector as private sectors do not take interest in their development due to the lack of resources and less profitability.

During the eighth year plan, a sum of rupees 108124 crores was spent on the infrastructure. Let us examine closely the role of public sector in development of infrastructure.

1. Transportation- roadways, railways, airways and sea route
2. Communication
3. Banking
4. Energy
5. Insurance
6. Construction

industry.

Strong industrial base- There is no denying the fact the rapid industrialization during the first three decades after independence was mainly due to the public sector. The government reserved certain industries namely railways, nuclear weapons, arms and ammunitions for the public sectors as it was difficult to trust the private sector in view of national security. Industries like iron and steel, petroleum etc. have also been developed by the public sector.

Export promotion and import substitution-Public sector enterprises have contributed a lot in the promotion of India's exports. This has resulted in the foreign exchange earnings. Public sector enterprises like Hindustan Machine Tools, State Trading corporation etc. are playing a vital role in this regard. In 2000, public sector exports stood at Rs.18147 crores.



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➤ ONE WORD QUE .AND ANSWER

Sr no	Que	Ans
1	Public sector enterprises have contributed a lot in the promotion of	Indian export
2	In, public sector exports stood at Rs.18147 crores.	2002
3	Industries like iron and steel, petroleum etc. have also been developed ?	Public sector
4	During the year plan, a sum of rupees 108124 crores was spent on the infrastructure.	8th
5	The share of public sector in country's national income has increased from..... in 1950 to 26% in 2000.	7.5%
6	the public sector enterprises provided employment to almost 158 lakh people in 1981 which has now increased up to 193 lakh in	2002

❖ Topic :Business combination

➤ Introduction

In combination various industrial units are bound together by some common purpose which is essentially meant by business combination. A business combination is a congregation/assembly/meeting of two or more groups of firms engaged in the same of line of business or dealing in same commodity in the national or international markets with the major objectives of either to eliminate the competition or to avoid wasteful expenditure on production, distribution or marketing by aligning it under a common shed/firm.



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➤ Causes of business combination

1. Elimination of competition :

By combining or joining hands together , firms can eliminate the competition and wastage of valuable resources and can monopolize the market by either contrrolling supply or prices.

2. Economies of scale :

If the firms instead of competing join hands together to operate collectively, then they have an opportunity to take the benefits of economies of scale and thereby reducing the costs.

3. Desire for monopoly :

In case of business combination, there are chances that the firms joining hands together for cooperation may get an opportunity to create monopoly in the market by either controlling supply or prices.

4. lust for power :

Many dynamic entrepreneurs and businessmen are motivated by the philosophy of power and ambition to establish large business empires across the world.

5.Shortage of business talents :

The number of talented personnel in the market is very few. This is another reason which leads to formation of business combination.

6. Trade cycle :

A trade cycle or a business cycle is an alteration of periods of prosperity and depression, of good and bad trade. In case of depression, the firms join hand to economize the costs and reduce the risk of failure and thus the weak units amalgamate with the stronger ones.



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7. Growth :

Business combination is one of the best tools available for faster growth of the companies. Growth by combining two or more business is comparatively less costly than through internal growth

❖ Types of combination

1) Simple association

- **Trade association** : Association is the simplest form of business combination whereby people join voluntarily and combine to decide the terms, conditions and other aspects of their business. These simple associations are also known as gentlemen's agreements as it is actually not obligatory for members to follow them.
- **Trade union** : It is an association meant for laborers who forms their own association to promote protect their interests so that collective voice would have a better impact and results into immediate action in their favour.
- **Chamber of commerce** : It is a self-governing voluntary association or a loose form of association. The way we can differentiate chamber of commerce from trade association is that, any trader belonging to any industry or branch, operating at any level can become a member of chamber of commerce.
- **Informal agreement** : Informal agreement are the loosest form of such association. There is no writing amongst the member units. Simply based on communication and proper understanding, such association continue to work.

2) Federation

- **Pool** : Pool is an agreement where members join voluntarily and enter into written contract with each other. Pools are generally formed to control the terms and conditions of prices, quality, quantity, productions etc. Under a pool these member units combine and fight together against the external risks their business might face and thus making themselves stronger.



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- **Corner or ring** : Corners and rings are majorly formed to control prices of the products. The member units of this combination intentionally create temporary artificial scarcity of the products, increase the prices of the products thereby and earn huge profits out of it.
- **Cartels or syndicates** : Cartels too are a voluntary form of business combination. Germany is the homeland of cartels. All the member units shall give away their output to cartel or the cartel syndicate agency which shall sell their goods and return the earnings to the respective member units.

3)Consolidation

- **Amalgamations and mergers** : The term merger refers to a situation where two or more companies combine into one company. In other words, the shareholders of more than one company, generally two decide to pool the resources of the companies under a common entity is termed as merger. Now due to this, if a new company comes into existence , then it is called amalgamation .
- **Holding companies** : Companies who are financially strong can directly purchase 18% to 20% of the shares of other company known as controlling interest. This 18% to 20% is known as controlling interest.

❖ Types of Combination

- ❖ **Horizontal Combination** : It is also known as parallel or trade unit integration. It is affected by units engaged in manufacturing similar products or rendering similar services .It involves the bringing together of competing firms under single ownership and management. For instance, if two or more sugar mills are combined under the same management, it will be a case of horizontal combination.
- ❖ **Vertical Combination** : It is also known as sequence or industry or process integration. It arises as a result of integration of those business enterprises which are engaged in different stage of production of a product. In other words, it implies combination under single control of enterprises in different stages of manufacturing the product. The aim of vertical integration is to gain self-sufficiency as regards raw materials and distribution of



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finished products. Two or more business units engaged in successive stages of production, or producing articles leading to the same final product, may combine together and manage all stages of production and the distribution of the final product. For example, in cotton textile industry, there may be a combination of units engaged in successive stages of cloth manufacturing. Such as spinning, weaving, bleaching and finishing of cloth.

- ❖ **Lateral Combination** : It refers to the integration of business units producing and selling different but allied products. The lateral combination may be either convergent or divergent. Convergent lateral combination arises when firms producing different products but supplying to a common user join with him. For example, brick manufacturer, stone supplier, cement supplier, and wood supplier may integrate with a construction company; Divergent lateral combination represents combination of one supplier of a common raw material with different users. The example of divergent lateral integration is provided by a flourmill supplying flour to a number of units like bakery, confectionary, and hotel.
- ❖ **Diagonal Combination**: It means integration of a main activity or process with ancillary activities and services. For instance, a newspaper company may integrate with transport company to ensure quick deliver of the newspaper to different parts of the country or an automobile plant may combine with a power generating unit. Thus, diversification of activities is diagonal.
- ❖ **Circular Combination** : When there is integration of business units which remotely connoted with one another in their production and sales, furculum integration is achieved.
The remote connection may be found between products requiring similar manufacturing processes or using the same marketing or trade channels. Circular combination or created to build up big industrial empires.



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❖ Special Economic Zones (SEZ):

- A Special Economic Zone (SEZ) is a geographically bound zone where the economic laws in matters related to export and import are more broadminded and liberal as compared to rest parts of the country. SEZs are projected as duty free area for the purpose of trade, operations, duty and tariffs. SEZ units are self-contained and integrated having their own infrastructure and support services.
- Within SEZs, a units may be set-up for the manufacture of goods and other activities including processing, assembling, trading, repairing, reconditioning, making of gold/silver, platinum jewellery etc.
- The recent rush to set-up SEZs could fuel the economic growth and provide the cost advantage to industry in the rapidly changing global market.



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- SEZs, being islands of opportunity, are offering business opportunity across the sectors. FDI in SEZs is set to rise rapidly once the development completes. Attractiveness of these SEZs would depend on products that have low import tariff and high volume products that have a domestic and international market.
- Like anywhere else in the world, the three pillars of the SEZ Act are fiscal incentives, regulatory freedom, and world-class infrastructure.

➤ Objectives

- Generation of additional economic activity
- Promotion of exports of goods and services
- Promotion of investment from domestic and foreign sources
- Creation of employment
- Development of Infrastructural facilities.
- Simplified procedure for development, operation and maintaining of the special Economic Zones and for setting up units and conducting business
- Single window clearance for setting up of a SEZ and an unit in SEZ
- Single window clearance on matters relating to Central as well as State Governments.
- Easy and Simplified compliance procedures and documentations

Thus, the SEZ's could drastically improve the economic activity in the country, make the country's export competitive and globally noticeable, be net foreign exchange earner and provide immense employment opportunity.

➤ **Some of the Established Important Special Economic Zones in India are:**

- Falta food processing unit, West Bengal
- Salt Lake Electronic City, West Bengal
- Manikanchan - Gems and jewelry, West Bengal
- Calcutta Leather Complex, West Bengal
- Karnataka Biotechnology and Information Technology Services - SEZ on biotechnology sector in Bangalore's Electronics City, over an area of 43 acres
- Shree Renuka Sugars Limited - SEZ on sugarcane processing complex covering 100 hectares, comprising a sugar plant, power station and distillery, at Burlatti in Belgaum district
- Ittina Properties Private Limited and three other - SEZs in IT sector, covering electronics, hardware and software sectors in



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- Bangalore, over an area of 15.732 hectares
- Divyasree Infrastructure - SEZ in the IT/ITES sector over an area of 20.234 hectares in BellandurAmani Kane near Bangalore
- Chaitanaya Infrastructure Private Limited - SEZ in the IT/ITES sector in Bangalore over an area of 20.24 hectares
- Bagmane Developers Private Limited - SEZ in the IT/ITES sector in Raman Nagar in Bangalore North over an area of 15.5 hectares

❖ Merits of Special Economic Zones

1.Brings Foreign Direct Investments (FDIs)

As foreign investors are lured with provided facilities, they will invest in special economic zones. Amenities needed for certain industry, will be provided to every industry situated in the particular SEZs. Total SEZs in India is 114 which can provide better foreign direct investments.

2.Provides capital

In India, there is capital crunch. There are so many businesses which will not be successful unless there is sufficient capital. But SEZ gives opportunity to have a foreign investor who can invest with Indian investor together or with government. This will be helpful to satiate capital desire of India. FDI is not like FII and lasts in India and may go out in the form of profits. **FDIs through SEZs** can help India in having improvements in people life.

3.Brings technology

As foreign companies do invest in Indian companies which are located in SEZs, they bring their technology with them which is prevalent in their countries that can boost up Indian economic system. Still we are backward in technology. This will surely help to get updation of technology in various industries. **Technological transfer through SEZs** plays important role in Indian economy.

4.Faster growth

As land, cheap labour, capital from India and investor and good managing skills are combined with technology and ready infrastructure is available through Special Economic Zones, there is chance of quick growth in Industrial and service sectors. As we are dependent on agriculture, with SEZs, we can strengthen industrial and service sectors.



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5.Growth of exports

The products produced within the land of SEZ can be reached to the standard of exporting and every facility is provided in the SEZ helps boost up exports. With growing of exports, we can gain foreign exchange reserves and can be out of balance of payment crisis. Through this, we can successfully face the competition from most technologically developed countries as we have adopted technology. We have cheap labour and if we have good technology, we can surely have good exports.

6.Employment

As Special Economic Zones are growing, (It is 114 now, more than 500 SEZs have got approval.) there is chance of employment in those industries set up in the SEZ area. As unemployment is more in India, Special Economic Zones can be helpful in providing jobs. People can be diverted from agriculture and take part in the process and there is chance of technically educating people.

7.Growth of industrialization

In India, there are more than 60% of people working in agricultural sector. Agricultural sector could not consist of these much people. There needs to be migration from agricultural sector to other sectors. Special Economic Zones can give this chance to people. SEZs give impetus to industrial growth.

❖ Demerits of Special Economic Zones (SEZs)

1.Loss of revenue to government

Generally government gets huge tax from industries. But, as government is providing tax holidays for industries, it loses most of the revenue from it. This reason government has to lay more burdens on common man. If it is not laid government may not fulfill its stint properly. Even government fails to give subsidies, it falls on poor and middle class. Hence, there is criticism on government that it is helping the rich.



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2.Land grabbing

Lands are grabbed from poor and middle class people on the pretext of development. Generally, the land is considered to be an asset to these people and they invest on it working their entire life.

3.Loss of agricultural land

As land grabbing is going on, there are instances that fertile agriculture lands are being taken in order to provide way for industries. This is not only keeping agriculture at stake but also food crisis may arise in near future.

4.Compensatory problems

Government provides compensation. But it is not equal to the loss rendered. People have to sacrifice their lands for private persons which they have earned with years of their hard work. In land related issues, **agriculture land loss due to SEZs** is more problematic as farmer loses his livelihood and his asset. He has to search for another livelihood which is not easier. He has to work as a labour in another farm or has to leave his village.

6.Regional disparity

The places which are near to SEZs get good facilities and good infrastructure is available. This produces disparity among places. There may be tensions prevail like new states movements.



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➤ One Word Que and Answer :

Sr no	Que	Ans
1	The places which are near to..... get good facilities and good infrastructure is available.	SEZ
2	means integration of a main activity or process with ancillary activities and services	Diagonal combination
3	It refers to the integration of business units producing and selling different but allied products	Lateral combination
4	It is also known as sequence or industry or process integration. It arises as a result of integration of those business enterprises which are engaged in different stage of production of a product	Vertical combination

ALL THE BEST..



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BBA SEM – 1

OFFICE

AUTOMATION

Sr. No.	Unit Name	Pg. No.
1	Computer Basics	318
2	Input & Output Devices	341
3	Internet Basics	354



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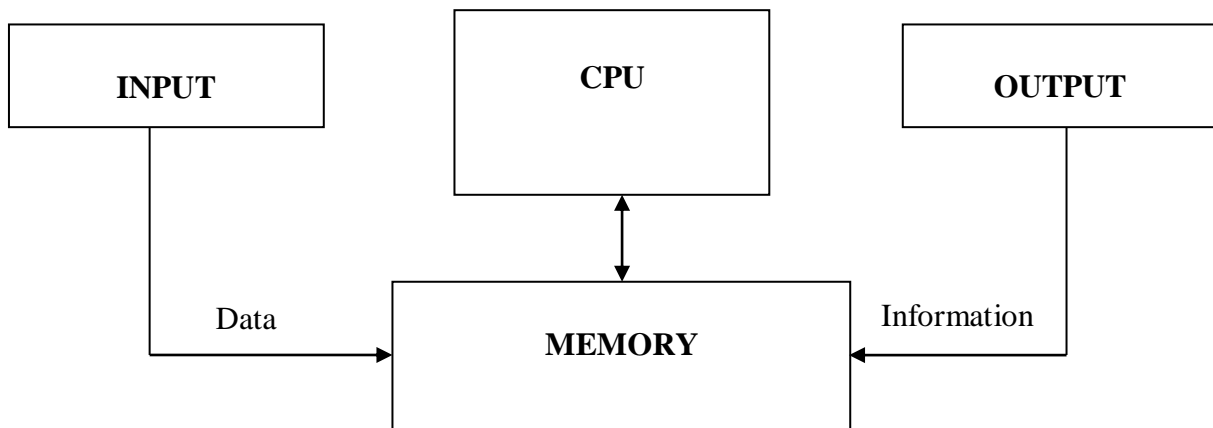
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UNIT-1 : COMPUTER INTRODUCTION & CONCEPT

• Introduction of computer

Topic:- Definition of Computer



DEFINITION:-

A computer **accepts data from an input device and processes it into useful information which it displays on its output device.** A computer is a machine that **manipulates data according to a set of instructions.** It performs **high-speed mathematical calculations and logical operations.** It can process, store and retrieve data.

1 word Question Answer

Sr. no.	Question	Answer
1	Computer accepts data from which device?	Input device
2	Useful information display on which device?	Output device
3	Computer can Process, store and _____	Retrieve data
4	Computer perform High speed mathematical calculations and _____	Logical operations.



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TOPIC: - COMPUTER SYSTEM:



- Hardware
 - I/O Devices
 - CPU
 - External Memory
- Software
 - Application Software
 - System Software
- Human ware
 - Programmer
 - Operator

1 word Question Answer

Sr. no.	Question	Answer
1	CPU is in Which type?	Hardware
2	Is I/O device is hardware?	Yes
3	Human ware has 2 type... 1 st is Operator and 2 nd is_____	Programmer
4	Software has 2 type.... 1 st is Application Software And 2 nd is _____	System Software



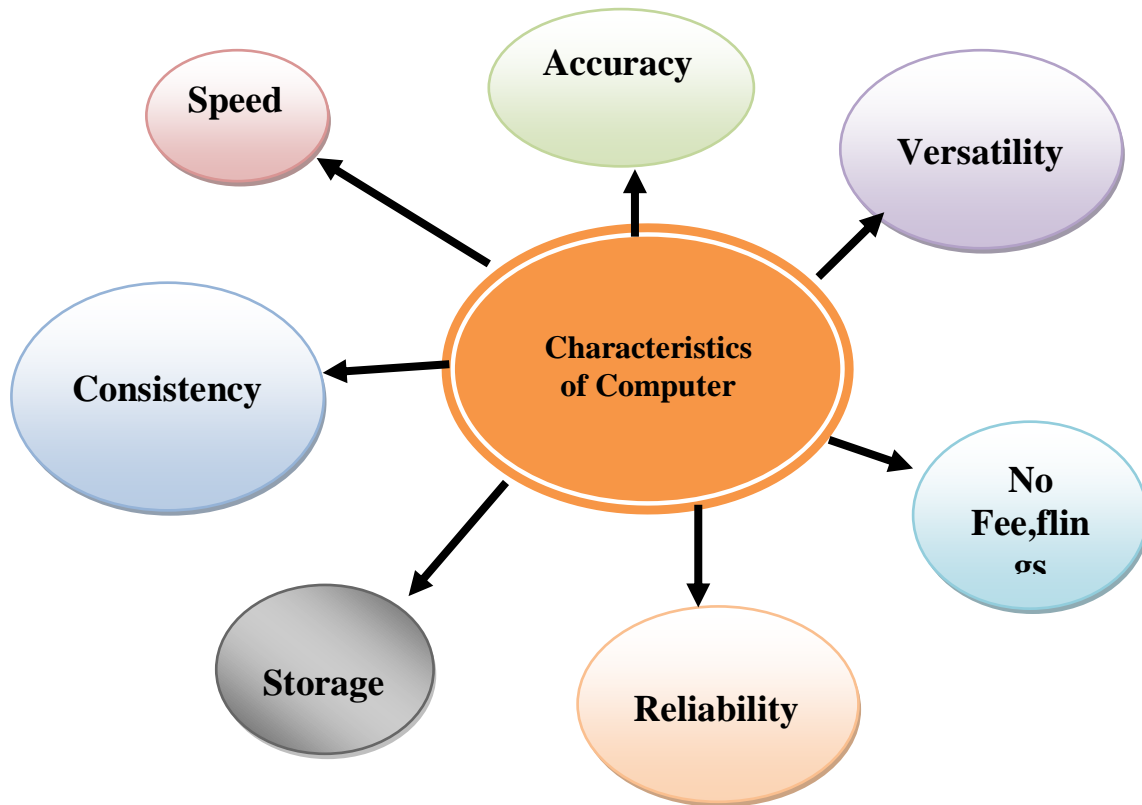
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Topic:- Characteristics of computer



DETAILS:

The important characteristics of a computer are described below:

1. Speed

The computer is a **very high speed electronic device**. It is much faster than humans. Computer can perform **billions of calculations & operation on the data in a second**. The **time used by a computer to perform an operation is called the processing speed**. Computer speed is **measured in Mega Hertz (MHz) or Giga Hertz (GHz)**.

2. Accuracy

Accuracy means to provide results without any error. Computer is an accurate device. It can **process large amount of data and give accurate, error-free output results** if we provide the **correct input data and set of instructions**. It can do **millions of operations in a second without any error**.

3. Versatility

Computer can perform **various types of tasks at a time without any single error**. It is the **most important feature of computer**. For example, at one moment you are editing text on computer, the next moment you are composing and sending emails etc.



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4. No Feelings

Computer is an electronic device. It **has no feelings**. It identifies objects on the basis of instructions given to it. Computer **cannot make decision their self**. It's **judgments are totally depends on instructions given to it**.

5. Reliability

The computer can **perform very complicated calculations without creating any problem and producing reliable results**. In general, computers are very reliable. Many **personal computers have never needed a service call**.

6. Storage

Computer **can store data permanently**. User can retrieve required data at any time. A computer **has internal as well as external or secondary storage**. In secondary storage, **a large amount of data and instructions can be stored for future use**. Text, graphic, pictures, audio and video files can be stored easily. The **storage capacity of the computer is increasing rapidly now days**.

7. Consistency

Computer can **repeat actions consistently (again and again) without losing its concentrations**. A computer will **carry out the activity with the same way every time**.

1 word Question Answer

<i>Sr. no.</i>	<i>Question</i>	<i>Answer</i>
1	The computer perform complicated calculations without any error is called	Reliability
2	Computer can store data permanently or Temporary?	Permanently
3	Computer can repeat actions consistently without losing its concentrations. Is this True?	Yes
4	Computer provide results without any error. Is called?	Accuracy
5	Computer speed is measured in ???	Mega Hertz (MHz) or Giga Hertz (GHz)
6	The time used by a computer to perform an operation is called _____	Processing speed
7	Computers all judgments are totally depends on_____	Instructions



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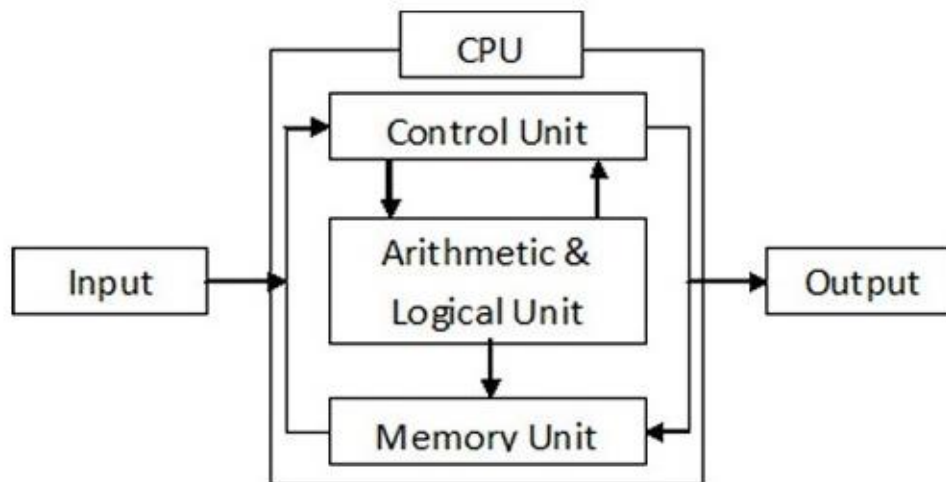
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TOPIC:- Block Diagram of Computer

A complete computer hardware system made up of central processing unit, input and output devices and storage devices. All the units of computer system interact with each other via CPU. The diagram shown below is the basic block diagram of computer system.



Detail:

Block Diagram of Computer

- **CPU: Central Processing Unit**

It is a processor made up of the Control unit and ALU. It is a heart of the computer, which contains the necessary circuit to interpret and execute program instructions. It performs all calculations and takes all decisions. It controls all units of the computer. Today, the CPUs of almost all computers are contained on a single chip. Intel, Celeron, Pentium, Dual Core, and AMD etc all are different types of CPU.

- **ALU: Arithmetic Logic Unit**

ALU is the component of the CPU that performs all arithmetic computation, such as addition and multiplication, and all comparison operations. The ALU is a combinational logic device which deals with basic logic operations.

Whenever calculations are required, the control unit transfers the data from storage unit to ALU once the computations are done, the results are transferred to the storage unit by the control unit and then it is send to the output unit for displaying results.

- **Control Unit:**

It controls all other units in the computer. The control unit instructs the input unit, where to store the data after receiving it from the user. It controls the flow of data and instructions from the storage



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unit to ALU. It also controls the flow of results from the ALU to the storage unit. The control unit synchronizes its working.

- **Input Unit:**

Computers need to receive data and instruction to solve any problem. The input unit consists of one or more input devices which are hardware devices that provide information and control signals to the computer. It allows users to interact with the CPU. Commonly used input devices are Digital camera, Joystick, Keyboard, Microphone, Mouse, Scanner, Web Cam etc.

- **Storage Unit:**

The storage unit of the computer holds data and instructions that are entered through the input unit. It preserves the intermediate and final results before these are sent to the output devices. It also saves the data for the later use.

The various storage devices of a computer system are divided mainly into two categories.

- **Primary Storage/ Main Memory:**

It stores and provides data very fast. The primary memory is temporary in nature. The data is lost, when the computer is switched off. It is directly accessible to the CPU.

- RAM (Random Access Memory)
- ROM (Read-only Memory)

- **Secondary Memory/Auxiliary Memory**

It is used to store the data permanently. It is much cheaper than the main storage. It stores several programs, documents, data bases etc. The secondary memory is slower than primary memory.

- **Output Unit:**

Outputs are the signals, data or information sent by the system to the outside. The output unit of a computer provides these results of a computation processed by CPU to outside world. Output unit consist of many output devices like Printers, monitor, Visual Display Unit (VDU), speaker, projector, floppy disk, CD/DVD are the commonly used output devices.

1 word Question Answer

<i>Sr. no.</i>	<i>Question</i>	<i>Answer</i>
1	Full form of CPU.	Central Processing Unit
2	Full form of ALU	Arithmetic Logic Unit
3	RAM and ROM is	Primary Storage or Main Memory
4	Which unit is controls all other units in the computer?	Control unit
5	Which unit provides information and control signals to the computer? And allows users to interact with the CPU?	Input unit



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6	Which Unit of the computer holds data and instructions entered through the input unit?	Storage unit
7	Which memory is used to store the data permanently?	Secondary memory
8	Secondary memory is also known as _____	Auxiliary Memory
9	Which unit provides these results of a computation processed by CPU to outside world	output unit
10	Printer, monitor and VDU are the example of output unit.VDU Stands for....	Visual Display Unit

TOPIC:- GENERATION OF COMPUTER

Generation of computer is characterized by **improvement in the computer**. The development that change the way computers **operate, resulting in increasingly smaller, cheaper, more powerful and more efficient and reliable devices**. With each new generation, it becomes **more advanced than the previous generation** before it.

In Computer language, “**Generation**” is a set of **Technology**. It provides a **framework for the growth of the computer technology**. There are totally Five Computer Generations till today. Discussed as following

First Generation

Period: 1945 To 1955

Technology: **Vacuum Tubes** which was a frail glass device that could control and amplify electronic signals

Advantages: Vacuum Tube technology made possible the advent of electronic digital computers.

Disadvantages:

1. Can perform calculations in milliseconds. But too bulky in size
2. It was unreliable
3. Generating too much heat
4. Prone to frequent hardware failures.
5. It also required a constant maintenance.
6. Non portable.
7. Commercial production was difficult and costly.
8. Limited commercial use.





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Second Generation

Period: 1955 To 1965

Technology: **Transistor** was a smaller and more reliable successor to the vacuum tubes.

Advantages:

1. As compared to first generation computers, it was smaller in size.
2. More reliable in information.
3. Less heat than Vacuum Tubes.
4. Under this generation computations were done in microseconds.
5. Better portability
6. Wider commercial use.

Disadvantages:

1. Protection from heat required.
2. Frequent maintenance was required.
3. Commercial production was difficult and costly.



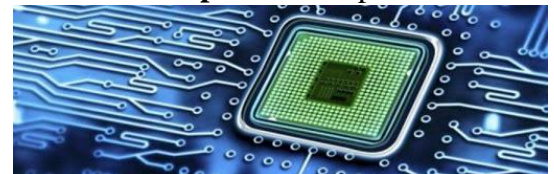
Third Generation

Period: 1965 To 1980

Technology: **Electronic technology continued and introduction of Silicon Chips.** The computer was designed with the help of Integrated Circuit

Advantages:

1. As Compared with previous generations, these Computers were smaller in size.
2. More reliable than second generation computers.
3. Generated less heat.
4. These computers were able to reduced computational time from microseconds to nanoseconds.
5. Maintenance cost is low because of hardware failure as not frequent.
6. Portable.
7. Widely use for commercial applications and was easier and cheaper.



Integrated Circuits



Disadvantages:

1. Air conditioning required in many cases.
2. Highly sophisticated technology required for the manufacture of IC.



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Fourth Generation

Period: 1980 To 1989

Technology: Small Scale Integration (SSI) Medium Scale Integration (MSI) Large Scale Integration (LSI) was introduced step by step. IC contained only about ten to twenty components in SSI, later it possible to integrate to 100 components on a single chips in MSI and LSI it was possible integrate over 300 components onto a single chip.

Advantages:

1. Smallest in size due to high component density.
2. Very reliable as compare to any previous generations.
3. Heat generation is negligible.
4. Much faster in calculation than previous generations.
5. Hardware failure is negligible and hence minimum maintenance is required.
6. Easily portable.
7. Totally used for general purpose.
8. Cheapest among all generations.

Disadvantages:

1. Highly sophisticated technology required for the manufacture of LSI.

Forth generation computer are using sophisticated operating systems and programming languages like c, java which are very easy to understand by programmer.

Fifth Generation (Present and Beyond)

Period: Now

Technology: The main aim is to bring machines with real knowledge of the world, with genuine I.Q. and the ability to reason logically. In structure it will able to do multiple tasks simultaneously. In function it will not be algorithmic. In architecture, it will have KIPS (Knowledge Information Processing System). This is called as Artificial Intelligence in computers.

Fifth generations computing devices are only in the minds of advance research scientists. They are under development and being tested in the laboratories. It is based on nanotechnology and microelectronic technologies with high computing speeds and parallel processing. It will drastically change the computers in years to come. These computers will work based on Artificial Intelligence (AI).

1 word Question Answer

<i>Sr. no.</i>	<i>Question</i>	<i>Answer</i>
1	In Computer language, “Generation” Means_____	A set of Technology
2	First Generation technology	Vacuum Tubes
3	Transistor is used in which Generation?	Second generation
4	Time period of third generation	1965 To 1980



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5	What is the full form of IC?	Integrated circuits
6	_____ is the bulky, slow and suffered with heat and maintenance problem?	Vacuum Tubes
7	Third generation computer used which technology?	Integrated Circuit
8	What is the full form of SSI?	Small Scale Integration
9	What is the full form of MSI?	Medium Scale Integration
10	Small Scale Integration (SSI) Medium Scale Integration (MSI) Large Scale Integration (LSI) was introducing in which generation?	Fourth Generation
11	How many components onto a LSI single chip?	300
12	What is the full form of KIPS	Knowledge Information Processing System
13	In which generation computer will work based on Artificial Intelligence.	Fifth Generation
14	Which technology structure will able to do multiple tasks simultaneously?	Fifth Generation
15	Is third Generation computer is portable?	Yes



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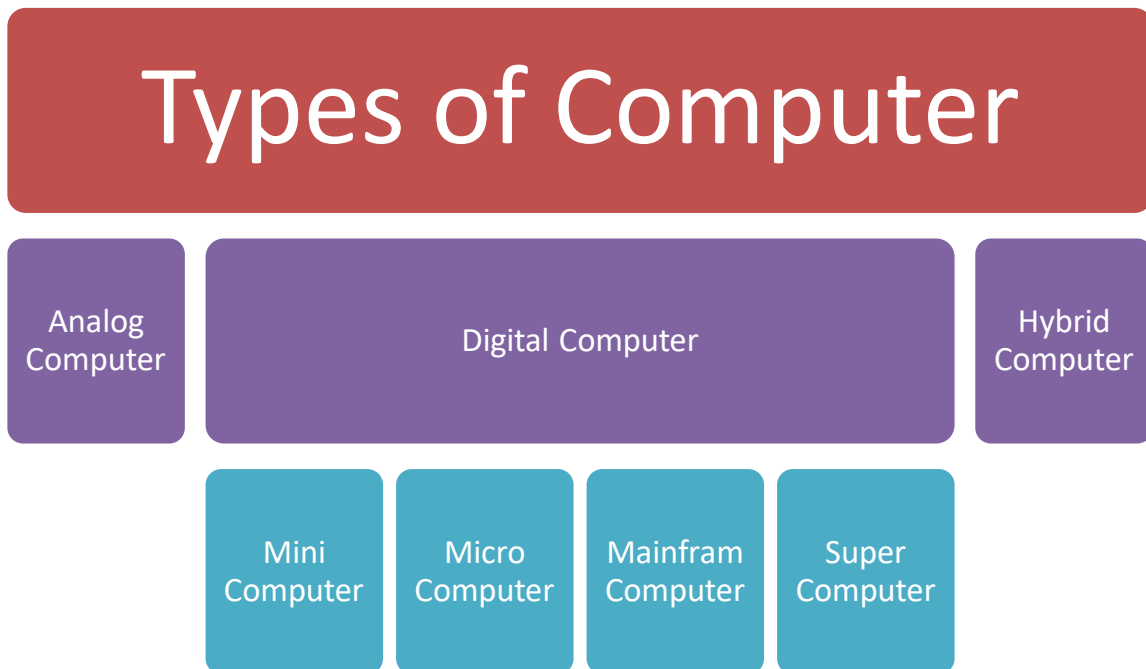
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TOPIC:- CLASSIFICATION OF COMPUTERS

Computers can be classified many different ways -- by size, by function, and/or by processing capacity. The size of a computer often determines its function and processing capacity. The classification of computer, are as under:



1. Analog Computer

An analog computer is a device that performs computations such as addition, multiplication, integration, and other operations using continuously-changeable physical quantities, such as electrical signals, sound wave, pressure etc. They are used to represent the quantities in the problem to be solved.

Analog computers are especially suited for the solution of complex non-linear equations and for the simulating the operation of aircraft, nuclear power plants, and industrial chemical processes.

An analog computer is one which can perform multiple calculations at once and can manage with infinite fractions of numbers. Analog computers have some problems and limitations such as the noise of its signals, temperature issues and non-linearity etc.





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Digital Computer

A digital computer is an **electronic computing machine** and a **programmable device** that processes information by the digital technology. The **digits, (binary bits) 0 and 1** are used to represent **all information internally** in digital computer.

A digital computer is **designed to process data in numerical form**. Its **circuits perform directly the mathematical operations of addition, subtraction, multiplication, and division**.

• Minicomputer

A minicomputer was a **computer of a size intermediate between the largest mainframe computers and the smallest single-user systems** (microcomputers or personal computers). The minicomputer was **launched in 1959**.



A minicomputer was a **multiprocessing system capable of supporting from 4 to about 200 users simultaneously**. It had **reduced memory and slower processing speeds than mainframe**. The speed was **around the one millions per second**. Digital Equipment Corporation was the largest manufacturer of minicomputer..

They had relatively **high processing power and capacity** that mostly fit the needs of mid range organizations. It was **use for small and mid-size businesses for general business applications and for large organizations for department-level operations**.

• Microcomputer

It is a **small digital computer with a single microprocessor chip as its CPU**. It was **first introduced in the late 1970s** currently still in use. It has RAM for processing data and ROM for data storage. It has **limited input and output capabilities and less software and storage capacity as compared to other types**.

They are **physically small compared to mainframe and minicomputers**. It is **less powerful than larger computers**, but they are now as powerful as the minicomputers.

The **personal computer and the laptop are the most common example of a microcomputer**. They are used for many applications and that's why they are called general purpose computers. Many programming languages like **FORTRAN, PASKAL, and BASIC** were used for various purposes by microcomputers. Nowadays most of the high level languages are used on the microcomputers for programming. They use special purpose software packages like MS-Office, Photoshop, Page maker and many more. **High-performance microcomputer systems are widely used in business, in engineering, in manufacturing and even at home**.





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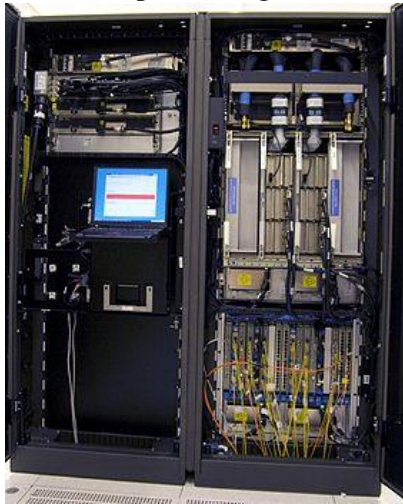
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• Mainframe Computer

Mainframe computers are computers used primarily by large organizations for critical applications, bulk data processing such as census, industry and consumer statistics, enterprise resource planning and transaction processing.



The term originally referred to the large cabinets called "main frames" that housed the central processing unit and main memory of early computers. Later, the term was used to distinguish high-end commercial machines from less powerful units. Most large-scale computer system architectures were established in the 1960s, but continue to evolve.

Modern mainframes can run multiple different instances of operating systems at the same time. This technique of virtual machines allows applications to run as if they were on physically distinct computers. In this role, a single mainframe can replace higher-functioning hardware services available to conventional servers. While mainframes pioneered this capability, virtualization is now available on most families of computer systems, though not always to the same degree or level of sophistication.

• Super Computer

A **supercomputer** is a computer with a very high-level computational capacity. Performance of a supercomputer is measured in floating point operations per second (FLOPS). As of 2015, there are supercomputers which could perform up-to quadrillions of FLOPS

Supercomputers were introduced in the 1960s, made initially, and for decades primarily, by Seymour Cray at Control Data Corporation (CDC), Cray Research and subsequent companies bearing his name or monogram. While the supercomputers of the 1970s used only a few processors, in the 1990s machines with thousands of processors began to appear and, by the end of the 20th century, massively parallel supercomputers with tens of thousands of "off-the-shelf" processors were the norm. China's Tianhe-2 supercomputer is currently the fastest in the world at 33.86 peta FLOPS (PFLOPS), or 33.86 quadrillion floating point operations per second

Supercomputers play an important role in the field of computational science, and are used for a wide range of computationally intensive tasks in various fields, including quantum mechanics, weather forecasting, climate research, oil and gas exploration, molecular modeling (computing the structures and properties of chemical compounds, biological macromolecules, polymers, and crystals), and physical simulations (such as simulations of the early moments of the universe, airplane and spacecraft aerodynamics, the detonation of nuclear weapons, and nuclear fusion).





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2. HYBRID COMPUTER

Hybrid computers are computers that exhibit features of analog computers and digital computers. The digital component normally serves as the controller and provides logical and numerical operations, while the analog component often serves as a solver of differential equations and other mathematically complex equations. The first desktop hybrid computing system was the Hycomp 250, released by Packard Bell in 1961. Another early example was the HYDAC 2400, an integrated hybrid computer released by EAI in 1963. Late in the 20th century, hybrids dwindled with the increasing capabilities of digital computers including digital signal processors.

Hybrid computers can be used to obtain a very good but relatively imprecise 'seed' value, using an analog computer front-end, which is then fed into a digital computer iterative process to achieve the final desired degree of precision. With a three or four digit, highly accurate numerical seed, the total digital computation time to reach the desired precision is dramatically reduced, since many fewer iterations are required. One of the main technical problems to be overcome in hybrid computers is minimizing digital-computer noise in analog computing elements and grounding systems.

Hybrid computers should be distinguished from hybrid systems. The latter may be no more than a digital computer equipped with an analog-to-digital converter at the input and/or a digital-to-analog converter at the output, to convert analog signals for ordinary digital signal processing, *and conversely*, e.g., for driving physical control systems, such as servomechanisms.

1 word Question Answer

Sr. No.	Question	Answer
1	How many classification type of computer?	3
2	Digital Computer have 4 type.. 1) Micro computer 2) Mini computer 3)_____ 4) Super computer	Mainframe Computer
3	Which computers are especially suited for the solution of complex non-linear equations?	Analog Computer
4	Which computer used in operation of aircraft, nuclear power plants, and industrial chemical processes?	Analog Computer
5	Analog computers have some problems and limitations such as _____	The Noise of its signals
6	When Minicomputer was lunched?	1959
7	Which digits are used to represent all information internally in digital computer?	0 and 1 (binary bits)
8	A digital computer is designed to process data in_____	Numerical form
9	A minicomputer was a multiprocessing system capable of supporting from_____	4 to about 200 users simultaneously



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10	Mini Computer was use for which type of businesses.	Small and mid-size
11	Micro Computer First Time Introduce in_____	1970
12	Personal Computer (PC) and Laptop are example of_____ computer.	Micro
13	Which Computer is reduced memory and slower processing speeds then mainframe?	Mini Computer
14	Micro Computer is also Called as_____	General purpose computers
15	Main Frame computer most large-scale computer system architectures were established in the_____	1960
16	FLOPS means_____	floating point operations per second
17	Supercomputers were introduced in the ____ made initially.	1960s
18	Supercomputers play an important role in the field of _____	computational science
19	Which computers are computers that exhibit features of analog computers and digital computers?	Hybrid computers
20	The first desktop hybrid computing system was the Hycomp 250, released by_____	Packard Bell in 1961



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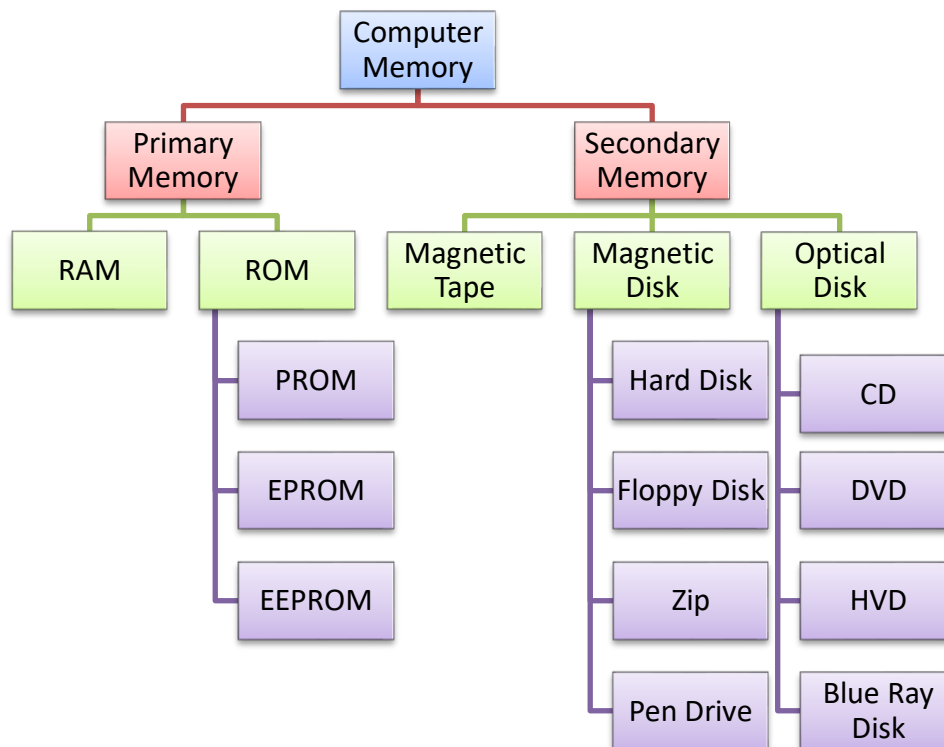
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TOPIC:- STORAGE DEVICES

Computer has devices that can store data or programs (instructions) on a temporary or permanent basis. These storage devices are also known as computer memory. There are two types of data storage device; one is the primary storage device or primary memory and the other one is the secondary storage device or secondary memory.

Primary memory is a volatile memory. It is used for execution of program. Secondary memory is a non volatile memory and is used to store data permanently. The volatile memory requires constant power supply to execute programs. It is the kind of the memory that is erased, if power supply cut. The non volatile memory does not require constant power supply and data cannot be erased, if power supply cut. The classification of memory is as under:



1. Primary Memory

Primary memory is also known as main memory or internal memory, often referred as memory. This is the memory, which is directly connected to the CPU. The CPU can directly access this memory. The CPU reads instructions stored in it and executes them whenever required. It comes in the form of integrated circuit (IC). It is a built-in memory and data can be retrieved very quickly.

It stores and provides data very fast which is required for programs running in CPU. The primary memory is temporary (volatile) memory. The data is lost, when the computer is switched off. Every computer comes with a certain amount of main memory. RAM and ROM are the types of primary memory.



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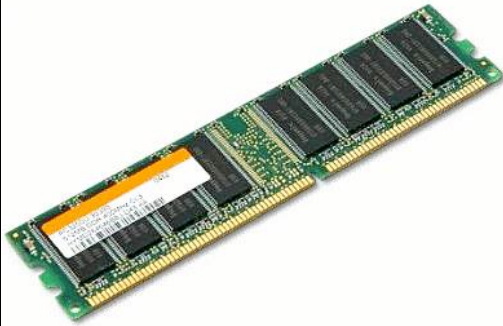
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• RAM

The **RAM** stands for "**Random Access Memory**". The term "memory" is widely used to refer to RAM by computer people. RAM is **extremely important and considered as a main memory** since **files and programs are loaded into memory first from hard disk or any other secondary storage device and then execute**. Consequently, RAM is used millions of times every second.



A computer uses RAM to hold temporary instructions and data needed to process them. This means that, **RAM gives our computer a temporary place to process data**. This enables the computer's CPU, to access instructions and data stored in memory very quickly.

RAM is in the form of **integrated chip (IC)** same as **microprocessor**. It is **made up of millions of transistors and capacitors mounted on semiconductor chip**. The slots are **available on computer's mother board to insert the RAM chip**. Every computer comes with a certain amount of RAM. We can expand the RAM memory to increase the speed of CPU. There are two types of RAM. DRAM and SDRAM

❖ DRAM (Dynamic Random Access Memory)

It is the **most common types of computer memory (RAM)**. It can only **hold data for a very short period of time**. It **must be refreshed thousands of times per second to preserve the stored data**. DRAMs are **measured by storage capability and access time**. DRAM supports **access times of about 60 nanoseconds**. Access time represents the amount of time to save or return information. **The lower the nano speed, the faster the memory operates**. It can only execute either read or write operation at a time.

❖ SRAM (Static Random Access Memory)

It is **introduced in late 1996**. It retains memory and does not need to be refreshed. SRAM is faster than DRAM. SRAM supports **access times of about 10 nanoseconds**. It is also volatile memory. It is more complicated and take more space for a given storage capacity than dynamic RAM. It is **used for specialized application**.

• ROM

The **ROM** stands for **Read Only Memory**. It is also known as firmware. It is **an integrated circuit (IC) programmed for special data**. It is non volatile memory. It is **cheaper and reliable than RAM**.

Information is burnt into ROM chip at manufacturing time so it cannot be altered or changed by programmer and can only be read. The fresh information cannot be written in ROM. ROM is used to store the programs permanently. This chip is **not only used in computer, but is used in most other electronic devices**. It **preserves its content even when the computer is switched**

ROM (READ ONLY MEMORY)





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off. ROM stores critical programs such as the programs that are required to start computer i.e. operating system.

❖ PROM

The full form of **PROM** is **programmable read-only memory**. They are **manufactured as blank chips on which data can be written with a special device**. This device is called **PROM programmer or PROM burner**. It can be programmed once only to record the information. Once it is programmed, **information written on it cannot be altered**. PROM is non volatile storage.

❖ EPROM

The **EPROM** stands for **Erasable programmable read only memory**. The information in **this memory can be erased only once and chip can be programmed again to store new information with PROM programmer**. The contents stored in EPROM can be cleared by exposing it for some time to ultra violet light. Information stored in chip **can only be read and it remains intact on the chip until it is erased**.

❖ EEPROM

It is an Acronym for **electrically erasable programmable read-only memory**. It is a **special type of PROM that can be erased by exposing it to an electrical charge**. Like other types of ROM, EEPROM retains its contents even when the power is turned off.

1 word Question Answer

<i>Sr. No.</i>	<i>Question</i>	<i>Answer</i>
1	Storage Device has mainly 2 types. 1 Primary Memory And 2. _____	Secondary memory
2	The primary memory is _____memory	Temporary (volatile)
3	Primary memory data is lost, when the computer is_____.	Switched off.
4	In primary memory example.	RAM AND ROM
5	The RAM stands for _____.	Random access memory
6	RAM is extremely important and considered as a_____	Main memory
7	_____ gives our computer a temporary place to process data.	RAM
8	_____ is made up of millions of transistors and capacitors mounted on semiconductor chip.	RAM
9	_____ and _____are two types of RAM.	DRAM and SDRAM
10	What is the full form of DRAM?	Dynamic random access memory



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11	DRAM supports access times of about _____ nanoseconds.	60
12	What is the Full form of SRAM?	Static random access memory
13	SRAM is introduced in_____	1996
14	SRAM supports access times of about _____nanoseconds	10
15	What is the Full form of ROM.	Read only memory
16	ROM is also Known as_____	Firmware
17	Information is burnt into ROM chip at _____ time so it cannot be altered or changed by programmer and can only be read	Manufacturing time
18	ROM has 3 type. 1 PROM 2. EPROM AND 3. is_____	EEPROM
19	The EPROM stands for _____.	Erasable programmable read only memory
20	Which type of Rom is erased by exposing an electrical charge?	EEPROM

2. Secondary Memory/Storage:

Secondary storage is also termed as **auxiliary storage or backup storage**. The data can be stored in secondary storage for future use. Secondary storage media extends the storage capabilities of the computer system.

- **Hard Disk:**

It is also known as **magnetic disk**. It is **most famous storage device for PCs** because they are **convenient and cost-efficient**. The data stored on a disk remains for ever until they are **erased and reused at a future time**. We can access data stored on disk **sequentially as well as dynamically**. Most **PCs now come with hard disks, capacity of at least 80 GB and more**. The storage capacity of hard disks for personal computer ranges from 10 GB to 360 GB. It depends upon the recording surfaces used inside disk pack.





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A hard disk consists of one or more thin, circular, hard metal plates. These plates are packed in a single case. The plates are coated with a magnetic (metal oxide) material that allows data to be magnetically recorded on the surface of the plates. The hard disk platters spin at 5400 to 7200 revolution per minute (RPM).

Advantages

- Dynamic access is possible.
- Single input information can be used simultaneously to update several related files.
- Storage reliability is high
- Storage capacity is high

Disadvantages

- Possibility of electromechanical failure
- More costly than optical disk

• Floppy Disk

It was the most popular secondary storage device used to transfer data from one PC to another PC. It was introduced by IBM in 1972 and is also known as diskette. Data can be directly accessed from floppy disk. Floppy disk is made of round, flexible, plastic material. It is coated with magnetic material. This disk is covered with a plastic or cardboard sleeve for protection. One hole at the centre is provided for mounting disk into Floppy Disk Drive (FDD). Each disk is divided into concentric circles, known as tracks. The data is stored along with these tracks.



	Capacity	Size
1	360 KB	5 ¼”
2	720 KB	3 ½”
3	1.2 MB	5 ¼”
4	1.44 MB	3 ½”

Advantages

- Rewritable media and can be reused a number of times.
- Portable storage device
- Dynamically accessible
- Low cost storage device

Disadvantages

- A careful handling is required
- Damaged easily, not very reliable
- Heat, dust and humidity may damage it
- Electromagnetic field (speaker or mobile phone) may damage the disk



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Optical Disks

Optical disk uses light as a media to represent binary data. In another words, it store bit values as variations in light reflection. Their storage capacity is higher than magnetic storage and data life is also longer than magnetic storage. They are inexpensive.

Different types of optical disks are available in market today. Some of them are as follows:

1. CD (Compact Disk)
2. DVD (Digital Versatile Disk)
3. Blue-Ray Disk

• CD (Compact Disk)

It is the advanced technology used for storage of the information. It is found in almost every computer. It is a portable disk. Its data storage capacity is up to 650 MB, usually hold 74 minutes of data. It can store large amount of information such as music, videos, and text files, graphical file etc. There are two types of CDs, one is CD-ROM and another is CD-RW.

CD-ROM is Read Only Memory. It contains digital data that can be read many times, but cannot be rewritten. CD-RW is a type of Re-Writable CD, on which we can write information multiple times on the same disk surface.

Advantages

- Very reliable storage media
- Not affected by magnetic field
- Randomly accessible
- Low cost
- Do not have read/write heads
- Compact size, light weight

Disadvantages

- Data access speed is slower than magnetic disks
- Require complicated mechanism compare to magnetic disk



• DVD (Digital Versatile Disk)

It is also termed as Digital Video Disk. It looks like CD but it has larger storage capacity and clear than CD. It can also store video, audio, text files or any other computer file with high video and sound quality. There are two types of DVDs. First one is single-layer; single-sided DVD has a capacity of 4.7 GB about seven times than the storage capacity of CD. Another one is double-layer; double-sided DVD has a capacity about 17 GB. The DVD supports access rates of 600KBps (Kilo Byte per Second) to 10MBPS (Mega Byte per Second).

Advantages

- Randomly accessible
- No wear and tear even if we keep replaying same thing
- No special treatment needed
- Better sound quality
- Long life





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- Compact size and large storage capacity

Disadvantages

- It can be damaged if not handle properly
- Slower than magnetic disk

3. USB Drive/ PEN Drive

Sometimes we need to transfer some data between machines. The USB drive is a very handy tool for transferring data. USB is an abbreviation of Universal Serial Bus. It is also known as Pen drive. Because it looks like a pen and very easy to carry in our pocket, that's why is known as pen drive. Pen drives are very compact in size as compared to CDs and DVDs. We can plug this device in USB port of computer system and the system automatically detects the new device. All the operating system like Windows ME/2000/XP, Mac OS (ver. 8.6 or above) and Linux kernel (version 2.4.0 or above) supports without drivers and Windows 98/Windows 95 supports with supplied USB Driver. Nowadays, USB 2.0 port is available with every desktop computer as well as laptop computers.

Pen drives are used to store data. They are removable and rewritable. The storage capacity of pen drive is available in range of 32 MB to 128 GB, which is larger than CDs and DVDs. Pen drive is a good supplement of floppy disks and zip disk. iPods and MP3 players are the most popular form of pen drives these days. The USB Pen Drive is shock-proof, dust-proof and its weight is very less. It does not need batteries to operate and has no moving parts.

Advantages

- Small size with high storage capacity
- Randomly accessible
- Not affected by dust, moisture, fungus
- The power consumption is very less
- Almost all operating system support
- Affordable price

Disadvantages

- Data transfer serially, so data transfer rate is less



1 word Question Answer

Sr. No.	Question	Answer
1	Secondary storage is also termed as _____.	Auxiliary storage or backup storage.
2	_____ is also known as magnetic disk	Hard Disk
3	RPM means_____	Revolution Per Minute
4	The hard disk platters spin at _____revolution per minute (RPM).	5400 to 7200
5	Floppy disk was introducing by IBM in _____.	1972



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6	The Maximum Capacity of Floppy Disk is _____ and size is _____.	1.44 MB, 3 ½”
7	CD and DVD are example of _____.	Optical Disks
8	CD maximum data storage capacity is _____.	650 MB
9	CD-ROM is _____ type of memory.	Read Only
10	_____ is a type of Re-Writable CD, on which we can write information multiple times on the same disk surface.	CD-RW
11	_____ is also termed as Digital Video Disk	DVD
12	Single-sided DVD has a capacity is _____.	4.7 GB
13	The DVD supports access rates of _____ to _____.	600KBps (Kilo Byte per Second) to 10MBPS (Mega Byte per Second).
14	What is the Full form of USB?	Universal Serial Bus
15	USB is also known as _____	Pen drive
16	_____ drive is removable and rewritable	Pen Drive
17	The storage capacity of pen drive is available in range _____.	32 MB to 128 GB
18	The _____ is shock-proof, dust-proof and its weight is very less.	USB Pen Drive



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CHAPTER – 2 : INPUT OUTPUT DEVICES

Input device

Any machine that **feeds data into a computer is known as input device**. It is a hardware device that sends digital information to the computer.

Without any input devices a computer would be a simple display device. It does not allow users to interact with computer, same like a TV. Below is a list of **different types of computer input devices**.

- Keyboard
- Scanner
- Light pen
- Mouse
- Joystick
- Touch Screen

1. Keyboard

Keyboard is a primary input device of computer. We can **enter data and give instructions through the keyboard**. There are so many types of input devices are in market today but not a single one comes in compare with keyboard. Computer keyboards are as same as typewriter keyboards but it has some extra keys.

- **Alphanumeric keys**
- **Arrow keys**
- **Command key**
- **Delete**
- **Enter Key**
- **Function Keys (F1 to F12)**
- **Numeric keypad**
- **Space Bar**
- **Caps Lock**



2. Mouse

The mouse is a **pointing device which controls the cursor movement on a display screen**. It allows the user **to move the pointer with his hand**. We can move the mouse on hard, smooth surface to trace the exact position. The screen pointer moves in the same direction in which the mouse moves by user. There are two or three buttons available on it. Each does different functions. It depends on the running program. Some mouse contains scroll wheel on it, to scroll the current screen in up or in down direction. It's shape is as like as a real mouse and that's why its name is derived from natural mouse.

- **Mouse Pointer** is used to point or instruct to the computer
- **Mouse Pad** is a surface on which user can move the mouse.
- **Mouse Click** is used to instruct or select anything on computer.





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- **Double Click** is used to open anything on computer.
- **Click and Drag** is used to move any file or content to new location.
- **Right Click** is used to open popup menu of selected content.

3. Light Pen:

It is a **hand-held, electronic device connected through wire to the computer. This pointing device can input data directly through the screen. Its shape is like pen hence its name derived.**

Light-sensitive detector is mounted on the tip of the light pen to select an object on a display screen. This detector is made up of photo cell. This cell is able to sense light and convert it into electric signals through circuitry. This photo cell **detector detects and record the changes**

occur in brightness of the screen at particular X,Y position of the video signal. These signals are sent to the computers. The computer captures that point and display on the screen. It **can't work with LCD but it can work with any CRT display.**

It is used for graphics and CAD. This pen is very **useful for an engineer, architect or a fashion designer.** They can use this pen to draw directly on the screen. **Light-pen can select an option by pointing directly for menu-based applications.** There is **no need to use mouse or the keyboard to select an option.**



4. Scanner:

A scanner is a device that can **read text, captures images from photographs, documents, magazine pages, and same type of sources for computer editing and display.** It converts the hard copy into soft copy by saving it into a computer.

OCR Scanner

OCR is an abbreviation of **Optical Character Recognition.** It translates **hand written text, type written text, printed text or images into electronic form.**

OCR scanners facilitate us to scan the information from **any documents and convert it into electronic signal and place into our computer system automatically.** We have to **just place our documents inside the scanner & the data is captured and interpreted** by scanner. Further processing is done by OCR scanners software.

OCR uses **matrix matching method to recognize the character.** Then compare this character with a library of character. If any match found, then pass the equal ASCII character signal to the computer.

It can easily and quickly read printed text and convert into electronic data. It can save our time and money. Due to it, we can avoid human errors and increase data quality. Data Entry is more efficient, accurate and faster than keyboard entry through OCR scanner.





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OMR

Optical Mark Reader is abbreviated as an **OMR**. This is widely used to evaluate the multiple choice questions in education examination, recruitment process, consumer or product surveys, assessments, or in voting system.

It reads the **pre-printed forms**, which is filled with **color mark for evaluation**. The OMR scanner detects the **absence or presence of dark spot in an evaluation sheet**. The recognition of color is done by reflection of light technology used in scanner. **The light is thrown on sheet to detect the dark spot by scanner.**

Source of light (LED) is placed on very specific **place to sense marks** in certain columns. This needs very high accuracy in the designing and printing of answer sheets. **If the dark mark on the sheet are not in the exact position, where the light thrown, scanner cannot detect them.**



MICR

MICR is an abbreviation of **Magnetic Ink Character Recognition**. It is a character recognition technology. Basically it is **used by the banks to provide facility in the processing of cheque**. **Special magnetic ink**, which is sensitive to magnetic fields, is **used in the printing of certain characters on the cheque**. The **bottom line (cheque number, sort number, and account number) of all cheques printed with this ink**. To print this magnetic ink line, we need a laser printer which accepts MICR toner (magnetic ink).

Cheque passes through a machine when it needs to be read, **it magnetizes the ink and then automatically detect and translates the magnetic information**. Convert that character into digital signals and send to the computer.

The use of MICR can **reduce crime and the forgery of document**. For example, **if photocopy of cheque is produce and scanned through a machine, MICR will either not responds or it generates incorrect code**. In this way, lots of cheques can be processed daily and it saves the time. The **use of MICR can increase security**.

The **disadvantage of MICR scanner is that, it cannot process damaged cheque or document**.



OBR

This is an abbreviation of **Optical Barcode Reader**. It is also known as an **Optical Barcode Scanner**. This is an input device. It **helps to read the bar code**.

Barcode uses a **number of lines of different thickness and spacing between all that lines**. It indicates the desired data on certain products. Different bar and space patterns are used to represent different characters. Set of these patterns are grouped together to form a code. It is **affixed to retail store items, books,**





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identification cards, and postal mail to identify a particular product number, person, or location.

The reader uses a laser beam. This beam is sensitive to the reflections from the line and space thickness and variation. The reflected light is translated into digital data. This is transferred to a computer for processing action or storage. Bar codes and readers are most often seen in supermarkets and retail stores.

Bar codes are mostly used on grocery items. Common used bar code is a universal product code. The bars are detected as ten digits. Among which first five identify the supplier or manufacturer of the item and last five identify individual product. The check digits are also there to ensure that the information read is correct or not.

5. Touch Screen

A touch screen is an electronic visual display unit. It allows the user to physically interact with the computer or other electronic device by touching the screen. The principle of touch screen is that, screen is sensitive to pressure. When we touch the screen, pressure developed. The screen can identify the position of the point of touch. ATM and touch screen cell phone are the best example of this technology. It is a best option to input simple data to the computer for processing.



- Resistive
- Surface wave
- Capacitive

6. Joy stick

A joystick is a cursor control device. It is similar to a mouse, except that the cursor stops moving as soon as we stop moving the mouse.

With a joystick, the pointer continues moving in the direction the joystick is pointing. We must return the joystick to its upright position, to stop the pointer. It has a hand-held lever that pivots on one end and transmits its X-Y coordinates to a computer. It has one or more push-buttons. It is called switches, whose position can also be read by the computer.

Joysticks are especially used when playing computer games, but they are also used occasionally for CAD/CAM systems and other applications.



1 word Question Answer

Sr. No.	Question	Answer
1	Any machine that feeds data into a computer is known as	Input Device
2	_____ Is a primary input device of computer	Keyboard



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3	Computer keyboards are as same as _____but it has some extra keys.	typewriter keyboards
4	How many function keys ?	F1 to F12
5	_____ Is also known as pointing device.	Mouse
6	Which shape is like pen in input device	Light pen
7	Scanner has how many type?	4
8	Ocr is an abbreviation of _____	Optical Character Recognition
9	Which scanner is used matrix matching method to recognize the character.	OCR
8	Omr is an abbreviation of _____	Optical Mark Reader
9	Micr is an abbreviation of _____.	Magnetic Ink Character Recognition
10	Which scanner is provide facility in the processing of cheque.	MICR
11	The use of micr can reduce crime and the _____	forgery of document
12	Full form of obr is?	Optical Barcode Reader
13	_____ is a cursor control device.	A joystick



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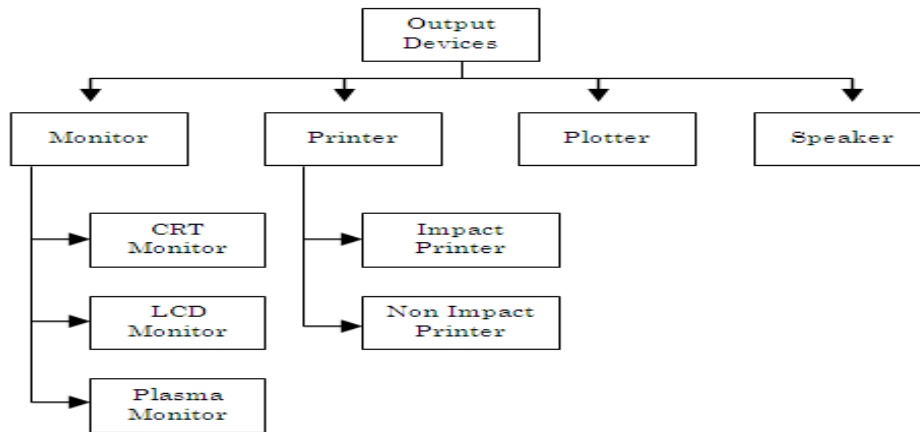
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OUTPUT DEVICES

Output devices are the peripheral devices that receive and display output from computer. They are capable for representing information in the form of screen information (visual), hard copy, or it may be in the form of audio. Many types of output devices are available today; some of them are as under:



1. Monitor

Monitor is a most essential output device. It is also known as **display screen, video display terminal (VDT) or visual display unit (VDU)**. It **displays the video and graphics information** generated by the computer **through the video card**. The video card, inside the CPU, is responsible for **passing information processed by the CPU to monitor**. Monitor is connected via cable to the video card. Most monitors range in size from 15" to 21" or more.

- CRT
- LCD
- LED
- PLASMA

• CRT Monitor



CRT monitor is responsible to **display images and text data processed by CPU**. CRT is an **abbreviation for Cathode Ray Tube (picture tube)**. It is a main component for CRT monitors. This is the oldest technology used for computer monitors and regular TV sets. The screen size of CRT monitors, vary between 15 to 21 inches. It is measured diagonally from one corner of the screen to the other. It **looks shorter than original size**. The reason is that, **when measuring the size, the side of the picture tube is also included**.

Aside from cost, the **greatest advantage of CRT over other technologies is that the color display is consistent from any angle**. It creates a picture out of many lines of small colored dots. **The color we see on the screen is produced by combination of red, blue, and green, often referred to as RGB**. Let we understand how CRT monitor works.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Today, the monitors are **able to adjust the electron beam** such that they are **capable of setting multiple resolutions**. These monitors are **referred as multi sync monitors**. The monitor uses a wide variety of resolutions. The standard resolutions commonly used by the monitor are:

CGA (Color Graphics Adapter) – 320 x 200
EGA (Extended Graphics Adapter) – 640 x 350
VGA (Video Graphics Adapter) – 640x 480
SVGA (Super Video Graphics Adapter) - 800 x 600
XGA = 1024x768
SXGA = 1280x1024
UXGA = 1600x1200

Advantages:

- Multi sync (Resolution adjustment)
- Refresh Rates are high
- Color Clarity and Depth is good

Disadvantages:

- Very heavy and large
- Consume more amounts of Energy
- Generate excess heat

• LCD

It **stands for Liquid Crystal Display**. This technology is widely **used for flat panel monitors**. An LCD monitor is commonly 1 - 3 inches (2.5 - 7.5 cm) thick and weight less than 3 kilograms. It occupies less desk space. It consumes one-third electricity of CRT monitors. It emits less low-frequency radiation than CRTs. That's why it is a best choice for that people who work all day in front of the screen.

Monochrome (Black and White) LCD images look blue or dark gray on a grayish-white background. Color LCD displays use **two techniques for producing color: Passive matrix and thin film transistor (TFT).** **Passive matrix is less expensive than TFT but the sharpness of colored picture is not too good.** The other technology, **TFT produces color picture that are as sharp as CRT displays, but the technology is more expensive.** Important specifications of LCD monitor, **includes contrast ratio, brightness, viewing angle, and response time.**

Advantages:

- Portable and light
- Consume less electricity

Disadvantages:

- More expensive than CRT
- Sharpness of picture is less compare to CRT





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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

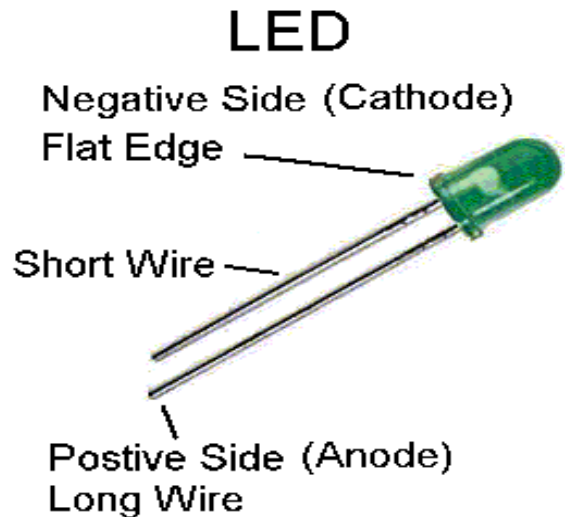
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Ph.No–(0281)2440478, 2472590

• LED TV

LED TV is a type of LCD television that uses light-emitting diodes (LEDs) to backlight the display instead of the cold cathode fluorescent lights (CCFLs) used in standard LCD televisions. LED TVs are more formally known as LED-backlight LCD television.

A flat panel LCD TV set that uses LEDs (light emitting diodes) for its backlight source rather than the traditional cold cathode fluorescent lamps (see CCFL). Smaller, more power efficient and having a greater optical range than the fluorescents, LEDs produce deeper blacks and more saturated color. Sony was the first to sell an LED TV in 2005.

An LED is a semiconductor device that emits visible light when an electric current passes through it. The light is not particularly bright, but in most LEDs it is monochromatic, occurring at a single wavelength.



Benefits of LEDs, includes:

- Low power requirement: Most types can be operated with battery power supplies.
- High efficiency: Most of the power supplied to an LED or IRED is converted into radiation in the desired form, with minimal heat production.
- Long life: When properly installed, an LED or IRED can function for decades.
- Indicator lights: These can be two-state (i.e., on/off), bar-graph, or alphabetic-numeric readouts.
- LCD panel backlighting: Specialized white LEDs are used in flat-panel computer displays.
- Fiber optic data transmission: Ease of modulation allows wide communications bandwidth with minimal noise, resulting in high speed and accuracy.
- Remote control: Most home-entertainment "remotes" use IREDs to transmit data to the main unit.
- Optoisolator: Stages in an electronic system can be connected together without unwanted interaction.

• Plasma

Plasma display is a **flat panel technology used for computer monitor and TV sets**. It is a **high-quality, large-format video systems**. They are good for viewing DVDs because of their big size screen and video performance.

Plasma display has many advantages over LCDs and CRTs. These have wide screens, compare to the CRT, but they have only about 6 inches (15 cm) thick. The viewing **angles are very wide, compared to LCD displays**. The contrast is equivalent to the CRTs. Plasma displays also have better brightness performance than CRT monitors. The **value of brightness, vary from 900 to 1000 units**. They are available in many sizes from 32 to 50 inches. The size is measured diagonally.

Limitations:

The use of **plasma display is limited to the domestic area yet**. It is **used where a very large image is wanted and without viewing from a near distance**. The necessary viewing distance greatly limits its use. The flickering problem also arises in plasma panels. This drawback also limits the use of this



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

technology for computer use. High cost, phosphor aging and high power consumption, also the main drawback of Plasma display.

2. Printer

A printer is **an output device that prints characters, symbols, and graphics on paper**. The printed **output is known as hardcopy**. A printer is a peripheral device to produce permanent written material or graphics on paper or any other print material. It **accepts text and graphic in digital form** from a computer then **transfers these information to paper**, usually standard size sheets of paper. Today a printer is a basic requirement for any business and home user.

Printers are normally compared based on the following attribute:

1. **Color**
2. **Resolution**
3. **Speed**
4. **Memory**

• Impact printer

Impact printers **worked something like a typewriter**. Impact printer **produces text and images when tiny wire pins on print head strike the ink ribbon by physically contacting the paper**. This is the oldest printing technology still it is used in production of printers.

Impact Printers **use a print head**. It contains a **number of metal pins**. Normally **page travels through the printer. Pin strike with an inked ribbon placed between the print head and the paper**. And the required output is printed on the paper.

○ Dot-matrix Printer

Dot-matrix printer **consists of movable print head with pins and ribbon**. These printers impact the page to print a character, like a typewriter. The **print head moves forward and backward across the paper**. It produces text and graphics when pins on the print head strike the ink ribbon. The ink ribbon presses on the paper through head movement, and place a dot on paper. The **combination of these tiny dots, create text and images**. The printer **prints more dots per character, if the number of pins, are more**. This results in better quality.

The quality of dot-matrix printers are depends on speed and the number of pins they have. The **speed is between 50 and 500 CPS (Characters Per Second)**. The number of **pins can be 9, 18 or 24**.

Advantages of dot-matrix printer:

- 1) Can print carbon copies
- 2) Cheaper than other printers
- 3) Low printing cost per page
- 4) Can be used on continuous form paper
- 5) Reliable, durable

Disadvantages of dot-matrix printer:



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- 1) Noisy
 - 2) Print quality is poor
 - 3) Printing speed is low
 - 4) Limited color printing
- **Daisywheel**

It is also **known as character printer**. As the name suggest, it **can print only characters not the graphics**. A daisy-wheel printer is similar to a ball-head typewriter. This type of **printer has a disk (wheel) made of plastic or metal on which the shape of each character stands out in relief along the outer edge**. To print a character, the motor inside the printer, **rotates the wheel until the required character is facing the paper**. A hammer strikes the wheel. The petal of wheel hit an ink ribbon, leaving the shape of the character on the paper. Daisywheel printers **can print 10 to 80 cps**.

Advantages of daisywheel printer:

- 1) Cheaper than other printers
- 2) Low printing cost per page

Disadvantages of daisywheel printer:

- 1) Due to moving parts, it is very noisy
- 2) Print quality is poor
- 3) Printing speed is very slow
- 4) Limited color printing
- 5) As the characters on the wheel are fixed, the size and font can only be changed by using a different wheel.



- **Line Printer**

This is the **fastest printer used for obtaining bulk output**. This is normally **used with mini or mainframe computer**. The complete line is printed in one print cycle. Line printer is classified further into two types i.e. chain printer and drum printer.

It **contains a chain of characters or pins that print an entire line at one time**. It is somewhat similar to the daisywheel. Instead of a disk, line printers have **a large spinning print drum or a looped print chain**. The drum or chain rotates over the paper's surface. At that time, **electromechanical hammers located behind the paper push the paper and ribbon onto the surface of the drum or chain**. It leaves the shape of the character on the paper. This **mechanism allows multiple characters to be print simultaneously on the same line**.

Line printers **can print up to 3,000 lines per minute**. It uses **special mechanism for feeding paper**. This is **called tractor feeding**. The paper used for line printer is pre-punched holes along each side. This arrangement makes possible high-speed paper feeding.

Advantages of line printer:

- 1) Much faster than dot-matrix or daisy-wheel printers





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Ph. No–(0281)2471645

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- 2) Can be used on continuous form paper
- 3) Reliable, durable

Disadvantages of line printer:

- 1) Very noisy
- 2) Print quality is poor
- 3) Limited multi-font capability
- 4) Limited color printing

● NON IMPACT PRINTERS

Nonimpact printers **do not make contact with paper to produces text and graphics on paper**. Or we can say that nonimpact printers form characters and images without actually striking the paper. The output is printed on paper by **using special ink**. The **paper is fed to the printer using the printer mechanism and a head sprays the ink on it**.

Nonimpact printers are faster than impact printers. The **speed is usually 20,000 lines per minute**. They are also much quieter than impact printers because they have fewer moving parts. The **disadvantages of nonimpact printers are that they produce one copy at a time**, sometimes require specially treated paper stock, and the printed output may blur sometimes.

○ Inkjet printer

Inkjet printers are non-impact printers which **print text and images by spraying ink from an ink cartridge to the paper** as it passes by. The ink cartridge contains print head. The print head of **inkjet printer contains up to 64 tiny nozzles**.

Advantages of inkjet printers:

- 1) Low cost
- 2) Good quality of output
- 3) Can print color text or image
- 4) Easy to use
- 5) Reasonably fast
- 6) Quieter than dot matrix printer

Disadvantages of inkjet printers:

- 1) Print head is less durable
- 2) Ink cartridges are expensive
- 3) Not good for high volume printing
- 4) Printing speed is less then laser printers
- 5) Chance of blurred effects on some papers
- 6) Highlighter marker cannot be used on inkjet printouts

○ Laser Printer

Like a dot-matrix printer, a laser printer **creates images with dots using laser technology**. This printer **gives high speed and high quality output**. Laser printers are so popular because it can produce clear



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

and sharp images of both text and graphics. It provides resolutions from 300 DPI up to 1200 DPI. (Dots per Inch)

They can print 4-32 text-only pages per minute for individual microcomputers, and more than 120 pages per minute for mainframes. The more expensive models can print in different colors. Unlike inkjet printers, laser printer use toner (black or colored dry powder ink) instead of liquid inks.

Advantages of laser printers:

- 1) High resolution, Best quality
- 2) High print speed
- 3) Low cost per page (compared to inkjet printers)
- 4) Printout is not sensitive to water
- 5) Good for high volume printing
- 6) Quite

Disadvantages of laser printers:

- 1) More expensive than inkjet printers
- 2) Less capable of printing high quality images such as photos.
- 3) The cost of toner replacement and drum replacement is high
- 4) Bulkier than inkjet printers
- 5) Warm up time needed

3. Speaker: A speaker gives us sound output from our computer. It is an output device that takes the electronic audio signal stored on memory like hard disk, CDs, tapes and DVDs and converts it into sound that we can hear. The computer speakers are attached with sound card in computer with the help of 3.5mm stereo jack plug. The color of jack is generally green which help us in identifying the audio jack very easily. Nowadays USB speakers are also available in the market.

Computer speakers are available in wide range according to quality and price. To improve the sound quality, some of better computer speakers come with equalization features such as bass and treble controls.

1 word Question Answer

Sr. no.	Question	Answer
1	CRT monitor abbreviation	Cathode Ray Tube.
2	LCD Monitor Full Form?	Liquid Crystal Display
3	Which Monitor is consumes less electricity? CRT or LCD	LCD(one-third of CRT display)
4	LCD monitors thickness & weight?	1-3 inches(2.5-7.5 cm) thickness Weight less than 3 Kg.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

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Nr. Amrapali Railway Crossing
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5	How many types of printer?	Main 2 Types. 1 impact printer 2 non Impact printer
6	Printer normally compares on color, _____, speed, memory attributes.	Resolution
7	CPS Means?	Character Per Second
8	Dot matrix printer speed	50 to 500 CPS
9	How many pin available on Dot matrix Printer?	9,18 or 24 Pins
10	Which printer is Known as Character Printer?	Daisywheel
11	Which type of printer has a disk made of plastic or metal	Daisywheel
12	Daisywheel printer Speed?	10 to 80 CPS
13	Which printer prints 3,000 lines per minute?	Line Printer
14	In Line Printer have Special Mechanism for feeding paper is called?	Tractor Feeding
15	In which printer Pre-punched Paper is used?	Line Printer
16	Non Impact Printer speed?	20,000 lines Per Minute
17	How many tiny nozzles used in Inject printer head?	64 tiny nozzles
18	Inject printer print text and images by spraying_____.	Ink from an ink cartridge.
19	Which printer is used normally in school, college ,home etc...?	Laser printer
20	Laser printer Print Resolution is up to?	3000 DPI to 1200 DPI
21	Laser printer Print _____ text only page per minutes with Micro Computer.	4-32 page
22	Laser printer Print _____ text only page per minutes with Mainframe Computer.	More than 120 pages
23	In which Printer powder ink is used?	Laser Printer
24	Which output Device gives us Sound Output?	Speaker
25	In Computer Audio jack size is_____ and generally _____ Color is used for identified.	3.5 mm, Green



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

UNIT – 3 INTERNET BASICS

Internet Concept

By the turn of the century, information, including access to the Internet, will be the basis for personal, economic, and political advancement. The popular name for the Internet is the information superhighway.

Whether you want to find the latest financial news, browse through library catalogs, exchange information with colleagues, or join in a lively political debate, the Internet is the tool that will take you beyond telephones, faxes, and isolated computers to a burgeoning networked information frontier. The Internet supplements the traditional tools you use to gather information, Data Graphics, News and correspond with other people. Used skillfully, the Internet shrinks the world and brings information, expertise, and knowledge on nearly every subject imaginable straight to your computer.

The Internet links are computer networks all over the world so that users can share resources and communicate with each other. Some computers have direct access to all the facilities on the Internet such as the universities. And other computers, eg Privately-owned ones have indirect links through a commercial service provider, who offers some or all of the Internet facilities.

In order to be connected to Internet, you must go through service suppliers. Many options are offered with monthly rates. Depending on the option chosen, access time may vary.

The Internet is what we call a Meta network, that is, a network of networks that spans the globe. It's impossible to give an exact count of the number of networks or users that comprise the Internet, but it is easily in the thousands and millions respectively. The Internet employs a set of standardized protocols which allow for the sharing of resources among different kinds of computers that communicate with each other on the network.

These standards, sometimes referred to as the Internet Protocol Suite, are the rules that developers adhere to when creating new functions for the Internet. The Internet is also what we call a distributed system; there is no central archives. Technically, no one runs the Internet. Rather, the Internet is made up of thousands of smaller networks. The Internet thrives and develops as its many users find new ways to create, display and retrieve the information that constitutes the Internet.

INTERNET SERVICES

1. Email concept:

- E-mail means Electronic Mail.
- Using e-mail, a user can send text, picture, sounds, programs or even movies to any other person on the Internet anywhere in the world.

Email Address:

- An address that use in E-mail services is known as e-mail address.
- This address helps us in identifying a user to whom we want to send e-mail.
- An e-mail address is always unique.
- The e-mail address has 2 main parts, joined by @(the at sign).



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- First part is user name:-- User name is the name of the user that contains alphabets, numbers, underscore and some special characters but they can't contain comma, space & parenthesis.
- Second part is Domain name:-- The domain name is the name of computer owned by a company or Internet service. The host name provides the location of mailbox.

How to receive incoming Mail?

- Mail server receives and stores e-mail messages in mailboxes by using protocol called Post Office Protocol (POP) or POP3, mail servers are sometimes also called pop servers.
- To read the received mail, a person needs an e-mail application such an Outlook or Eudora.

How to send Mail?

- We write messages on our computer by using our application.
- Then we transfer the messages to an SMPT server. It is a mail server that accepts outgoing messages.
- We have to write the receiver's email address to send mail.
- There is one more field called Subject, which holds the subject of the message.

2. CHATTING

Online chat may refer to any kind of communication over the Internet that offers an instantaneous transmission of text-based messages from sender to receiver; hence the delay for visual access to the sent message shall not hamper the flow of communications in any of the directions. Online chat may address as well point-to-point communications as well as multicast communications from one sender to many receivers.

Online chat in a lesser stringent definition may be primarily any direct text-based one-on-one chat or one-to-many group chat (formally also known as synchronous conferencing), using tools such as instant messengers, Internet Relay Chat, talkers and possibly MUDs. The expression online chat comes from the word chat which means "informal conversation".

3. CONFERENCING

A videoconference (also known as a *video teleconference*) is a set of interactive telecommunication technologies which allow two or more locations to interact via two-way video and audio transmissions simultaneously.

It has also been called visual collaboration and is a type of groupware. It differs from videophone in that it is designed to serve a conference rather than individuals.

Videoconferencing differs from videophone calls in that it's designed to serve a conference or multiple locations rather than individuals. It is an intermediate form of video telephony, first deployed commercially in the United States by AT&T Corporation during the early 1970s as part of their development of Picture phone technology.

With the introduction of relatively low cost, high capacity broadband telecommunication services in the late 1990s, coupled with powerful computing processors and video compression techniques, videoconferencing has made significant inroads in business, education, medicine and media. Like all long distance communications technologies (such as phone and Internet), by reducing the need to travel to bring



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

people together the technology also contributes to reductions in carbon emissions, thereby helping to reduce global warming.

4. Internet Telephony

Internet telephony refers to communications services—Voice, fax, SMS, and/or voice-messaging applications—that are transported via the Internet, rather than the public switched telephone network (PSTN).

The steps involved in originating a VoIP telephone call are signaling and media channel setup, digitization of the analog voice signal, encoding, packetization, and transmission as Internet Protocol (IP) packets over a packet-switched network.

On the receiving side, similar steps (usually in the reverse order) such as reception of the IP packets, decoding of the packets and digital-to-analog conversion reproduce the original voice stream.

Even though IP Telephony and VoIP are terms that are used interchangeably, they are actually different; IP telephony has to do with digital telephony systems that use IP protocols for voice communication while VoIP is actually a subset of IP Telephony. VoIP is a technology used by IP telephony as a means of transporting phone calls.

INTERNET CONNECTION METHODS

1. Dial Up Connection

Dial-up Internet access is a form of Internet access that uses the facilities of the public switched telephone network (PSTN) to establish a dialled connection to an Internet service provider (ISP) via telephone lines. The user's computer or router uses an attached modem to encode and decode Internet Protocol packets and control information into and from analogue audio frequency signals, respectively.

The term was coined during the early days of computer telecommunications when modems were needed to connect terminals or computers running terminal emulator software to mainframes, minicomputers, online services and bulletin board systems via a telephone line.

Dial-up connections to the Internet require no infrastructure other than the telephone network. Where telephone access is widely available, dial-up remains useful to travelers. Dial-up is often the only choice available for rural or remote areas, where broadband installations are not prevalent due to low population density, and high infrastructure cost. Dial-up access may also be an alternative for users on limited budgets, as it is offered free by some ISPs, though broadband is increasingly available at lower prices in many countries due to market competition.

Dial-up requires time to establish a telephone connection (up to several seconds, depending on the location) and perform handshaking for protocol synchronization before data transfers can take place. In locales with telephone connection charges, each connection incurs an incremental cost. If calls are time-metered, the duration of the connection incurs costs. Dial-up access is a transient connection, because either the user, ISP or phone company terminates the connection. Internet service providers will often set a limit on connection durations to allow sharing of resources, and will disconnect the user—requiring reconnection and the costs and delays associated with it. Technically-inclined users often find a way to disable the auto-disconnect program such that they can remain connected for days.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

A 2008 Pew Internet and American Life Project study states that only 10 percent of US adults still used dial-up Internet access. Reasons for retaining dial-up access include lack of infrastructure and high broadband prices. This has allowed Dial-up providers such as NetZero to continue spending marketing dollars to obtain customers and commit to having U.S. based customer support.

2. Leased Line

A leased line is a service contract between a provider and a customer, whereby the provider agrees to deliver a symmetric telecommunications line connecting two or more locations in exchange for a monthly rent (hence the term lease). It is sometimes known as a 'Private Circuit' or 'Data Line' in the UK or as CDN (Circuit Direct Number) in Italy. Unlike traditional PSTN lines it does not have a telephone number, each side of the line being permanently connected to the other. Leased lines can be used for telephone, data or Internet services. Some are ring down services, and some connect two PBXes.

Typically, leased lines are used by businesses to connect geographically distant offices. Unlike dial-up connections, a leased line is always active. The fee for the connection is a fixed monthly rate. The primary factors affecting the monthly fee are distance between end points and the speed of the circuit. Because the connection doesn't carry anybody else's communications, the carrier can assure a given level of quality.

An internet leased line is a premium internet connectivity product, delivered over fiber normally, which is dedicated and provides uncondensed, symmetrical speeds, Full Duplex. It is also known as an Ethernet leased line, DIA line, data circuit or private circuit.

For example, a T-1 channel can be leased, and provides a maximum transmission speed of 1.544 Mbit/s. The user can divide the connection into different lines for multiplexing data and voice communication, or use the channel for one high speed data circuit. Increasingly, leased lines are being used by companies, and even individuals, for Internet access because they afford faster data transfer rates and are cost-effective for heavy users of the Internet.

IP address

An Internet Protocol (IP) address is a numerical identification and logical address that is assigned to devices participating in a computer network utilizing the Internet Protocol for communication between its nodes.

Although IP addresses are stored as binary numbers, they are usually displayed in human-readable notations, such as 208.77.188.166 (for IPv4), and 2001:db8:0:1234:0:567:1:1 (for IPv6). The role of the IP address has been characterized as follows: "A name indicates what we seek. An address indicates where it is. A route indicates how to get there."

The original designers of TCP/IP defined an IP address as a 32-bit number and this system, now named Internet Protocol Version 4 (IPv4), is still in use today. However, due to the enormous growth of the Internet and the resulting depletion of the address space, a new addressing system (IPv6), using 128 bits for the address, was developed in 1995 and last standardized by RFC 2460 in 1998.

The Internet Protocol also has the task of routing data packets between networks, and IP addresses specify the locations of the source and destination nodes in the topology of the routing system. For this purpose, some of the bits in an IP address are used to designate a sub network. The number of these bits is indicated in CIDR notation, appended to the IP address, e.g., 208.77.188.166/24.

With the development of private networks and the threat of IPv4 address exhaustion, a group of private address spaces was set aside by RFC 1918. These *private addresses* may be used by anyone on



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

private networks. They are often used with network address translators to connect to the global *public* Internet.

The Internet Assigned Numbers Authority (IANA) manages the IP address space allocations globally. IANA works in cooperation with five Regional Internet Registries (RIRs) to allocate IP address blocks to Local Internet Registries (Internet service providers) and other entities.

Domain Name System

A domain name is an identification label to define realms of administrative autonomy, authority, or control in the Internet, based on the Domain Name System (DNS).

Domain names are used in various networking contexts and application-specific naming and addressing purposes. A prominent example is the top-level Internet domains com, net and org.

Below these top-level domains in the DNS hierarchy are the second-level and third-level domain names that are open for reservation and registration by end-users that wish to connect local area networks to the Internet, run web sites, or create other publicly accessible Internet resources. The registration of these domain names is usually administered by domain name registrars who sell their services to the public.

Individual Internet host computers use domain names as host identifiers, or *hostnames*. Hostnames are the leaf labels in the domain name system usually without further subordinate domain name space. Hostnames appear as a component in Uniform Resource Locators (URLs) for Internet resources such as web sites (e.g., en.wikipedia.org).

Domain names are also used as simple identification labels to indicate ownership or control of a resource. Such examples are the realm identifiers used in the Session Initiation Protocol (SIP), the Domain Keys used to verify DNS domains in e-mail systems, and in many other Uniform Resource Identifiers (URIs).

An important purpose of domain names is to provide recognizable names to numerically addressed Internet resources. This abstraction allows any resource (e.g., website) to be moved to a different physical location in the address topology of the network, globally or locally in an intranet. Such a move usually requires changing the IP address of a resource and the corresponding translation of this IP address to and from its domain name.

FTP

File Transfer Protocol (FTP) is a network protocol used to exchange and manipulate files over a TCP computer network, such as the Internet. An FTP client may connect to an FTP server to manipulate files on that server.

- **Purpose**

The objectives of FTP, as outlined by its RFC, are:

1. To promote sharing of files (computer programs and/or data).
2. To encourage indirect or implicit use of remote computers.
3. To shield a user from variations in file storage systems among different hosts.
4. To transfer data reliably, and efficiently.

- **Connection Methods**

FTP runs over TCP. It defaults to listen on port 21 for incoming connections from FTP clients. A connection to this port from the FTP Client forms the control stream on which commands are passed from the FTP client to the FTP server and on occasion from the FTP server to the FTP client.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

FTP uses out-of-band control, which means it uses a separate connection for control and data. Thus, for the actual file transfer to take place, a different connection is required which is called the data stream. Depending on the transfer mode, the process of setting up the data stream is different. Port 21 for control (or program), port 20 for data.

In active mode, the FTP client opens a dynamic port, sends the FTP server the dynamic port number on which it is listening over the control stream and waits for a connection from the FTP server. When the FTP server initiates the data connection to the FTP client it binds the source port to port 20 on the FTP server.

In passive mode, the FTP server opens a dynamic port, sends the FTP client the server's IP address to connect to and the port on which it is listening (a 16-bit value broken into a high and low byte, as explained above) over the control stream and waits for a connection from the FTP client. In this case, the FTP client binds the source port of the connection to a dynamic port.

WWW

The World Wide Web (abbreviated as WWW or W3 and commonly known as the Web), is a system of interlinked hypertext documents accessed via the Internet. With a web browser, one can view web pages that may contain text, images, videos, and other multimedia and navigate between them via hyperlinks.

Using concepts from earlier hypertext systems, British engineer and computer scientist Sir Tim Berners-Lee, now living in Lexington, MA as the Director of the World Wide Web Consortium, wrote a proposal in March 1989 for what would eventually become the World Wide Web.

At CERN in Geneva, Switzerland, Berners-Lee and Belgian computer scientist Robert Cailliau proposed in 1990 to use "Hypertext ... to link and access information of various kinds as a web of nodes in which the user can browse at will", and publicly introduced the project in December.

"The World-Wide Web was developed to be a pool of human knowledge, and human culture, which would allow collaborators in remote sites to share their ideas and all aspects of a common project."

Web Browser

A web browser is a software application for retrieving, presenting, and traversing information resources on the World Wide Web. An information resource is identified by a Uniform Resource Identifier (URI) and may be a web page, image, video, or other piece of content.

Hyperlinks present in resources enable users easily to navigate their browsers to related resources. A web browser can also be defined as an application software or program designed to enable users to access, retrieve and view documents and other resources on the Internet.

Although browsers are primarily intended to access the World Wide Web, they can also be used to access information provided by web servers in private networks or files in file systems.

The major web browsers are Internet Explorer, Firefox, Google Chrome, Safari, and Opera.

The history of the web browser dates back to the late 1980s, when a variety of technologies laid the foundation for the first web browser, World Wide Web, by Tim Berners-Lee in 1991. That browser brought together a variety of existing and new software and hardware technologies.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

BBA SEM – 1

Environmental Science

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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

UNIT 1

ENVIRONMENT AND ENVIRONMENTAL SCIENCE

1(A) ENVIRONMENT

• TOPIC: TYPES AND STRUCTURE OF ENVIRONMENT

➤ INTRODUCTION AND DEFINITION

Introduction: Environmental issues are relevant for the multidisciplinary aspects and they generally affect all living organism on a large scale. It includes various subjective areas like, biology, agriculture, chemistry, physics, medical, health etc. These aspects integrate human and natural world as a science of physical phenomenon on a large scale. Environment includes the study of sources, reactions, transportation effect and phases of physical (biological) species in air, water, and soil and all other human activities to make human civilization more sustainable on earth. In general, we can say that the environment means the external conditions surrounding human being, which can directly influence growth and development of human, animal, plants and conditions of all living.

Definition: "Environment is the representation of physical component of the earth where man is the important factor affecting the environment." (Goodie) Various definitions of the Environment are quoted as under "A persons environment consists of the sum total of the stimulation, which he receives from his perception until his death." Boring

➤ TYPES AND STRUCTURE OF ENVIRONMENT

(1) Physical Environment:

A geographical climate or physical condition, wherein, a person lives his life is called as a physical environment. The climate condition heavily contributes on human beings. This can be further classified as under: (A) Solid (B) Liquid (C) Gas

It represent: (A) The Lithosphere (solid earth) (B) The Hydrosphere (water component) (C) The Atmosphere Other classification based on different scales are as follows:

- Mountain environment
- Glacier environment (ICE)



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- Plateau environment (NATURAL RESOURCE)
- Coastal environment. (WATER SURROUNDING)

It should be added here that the climate conditions also affect human working efficiency. The efficiency differs as per the climate condition. For Example: The efficiency of people working in Mumbai and the efficiency of people working in the desert of Kutch is quite different. The climate conditions also affect the physique of an individual as he has to adjust in his physical environment, where he is living. Example: The people of Asia and Africa are of dark complexion, whereas the people from America and European countries are of fair complexion due to climate conditions.

(2) Social Environment:

Social Environment includes social, economic and political conditions wherein a person lives. The moral values and cultural forces also influence the life and personality of an individual. A society can be classified as:

- Open society that focuses on individual development. They can move to a higher or lower social class.
- In a Closed society, a person has no possibility of moving up or down the social class. Their social class is assigned at birth.

(3) Psychological Environment :

Every individual has his own Psychological environment in which he lives. This is also called as 'life space'. It develops the understanding of an individual personality. The person and his goal adds to the psychological environment. Every human being has to overcome the psychological barriers to achieve his goal. By understanding psychological environment, a person learns to adjust to the environment.

(4) Biological Environment :

Biological Environment consists of Plants (Flora) and Animal (Fauna). All living organisms work to form a social group at several organizational level i.e. Work to drive Physical environment for the sustainable development Progress Economic environment There are three aspects of a human being, Economic. They are discussed as under:

(i) Physical man: Physical man consists of the biological community. He requires basic physical environmental factors like space, water, air and population.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

(ii) Social man: Establishing various social organization and institutes are performed by .a social man. A social man also takes necessary steps to protect his rights, interests and welfare. They formulate policies, procedures and laws.

(iii) Economic Man: The Economic man takes the resources from the physical and biotic environment by his skill and technology. By this function, a man can transport any matter and energy from one eco system to the other. The man should exploitatively correlate with natural environment but at the same time it is necessary not to entail change in the working of the eco system.

ONE WORD QUE AND ANSWER

SR NO	QUE	ANS
1	What consists of Plants (Flora) and Animal (Fauna).	Biological Environment
2	Who requires basic physical environmental factors like space, water, air and population	Physical man
3	Who takes the resources from the physical and biotic environment by his skill and technology	The Economic man
4	what is also called as 'life space'	Psychological Environment
5	A geographical climate or physical condition, wherein, a person lives his life is called as a	physical environment

• TOPIC : DIFFERENT COMPONENTS OF ENVIRONMENT.

The environment consists of following components

(1) Atmosphere: In simple words, Atmosphere is considered as a layer of various gases surrounding the earth. Human respiration depends on oxygen which is very important for living organisms. There is also a wild fauna in natural ecosystems and domestic animals. The growth of plants is possible because of carbon dioxide. • At the lowest level, there is Troposphere. It is up to 12 km and is inevitable for survival of man and Animals. • Then comes Stratosphere up to 50 km. A layer of sulphate is considered useful for formation of rain. It also lowers the layer of ozone which conserves the ultra violet rays that may cause cancer and as a result no life can exist on the earth. Atmosphere is a complex dynamic system which affects all human beings and animals. There is a variation in climate, temperature and rainfall in different areas of earth,



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

as it is not uniformly warmed by the sun. For any man/animal it is not possible to survive without air. Clean air is necessary for survival on the earth. Industrial units and vehicles create major pollution thereby releasing various gases like carbon monoxide and other toxic gases into the air. This creates "Greenhouse effect" in the atmosphere and leads to global warming. In the cities, we face the problem of pollution due to vehicles running on fossil fuel (petrol, diesel).type of air pollution affects human beings on a large scale. The major diseases like lung infections, asthma and even cancer is aggravated due to this.

(2) Hydrosphere:

Hydrosphere consists of all types of water resources don, rivers, and above the earth. It includes the oceans, seas, lakes, ponds, streams, snow, icecaps, clouds etc. Water is used as : — Pure drinking water. — Water for household purpose. — Water for industry. — Water for agricultural purpose. — The ocean water provides food like fish, crabs etc.— River water is a major source for agriculture and food like fish, Crustacean and aquatic plants. — Water flowing from mountain ranges also provides support to generate electricity through hydropower plants.

- 97% of the water supply on earth is from ocean.
- 2% of the water source is blocked in the glaciers and icecaps.
- Only 1% is available in the form of rivers, lakes and ground water which can be used by people living on Earth. Hydrosphere covers three quarters on the earth's surface and major part is the marine ecosystem (ocean). A process of evaporation and rainfall is continuously recycled due to this. Smaller part is left as a fresh water resource for human consumption. This part of fresh water lies in underground aquifers. The human misconduct of deforestation greatly affects and makes terrible changes in the hydrosphere This will lead to denuded of vegetation. Sometimes rainfall washes the 'soil level and it runs into the sea. Human Beings flow away Industrial wastage like chemicals etc. into both either river or sea.

(3) Lithosphere: An outer layer of the solid earth consists of minerals occurring in the earth's crusts. They are soil like air and water, minerals, organic matter etc. It also includes stone, sand and gravel. Construction of buildings and other infrastructural facilities depends on this. Soil is the major requirement for agriculture and to develop crop & providing food to human beings. Corroborating in soil is important for the growth of plants. Microscopic flora, soil fauna and fungi in soil breaks down animal wastages and plant litter which is useful for developing nutrients for the growth of plant. Minerals are the base of industries. Example copper, Iron etc. extraction of underground resources of oil, coal and gas. They are extracted from the earth and is useful as it provides energy support for vehicles, industries, machineries and for homes.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Before 4.5 billion years ago, lithosphere was only in the form of a hot ball which turned in to the earth. Before 3 billion years, the earth suppressed and temperature cooled down significantly. This became the turning point as it was a beginning of a life on planet Earth. The crust of the earth is about 7 kms thick under the continents. In total there are about 92 elements in the lithosphere. Out of these 92 elements, only 8 are common constituent of crystal rocks. 47% - Oxygen 28% - Silicon 8% - Aluminum 5% - Iron 4% - Sodium, Magnesium, Potassium, Calcium. In combination, they are forming 200 common mineral compounds.

(4) Biosphere: For any living organism, biosphere is considered as a realm and it interacts with other elements of environment i.e. atmosphere, hydrosphere and lithosphere. It includes :

- Energy source: It consists of collection of fuel wood with other forms of organic matter. Timber and other construction materials are also energy source.
- Food: For metabolic requirements, crops and domestic animals are useful for human beings. All forms of life are interdependent to form a food chain. It is a dependable factor for living organisms. It is a comparatively thin layer of air, water, rocks, soil and other living creatures which forms structural and basic functional on environment for living system. That is why we are calling as an earth.

One word Que and Answer

<u>Sr no</u>	<u>Que</u>	<u>Ans</u>
1	.....is considered as a realm and it interacts with other elements of environment	Biosphere
2	An outer layer of the solid earth consists of minerals occurring in the earth's crusts.	Lithosphere:
3	It consists of all types of water resources don, rivers, and above the earth.	Hydrosphere
4	.....is considered as a layer of various gases surrounding the earth	Atmosphere



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

• TOPIC: BIOCHEMICAL CYCLE:

(A) Hydrological cycle:

Different spheres like lithosphere, Biosphere, Atmosphere and hydrosphere are interconnected to each other and are dependent on each other. The effect on any one sphere will definitely disturb all the other spheres. This interconnection between them is in form of cycles. On the surface of land and in the water where all living organism exist on the earth includes Layer of lithosphere and hydrosphere. Though we have understood the complex interlink between hydrosphere, atmosphere and lithosphere, at the same time we know that on biosphere, millions of living organism exist. As there is inter connection of Biosphere with different elements of the other spheres, it is essential to study the interrelationship between following entities with the ecosystem. During the monsoon season, rain water, as it runs on the ground either directly flows into rivers and finally flows into the sea. A part of water that falls on land gets filtered out through percolates and is stored underground. This underground water remains throughout the year and is drawn by the plants. The water is transpired on leaves and then it converts into water vapor, which evaporates to the atmosphere. This water vapor is lighter than air and so it rises and forms clouds. Winds blow the clouds from a long distance, as a result the clouds rise higher. At height vapors are condensed and converted into water drops which bring rainfall on the earth land. It is a continuous process and the life on earth depends on this cycle. The pollution and other destructive activities of men disturb this cycle and so there are irregularities in rain fall which we are experiencing today. At some places due to excessive rainfall there are heavy floods. In USA, people have experienced Encino storm while at some other places like Africa there is prolonged drought which has extended over the years.

(B) Carbon Cycle:

The carbon is included in both abiotic and biotic ecosystem, as organic compounds. It is the basic stone for both animal and plant tissue. Carbon is responsible for carbon dioxide in the atmosphere. During the day, in the presence of sunlight, plant takes carbon dioxide from the atmosphere and combines it with the ground water. With the help of sunlight they form carbohydrates that include carbon known as photosynthesis. This photosynthesis is very useful for their development. At the end of the process, plant releases oxygen which is important for human survival. By this way, plant helps in maintaining the proportion of oxygen and carbon dioxide in the earth's atmosphere. Life on earth depends on the oxygen generated through this



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

cycle. It also maintains the CO₂ level at the minimum. Animals and plants both release CO₂ during respiration and in the form of wastages on soil return their carbon to the soil they excrete. When they die, they and that is how the carbon process is completed.

(C) Nitrogen Cycle:

Generally herbivorous animals live on plants. Carnivorous animals depend for food on these herbivorous animals. (At the When animals defecate, final stage of g digestion, organism release waste solid/liquid from our digestive route through the anus and this discharge is the solid waste from the body), this solid waste material is eaten up by worms and insects like beetles and ants. These animals divide the waste materials into smaller bits. These bits are infected by bacteria and fungi. This infected material is converted into nutrients as it is further broken down and will be absorbed by the plant for its own growth and development. So nutrients from animals get back to plants. The dead body of animals is also converted into nutrients, by the similar process and absorbed by plants for their growth. The bacteria and fungi provide nitrogen to plants by infected process in soil. Plants absorb nitrogen as nitrates as proteins for new plant. This protein is useful for animals on earth. When carnivorous animals are fed on form of herbivores, nitrogen is transferred to carnivore animals.

• TOPIC: ECOLOGY AND ECO SYSTEM

A specific landscape forming regions like forest, desert, grassland or coastal area 'is known as Ecosystem. It is a biological community living organisms and its surrounding, in the form of physical environment. Ecosystem consists of all the living things existing together in a given area. It includes animals, plants and other living organisms and is soil, related to nonliving environments such as atmosphere, climate, mountains, ' etc. The nature of ecosystem is relevant with its geography like Parameters Rivers, lakes, coastal areas or islands. The controlled of the ecosystem are rainfall, temperature and the level of sunlight. All the living organisms of the ecosystem are considered as a biotic component.

➤ TYPES OF ECO SYSTEM

There are two types of ecosystem. (1) Terrestrial Ecosystem (2) Aquatic Ecosystem

(1) TERRESTRIAL ECOSYSTEM



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

This ecosystem is in natural state like forest, grassland, semi-arid areas, deserts, mountains and islands. The high usage of this land for urbanization and agricultural development, increases production of food grains as well as raw material for consumer items. However, the over usage of these land creates serious damage to our environments. Forest Ecosystem: It is a community of different flora and fauna particularly of trees, shrubs, climbers and ground water.

Landscapes which differ from each other, in terms of habitat for animals and even specific Community living on it can also be classified in to different types of forests. Forest System- It has two parts:

- The non-living / biotic type of forest: It depends on the type of forest plant community, river valleys, and mountains and hills alluring latitude and altitude.
- The living / biotic aspects: Here the plants and communities are specified to a particular forest type. For example Mangrove trees and River deltas, Himalayas and tiger forest. The western ghat in India is rich in plants and animal species. Biotic Component - Large (macrophyte) and microscopic plants and animals
Plants: It includes trees, shrubs, grasses, flowers and other non-flowing species like fungi, algae etc. Animals: Man is a part of this ecosystem. It also includes species of birds, mammals, fish, insects etc.

(2) AQUATIC ECOSYSTEM

Aquatic ecosystem consists of marine environment of the seas, ponds and wetlands. It is an important source of natural resources like fish, oil, crustaceans, fresh water, salt, pearl, etc. It includes all the plants and animals living in water. The physical traits of all the species depends on the water flow, quality of water, as environment clarity etc. It can also be classified into stagnant ecosystem and flowing water ecosystem. Further classification is based on fresh water, brackish and marine ecosystem.

One Word Que and Answer

Sr no	Que	Ans
1	What consists of marine environment of the seas, ponds and wetlands	Aquatic ecosystem



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

2	: It depends on the type of forest plant community, river valleys, and mountains and hills alluring latitude and altitude.	The non-living / biotic type of forest
3	A specific landscape forming regions like forest, desert, grassland or coastal area 'is known as	Ecosystem
4	What is included in both abiotic and biotic ecosystem, as organic compounds.	The carbon

UNIT 1(B) ENVIRONMENTAL SCIENCE

• TOPIC : SCOPE OF ENVIRONMENTAL SCIENCE

MEANING AND DEFINITION

➤ Introduction:

Environmental science deals with the use of scientific methods, practices and principles for studying issues of environment as a science itself. Environmental science focuses on problems of environment which may be purely in physical context. For example, disposition of acid as an emission. Ecology is the relations of organisms with one another and its surroundings. Environment science may or may not be purely physical in nature.

➤ Definition:

"A branch of biology which focused on the study of the relationships of the natural world and relationship between organism and their environment."

➤ SCOPE OF ENVIRONMENTAL SCIENCE

The environment includes four segments of the earth: • Atmosphere • Hydrosphere • Lithosphere • Biosphere

(1) Atmosphere: It is distinctive protection covers about 140 kilometers thicken on the earth. It protects us from the harmful ultraviolet rays of the sun. It also maintains temperatures so that earth not only becomes too cold or too hot. It includes nitrogen, oxygen, argon, carbon dioxide and other gases. It also affects energy balance on the earth. It protects the earth from electromagnetic radiation of the sun.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

(2) Hydrosphere: It includes all types of water resources like oceans, rivers, lakes, glaciers, ground water, polar icecaps, steams etc. oceans contains 97%of the earth’s water and polar ice contents 2% water. Remaining 1% is available as fresh water in rivers, lakes, streams and ground water for survival of human life.

(3) Lithosphere: It is the outer layer of solid consisting of minerals occurring in the earth’s crust and the soil.

(4) Biosphere: It represents the realm of living organisms and their interaction with the environment atmosphere, hydrosphere and lithosphere.

One Word Que and Answer

<u>Sr No</u>	<u>Questions</u>	<u>Answer</u>
<u>1</u>	It represents the realm of living organisms and their interaction with the environment atmosphere, hydrosphere and lithosphere.	Biosphere
<u>2</u>	It is the outer layer of solid consisting of minerals occurring in the earth’s crust and the soil.	Lithosphere
<u>3</u>	It includes all types of water resources like oceans, rivers, lakes, glaciers, ground water, polar icecaps, steams etc	Hydrosphere
<u>4</u>	deals with the use of scientific methods, practices and principles for studying issues of environment as a science	Environmental science

• TOPIC: PRINCIPLES OF ENVIRONMENTAL SCIENCE

There are seven basic environmental principles which are discussed below:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- (1) **Nature knows best:** On the planet earth, billions of people and trillions of organisms live and they play an important role. We should respect our Mother Earth.
- (2) **All forms of life are important:** A man cannot exist in isolation from other forms of life on Planet Earth. Environment refers to the sum total of conditions surrounded on space. Gradually, with passage of time, man extended his environment.
- (3) **Everything is connected to everything else:** It exemplifies the concept of ecosystem. Environment is a serious synergy of togetherness as a peaceful community which is surrounded by living organisms and nonliving things. For example, the impact of climate change and earth warming up is on all the regions of the world.
- (4) **Everything changes:** it suggests that we are a member of genes of Homosapiens. Sapiens are constantly facing changes and our environment is dynamic. The changes may be linear, cyclical or random. For example, due to global warming and climate change, we are experiencing cyclical changes in our regular seasons. As temperature in winter rises, summer stretches more, monsoon has totally got disturbed. Global warming and climate change both are human-induced. That has increased the mean temperature of the earth which leads to increase in average global temperature.
- (5) **Everything must go somewhere:** Every animal on the planet Earth must adapt itself with the changing environment to create a symbolic existence with the nature. One has to relate with the environment. Human beings want to make more positive changes in the environment.
- (6) **Ours is a finite W earth:** We have only one planet earth. We have to love and protect it from any form of destruction and damage of its Environment. We have renewable (air, water etc.) and non-renewable (coal, oil, etc.) natural resources. Government should implement environment laws more strictly we should also control the level of pollution which damages the environment and create suitable conditions for survival. Every human being should make consistent efforts for developing processes and technology for effective recycling of resources.
- (7) **God's creation:** We know that our natural resources are limited which are God's creation. To care of our earth, we should reduce wastages, reuse and recycle the



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

materials. We should take care of our environment from biodegradable and non-biodegradable wastes. We should grow more trees to protect our planet earth.

• TOPIC : CAUSES OF ENVIRONMENTAL DESTRUCTION

Human actions affect the environment and we have to take major steps to solve these problems. Following are the major environmental challenges that people face today. We have to find solutions to these problems together and lead to sustainable development on our planet Earth.

- **Land Degradation/destruction:** Human activities like unchecked cutting of trees and forests, mining, urbanization, expansion of cities and towns, fragmentation of habitat etc. creates degradation of land and becomes threat for us. Steps like conservation of nature, forests, green cover, implementation of habitat protection of our ecosystems, etc. can work towards restoring healthy environment on earth.
- **Poaching and overfishing:** Human activities like poaching and overfishing have become a serious threat to many species. All species are a part of a very large eco-system. By unchecked and large number of killing of such species, we lose them permanently and thereby damage our ecosystem. Strict laws and its effective implementation can put a check on such activities.
- **Agriculture:** Agriculture is one of the biggest economic activities on the earth. Excessive use of fertilizers, pesticides, multiple crops without natural replenishment of minerals in the soil have caused large scale degradation/ erosion of soil quality and underground water resources in many areas. To eliminate/reduce such problem, nature friendly techniques of farming like organic farming, permaculture farming etc. should be adopted.
- **Species that are invasive:** Due to globalization, people travel across the world in many countries. With that many species of organisms also get transported to areas that they have not experienced in the past. This will create many environmental problems like new diseases when they come across native species. This invasive species faces competency with the native species.
- **Problem of pollution:** There is a high level of toxins in the environment today due to air, water and land pollution. This has endangered all the living organisms on our planet



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

earth. It leads to chronic and fatal disease like cancer. To maintain healthy atmosphere, we need to Control or ' even stop the toxic production.

- **The problem of poverty:** Today especially developed and underdeveloped countries are the poverty line. They have few options for their survival and on natural resources for their water, food, shelter etc. This will create more pressure on ecosystem of the world and difficult to sustain with such heavy usage. We need to solve such issue of poverty for balancing and sustainable nature for all the people around the world.
- **Excessive use of fossil fuel:** For any economy, fossil fuel is considered as a basic energy source. It is also true that it is the biggest hammer that causes major damage to the environmental destruction like greenhouse impact, water pollution etc. The sources of fossil fuel are depleting at a fast pace. We need to develop new technology with alternative resources that are completely renewable in future. For example solar energy panels, wind energy etc.
- **Lack of proper mechanism for law enforcement and regulations:** There is a need of strict regulations and law enforcement through political, legal and administrative mechanism to curtail excessive pollution levels. It is the negative action of humanity that puts the entire world at this stage of environmental destruction. So positive approach needed through such mechanism.
- **Excessive consumption:** We have to real of resources on the earth are for all. We have to live in harmony with nature and share resources with all. We also need to use limited resources as per our requirement so that our next generation will not face any kind of problem due to unavailability of resources.
- **Animal wastages:** As a part of digestive system of animals, they give off methane in the atmosphere which damages the environment excessively.
- **Hydro fracking system:** The hydro fracking process releases very dangerous gases into the environment and creates severe diseases when it contaminates with domestic water line system.
- **Excessive urbanization:** The development of big cities, towns etc. results in the damage of rural ecosystem and directly affects domestic natural environments.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- **Coal mining process:** Mining process of coal, lignite and other substances releases heavy amount of CO, Carbon dioxide in the environment which endangers human life.
- **Road construction in natural habitats:** Due to the construction of roads for travelling and transportation purpose in natural habitats, it has caused disturbance to wildlife living in these areas and may drive away weak species from that place.
- **Landfill areas:** Filling landfill areas has severe impact on nearby surrounding places by creating an imbalance in the environment. For example, air quality, water supply; toxic waste seeps through ground and causes soil pollution.
- **Deforestation:** Deforestation is happening all over the world for human needs like habitat, wood etc. It reduces forest cover. This creates imbalance in the environment and can cause disasters like floods /famine landslides etc. There is an urgent need to make people aware about plantation to compensate the loss due to deforestation



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

UNIT 2: NATURAL RESOURCES AND WEALTH

• TOPIC: TYPES OF NATURAL RESOURCES

➤ Introduction:

We have already studied so in previous unit as to what environment and how its components help the human life Possible on the planet. The nature has blessed us all with the different gifts in the form of the natural resources. The natural resources that re s we use in our day to day life, are offerings indeed by o that the human and living life can be made easy and conducive. Ecosystem acts as resource producers and processors. Again the solar energy is the main driving force of ecological systems. This energy provides for the growth of plants in the forests, grasslands and agriculture.

➤ Types of Natural Resources

(A)The source of origin:

1..**Biotic:** These resources come from living and organic material, such as forests and include the materials that can be obtained from them. It includes plant, animals, and fossil fuels. The three fossil fuels are coal, oil and natural gas (petroleum).

2. **Abiotic:** Abiotic resources originate from non-living and inorganic materials. For example, air, sunlight and water. Minerals (gold, silver, iron and diamonds) are also considered as abiotic.

(B)Natural resources based on their renewability:

1. **Renewable natural resources:** These are resources that can be replenished. Examples of renewable resources include sunlight, air and wind. They are available continuously and their quantity is not noticeably affected by human consumption. However, renewable resources do not have rapid recovery rate and are at risk to depletion if they are overused.

2. **Non-renewable natural resources:** These resources are formed extremely slow. These non-renewable resources, once used, remain on the earth in different forms and unless recycled, become waste material. Examples of non-renewable natural resources are minerals and fossil fuels (oil, natural gas, petroleum and coal).



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

(C)On the basis of the stage of development:

1. **Potential resources:** These are resources that exist in a region and may be used in the future. For example, if a country has petroleum in sedimentary rocks, it is a potential resource until it is actually drilled out of the rock and put to use.
2. **Actual resources:** These are resources that have been surveyed, their quantity and quality has been determined and they are currently being used. The development of actual resources is dependent on technology.
3. **Reserve resources:** This is the part of an actual resource that can be developed profitably in the future.
4. **Stock resources:** These are resources that have been surveyed, but cannot be used due a lack of technology.

ONE WORD QUE. AND ANSWER

SR NO	QUE	ANS
1	These are resources that have been surveyed, but cannot be used due a lack of technology.	Stock resources
2	This is the part of an actual resource that can be developed profitably in the future.	Reserve resources
3	: These are resources that have been surveyed, their quantity and quality has been determined and they are currently being used.	Actual resources
4	: These are resources that exist in a region and may be used in the future.	Potential resources
5	These are resources that can be replenished.	Renewable natural resources:

• TOPIC: PROBLEMS ARISING AS A RESULT OF EXPLOITATION

Natural resources are exhaustible, and thus, the following consequences can result. From the careless and excessive consumption of these resources:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

(1) Deforestation: Deforestation is the clearing of trees, transforming a forest into cleared land. Removing of the forest and trees for the construction of any man oriented amenities is deforestation. Thus, for the purpose of making the life easy, human beings intentionally destruct or remove the forests and trees. This may be done for any purpose like vegetation for agriculture, commercial, housing or it may be for getting firewood for fuels. All these activities results into removal of trees. When this is done without any attempt of replanting of trees is deforestation. If this continues recklessly it will result into complete bare land in years to follow, leaving us with many problems related to ecosystem.

(2) Desertification: The two main causes of desertification are 'Climatic variations' and 'Human activities'. Removal of the natural vegetation may it be for fuel, agricultural activities etc. Thus, the transformation of land once suitable for agriculture into desert is Desertification. It can also result because of overgrazing and deforestation. Desertification is a type of land degradation as here the dry land becomes more arid. Losing water bodies of that particular land and at times there is loss of vegetation and wildlife also.

(3) Extinction of species: Extinction is the end of an organism or a group of organism, normally a species. The moment of extinction is generally considered to be the death of the last individual of the species, although the capacity to breed and recover may have been lost before this point.

(4) Forced migration: International Association for the Study of Forced Migration (IASFM) describes it as a general term that refers to the movements of refugees and internally displaced people (those displaced by conflicts) as well as people displaced by natural or environmental disasters, chemical or nuclear disaster, famine, or development project.

(5) Soil erosion: Soil erosion may be understood as the washing or blowing of the top layer soil. This is a serious problem for farmers. Because if the soil has eroded, the crops that gives food will not grow in proper amount. Topsoil is the top layer of soil and is the most fertile because it contains the most organic, nutrient rich materials. One of the main causes of soil erosion is water erosion, which is the loss of topsoil due to water. Erosion affects the environment in a number of ways, such as the falling of trees, the flooding of forests, destruction from wind erosion and a number of others. There are two different types of soil erosion; Wind and Water.

(6) Oil depletion: Oil depletion is the decline in oil production of a well, oil field or geographic area. Contamination such as dirt, water, air etc. can greatly influence the rate of lubricant



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

degradation. Dirt containing fine metal particles can be a means that sparks and speeds up the degradation process of lubricant. Air and water can provide a source of oxygen that reacts with the oil and leads to oxidation of the lubricant. Oil provides 40% of traded energy, 90% of transport fuel and is critical for agriculture. Thus, if the oil depletes there can be major problems faced all the connected facets of ecosystem.

(7) Ozone depletion: The ozone layer is a belt of naturally occurring ozone gas that serves as a shield from the harmful ultraviolet radiation emitted by the sun. Today, there is widespread concern that the ozone layer is deteriorating due to the release of pollution containing the chemicals chlorine and bromine. Again, extra ultraviolet radiation reaching Earth also slows down the reproductive cycle of microorganisms and single organisms. This eventually disturbs the food cycle. Chlorofluorocarbons (CFCs), chemicals heavily used by industrialized nations for much of the past 50 years, are the primary cause in ozone layer breakdown.

(8) Greenhouse gas increase: The largest source of greenhouse gas emissions from human activities is from burning fossil fuels for electricity, heat and transportation. Human activities are responsible for almost all of the increase in greenhouse gases in the atmosphere over last 150 years. The primary sources of greenhouse gas emission are Electricity production. Industrial contributes 21% of greenhouse gas emissions, commercial and residential give out 12% and agriculture release 9% of greenhouse gas emission.

(9) Water pollution: Water pollution is the contamination of water bodies like lakes, rivers, oceans and groundwater. This form of environmental degradation occurs when Pollutants are directly or indirectly discharged into water bodies without adequate treatment to remove harmful compounds from them before disposal. Around half of all ocean pollution is caused by sewage and waste water. Each year, the world generates perhaps 5-10 billion tons of industrial waste, much of which is pumped untreated into rivers, oceans and other waterways causing fatal problems. Water is the life of living beings, any contamination to its sources due to any reasons may cause a deadly trouble for the life on the earth.

ONE WORD QUE AND ANSWER

<u>SR NO</u>	<u>QUE</u>	<u>ANS</u>
<u>1</u>	.....is the contamination of water bodies like lakes, rivers, oceans and groundwater.	Water pollution



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

<u>2</u>	.....is the decline in oil production of a well, oil field or geographic area.	Oil depletion
<u>3</u>	.....may be understood as the washing or blowing of the top layer soil. This is a serious problem for farmers.	Soil erosion
<u>4</u>	.....is the end of an organism or a group of organism, normally a species.	Extinction
<u>5</u>	.....is the clearing of trees, transforming a forest into cleared land.	Deforestation

• TOPIC :WEALTH

➤ MEANING:

Normally, wealth is understood as the large amount of or valuable that any one person, family or group may possess. Many a time's term wealth is used in different sense.

➤ TWO COMMON TYPES OF ECONOMIC WEALTH ARE

(1) **Monetary wealth:** Anything that can be bought and sold, for which there is market and hence a price. The market price, however, reflects only the commodity price and not necessarily its value. E.g. water is essential for the survival of human beings but is usually available easily and cheaply.

(2) **Non-monetary wealth:** They are the things which depend on scarce resources, and for which there is demand, but are not bought and sold in a market and hence have no price. Examples are education, health and defense. Thus we can say that the modern concept of wealth is of great importance in all the areas of economics. And, also for the growth and development of a country.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

➤ Difference between Wealth and Natural Resources.

1 Wealth is the abundance of valuable resources or valuable material possessions. An individual, community, region or country that possesses an abundance of such possessions or resources to the benefit of the common good is known as wealth. The natural resources are all those materials or substances occurring in nature which can be exploited for economic gain. Moreover, we receive them from planet earth only.

2 Wealth is relative and may be very important from economic point of view. Natural resources are all those assets or materials that constitute the natural capital of a nation.

3 The primary activity may be creation of wealth, may be through production or trading. The primary activities associated with natural resources are extraction and purification. May be mining, petroleum, fishing, hunting and forestry.

4 The concept of wealth is relative in nature cannot be divided into specific criteria except, monetary wealth and possession. The natural resources may be renewal and nonrenewal resources.

5 Wealth is an especially important part of social stratification. Natural resources cannot be used as a measuring rod for social stratification.

➤ OPTIMUM CONVERSION OF RESOURCES INTO WEALTH

Nature has blessed us with bountiful resources all throughout. The countries of the world have been gifted with the different types of natural resources it may be land, rocks, minerals, mines, vegetation, forest, aquatic animals and vegetation and so on. These resources are beneficial to any particular geographical area but it may not generate benefits to the members of all the other countries or economy. Unless a particular country devotes its energy and resources to production of food, clothing and other essentials so that the wealth can be generated through trade of these goods. Individuals can not directly consume commodity wealth. Gold, oil, iron ore etc. may not provide nutrition or protection. These commodities have little value in direct consumption. Thus, the nation should realize to produce all such commodities necessary for goods and services using all their natural resources and then actually converting them into wealth.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- (1) Natural resources can be converted into the commodities, yielding economic profits.
- (2) Natural resources may be so used and transformed, so that the needs of poorest segment of the society can be satisfied.
- (3) Natural resource conversion should be considered as the key part of nation's developmental strategies.
- (4) Natural resources play a key role in reducing poverty, fighting hunger.
- (5) There can be transformation of natural resource wealth into development wealth.
- (6) With the help of good governance and equity of access, sustainable transformation can be achieved.

• TOPIC: ANTHROPOGENIC WASTE

Anthropogenic can be referred to any changes in nature that are caused by people. Anthropogenic is an adjective that describes changes in nature made by people. For e.g. construction of roads, cities etc. Anthropogenic effects, processes, objects or materials are those that are derived from human activities, as opposed to the occurring in natural environments without human influences. Most often, anthropogenic is used as an adjective describing for e.g. The anthropogenic causes of the hole in the ozone layer' anthropogenic carbon dioxide is type of waste which is complex pollution bin short, we can say that any activity which includes/involves human being involvement and which is not natural is anthropogenic.

➤ SOURCE OF ANTHROPOGENIC ACTIVITIES

(1) Industry :

- Release of gases and dust into the atmosphere.
- Waste disposal practices creating air pollution, water pollution.

(2) Agriculture:

- Conversion of woodlands into fields and pastures including slash-and-bum techniques.
- Diversion of surface and groundwater.



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Raiya Road, Rajkot – 360001
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2 – Vaishalinagar
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- Groundwater pollution due to inadequate drainage facilities.
- Pollution of soil and water by chemicals found in fertilizers, pesticides, dirty or unclean water.

(3) Mining :

- Removal of topsoil and creation of spoil piles.
- Diversion of groundwater by mine shafts.
- Surface runoff bearing mining wastes.
- Release of air, pollution by refining processes.

(4) Transportation :

- Diversion of surface water flow by roadways.
- Vehicular air pollution.
- Roadway noise, aircraft noise and transit noise.

(5) Construction activities :

- Removal of natural habitats by grading and building.
- Diversion of groundwater.
- Filling the marsh, bay lands, swamps, ponds, stream beds with construction debris.

• TOPIC: INDUSTRIAL WASTE

➤ Meaning:

Waste can be regarded as a human concept as there appears to be no such thing as waste in nature. Thus any material which unwanted or undesired it can be termed as waste material. Any type of waste, rubbish trash, junk, garbage etc. can be considered as a waste. Rapid industrialization has resulted in the generation of huge quantity of wastes, both solid and liquid, in industrial sectors such as sugar, pulp and paper, fruit and food processing, sago / starch, distilleries, dairies, tanneries, slaughterhouses, poultries, etc. Despite requirements for pollution control measures, these wastes are generally dumped on land or discharged into water bodies, without adequate treatment, and thus become a large source of environmental pollution and health hazard.

➤ Types of Industrial Waste



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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1. **Biodegradable:** Those industrial wastes which can be decomposed into non-poisonous matter by the action of certain microorganisms are the biodegradable wastes. They are even comparable to house wastes. These kinds of waste are generated from food processing industries, dairy, textile mills, slaughterhouses, etc. Some examples are paper, leather, wool, animal bones, wheat, etc. They are not toxic in nature and they do not require special treatment either. Their treatment processes include combustion, composting, gasification, bio-methanation, etc.

2. **Non-biodegradable:** Those industrial wastes which cannot be decomposed into non-poisonous substances are the non-biodegradable wastes. Examples are plastics, fly ash, synthetic fibers, gypsum, silver foil, glass objects, radioactive wastes, etc. They are generated by iron and steel plants, fertilizer industries, chemical, drugs and dyes industries. It is estimated that about 10 to 15 percentages of the total industrial wastes are non-biodegradable and hazardous, and the rate of increase in this category of waste is only increasing every year. These wastes cannot be broken down easily and made less harmful. Hence, they pollute the environment and cause threat to living organisms. They accumulate in the environment and enter the bodies of animals and plants causing diseases. However, with the advancement in technology, several disposal and reuse methods have been developed. Wastes from one industry is being treated and utilized in another industry. For example, the cement industry uses the slag and fly ash generated as waste by steel industries.

➤ CAUSES OF INDUSTRIAL WASTE

1. **Lack of Policies to Control Pollution:** Lack of effective policies and poor enforcement drive allowed many industries to bypass laws made by pollution control board which resulted in mass scale pollution that affected lives of many people.

2. **Unplanned Industrial Growth:** In most industrial townships, unplanned growth took place wherein those companies flouted rules and norms and polluted the environment with both air and water pollution.

3. **Use of Outdated Technologies:** Most industries still rely on old technologies to produce products that generate large amount of waste. To avoid high cost and expenditure, many companies still make use of traditional technologies to produce high end products.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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4. Presence of Large Number of Small Scale Industries: Many small scale industries and factories that don't have enough capital and rely on government grants to run their day-to-day businesses often escape environment regulations and release large amount of toxic gases in the atmosphere.

5. Inefficient Waste Disposal: Water pollution and soil pollution are often caused directly due to inefficiency in disposal of waste. Long term exposure to polluted air and water causes chronic health problems, making the issue of industrial pollution into a severe one. It also lowers the air quality in surrounding areas which causes many respiratory disorders.

6. Leaching of Resources from Our Natural World: Industries do require large amount of raw material to make them into finished products. This requires extraction of minerals from beneath the earth. The extracted minerals can cause soil pollution when spilled on the earth. Leaks from vessels can cause oil spills that may prove harmful for marine life.

• **TOPIC: EFFECTS OF INDUSTRIAL POLLUTION**

1. Water Pollution: The effects of industrial pollution are far reaching and liable to affect the eco-system for many years to come. Most industries require large amounts of water for their work. When involved in a series of processes, the water comes into contact with heavy metals, harmful chemicals, radioactive waste and even organic sludge.

2. Soil Pollution: Soil pollution is creating problems in agriculture and destroying local vegetation. It also causes chronic health issues to the people that come in contact with such soil on a daily basis.

3. Air Pollution: Air pollution has led to a steep increase in various illnesses and it continues to affect us on a daily basis. With so many small, mid and large scale industries coming up, air pollution has taken toll on the health of the people and the environment.

4. Wildlife Extinction: By and large, the issue of industrial pollution shows us that it causes natural rhythms and patterns to fail, meaning that the wildlife is getting affected in a severe manner. Habitats are being lost, species are becoming extinct and it is harder for the environment to recover from each natural disaster. Major industrial accidents like oil spills,



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

fires, leak of radioactive material and damage to property are harder to clean-up as they have a higher impact in a shorter span of time.

5. Global Warming: With the rise in industrial pollution, global warming has been increasing at a steady pace. Smoke and greenhouse gases are being released by industries into the air which causes increase in global warming. Melting of glaciers, extinction of polar bears, floods, tsunamis, hurricanes are few of the effects of global warming.

ONE WORD QUE AND ANSWER

<u>SR NO</u>	<u>QUE</u>	<u>ANS</u>
<u>1</u>	Melting of glaciers, extinction of polar bears, floods, tsunamis, hurricanes are few of the effects of.....	global warming.
<u>2</u>	.....has led to a steep increase in various illnesses and it continues to affect us on a daily basis.	Air pollution
<u>3</u>	.....is creating problems in agriculture and destroying local vegetation. It also causes chronic health issues to the people that come in contact with such soil on a daily basis.	Soil pollution
<u>4</u>	The effects of..... are far reaching and liable to affect the eco-system for many years to come.	industrial pollution
<u>5</u>	Those industrial wastes which can be decomposed into non-poisonous matter by the action of certain microorganisms are	the biodegradable wastes
<u>6</u>	Those industrial wastes which cannot be decomposed into non-poisonous substances are the	non-biodegradable wastes.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

UNIT 3

ENVIRONMENTAL DEGRADATION AND MANAGEMENT

• TOPIC: TYPES OF ENVIRONMENTAL DEGRADATION.

➤ Introduction:

An environment is a unique unit and incorporates all the living and non-living components that live inside it. Plants and creatures are evident parts of the environment, but it also includes the things on which they depend on, for e.g. air, streams, lakes and soils. Environmental degradation is the deterioration of the environment through depletion (reduction in the number or quantity) of resources such as air, water and soil; the destruction of ecosystems and the extinction of wildlife. It can be understood as any change to the nature, which is undesirable. Negative ecological effects or degradation is created by expansion of human population, constantly expanding economic development or per capita income and the application of asset exhausting and polluting technology. It occurs when earth's natural resources are depleted and environment is compromised in the form of extinction of species, pollution in air, water and soils and rapid growth in population. Environmental degradation is one of the largest threats that are being looked at in the world today. Environmental degradation can be understood as the lessening of the limit of the earth to meet social and environmental needs.

➤ TYPES OF ENVIRONMENTAL DEGRADATION.

An important type of Environmental Pollution or Degradation Environmental degradation is of many types. There are different kinds of environmental pollution. Below is the list of all such types of pollution which leads environmental degradation:

- (1) Air pollution: Air pollution is the contamination of air by smoke and harmful gases, mainly oxides of carbon, sulfur and nitrogen. Air pollution can cause asthma, allergies and other respiratory illnesses. The following are the main causes of air pollution:
 - Exhaust smoke from vehicles, industrial chimneys
 - The burning of fossil fuels, such as: coal, oil or gas
 - Harmful off gassing from things such as paint, plastic production.
 - At times, radiation spills or nuclear accidents too can cause the air pollution



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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- (2) **Land pollution:** Land pollution is the degradation of the Earth's surface caused by a misuse of resources and improper disposal of waste. Land pollution is responsible for damage done to natural habitat of animals, deforestation and damage done to natural resources. Some examples of land pollution include:
- Waste found on the side of the road
 - Dumping in natural habitats
 - Oil spills that happen inland
 - The use of pesticides and other farming chemicals
 - Damage and debris caused from unsustainable mining and logging practices
 - Radiation spills or nuclear accidents.
- (3) **Water pollution:** Water pollution is the contamination of any body of water like lakes, groundwater, oceans etc. These kinds of environmental pollution are linked to health issues in humans, animals and plant life. Some examples of water pollution are:
- Sewage water running
 - Industrial waste released into water bodies contaminating surface and groundwater
 - Radiation spills or nuclear accidents
 - Illegal dumping of substances or items within bodies of water making the water unused and dirty
 - There can be Biological contamination, such as bacteria growth other water generated organism creating various contagious diseases can also develop.
- (4) **Light pollution:** Light pollution is the brightening of the night sky restraining the visibility of stars and planets by the use (improper lighting of communities. Light pollution uses more energy by shining more light up instead of down, meaning you need bright(bulbs for the same amount of light, may affect human health an our sleep cycles and most importantly, affects the eye sight of kith Some examples of what causes light pollution are :
- Street lamps that shine light in all directions, spreading the light all over without focusing where it is actually needed, RI on the streets
 - Extra, unnecessary lights around the home.
 - Cities that run lights all night long waste the energy.
- (5) **Noise pollution:** Noise pollution is any loud sounds that are either harmful or annoying, humans or animals. Noise pollution can be troublesome to humans' stress level, may be



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harmful to unborn babies, and even causes problems to different animals and other creature. Some examples of noise pollution are: • Noise from machine in the factory.

- Airplanes, helicopters and motor vehicles.
- Noise from construction or demolition.
- Human activities such as sporting events or concerts.

(6) **Thermal Pollution**: Thermal pollution is the increase of temperature caused by human activity. This kind of environmental pollution can cause great damage to aquatic life, can cause discomfort to all the human life. Few example of this include:

- Warmer lake water from nearby manufacturing
- Thermal pollution can also be the increase in temperatures in areas with lots of concrete or vehicles, generally in the cities.

(7) **Visual pollution**: Visual pollution is what anything unattractive is or damaging the view to the nearby landscape. Mostly, visual kinds of environmental pollution are annoying and ugly, depressing and they of course affect the surrounding landscape with the changes they cause. Increasing advertising trends through different huge hoardings is also kind of visual pollution. Some examples of visual pollution:

- Skyscrapers that blocks a natural view are
- Scratching or carving on trees, rocks or other natural landscapes
- Billboards, litter, abandoned homes and junkyards could also be considered among three kinds of environmental pollution.

• **TOPIC: CAUSES OF ENVIRONMENT DEGRADATION.**

Causes of Environmental Degradation There are various causes responsible for the environmental degradation. The major causes of environment degradation can be understood as under:

(1) **Land disorders**: A more basic cause of environmental degradation is land damage. Numerous weeds (unwanted plants) plant species, which are both unfamiliar and interfering in nature, may erupt from a crack in the land of environmental surroundings. These weeds start growing and spreading. These plants can assume control over nature, eliminating the local greenery'. As a result the land is covered with such plant which doesn't provide any satisfactory food assets in the environmental life. At times, whole area of land can be destroyed.



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(2) **Pollution:** Pollution, in whatever form, whether it is air, water, land or noise is harmful for the environment. a. Air pollution, pollutes the air that we breathe which causes health issues. b. Water pollution, degrades the quality of water that we use for drinking purposes. c. Land pollution, results in degradation of earth's surface as a result of human activities. d. Noise pollution can cause irreparable damage to our ears when exposed to continuous large sounds like honking of vehicles on a busy road or machines producing large noise in a factory or a mill.

(3) **Deforestation:** Deforestation is the cutting down of trees to make way for more homes and industries. Rapid growth in population and urbanization are two of the major causes of deforestation. Apart from that, use of forest land for agriculture, animal grazing, cutting of the wood for fuel and logs are the causes of deforestation. Deforestation, contributes to global warming as decreased forest size increases the carbon proportion in the environment.

(4) **Landfills (Waste material buried in the land):** Landfills come within the city due to large amount of waste, generated by households, industries, factories and hospitals. Landfills pollute the environment and destroy the beauty of the city. Landfills pose a great risk to the health of the environment and the people who live nearby. Landfills produce foul smell when burned and causes huge environmental degradation.

(5) **Overpopulation:** Rapid population growth puts strain on natural resources which results in degradation of our environment. Mortality rate has gone down due to better medical facilities which have resulted in increased lifespan. Increase in population means more demand for food, clothes and shelter. You need more space to grow food and provide homes to millions of people. This results in deforestation which is another factor of environmental degradation.

(6) **Natural calamities and natural causes:** Things like flood, quakes, tidal waves, storms and wildfires can totally crush nearby animal and plant groups to the point where they can no longer survive in those areas. This can either come to completion through physical demolition as the result of a specific disaster or by the long term degradation of assets by the presentation of an obtrusive foreign species to the environment. Earth itself causes ecological issues, at times.



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• TOPIC: EFFECTS OF ENVIRONMENTAL DEGRADATION

- (1) **Impact on Human Health**: Human health might be at high risk because of the environmental degradation. Areas exposed to toxic air pollutants can cause respiratory problems like pneumonia and asthma. Millions of people are known to have died of due to indirect effects of air pollution.
- (2) **Loss of Biodiversity**: Biodiversity is important for maintaining balance of the ecosystem in the form Environmental Degradation and Management nutrients, protecting water sources and stabilizing climate. Deforestation, global warming, overpopulation and pollution are few of the major causes for loss of biodiversity.
- (3) **Ozone Layer Depletion**: Ozone layer is responsible for protecting earth from harmful ultraviolet rays from sun. The presence of chlorofluoro carbons, hydro chlorofluoro carbons in the atmosphere is causing the ozone layer to deplete. As it will deplete, it will emit harmful radiations back to the earth which may cause many types of skin diseases.
- (4) **Loss for Tourism Industry**: The deterioration of environment can be a huge setback for tourism industry that relies on tourists for their daily livelihood. Environmental damage in the form of loss of green cover, loss of biodiversity, huge landfills, increased air and water pollution can be a big turn off for most of the tourists.
- (5) **Economic Impact**: The huge cost that a country may have to borne due to environmental degradation can have big economic impact in terms of restoration of green cover, cleaning up of landfills and protection of endangered species. The economic impact can also be in terms of loss of many economic activities based on environment.
- (1) **Climate change and temperature**: Environmental degradation has resulted into Climate change. It is predicted that the mean global temperature will rise in the coming years due to a number of forces affecting the climate, the amount of atmospheric CO₂ will rise tremendously. Temperature increase can decrease the length of the snow season in the winter and increase the intensity of snowmelt in warmer seasons, leading to peak runoff of snowmelt earlier in the season, affecting soil moisture, flood and drought risks and storage capacities depending on the area.



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• TOPIC:DEGRADATION OF LAND DUE TO HUMAN OR NATURAL INTERFERENCE:

Land is one of the very basic natural resources that nature has gifted. Uses of land may be varied. India's reporting area of land use about 46.6% is under agriculture. 22.6% is under forests and 13.6% land is not available for cultivation. Below types of land and how they are degrade by man and nature, eventually deteriorating the quality and use of land:

(a) Urban land: Urban land is the land used for habitation of human beings with all the latest amenities and technology. Since last many decades there has been constant rise in the urbanization ratio. The land which is developed as the cities for the human habitation is urban land. The urban land is that part of the land which is most affected and degraded land by the human activities. When a man starts living in a place he needs all those facilities to make him comfortable, like houses, transportation system, communication facilities, various means of livelihood and the list is endless. But this results into too much degradation of the land which he may use for his comforts. Like asphalt road construction may have evacuate the forest or green areas and then it may be constructed. High rise buildings have its foundation deep down the earth's surface. Again, the land use for urban development results into non-used land for any other vegetation purpose. Industrial waste dumped on this land is one of the major sources of degradation.

(b) Forest land: the forests are most valued natural resources. But this land too has been constantly affected by the human activities. Deforestation and degradation has been constantly disturbing the forest resources. Deforestation is the diversion of forest to other uses. Degradation of forest is also occurring constantly, it means reduction in the productivity of the forest due to unsustainable harvesting, forest fires, pollution and pests. Productivity mainly refers to production of timber, fire wood, fodder and industrial wood. Degradation has own impacts. People indulge in over exploitation of forest resources which have decline due to degradation. Declining forest resources affect the poor people and those dwelling around forest areas forests as carbon dioxide sinks.

(c) Agricultural land: In India, 46.6% land is under cultivation or is agricultural land. India has during last 50 years increased food production from 50 million tons to 200 million tons. Use of fertilizers is one of the important contributors of increased production. Pesticides and fertilizers are chief chemicals which are used by the agriculturists for spraying on crops and the soil. It is estimated that only 1/4 of the fertilizers is used by plants to increase the agricultural production,



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remaining leaches out beyond the roots of the plant or gets spread in the atmosphere around. Pesticides were introduced to kill the pests of crops and other pests. It was found that these pesticides were not only killing pest but were directly or indirectly injuring the other animals including human. Again pesticides reaching the water table and through the food chain and pesticides are very harmful to human and use fertilizers the reach the non-target organisms including human. Agricultural land gets degraded

• TOPIC: GLOBAL WARMING

Global warming Global warming is defined as the increase in temperature of earth that causes change in climate. The last few centuries have seen and increase in industrial, agricultural and other human activities resulting in release of more Green House Gases (GHGs) in the atmosphere. The main greenhouse gas is carbon dioxide (CO₂), others are nitrous oxide, CFCs (chlorofluoro carbons), methane and some organochloride compounds like perfluoro carbons (PFCs) and sulphuric fluoride. These gases cause the atmosphere to trap increasing amount of heat energy in the earth surface, making the planet warmer than usual.

➤ EFFECTS OF GLOBAL WARMING

There has been a vigorous effect of global warming on the planet, economy and life on the earth. Scientists agree that:

- (a) Actual warming has been taking place during the last 100 years.
- (b) Warming would further raise the temperature of earth by 3-5 degree C if increase in CO₂ doubles.
- (c) If warming Continues, coastal areas would see a rise in the sea level. This is because of melting of glaciers and expansion of oceans.

➤ Further the following adverse effects can be noticed due to global warming:

1. More heat waves
2. Expansion of desert area
3. Natural fires in forest land
4. More evaporation of water from oceans and water bodies
5. Melting of ice caps in Arctic and Antarctic region
6. More cloud formation in atmosphere



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7. Shorter and warmer winters coupled with longer and hotter summers
8. Changes in rainfall pattern
9. Rise in sea levels
10. Flooding and submergence of low lying coastal areas
11. Disruption in farming
12. More droughts
13. Impact on plants, animals and humans

➤ CONTROL AND REMEDIAL MEASURES FOR GLOBAL WARMING

It's not possible to stop or prevent global warming, but through different measures and precautionary steps, the intensity of global Warming can be reduced. They are as under:

1. Reduction in consumption of fossils fuels such as coal and petroleum. Again conversion of coal into gas is possible which further reduces the pollution.
2. Use of biogas plants and natural gas, as it contains only half of the carbon of coal and no sulphur.
3. Use of nuclear power plants.
4. Use of more renewable sources of energy wind and solar energy y would ultimately tackle the problem of CO₂ emission.
5. It is possible to reclaim more land to plant more trees, increasing more land under forestation.
6. Use of unleaded petrol in automobiles.
7. Manufacturing fuel efficient vehicle.

➤ PROBLEMS OF NON DEGRADABLE WASTE

The term 'Biodegradable that le' is used for those thing can be easily decomposed by natural agents like water, oxygen, micro-organisms etc. one can notice that when a dead leaf or a banana peel is thrown outside, it is acted upon by several micro-organisms like bacteria, fungi or small insects in a time period. The natural elements like oxygen, water, moisture and heat facilitate the decomposition thereby breaking the complex organic forms to simpler unit.

• TOPIC: DISADVANTAGES OF NON-BIODEGRADABLE WASTE

1. Non-biodegradable garbage stays as it is so cannot be used for further purpose like biogas.



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2. It reduces the porosity of land.
3. Is non-absorbing and thus hinders the percolation of ground water.
4. Harmful as ground water depletion is dangerous.
5. Cattles eat the plastic bags with other material which gets accumulated and chocks in their body and eventually dies.
6. Toxic is released and harms the animals.
7. Almost all plastics do not combine with soil or atmosphere; they remain pollutant and create serious problems when inhaled.
8. Plastic debris collected in the ocean causes problems to marine and terrestrial animals.
9. They consume lot space and landfills for their disposal.

(a) Non-degradable Electronic waste or e-waste: It is a term for electronic products that have become unwanted, non-working or obsolete and have essentially reached the end of their Useful life. Because technology advances at such a high rate, many electronic devices become "trash" after a few short years of use. Electronic waste or e-waste describes discarded electrical or electronic devices. Used electronics which are destined for reuse, resale, salvage, recycling or disposal are also considered e-waste. Informal processing of e-waste in developing countries can lead to adverse human health effects and environmental pollution.

(b) Plastic: As we become more technologically advanced, we produce materials that can withstand extreme temperatures, are durable and easy to use. Plastic bags, synthetics, plastic bottles, tin cans and computer hardware- these are some of the things that make life easy for us. A lot of the non-biodegradable waste ends up in the ocean. Plastics that don't biodegrade definitely Photo-degrade, which means they become smaller and smaller with exposure to UV from the sun, until they concentrate together and form a sludge. This sludge becomes food for sea, the sea food like fish are probably contaminated by plastics. One of the most Common household wastes is polythene- mostly used as polythene bags for shopping and carrying light things. Since they are cheap, they are used by almost everyone- from the local vegetable seller to the supermarket. The hazard that polythene causes to the environment is very serious.

(c) Manmade fibre: Natural fibres are cotton and wool. Man-made fibres are synthetic fibres and cellulosic fibres. China is the largest manufacturer of synthetic fibres. It accounted for 66% of the global production of synthetic fibres (excluding polyolefin fibres) in 2015. India is still the second-largest producer with over 8% of global production. The man-made fibres are used for clothing purpose. They are also known as synthetic fabric and textiles. The e.g. of man-made fabrics are polyester, acrylic, nylon, rayon, acetate, orlon etc. These manmade fibres have



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many different qualities not present in natural fibres. Like it can be waterproof, elastic, softer, wrinkle free, flame resistant, stain resistant etc. as all these qualities are desirable, the processes can harm the environment, wildlife and people's health as well. High-performance fibres are being used successfully in apparel, home furnishings and industrial applications.

TOPIC:ENVIRONMENTAL MANAGEMENT

➤ **Meaning of Environmental Management**

Environmental management is administrative functions that develop, implement and monitor the environmental policy of an organisation. The system established to administer the environmental related activities of an organisation can be termed as Environmental management system (EMS) refers to the management of an organisation's environmental programs in a comprehensive, systematic, planned and documented manner. It includes the organisational structure, planning and resources for developing, implementing and maintaining policy for environmental protection. It is also a system which monitors, tracks and reports emissions information, particularly with respect to the oil and gas industry. EMSs are becoming web-based in response to the EPA's (Environmental Protection Agency) makes it compulsory for industries to report Green House Gas (GHG) reporting rule, which allows for reporting GHG emissions information via the Internet.

➤ **PURPOSE OF EMS**

1. The basic purpose of establishing the Compliance is the act of reaching and maintaining minimal legal standards. By not being compliant, companies may face fines, government intervention or may not be able to operate
2. EMS is framed for Waste reduction that goes beyond compliance to reduce environmental impact. The EMS helps to develop, implement, manage, coordinate and monitor environmental policies.
3. It checks that the Waste reduction begins at the design phase through pollution prevention and waste minimisation. At the end of the life cycle, waste is reduced by recycling.



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➤ FEATURES OF EMS

1. It serves as a tool or process, to improve environmental performance and information mainly design, pollution control and waste minimisation, training, reporting to top management and the setting of goals.
2. Provides a systematic way of managing an organisation's environmental affairs.
3. It is the aspect of the organisation's overall management structure that addresses immediate and long-term impacts of its products, services and processes on the environment.
4. EMS assists with planning, controlling and monitoring policies in an organisation.
5. Gives order and consistency for organisations to address environmental concerns through the allocation of resources, assignment of responsibility and on-going evaluation of practices, procedures and processes.
6. Creates environmental buy-in from management and employees and accountability and responsibility.
7. Sets framework for training to achieve objectives and desired performance related to environmental issues.
8. Helps understand legislative requirements to better determine a product or service's impact, significance, priorities and objectives.
9. Focuses on continual improvement of the system and a way to implement policies and objectives to meet a desired result.
10. This also helps with reviewing and auditing the EMS to find future opportunities.
11. Encourages contractors and suppliers to establish their own

● TOPIC:EMS. ENVIRONMENTAL CONCERNS IN INDIA

There are many environmental issues in India. Air pollution, water pollution, garbage and pollution of the natural environment are all challenges for India. The situation was worse between 1947 to 1995. According to data collection and environment assessment studies of World Bank experts, between 1995 to 2010, India has made one of the fastest progresses in the world, in addressing its environmental issues and improving its environmental quality. Still, India has a long way to go to reach environmental quality similar to those enjoyed in developed economies. Pollution remains a major challenge and opportunity for India.

The major environmental issues are listed as under which needs serious concern on the part of government:



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- (1) The major sources of pollution in India include the rampant burning of fuel wood and biomass such as dried waste from livestock as the primary source of energy
- (2) Degradation of forest and agricultural of land
- (3) Resource depletion (water, mineral, forest, sand, rocks etc.)
- (4) Public health, loss of biodiversity.
- (5) Ecosystems do not come back to normal
- (6) The major sources of pollution in India include the rampant burning of fuel wood and biomass such as dried waste from livestock as the primary source of energy.
- (7) Poor management of waste, garbage and solid waste removal services: Trash and garbage disposal services, responsibility of local government workers in India, are ineffective. Solid waste is routinely seen along India's streets and shopping plazas.
- (8) Lack of flood control and monsoon water drainage system, diversion of consumer waste into rivers, cremation near water sources etc.
- (9) Air pollution in India is a serious issue with the major sources being fuel wood and biomass burning, vehicle emission and traffic congestion etc. India has been registered as largest consumer of fuel wood, agricultural waste and biomass.
- (10) Growing scarcity of water: India has been blessed with perennial rivers, but water is not channelized and used properly in those areas where there is scarcity. This has led to water. Scarcity problems in many regions of India. Moreover India highly depends on seasonal rains for its agriculture and day-to-day use.

- **TOPIC: SUSTAINABILITY DEVELOPMENT.**

- **Introduction**

When we hear the -word "sustainability", we tend to think of renewable fuel sources, reducing carbon emissions, protecting environments and a way of keeping the delicate ecosystems of our planet in balance. In short, sustainability looks to protect our natural environment, human and ecological health, while driving innovation and not compromising our way of the definition of "sustainability" is the study of how natural systems function, remain diverse and produce everything it needs for the ecology to remain in balance. It also acknowledges that human civilization takes resources to sustain our modern way of life.



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➤ Definition of Sustainability Development

1. “Sustainability development that is likely to achieve lasting satisfaction of human needs and improvement of the quality of human life”- Robert Allen.
2. Robert Rep defines, "The core idea of sustainability then is the concept that current decisions should not impair the prospects for maintaining or improving future living standards".

➤ The goals of Sustainable Development

The sustainable development professional network thinks, acts and works globally. In 2012, the United Nations Conference on Sustainable Development met to discuss and develop a set of goals to work towards. They grew out of the Millennium Development Goals (MDG) that claimed success in reducing global poverty while acknowledging there was still much more to do.

The SDG eventually came up with a list of items which included:

- The end of poverty and hunger.
- Better standards of education and healthcare - particularly as it pertains to water quality and better sanitation.
- To achieve gender equality.
- Sustainable economic growth while promoting jobs and stronger economies.
- All of the above and more while tackling the effects of climate change, pollution and other environmental factors that can harm and do harm people's health, livelihoods and lives.
- Sustainability to include health of the land, air and sea.

➤ Three pillars of Sustainable Development

(1) Economic Development: The economic development of any country is of utmost importance. This is only possible with the transformation of natural resources into economic goods and services. The supply and demand market is consumerist in nature and modern life requires a lot of resources every single day. Thus, getting what we consume under control is of paramount issue. Economic development is about giving people what they want without compromising quality of life, especially in the developing world and reducing the financial burden. This issue is considered under sustainable development.



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(2) Social Development: There are many facets to this pillar. Most importantly is awareness of and protection of the health of people from pollution and other harmful activities of business and other organizations. It is also about maintaining access to basic resources without compromising the quality of life. The final element is education - encouraging people to participate in environmental sustainability and teaching them about the effects of environmental protection as well as warning of the dangers if we cannot achieve our goals.

(3) Environmental Protection: we all know what we need to do to protect the environment, whether that is recycling, reducing our power consumption by switching electronic devices off rather than using standby walking short journeys instead of taking the bus. Businesses are regulated to prevent pollution and to keep their own carbon emissions low. Environmental protection is the third pillar and to many, the primary concern of the future of humanity. It defines how we should study and protect ecosystems, air quality, integrity and sustainability of our resources



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UNIT 4 DISASTER MANAGEMENT

➤ MEANING AND DEFINITION

Many states in India are living in threat today due to earthquakes, landslides, floods, cyclones, tsunami etc. Approximately 22 India states are vulnerable to disasters. Due to irregularity of monsoon in India, floods create a disaster in the Ganga-Brahmaputra-Meghna range which carries 60% of the total river flow. India also has long coastline of about 5,500 kms which is exposed to cyclones Arabian Sea and the Bay of Bengal. Apart from six major cyclone prone regions, Indian Ocean is one of them in the list. General it occurs between April/May and October/December. Indian coastline in the east is more prone to cyclones. Cyclones hit the east side. "It is a process or strategy that is implemented before or during or after any type of catastrophic event that takes place. This rote; can be initiated whenever anything threatens to disrupt normal operations or puts people's lives at risk"

➤ DISASTER MITIGATION

Mitigation means to minimize the negative impact of natural disaster. It involves sustainable efforts to reduce danger to human life and recover property. It is a proactive approach to provide repetitive benefits in a long time.

1) FLOOD: Flood means an overflow of a large amount of water flow beyond its normal limits especially over what is normally dry land. A flood is an overflow of water that submerges land which is usually dry. It can be caused by factors like natural, anthropogenic factors. Heavy rain flow in the rivers considered as a major cause of flood. In addition to that human activities like deforestation and shifting agricultural cultivation tit-Mutes to floods. It occurs sometimes as an after effect at the time cyclones. India and Bangladesh are the most flood affected countries of the world. In India, particularly, areas in states Bihar, Uttar Pradesh and West Bengal near rivers Ganga and Brahmaputra suffer from the adverse effects of floods every year. As per one study, approximately 20% of rain water can be stored in dams, reservoirs etc. while 80% water flows the recurring process. By this analysis, ultimately goes into sea. So rainfall, released after precipitation is in an increasing percentage of the form of floods.

Structural Mitigation Measures

- Reservoirs for impounding rainfall should be released in a regulated manner after heavy flood water flow passes.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

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Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- Prevention of over-bank spilling by the construction of embankments and flood walls.
- Improvement of flow conditions in the channel.
- Improved drainage. Non-structural measures
- Preparation of flood proofing, flood plain zoning by flood plain management.
- Maintaining wetlands.
- Warning and flood forecasting services.
- Insurance cover
- Disaster management, post disaster relief, public health and awareness programs.

2) STORMS (CYCLONE) Cyclone is a Greek word modified from Kykloma (Wheel, coil) from Kykyloun to go around from Kyklos circle. The word first known usage is around 1850's. Cyclone is - An atmospheric system characterized by the rapid inward circulation of air masses about a low pressure centre, usually accompanied by stormy, often destructive weather. Cyclones circulate counter clockwise in the southern hemisphere.

- (1) Risk and vulnerability study: It involves identification and analysis of data relevant to past hazards, impact on population and infrastructure, prime focus areas of disaster etc.
- (2) Research and technological transfer: It involves regular monitoring of hazards, improving forecasting, alerts etc. by installing or upgrading observation equipment.
- (3) Awareness program / training: should be given to key officials at state and district level.
- (4) Coordination between institutes: It is better to apply pre-disaster management for minimizing the impact at post disaster stage. There must be some administrative structure which monitors the developmental activities in the departments and provides needed suggestions. It is being preferred by National Disaster Management Centre (NDMC). It includes engineers, professionals, and doctors etc. who deal with hazardous chemicals by forming professional groups to design mitigation measures.
- (5) Availability of financial and usage other resources.
- (6) Regulations and planning of land usage.
- (7) Constructing hazard resisting structures
- (8) Restructuring of existing buildings. It includes wall insertion, designing basic residential equipment, water storage tanks' etc. to be able to face cyclones, flood, earthquakes etc.

3) TSUNAMI The term tsunami, meaning "harbour wave" in literal translation, comes from the Japanese, composed of the two kanji (tsu) meaning "harbour" and (nami), meaning "wave". (For the plural, one can either follow ordinary English practice and add an s, or use an invariable plural as in the Japanese.) While not entirely accurate, as tsunamis are not restricted to harbours, tsunami is currently the term most widely accepted by geologists and oceanographers. It may be



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

caused by underwater earthquake, volcanic eruption or landslide. Tectonic earthquakes are related with earth's crustal deformation. In such kind of earthquake, water above the deformed area is displaced from its equilibrium level. The heavy flow of water displaced through formulation of waves under gravity impact to regain equilibrium position.

Mitigation measures include having

- An early warning alarm system;
- In case of warning, evacuate the houses with families;
- If somebody feels that the earth shakes near the beach area, don't wait for warning.

Immediately move to higher ground area.

- If some people are in a ship, in case of a warning, then do not return to port, because tsunami rapidly changes in water level and becomes more dangerous at the port.

4) EARTHQUAKES IN INDIA Earthquake means a sudden violent shaking of the earth ground, typically causing a great destruction, as a result of movements within the earth's crust or volcanic action. It is also known quake, tremor and temblor. It happens when two blocks of the earth suddenly slip past one another.

- On the earth, few areas are located in such a way that more than one tectonic plates constantly flatted against each other at a speed. In countries like Japan, earthquakes occur regularly.
- In India, Gujarat, Assam and Himalayan regions are more infested with earthquakes.
- The intensity of earthquake is measured in Richter scale.
- Earthquake directly does not cause casualties, but poor construction of the houses causes heavy damage. Earth-quake proof construction may not be affordable in developing countries like India. Government can frame such regulation that the infrastructure could withstand earth quakes. Gujarat Earthquake On 26th January, 2001. Gujarat witnessed an earthquake on Richter scale. It was the second largest earthquake since 1737 the worst disaster that India faced in 50 years after independent It struck at around 8:46 am. Its epicentre was 80 kms. away from the city Bhuj. The place in the earth's crust where an earth quack occurs is known as the focus. The shock waves or tremors we felt in many districts of Gujarat for about 2 minutes. Gujarat al: experienced aftershocks for one month and it spread across 700 km. range from the epicentre.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

ENVIRONMENTAL PROTECTION

• TOPIC: NATIONAL ENVIRONMENTAL POLICY 2006

➤ INTRODUCTION:

The National Environment Policy, 2006 is the outcome of extensive consultations with experts in different disciplines, Central Ministries, Members of Parliament, State Governments, Industry Associations, Academic and Research Institutions, Civil Society, NGOs and the Public. We acknowledge and appreciate the keen interest and concern with which they reviewed earlier drafts of this policy and offered inputs and feedback for its improvement. A great deal of published research literature has also been reviewed.

➤ OBJECTIVES

i.Conservation of Critical Environmental Resources:

To protect and conserve critical ecological systems and resources, and invaluable natural and man-made heritage, which are essential for life- support, livelihoods, economic growth, and a broad conception of human well-being.

Intra-generational Equity: Livelihood Security for the Poor:

To ensure equitable access to environmental resources and quality for all sections of society, and in particular, to ensure that poor communities, which are most dependent on environmental resources for their livelihoods, are assured secure access to these resources.

iii.Inter-generational Equity:

To ensure judicious use of environmental resources to meet the needs and aspirations of the present and future generations.

iv.Integration of Environmental Concerns in Economic and Social Development:

To integrate environmental concerns into policies, plans, programmes, and projects for economic and social development.

v.Efficiency in Environmental Resource Use:



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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To ensure efficient use of environmental resources in the sense of reduction in their use per unit of economic output, to minimize adverse environmental impacts.

vi. **Environmental Governance:**

To apply the principles of good governance (transparency, rationality, accountability, reduction in time and costs, participation, and regulatory independence) to the management and regulation of use of environmental resources.

vii. **Enhancement of Resources for Environmental Conservation:**

To ensure higher resource flows, comprising finance, technology, management skills, traditional knowledge, and social capital, for environmental conservation through mutually beneficial multistakeholder partnerships between local communities, public agencies, the academic and research community, investors, and multilateral and bilateral development partners.

➤ **PRINCIPLES**

This policy has evolved from the recognition that only such development is sustainable, which respects ecological constraints, and the imperatives of justice. The Objectives stated above are to be realized through various strategic interventions by different public authorities at Central, State, and Local Government levels. They would also be the basis of diverse partnerships. These strategic interventions, besides legislation and the evolution of legal doctrines for realization of the Objectives, may be premised on a set of unambiguously stated Principles depending upon their relevance, feasibility in relation to costs, and technical and administrative aspects of their application. The following Principles, may accordingly, guide the activities of different actors in relation to this policy. Each of these Principles has an established genealogy in policy pronouncements, jurisprudence, international environmental law, or international State practice:

i. **Human Beings are at the Centre of Sustainable Development Concerns:**

Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.

ii. **The Right to Development:**



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph. No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.

iii. **Environmental Protection is an Integral part of the Development Process:**

In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.

iv. **The Precautionary Approach:**

Where there are credible threats of serious or irreversible damage to key environmental resources, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

v. **Economic Efficiency:**

In various public actions for environmental conservation, economic efficiency would be sought to be realized.

This Principle requires that the services of environmental resources be given economic value, and such value to count equally with the economic values of other goods and services, in analysis of alternative courses of action.

- **TOPIC:Role of NGOs in environmental protection**

- **INTRODUCTION**

Globally, NGOs, socially conscious enterprises and individuals are rallying together to enable humanity in order to live sustainably i.e. "meet the needs of the present without compromising the ability of future generations to meet their own needs". This belief is the driving force for programmes of environment or development, across government, civil society, business, and industry. Only if we live sustainably can we protect the environment without compromising economic growth and the mission to eradicate poverty and better standards of living. And, in situations where attacks on ecosystems or certain demographics take place, Non-Governmental Organisations (NGOs) serve as the first port of call. Here's how NGOs are working for environmental protection.

- **NGOs working to conserve nature and environment**



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Many NGOs specialise in the 'green' arena, addressing the need to conserve nature and environment. They do this through mass awareness campaigns, tree planting drives, promoting ecologically sustainable practices for waste removal like vermiculture and composting instead of dumping in landfills, supporting the use of cycles and green renewable fuels instead of dangerous fossil fuels. The push from these NGOs has translated into Indian government ministries making many of these practices part of their recommendations to states and villages, and official solar and wind energy targets under the 2014 government. India's solar energy mission, for example, has received a billion dollar loan from the World Bank. Their role is vital for other campaigns like the Swachh Bharat Abhiyan.

➤ NGOs engaged in research

Many NGOs specialise in data-driven support to government bodies, showing quantifiable proof that encroachment upon biodiversity and water bodies is dangerous. Their reports become the basis of media attention, educating the masses and eventually molding opinion. This soon becomes the basis of re-examining policy, and eventually reform. Globally, such NGOs have the power to bring about global treaties, including reforms to address regulation of hazardous wastes, bans on landmines, and control of greenhouse gases and emissions. The Centre for Science and Environment for example, has been a leading light on, pollution, toxins in food and beverage and other key areas.

➤ Conclusion

It is important to realise that NGOs aren't one monolithic entity, but groups and organisations all engaged in activism, development, relief, access to information, and research across both grassroots and pan-India demographics. They are united in their goal for the public good and sustainability. With more awareness of their role in India's development, NGOs enjoy increasing credibility, acceptance and access to developmental areas. However, development mandates can only be thoroughly realised when achieved in partnership with other stakeholders in order to ensure that an NGO can make full use of its capability to make long-term development plans



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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3- Vaishalinagar
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Ph. No–(0281)2471645

2 – Vaishalinagar
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Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

- **TOPIC: GATT AND THE ENVIRONMENT**

Environmentalists are in the trade arena to stay. The precedent was set in crafting a North American Free Trade Agreement that drew strength - and congressional support - from its environmental provisions.

The environmental dynamic Nafta set in motion now needs to be extended to the General Agreement on Tariffs and Trade. Rapidly. Basic environmental elements should be incorporated into GATT before the Uruguay Round's Dec. 15 conclusion. This step should be followed quickly by including an environmental agenda within the Ministerial Declaration to be adopted in April that will set out how the Uruguay Round is to be implemented and define the framework for future GATT negotiations.

The Uruguay Round's imminent deadline need not be an impediment to including essential environmental provisions. The experience U.S. negotiators gained in seizing the lead on this issue while drafting Nafta has been seeded into the GATT discussions during the past year.

A critical test for the Uruguay Round's environmental success involves the decision on a proposed Multilateral Trade Organization (MTO). The MTO, if agreed upon, will essentially convert GATT from a contract among 100-plus trading nations into an international institution to which those nations belong.

Under an MTO structure, distinct issues could evolve without opening the entire contract to renegotiation. So far, the proposed MTO is devoid of any environmental component. U.S. acceptance of MTO, if it comes, should be conditioned on insisting the new structure have a firm environmental charter.

The United States has been seeking improvements in the Uruguay Round consistent with the progress made on food safety and environmental standards in Nafta. These efforts need to succeed. The burden of proof for those seeking to overturn one nation's environmental safeguards should fall upon the challenger. Scientifically based standards should be accorded a presumption of validity. Explicit recognition should be given to the right of any nation to exceed international standards. Upward harmonization should be the principle upon which standards are adjusted among nations.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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The Uruguay Round can also be strengthened by two additional measures. The public and concerned parties need greater access to the GATT dispute resolution process. Further, while international trade in domestically prohibited goods (such as banned pesticides) should stop, the Uruguay Round, as a minimum first step, can at least require notification to the nation to which such goods are destined.

At the culmination of the Uruguay Round, a more complete agenda of environmental reforms can be spelled out in the April Ministerial Declaration that will guide GATT's future.

The broad issue at stake is bringing GATT up-to-date with decisions national societies have already made about the reality of environmental conditions. Rules of an international regime like GATT should flow from and reflect the experience of the nations within the partnership.

- **TOPIC :Trade and environment**

Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. They are enshrined in the Marrakesh Agreement, which established the WTO, and complement the WTO's objective to reduce trade barriers and eliminate discriminatory treatment in international trade relations. While there is no specific agreement dealing with the environment, under WTO rules members can adopt trade-related measures aimed at protecting the environment provided a number of conditions to avoid the misuse of such measures for protectionist ends are fulfilled.

The WTO contributes to the protection and preservation of the environment through its objective of ensuring sustainable development and avoiding protectionism, through its rules and enforcement mechanism, and through work in different WTO bodies.

Environmental Management System

- **ISO -14000**

The ISO 14000 family of standards provides practical tools for companies and organisations of all kinds looking to manage their environmental responsibilities. The International Standard Organisation (ISO) took up the responsibility for drawing up a new environmental standard



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

series IS014000 with the help of technical committee; TC 207 and its sub 'committees. India is member of TC/207. BIS represents in this committee.

This BIS (Bureau of Indian Standards) committee works through sub-committees each on:

- (1) Environmental Management System
- (2) Environmental Auditing.
- (3) Environmental Labelling.
- (4) Environmental Evaluation
- (5) Life Cycle' Assessment
- (6) Definitions and Terminology

➤ ENVIRONMENT AUDIT

Overview to Environment Audit (For certification):

The environmental audit is a review of activities affecting the environment to determine the status of a corporation's compliance with central, state and local environment laws and regulations.

• TOPIC: ECO - FRIENDLY PRODUCT

➤ Introduction:

"Eco friendly" term and "going green", are the buzz words all around. Eco friendly means to be environment friendly. They are such products which are non-polluting in nature. These products do not harm any of the natural resources. Moreover, it conserves the nature and tells us how economically and efficiently we can use the natural resources. Definition: According to one of the definition, eco-friendly products are "Products that do not harm the environment in their production, use or disposal" in other words, these products help to preserve the environment by significantly reducing the pollution they could produce."

➤ FEATURES OF ECONFRIENDLY PRODUCTS

1. Eco-products contain less or no toxic, chemical materials.
2. The manufacturer produces the product as efficiently as Possible, using the fewest materials possible and simple methods.
3. They are manufactured using the highly recyclable products helping to cause lowest pollution.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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Nr. Amrapali Railway Crossing
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4. They consume less power as much as possible.
5. They mostly use the renewable source of energy for getting charged like sunlight.
6. They can help save gas and produce less carbon emission.
7. They are packed efficiently with partial_ or completely recyclable materials.
8. Most of the time they can be easily recycled ideally through hassle free and trade in programs.

• TOPIC : GREEN INDUSTRY

(A) Concept and meaning:

The concept of Green Industry was initiated by United Nations Industrial Development Organization-UNIDO which was created at request of the Meeting of United Nations General Assembly. The concept of green industries, means ensuring that all industries, regardless of sector, size or location, continuously improve their environmental performance. This includes commitment to and actions aimed at reducing the environmental impacts of processes and products through using resources more efficiently, phasing out toxic substances, substituting fossil fuels with renewable energy sources, improving occupational health and safety, taking increased producer responsibility and reducing the overall risks.

(B) Advantages that green industry entrepreneurs will obtain

1. Impact Reduction on environment and community, risk reduction of being responsible for the adverse impacts in the future.
2. Building a good corporate image and receiving a good attitude for being environmentally friendly industry.
3. Not only the business will be benefited but the surrounding people will obtain justice and have a better quality of life from economy and society development which results from the green industry.
4. Fairness in the job hiring can be seen. Increasing job creation and employability related to environment, Workers will work safely and happily in a good environment.
5. Economical and efficient use of natural Resource and energy, cost saving in business operations.
6. Marketing opportunities can be created by focusing on "green" products and production process which are being accepted and needed by consumers around the world.
7. Adding value to national economy which will not affect society, community and environment adversely.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

• TOPIC: CARBON CREDITS

(A) Introduction and meaning:

By now we have understood that the burning of fossil fuels is a major source of greenhouse gas emissions, especially for power, cement, steel, textile, fertilizer and many other industries which rely on fossil fuels (coal, electricity derived from coal, natural gas and oil). The major greenhouse gases emitted by these industries are carbon dioxide, methane, nitrous oxide, hydro fluorocarbons (HFCs) etc., all of which increase the atmosphere's ability to trap infrared energy (invisible radiant energy) and this affect the climate. The concept of carbon credits came into existence as a result of increasing awareness of the need for controlling emissions.

(B) Definition:

A carbon credit is a financial instrument that allows holder, usually an energy company the emit one ton of carbon dioxide. Credits are awarded to Countries or groups that have reduced their greenhouse gases below their emission quota. Carbon credits can be legally traded in the international market at their current market price.

(C) Importance of carbon credit:

1. Carbon credits are a key component of national and international emissions trading schemes.
2. They provide a way to reduce greenhouse effect emissions on an industrial scale by restricting total annual emissions.
3. The market assigns a monetary value to any shortfall through trading.
4. It helps to set the limits to the maximum amount of emission of GHGs by developed countries.
5. Thus, it initiates to reduce and control global warming at the industrial levels.
6. As per Kyoto protocol, at present, developing and least developed countries are not bound by the amount of GHGs emission that they can release in atmosphere, though they too emit GHG
7. An allowance carbon credit represents an allowance to emit GHGs. one metric tonne of carbon equivalent.
8. Credits can be exchanged between businesses or sought and sold in international markets at the prevailing market price



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3- Vaishalinagar
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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
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Ph.No–(0281)2440478, 2472590

Unit : 1 communication

- Communication is as old as human civilization. Man used to communicate with his fellow beings by means of sounds, signals, gestures when there was no language developed. Minus communication, human society could not have been as it is today. It is communication which has transformed mankind into the most developed rational and prosperous group on the earth.

Communication

Communication is the activity of conveying information. The word communication has been derived from the Latin word 'communis', meaning to share. It basically involves a sender, a message and a receiver.

Communication is giving, receiving or exchanging ideas, data, information, signals or messages through appropriate media, enabling individuals or groups to persuade, to seek information, to give information or to express emotions.

Communication is usually a two-way process. It is not just giving information or signaling someone; it also involves the comprehension of the information or the signal by the receiver. When the act of giving information or sending message reaches the recipient and gets comprehended by him/her and the receiver sends feedback as desired by the sender, the process of communication is said to be complete. Communication, therefore, involves more than one person.

Communication is a continuous and dynamic process involving more than one person. It is a cyclic process denoting continuous flow of information. It essentially involves sender, message and recipient. The sender conceives ideas and encodes them into suitable medium (facts, figures, pictures), sends them through appropriate channel (email, phone, speech) to the recipient. The recipient decodes the message, understands it and encodes feedback and sends it to the sender. The process continues.

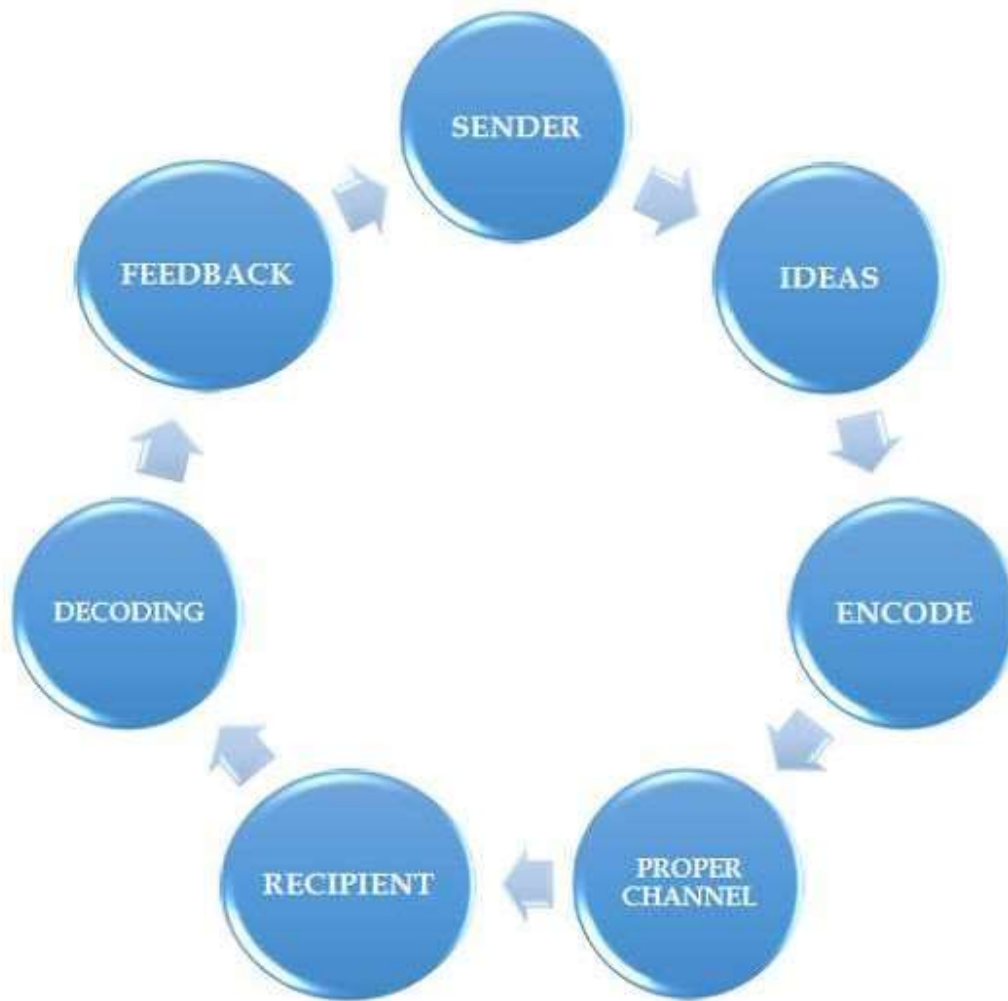


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3- Vaishalinagar
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590



The Process of Communication

Communications refers to a set of techniques used for expressing ideas effectively and the technology of transmission of information by print or telecommunication media.

Communication is lexically meant to be the imparting or exchanging of information by speaking, writing or using some other medium.

It is the act of conveying intended meaning from one entity or group to another through the use of mutually understood signs or semiotic rules.

Definitions of Communication

Communication is defined by different authors as follows.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

Ordway Tead

“Communication is a composite of (a) information given and received, (b) of a learning experience in which certain attitudes, knowledge and skills change, carrying with them alternations of behaviour, (c) of a listening effort by all involved, (d) of a sympathetic fresh examination of issues by communicator himself, (e) of a sensitive interaction of points of view leading to a higher level of shared understanding and common intention.”

G.G. Brown.

“Communication is transfer of information from one person to another, whether or not it elicits confidence. But the information transferred must be understandable to the receiver.”

Louis A. Allen

“Communication is the sum of all the things one person does when he wants to create understanding in the mind of another. It is a bridge of meaning. It involves a systematic and continuous process of telling, listening and understanding.”

Fred G. Meyer

“Communication is the intercourse by words, letters or messages”.

Keith Davis

“Communication is the process of passing information and understanding from one person to another.”

Importance of Communication in Society

It is communication that binds people and society together. It is considered as a natural process.

Society moves on human interactions and exchange of ideas, thoughts, and feelings. Relationship builds up through communication.

Lack of communication among the people in society will severely affect social cohesion and cohabitation. Progress and prosperity will come to a standstill if there is no effective communication. Communication is a factor of building and maintaining good relations. It enables people to understand each other.

Communication is as important and meaningful in individual life as in the society. Individuals make friends, builds up relationship and lead a true social life through communicating effectively with the fellow beings.

Importance of Communication in Business

Communication is the lifeline of a business organization. It is essential for realizing the objectives of an organization.

According to Millet, “Communication is blood stream of an organization”.



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Chester I. Barnard viewed communication as the means by which people are linked together in an organization to achieve a common purpose.

The importance of communication can be assessed as follows –

- Communication is needed to establish and disseminate the goals of a business organization.
- The smooth and unperturbed functioning of an enterprise.
- Communication helps the organization in arriving at vital decisions.
- It also helps a lot in planning and coordination.
- It is a basic tool for motivation and an increase in the morale of the employees largely depend upon the effectiveness of communication.
- It helps a business as means of bringing about maximum production at the lowest level by maintaining good human relationship in the organization.
- It works as an effective link between branches of the organization situated at great distances.
- It helps in publicizing goods and services.
- It reduces rumors and ensures smooth running of the organization as a whole

The process of communication refers to the transmission or passage of information or message from the sender through a selected channel to the receiver overcoming barriers that affect its space.

The process of communication is a cyclic one as it begins with the sender and ends with the sender in the form of feedback. It takes place upward, downward and laterally throughout the organization.

The process of communication as such must be a continuous and dynamic interaction, both affecting and being affected by many variables.

Communication process consists of certain steps where each step constitutes the essential of an effective communication.

The following is a brief analysis of the important steps of the process of communication.

The Different Elements in The Process of Communication

We will now learn about the different elements in the process of communication.

Sender

The very foundation of communication process is laid by the person who transmits or sends the message. He is the sender of the message which may be a thought, idea, a picture, symbol, report or an order and postures and gestures, even a momentary smile. The sender is therefore the initiator of the message that need to be transmitted. After having generated the idea, information etc. the sender encodes it in such a manner that can be well-understood by the receiver.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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Ph.No–(0281)2471645

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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

Message

Message is referred to as the information conveyed by words as in speech and write-ups, signs, pictures or symbols depending upon the situation and the nature and importance of information desired to be sent. Message is the heart of communication. It is the content the sender wants to convey to the receiver. It can be verbal both written and spoken; or non-verbal i.e. pictorial or symbolic, etc.

Encoding

Encoding is putting the targeted message into appropriate medium which may be verbal or non-verbal depending upon the situation, time, space and nature of the message to be sent. The sender puts the message into a series of symbols, pictures or words which will be communicated to the intended receiver. Encoding is an important step in the communication process as wrong and inappropriate encoding may defeat the true intent of the communication process.

Channel

Channel(s) refers to the way or mode the message flows or is transmitted through. The message is transmitted over a channel that links the sender with the receiver. The message may be oral or written and it may be transmitted through a memorandum, a computer, telephone, cell phone, apps or televisions.



Since each channel has its advantages and disadvantages, the choice of proper selection of the channel is paramount for effective communication.



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Receiver

Receiver is the person or group who the message is meant for. He may be a listener, a reader or a viewer. Any negligence on the part of the receiver may make the communication ineffective. The receiver needs to comprehend the message sent in the best possible manner such that the true intent of the communication is attained. The extent to which the receiver decodes the message depends on his/her knowledge of the subject matter of the message, experience, trust and relationship with the sender.

The receiver is as significant a factor in communication process as the sender is. It is the other end of the process. The receiver should be in fit condition to receive the message, that is, he/she should have channel of communication active and should not be preoccupied with other thoughts that might cause him/her to pay insufficient attention to the message.

Decoding

Decoding refers to interpreting or converting the sent message into intelligible language. It simply means comprehending the message. The receiver after receiving the message interprets it and tries to understand it in the best possible manner.

Feedback

Feedback is the ultimate aspect of communication process. It refers to the response of the receiver as to the message sent to him/her by the sender. Feedback is necessary to ensure that the message has been effectively encoded, sent, decoded and comprehended.

It is the final step of the communication process and establishes that the receiver has received the message in its letter and spirit. In other words, the receiver has correctly interpreted the message as it was intended by the sender. It is instrumental to make communication effective and purposeful.

Consider the following points related to the feedback involved in the process of communication –

- It enhances the effectiveness of the communication as it permits the sender to know the efficacy of his message.
- It enables the sender to know if his/her message has been properly comprehended.
- The analysis of feedbacks helps improve future messages. Feedback, like the message, can be verbal or nonverbal and transmitted through carefully chosen channel of communication.
- We can represent the above steps in a model as the model of communication process.



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Ph.No–(0281)2471645

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Nr. Amrapali Railway Crossing
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FORMS OF COMMUNICATION

1. Verbal: communication done with help of words. It consist of Oral and Writtencommunication.
2. Non-verbal: transmission of message without usage of words.
 - ▶ ‘The most important thing in communication is hearing what isn’t said.’
 - Peter F.Drucker
 - ▶ Impact of Message: 55% by body language, 38% by tone of voice and 7% by words.

Verbal Communication:

Communication which is connected with the words and use of words is termed as verbal Communication. It is further divided into two types: Oral and Written form of communication.

Oral communication: communication done with use of spoken words is known as Oral communication. It is further divided into two sub categories: Face to face and Use of machines. **Face to face:**

- ▶ Direct Personal talk
- ▶ Oral Presentation/ Public speaking
- ▶ Meetings
- ▶ Interview
- ▶ Lectures

Use of Machines:

- Intercom
- Radio
- Telephone loud speakersystem
- Videoconference
- Taperecorder

Advantages of Oral communication:

- Feedback
- Time saving andEconomical
- Healthyclimate
- Tool ofpersuasion
- Flexible
- Satisfactoryconclusion

Disadvantages of Oral communication:

- Possibility ofdistortion
- Norecord



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- Responsibility cannot be fixed
- No legal proof
- May not be always time saving

Written communication:

communication done with written words is called written communication. Oral communication occurs naturally but you need to take efforts while communicating in written form.

Characteristics of written communication:

Creative and conscious effort
Time factor
Continuity may not be maintained
Requires precision
Its shorter than oral message

Occasions for written communication:

- Memorandum
- Notice
- Telegram
- Telex
- E-mail

Advantages of written communication:

- ▶ Record and reference
- ▶ Fixed responsibility
- ▶ Legal proof
- ▶ Ideal for long messages
- ▶ Transmitted to numerous people

Disadvantages of written communication:

- Time consuming and expensive
- Lacks personal touch
- Difficult to maintain secrecy
- Less flexible
- Need efficiency
- Immediate feedback not possible



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NON-VERBAL COMMUNICATION

1. Body Language (Kinesics):

- Personal appearance
- Facial expression
- Gestures
- Eye contact
- Postures



2. Space and Distance

- Intimate space
- Personal space
- Social space
- Public space

Space Distancing

- Close space: 0 --> 50 cm
- Private space: 50cm --> 1,2 m
- Social space: 1,2 m --> 3,6 m
- Public space: > 3,6 m



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3. Paralanguage (How you Speak)
- a) Voiciset
 - b) Voicequality
 - c) vocalization



4. Signal
- a) Audio
 - b) Visual





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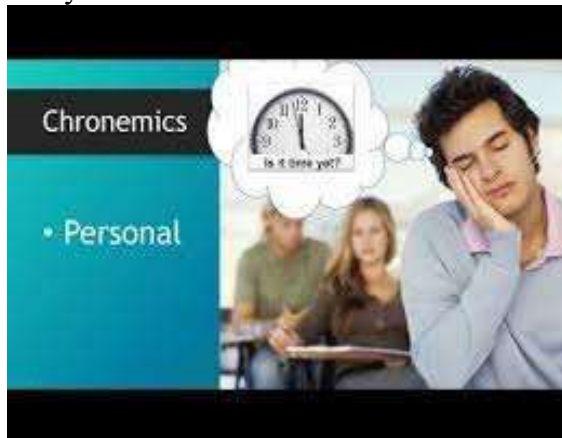
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Ph.No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

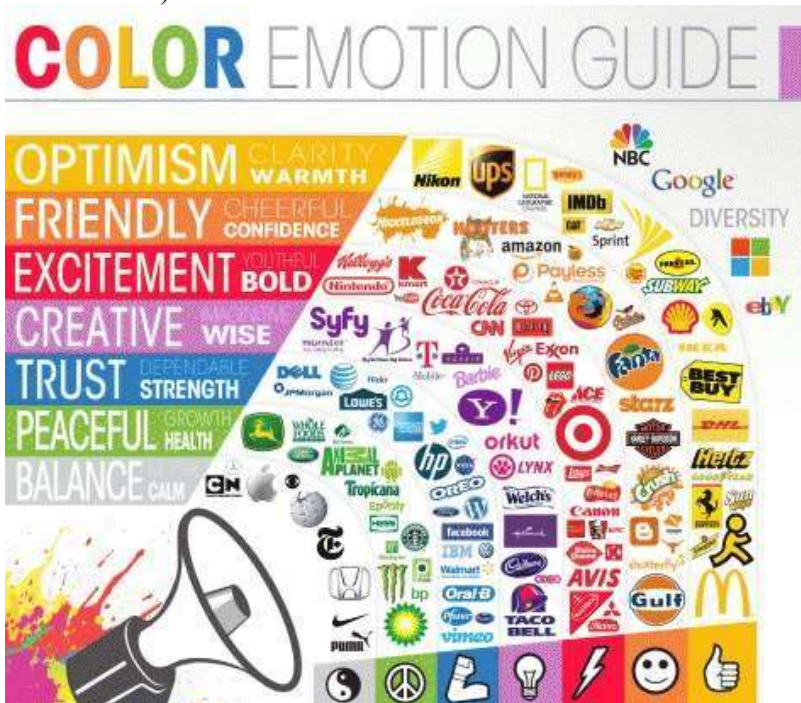
5. Chronology

Study of time. How time communicates with human beings



6. Other non-verbal forms of communication

- a) Silence
- b) Colour





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Ph.No–(0281)2471645

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Nr. Amrapali Railway Crossing
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Ph.No–(0281)2440478, 2472590

Network Flow of communication:

A. What is downward communication

Downward communication is the communication where information or messages flows from the top of the organizational structure from the bottom of the organizational structure. Downward communication occurs when information flows down the hierarch form superiors to subordinates. This type of communication may forms such as staff meetings, company newsletter, company policy statement, information memos, e-mail, face-to-face contact, orders, instruction etc. So, downward communication is the communication where information or messages flows from the top level of the organizational structure form the bottom level of the organizational structure.

Objectives or purpose of downward communication

It is a system of communication where communication takes a place form upper level to downward or from the superior to a subordinate level. The following objectives are available in downward communication.

1. **Supply information:** Workstyle, method, responsibility, duties, etc. are supplied to subordinates by this communicationsystem.
2. **Assigning work:** Through downward communication, superior assigns different works totheir subordinates.
3. **Explaining policies and plan:** The objective of an organization is to inform the institution’s plan, policy, program, etc. to a lower level by this communicationsystem.
4. **Responsibility and duty:** Interdepartmental duties and responsibilities are distributed by this communicationsystem.
5. **Directing subordinates:** Downward communication is directive in nature. To give directions tothe subordinates, top executives use this communicationmethod.
6. **Evaluation of performance:** Top executives evaluate the performance of their subordinates through this communication method. After evaluation of worker’s works, the analyzed result is informed to others foran incentive.
7. **Explain the change environment:** Any change or organization’s plan, policy, method and program are informed to all employees with the help of this communicationsystem.
8. **Coordination and cooperation:** To coordinate and cooperate with the subordinates o_f their works downward communication is needed. For the achievement of an expected result, downwardcommunication is the bestmethod.
9. **Delegate authority:** In a large organization, it is very much essential to delegate some authority totheir subordinates. Without downward communication delegation of authority is impossible.
10. **Establish discipline:** Top-level hierarchy of the organization try to maintain organizationaldiscipline through downward communication to their subordinates by issuing job-related rules andregulation

Methods of downward communication



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Both written and oral methods are used in transmitting messages of downward communication. Actually, the section of media depends on the nature, urgency and importance of the message to be communicated. The followings are the frequently used media or methods of *downward communication*.

- 1. Oral Media or Method:** Downward communication is mainly done by means of oral media or method. Usually, the supervisors give instructions to their subordinates through face-to-face and telephonic conversation. Beside this, managers also exchange relevant information to their subordinates through meetings, conferences, lectures etc.
- 2. Written Media or Method:** Organization of any size and nature sends important information to its employees in written forms through letters, circulars, manuals, bulletins, posters annual reports, etc. generally, letters and memos communicate important organizational directives; circulars, manuals, and bulletins communicate policies and procedures and annual report communicates organizational activities and performance at the end of the year.
- 3. Other Media or Method:** In addition to oral and written media or method, audio, visual and audio-visual media are also used in downward communication. Radio, television, poster, signal, symbol, graphs, etc. some of the commonly used instruments that convey messages to the subordinates

Advantage or merits of downward communication

Downward communication benefits the organization in many different ways. Through this communication, superior provide necessary information and directives to the subordinates. The major advantages of downward communication are highlighted below:

- 1. Delegating authority and responsibility:** Delegation means entrusting the subordinates with some responsibilities along with due authority. It is essential to make the subordinates capable in performing their jobs. Since downward communication starts from higher level, it helps managers in delegating authority and responsibility to the right persons.
- 2. Maintaining discipline:** Downward communication occurs in conformity with officially recognized rules and regulations. So it helps in establishing official discipline in the organization.
- 3. Increasing efficiency:** Downward communication provides necessary guidance, orders, instructions and explanations of various complex issues to the subordinates that ultimately increase the efficiency of the employees.
- 4. Informing organizational plans and procedures:** In an organization, the top-level executives develop the plans, policies, strategies, procedures etc. downward communication plays a significant role in communicating those plans, policies, strategies' and procedures to the lower levels of the organization.
- 5. Explaining the complex issues:** Sometimes subordinates need explanation of organizational policies and procedures. In such situations, managers rely on downward communication to provide necessary explanations and analysis.
- 6. Issuing orders and instructions:** Downward communication is the only means to circulate various orders, instructions, guidance, and advices to the subordinates. Without downward communication, organization is like a boat without boatman.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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Raiya Road, Rajkot – 360001
Ph.No–(0281)2471645

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- 7. Avoiding by-passing of hierarchy:** Downward communication takes place by following the established chain of command of the organization. Thus, it reduces the chance of sending message to someone through by-passing the immediate subordinate.
- 8. Maintaining good labor-management relationship:** Downward communication helps to create and maintain good labor-management relationships in the organization. When top-level executives communicate with their subordinates sincerely and courteously, it develops good interpersonal and inter-group relationships between management and works. In turn, this will motivate the employees and ensure good labor-management relation in the organization.

Disadvantages or demerits of downward communication

Though downward communication provides many advantages to the organization, it is not free limitations. Its main limitations or disadvantages are discussed below:

- 1. Time-consuming:** Downward communication is a delayed process. In this communication, information flows through different levels of hierarchy. As a result, when information reaches to the lower level workers, it may have lost its significance or utility.
- 2. Distortion of information:** Downward communication also suffers from problem of distortion of message. People have a tendency to modify or manipulate information. Therefore, information is passed from one individual to another or from one level to another, authenticity of information is lost.
- 3. Lack of explanation:** In most cases, downward communication contains messages without necessary explanation and clarification. For this reason, subordinates fail to understand the message accurately.
- 4. Deterioration of relationship:** Heavy reliance on downward communication also deteriorates the labor-management relationships. Because it does not provide any scope of direct communication between them.
- 5. Lack of feedback:** Absence of feedback is another major drawback of downward communication. The top-level executives usually place little or no importance to the messages received from subordinates. Superiors hardly seek feedback from the subordinates. Due to negligence of the superiors, subordinates also seldom send feedback. As a result, communication becomes ineffective.
- 6. Lack of enthusiasm:** Managers send orders instructions and advices to the subordinates through downward communication. This form of communication energizes and activates the employees. Therefore, delay in the downward flow of information adversely affects the enthusiasm of the employees.
- 7. Creation of frustration:** Downward communication is directive in nature. This type of communication hardly allows the subordinates to discuss any matter with their superiors. Moreover, the subordinates are compelled to follow the orders and instructions of the superiors. Such coercion creates frustration in the mind of the employees

What is Upward Communication?

When information flows from subordinated to superiors, it is called upward communication. The purpose of upward communication is to provide information to the managers from subordinates. Through this communication, subordinates convey their opinions, suggestions, complaints, etc. to their superiors. The lower-level employees initiate up-ward communication and the message ultimately reaches to the upper-level management. It may take place in the form of feedback of downward communication.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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Raiya Road, Rajkot – 360001
Ph.No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

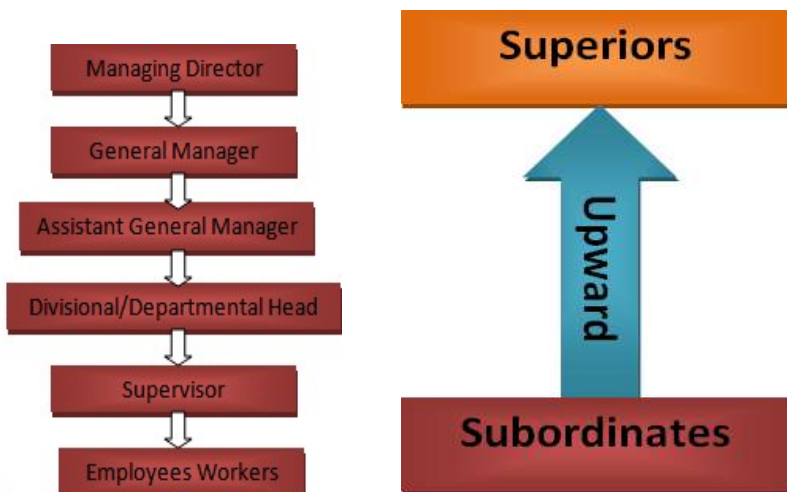


Figure: The flow of upward communication

Fig: Upward Communication

From the above discussion, it can be concluded that the communication where information flows from subordinates to superiors is known as upward communication. Upward communication conveys information related to periodic updates, requests for data, clarification of directives and requests for additional financial support.

Media or Ways of Upward Communication

The subordinates can communicate their problems, attitudes, complaints and suggestion to their superiors through various ways. That means, there are a number ways or means or methods of upward communication. The important media of upward communication are mentioned in the followed table:

Written Media	Oral Media	Other Media
<ul style="list-style-type: none"> ✚ Report ✚ Memo ✚ Suggestion and complaint boxes ✚ Direct letters ✚ Questionnaire 	<ul style="list-style-type: none"> ✚ Grievance procedure ✚ Joint setting of objectives ✚ Employer-employee meeting 	<ul style="list-style-type: none"> ✚ Open-door-policy

Fig: Media of upward communication

1. Written media of upward communication

The popular written media of upward communication are discussed below:



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Report: Report is one of the most important and widely used media of upward communication. Subordinates prepare reports periodically or regularly on various routine issues. They also prepare a special report when need arises. Reports are then submitted to the higher authority for supplying necessary information.

Memo: Memo is the short form of a memorandum. A memo is a short piece of writing generally used to exchange information among the persons within the organization. Superiors usually send information to their subordinates through memo. However, subordinates can also write memos to convey essential information to their superiors for making decisions.

Suggestion and complaint boxes: Some organizations install suggestions and complaint boxes at some convenient places in the office or factory through a suggestion box, management invites the employees to submit their suggestions for improving the efficiency of organizational operations. On the other hand, complaint box is placed to submit any complaint of the employees regarding any aspect of their employment.

Direct letters: Subordinates can write letters directly to their superiors at their own initiation or they may be asked by their superiors to write about any directed matter.

Questionnaire: Sometimes managers encourage upward communication by asking questions to their subordinates. For this purpose, they distribute questionnaires to the employees. Through questionnaires, management can know the attitudes, feelings and complaints of the employees.

2. Oral media of upward communication

The oral media of upward communication are as follows:

Grievance procedure: Grievance is the employee dissatisfaction over any aspect of their employment. The grievance procedure provides the employees with a formal channel of appeal to their superiors. In modern organizations, there is a well-established procedure for handling employee grievances that acts as a mode of upward communication.

Joint setting of objectives: In participative organizations, superiors and subordinates sit together for setting objectives. In this case, the superiors seek information and suggestions from the bottom-level managers and employees.

Employer-employee meeting: Meeting between employer and employees is a very useful medium of upward communication. In the meeting, the superior can raise problems and seek information, guidelines or suggestions from the subordinates.

3. Other Media

In addition to written and oral media, superiors can encourage upward communication through the following symbolic medium.

Open-door-policy: Open-door-policy of management inspires the employees to feel that the manager's doors are always open to them. Whenever they want they can enter into the manager's room and talk everything to the superiors without any fear or hesitation.

These are the commonly used media of upward communication. However, all the media are not suitable for every message. The selection of a particular medium in a particular situation depends on the nature and importance of the message.

Advantages of upward communication

1. **Development of plan:** The information received from subordinate plays an important role in the development of planning of the organization.



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- 2. Providing suggestions and opinions:** By upward communication system, subordinate takes necessary suggestions and opinions from superiors about the work-related issues of the organization.
- 3. Motivating to employees:** Upward communication system allows lower level staff to express their attitude or opinion to upper-level staff. As a result, subordinates are influenced to work more towards fulfillment to target.
- 4. Providing constructive suggestion:** All employees are supplied with constructive and important messages that can help to implement the goals or objectives.
- 5. Good labor-management relationship:** Upward communication is participative in nature. Here, information is invited from lower level executives and employees and on the basis of this information top executive makes a decision. So, good relation between subordinates and bosses should create for the betterment of the organization.
- 6. Providing feedback:** The subordinate's reaction is returned to the superior in this communication system. So, top level management can decide what to do and what not to do clearly and followed.
- 7. Creating favorable environment:** Upward communication helps to develop a favorable working situation in an organization by creating a good relation among all employees.
- 8. Promote harmony:** Upward communication creates a friendly environment in the organization which leads to a peaceful and harmonious relationship among the subordinates and superiors.
- 9. Decision making:** Top level executives or superiors need much information before taking a decision on a particular issue. Subordinates supply this information through the help of upward communication.
- 10. Developing creative and innovative ideas:** Upward communication facilitates easy access of the employees or subordinate to the superiors in providing necessary constructive suggestions and opinions about the work-related issues of the organization.
- 11. Facilitating collective decision:** Since upward communication is participative in nature. It allows the subordinates to convey their feelings, constructive suggestions and opinions and the work-related in the decision making process.

Disadvantages of upward communication

In spite of having many advantages upward communication, it is not free from limitations of disadvantages. The main disadvantages of upward communication are as follows:

- 1. Changes of information:** In upward communication subordinates may change their accurate information. So, the top executive cannot take an accurate decision.
- 2. Unwillingness:** Sometimes subordinates don't send the information to their superior willingly. So, the communication system may be disrupted.
- 3. Fear of inefficiency:** The main problem of upward communication is fear to superiors. Generally, superiors make a question about the employees work position and efficiency. Many employees fear to communicate and share their ideas, constructive suggestions and opinions with the superiors.
- 4. Indiscipline:** Sometimes employees communicate directly to superior by avoiding proper channel or chain of command. Here disciplines are not properly maintained.



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- 5. Bypassing:** In the process of upward communication, sometimes workers directly approach the topmost authority with their suggestions or bypassing their immediate boss. This is harmful to any organization.
- 6. Flattery:** In order to convince the superior bosses, subordinates can take the help of flattery and for this reason, subordinates may conceal the true and provide incomplete information to the top level.
- 7. Lack of initiative:** Generally subordinate is reluctant to take the initiative to upward communication for a different reason.
- 8. Risk of distortion of messages:** In upward communication, subordinates willingly distort the message because they fear if they tell the original fact to their bosses, they may face some problems.
- 9. Delay:** It is an important limitation of upward communication is the long and slow movement of information to the higher authority.
- 10. Supervisor's negligence:** Sometimes top-level executives discourage the upward flow of information and neglect the constructive suggestions and opinions about the work-related issues of the organization.

What is Horizontal communication?

The term lateral communication can be used interchangeably as horizontal communication. Horizontal communication is communication among people at the parallel or same level, position, rank or status people of the organization. Horizontal communication is the communication that flows laterally within the organization, involves persons at the same level of the organization. Horizontal communication normally involves coordinating information and allows people with the same or similar rank in an organization to cooperate or collaborate.

The graphical presentation of horizontal communication is as follows:

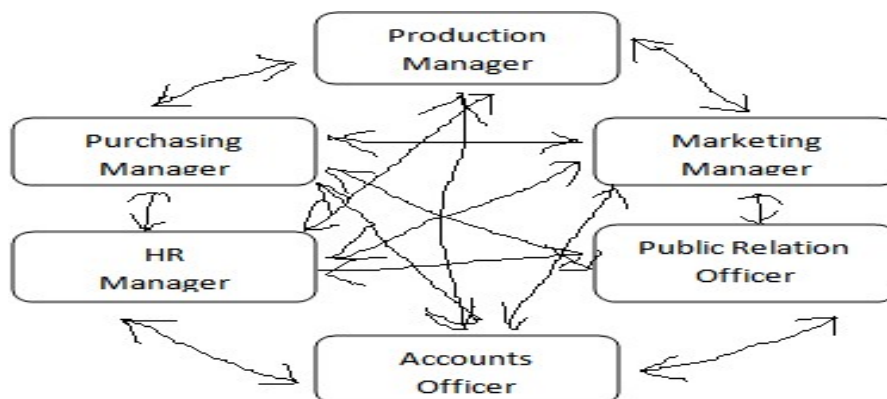


Figure: The flow of Horizontal communication

So, *Horizontal communication* is the communication where information or messages flows among the similar or same level statuses of people in the organizational structure.

Differences between horizontal and vertical communication

Horizontal communication is the communication where information or messages flows between the parallel same level or statuses people of the organizational structure. On the other hand, vertical communication



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Ph.No–(0281)2471645

2 – Vaishalinagar
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Raiya Road, Rajkot - 360001
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is communication where information or messages flows between or among the subordinates and superiors of the organizational. The difference between horizontal and vertical communication are as follows:

Basis	Horizontal Communication	Vertical Communication
1.Purpose	Main purpose is to co-ordinate the activities of various departments and division of the organization.	Main purpose is to provide orders, instructions, advices, feedback, opinions, suggestions, requests within sub-ordinates and superiors.
2.Information flow	Information or messages flows between same level and statuses people.	Information and messages flows between subordinates and superiors.
3.Media	Generally use oral method	Generally use written method.
4.Distortion	Free form distortion of messages.	May possibility of distortion of messages.
5.Formality	It maintain informal relationship	It maintains formal relationship.
6.Length of information flow	Length of information flow between sender and receiver is short.	Length of information flow between sender and receiver is long.
7.Method of communication	This communication is mostly done through oral media.	It is more uses than horizontal communication.

Essentials of effective Horizontal communication

The essentials of effective Horizontal communication are as follows:

Recognition: To make Horizontal communication effective top executive must recognize it is a realistic and useful way to exchange a message.

Emergency communication: To make it effective this communication system is to be considered a form of emergency communication to effect a quick resolution of a particular problem.

Direct supervision: To make more effective of this system manager should convince the workers.

Discipline: To make more effective discipline to be maintained strictly in every level. Otherwise, management may be broken.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph.No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Clear understandability: To make effective, care should be taken so that managers may have a clear understanding that horizontal communication is a functional part of the total communication process. **Interdepartmental communication increase:** To make it effective, organizational structure should be made in such a way that opportunity for interdepartmental communication can be ensured.

Act as Lubricant: To make effective, departments must be developed, so that it will act as a lubricant in the way of effectively using *horizontal communication*

Advantages of horizontal communication

1. **Informal and sweet relationship:** This is same status level's communication system. They exchange ideas, knowledge and thoughts. So, an informal and sweet relationship can be maintained.
2. **Co-ordination of activities:** For the achievements of the expected result of an organization inter departmental co-ordination system must be developed which is a criteria of horizontal communication.
3. **Departmental communication:** Horizontal communication is the best system of communication in departmental communication.
4. **End of misunderstanding:** There is no chance of misunderstanding in horizontal communication among employees. So, it is helpful to management for enhancing mutual understanding and good decision making.
5. **Hindering bureaucracy:** No change of a rise bureaucracy in Horizontal communication running organization which is helpful to make a good relationship among themselves.
6. **Dynamism at work:** If horizontal communication is established in organizational dynamism at work will increase among workers.
7. **Group activities:** IN this system of communication a department is well known to other department and can exchange their affection. So, group activities and direction of the sound work program will be easier.
8. **Quick communication and solution of problems:** Horizontal communication allows quick transmission of messages and solves complex problems in the organization.
9. **Linking with different areas of expertise:** science same level of employees' exchange information in this communication, they create good link with different areas of expertise.
10. **Guarding against distortion message:** Horizontal communication takes place among the employees of the same level; information reaches directly from one employee or executive to another which acts as a guard against distortion messages.

Disadvantages or limitations of Horizontal communication

Horizontal communication has not only some advantages but also some disadvantages which are followed:

1. **Overloaded by information:** Since information is less filtered in horizontal communication, one must sort through a greater amount of data which may lead to overload.
2. **Wastage of time:** Such communication involves excessive sorting of data which can kill the useful and valuable time of superiors.
3. **Positional problem:** For positional problem, horizontal communication must fail to fulfill the organization's goal.



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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2 – Vaishalinagar
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4. **Lack of understanding:** For lack of understanding among employees this communication may not be successful.
5. **Procedural problem:** Sometimes horizontal communication is disrupted for procedural problems.
6. **Over specialization:** Specialization is a problem that often happens when organizations do not have uniformity within departments, causing communication difficulties. Specialization can occur with procedures or vocabulary used by different departments. When this occurs organizations have trouble functioning properly and do not run smoothly.
7. **Lack of motivation:** Horizontal communication often fails simply because organization members are unwilling to expend the additional effort that it requires. It may require contact with people in units and the channels and rules of interaction may be unclear. Sometimes we do not really know these people. The need to communicate with them makes us uneasy or takes too much time.
8. **Rivalry:** Rivalry within organizations occurs for example when the different levels of an organization fail to cooperate with one another.
9. **Ignoring vertical communication:** In horizontal communication same level of organizational members are contacted or exchange information with each other. Most of the cases they do not inform managers of the hierarchy which breaks down or ignores the vertical communication.
10. **Low productivity:** Horizontal communication often fails simply because of organizational members are unwilling to expend the additional effort that it requires and its wastage of useful and valuable time of superiors which leads to low productivity.

What is diagonal communication?

Diagonal communication is cross-functional communication between employees at different levels of the organization. For example, if the vice president of sales sends an e-mail to the vice president of manufacturing asking when a product will be available for shipping, this is an example of horizontal communication. But if a sales representative e-mails the vice president of marketing, then diagonal communication has occurred.

Whenever communication goes from one department to another department, the sender's manager should be made part of the loop. A manager may be put in an embarrassing position and appear incompetent if he isn't aware of everything happening in his department. Trust may be lost and careers damaged by not paying attention to key communication protocols.

Diagonal communication is becoming more common in organizations with a flattened, matrix, or product-based structure. Advantages include:

Building relationships between senior-level and lower-level employees from different parts of the organization.
Encouraging an informal flow of information in the organization.

Reducing the chance of a message being distorted by going through additional filters.

Reducing the workloads of senior-level managers.

Communication is a process that consists in the following processes people seek to share meanings through symbolic messages. The communication process has an impact on the attitudes of employees the organization, its activities, involvement (or lack thereof) spend most of their time with the organization in which



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
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they work the timing and condition of which depends on their behaviour. Communication intentions there is a coordination of behaviours of people who take up communistic activity. The agreement of opinions, beliefs or attitudes, in particular in the face of reality. An important objective of communication is to improve cooperation between two people (groups of people), leading to the implementation of joint undertaking . It is internal communication enables the acceptance of the actions taken by the management and a process of information transfer, which aims at arousing among the following employees understand all decisions taken in the area of organisation and management of the company and building attitudes of loyalty and identification with the company. Internal communication is an important motivation factor and the basis for their involvement . Good communication between members of the organisation can be improved the effectiveness of each of them and of the organisation as a whole. Activities in the field of internal communication were not so long ago considered and treated by managers as secondary, less relevant to external communication activities. Research showed, however, that the productivity of an employee who is well notified shall be increased by approximately thirty per cent in relation to average worker

Advantages of diagonal communication:

1. **Coordination:** This crosswise communication serves the important purpose of coordination through informal meetings, formal conferences, lunch hour meetings, general notices etc.
2. **Practicable:** As we know not all communication takes place strictly on the lines of organisational hierarchy, i.e., downwards or upwards.
3. **Morale boosting:** By providing opportunities to lower level workers to interact with managers in informal meetings it gives them morale boost and further commitment to the organisation. More and more organisations are now encouraging crosswise communication and building upon homie.

Limitations:

1. **Fear of infringement:** The superior may feel it an infringement that his subordinate has been given undue importance and that he has been bypassed.
2. **Resistancetocompliance:** The superior may not implement the suggestion as he has not been consulted.
3. **Anarchy:** The lack of accepted procedures may lead to internal anarchy and external animosity



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3- Vaishalinagar
Nr. Amrapali Railway Crossing
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2 – Vaishalinagar
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Barriers to communication:

1) Environmental/external-

- a) Noise: disturbance, unnecessary information
- b) Wrong choice of channel: choosing wrong mode, for instance using email for direct personal talk
- c) Surrounding: environment and external factors causing barriers to communication

2) Physical/biological-

- a) Eyes: if affected cannot read
- b) Ears: if affected cannot hear
- c) Hand: if affected cannot write
- d) Vocals: if affected cannot articulate, speak or produce sound.

3) Socio-psychological-

- a) Difference in perception: Each individual has their own viewpoint
- b) Prejudice: biasness towards someone leading to miscommunication
- c) Understanding: Level of intelligence creating gap in communication



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4) Personal-

Education, age, interest and need: different background in education, age factor, plays barrier to communication.

5) Emotional-

Passive, passion, aggressive, extreme emotions: too much laid back or too much aggression clouds the actual matter to be communicated

6) Cultural-

Difference in belief, ideology and way of life: the language being spoken, concepts being commonly accepted are different from one culture to another.

7) Information overload-

Too much information at a time which becomes hard to handle

8) Technical/technological-

Barriers caused by technical faults and faulty machinery

9) Semantic-

- a) Misinterpretation of words: misspelling, words with many meanings can cause confusion or misinterpretation
- b) Ambiguity: vague message which aren't clear and may mean more than one thing, open to interpretation
- c) Use of technical language: use of jargons may confuse people who aren't of that field.

10) Organisational-

- a) Organisation policy: rules and regulation which govern free flow of communication.
- b) Hierarchy: chain of command which delays information, message is filtered and mutilated for individual gains sometimes.
- c) Goal conflict: goals of each individual in organization or of employees and organisation's goals aren't aligning.

Resolving barriers:

1. Sender orientated

- a) **State the purpose:** introduce the topic so context is clear
- b) **Appealing and emphasis:** must be interesting and important matter must be pointed out.
- c) **Soliciting feedback:** asking receiver for feedback to check success of the communication process
- d) **Focus:** stick to main point
- e) **Language and clarity:** use simple and clear language which is understandable by all, and also use language with which everybody is compatible with.



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2. Receiverorientated

- a) **Familiarise with topic:** try to understand the topic and context.
- b) **Avoid disturbance:** take steps in order to reduce disturbance.
- c) **Feedback:** give response as sender can ascertain success of communication process.
- d) **Open mind:** without any pre-evaluation or prejudice listen to sender.
- e) **Listen with eyes and ears:** don't just listen words but pay attention to underlying tone gestures it's delivered with.

3. organization oriented

- a) **Training:** upgrade knowledge skill so that employees are able to communicate.
- b) **Participation:** motivate employees to take part in discussion, which will reduce gap between management and employees.
- c) **Open door policy:** to let employees have free flow of communication.

4. Do's for breaking barriers

- a) Expressing expectation
- b) Active listening
- c) Use accurate and specific word
- d) Write instructions if information is detailed or complex
- e) Use 'you' attitude
- f) Try to understand speaker's viewpoint



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B.B.A

SEM-1

Unit 2 presentation strategies & interview skills

(A) Presentation skill:

Business is all about selling - a product, topic or concept. When making a business presentation, the most important thing is to know your material. If you do not know everything about what you are selling, it is not likely that the audience will be buying.

Presentation is the practice of showing and explaining the content of a topic to an audience. Presentations come in nearly as many forms as there are life situations. In the business world, there are sales presentations, informational and motivational presentations, first encounters, interviews, briefings, status reports, image-building, and training sessions. Presentations skills and public speaking skills are very useful in many aspects of work and life. Developing the confidence and capability to give good presentations, and to stand up in front of an audience and speak well, are also extremely helpful competencies for self-development too. Presentations and public speaking skills are not limited to certain special people - anyone can give a good presentation, or perform public speaking to a professional and impressive standard. Like most things, it simply takes a little preparation and practice.

The formats and purposes of presentations can be very different, for example: oral, multimedia (using various media - visuals, audio, etc.), PowerPoint presentations, long planned presentations, educational or training sessions, lectures, and simply giving a talk on a subject to a group on a voluntary basis for pleasure. Even speeches at weddings and eulogies at funerals are types of presentations. They are certainly a type of public speaking, and are no less stressful to some people for being out of a work situation.

Yet every successful presentation uses broadly the essential techniques and structures explained here. Aside from presentations techniques, confidence, experience - and preparation - are big factors.

Characteristics of a good presentation

1. Easy to Understand – This simply means the content that is being displayed on the screen or in a handout is in simple vocabulary and laid out in a way that makes sense to virtually any casual observer. The easier the presentation is to understand, the greater the chance of the recommendations being acted upon at the end of the presentation.

2. Logical Flow – The presentation should work in a sequential approach, with each section logically leading into the next section. This attribute works hand-in-hand with being easy to understand. When a presentation is laid-out in a way that is easy to follow, it is much more effective for everyone. You'll have fewer unnecessary questions to answer. Confusing information requiring questions from the audience only impedes your presentation's success.



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3. Concise – Use as few words and slides (if using PowerPoint or similar software) as possible. Err on the side of a shorter presentation. This technique forces you to remove extraneous items from your presentation and encourages you to be efficient. Too much information gets confusing and boring, and will generally cause

anxiety among the audience. They will start searching for other things to do mentally and physically, such as daydreaming or checking e-mails on their smart phones.

4. Powerful Opening – A powerful opening captures your listener's attention and sets the stage for the rest of the presentation. However, if you perform poorly, you may lose the audience immediately. With an opening that is thought-provoking and interesting, the audience will be anticipating the remainder of your presentation. Be sure the supporting part of your presentation is at the same high-quality level.

5. Visually Appealing – Being visually appealing helps keep the interest of the audience, and pictures, short videos, colors, and graphics all play an important role. The constant movement of new and different images and colors keeps the audience focused on the screen, thereby increasing their attention span and interest levels.

6. Summary – Make sure you summarize the presentation. It's a way to be sure the audience hears the key points again, but this time, they will hear them all lumped together, one after the other. The summary can be a powerful reminder for the audience and is a key attribute of an effective business presentation. While you are presenting the summary, watch the reactions of the audience closely. It's a good way to gauge their feelings at that moment and to determine whether they are in synch with you or not.

7. Recommendations – After you summarize, outline what you would like the audience to do. This will act as your close to the presentation. This phase should logically follow the summary and lead the audience into your suggested action steps. If you were captivating during your summary portion, the acceptance of your recommendations will be easier for your listeners to digest.

8. Action Steps – As part of your recommendation, provide action steps that support your suggestions. For example, if you are suggesting that there be a 90-day test of your products and services, outline exactly what needs to happen to make this work. Don't expect the prospect to know what to do and what action to take. Make it easy for them. Have the action items in place and gain the prospect's agreement. The action steps are a natural part of your recommendations and should flow quite easily.

9. Strong Verbal Skills – This is a "soft" skill that takes some practice to get just right. Voice intensity, rate of speech, and voice inflection, are all important in sending a strong verbal message. This message should be aligned with the visual part of your presentation. Choose your words and vocabulary very carefully. If the topic is something you are very knowledgeable about, then you can concentrate on sending the appropriate voice energy and intensity.

10. Visible Confidence - Your posture, movement, gestures, and eye contact will all send a clear message to the audience. . . are you confident and worth listening to, or not? Your visible confidence could make or break the presentation. With a strong voice and a confident-looking demeanor, you can overcome many obstacles in a presentation. Make sure your confidence is displayed right from the beginning of the presentation and continues until you have made your recommendations. You can't expect an audience to make a confident decision about you and your recommendations unless they can see that same level of confidence throughout the presentation.



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2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Audio Visual Aids:

Audio Visual Aids Definition

According to Burton. These are sensory objectives and images which stimulate and emphasis on learning process. Carter V. Good. It is a trainable (motivation, classification and stimulation) process of learning.

Audio Visual Aids are also called instructional material. Audio literally means “hearing” and “visual” means that which is found by seeing. So, all such aids, which endeavor to make the knowledge clear to us through our sense are called “Audio Visual Aids” or Instructional Material. All these learning materials make the learning situations as real as possible and give us firsthand knowledge through the organs of hearing and seeing.

Therefore, any device which can be used to make the learning experience more concrete and effective, more realistic and dynamic can be considered audio visual material.

We learn through our sense organs. Senses are the ways of knowledge. All the sense organs help us in understanding the environment. Most of the knowledge, which we acquire from the school, comes through our ears and eyes.

Audio Aids examples are Radio, Tape-recorder, Gramophone, Linguaphone, Audio cassette player, Language laboratory

Visual Aids examples are Chart, Black and white board, Maps, Pictures, Models, Text-books, Slide projector, Transparency, Flash-cards, Print materials, LCD project, Film projector, TV, Computer, VCD player, Virtual Classroom, Multimedia etc.

Characteristics

Relevancy

Useful and purposeful teaching

Accuracy

Interest

Minimize verbalism

Comprehensibility

Motivation

Realism



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Qualities of Good speech in Presentation.

What is Speech Communication? Speech is an important medium of oral communication by which message is sent to the audience orally from the speaker. A *speech* is a public speaking delivered by a speaker on some occasions. It is a formal talking before a large number of people but it can be informal also.

Industrialists and businessmen are to speak in different conferences, seminars or in some public gatherings. With the increasing awareness of the value of public relation in business, most of the companies encourage their executives to attend public functions and to appear before the public and to accept invitations to be the chief guest or speaker at meetings. A salesman also has to make hundreds of mini speeches in business.

What is Speech Communication

According to Oxford Dictionary, “A speech is a formal talk that a person gives to an audience.”

So, we can define speech as a formal or informal talking or speaking delivered by a person in front of a gathering.

Some speech is unstructured and flexible and some are highly structured and strict or rigid. It is a public speaking.

–**Business Communication**

What is Speech Communication?

Characteristics of a Good Speech

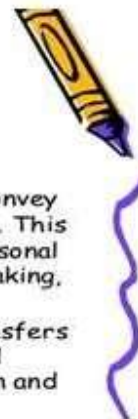
- Dynamic
- Informal Talk
- Clear
- Vivid and Concrete
- Brevity
- Interesting
- Audience Oriented
- Free From Error
- Authentic
- Well Organized

What is Speech Communication?

(from Latin "*communis*", meaning *to share*)

is defined as a process by which we assign and convey meaning in an attempt to create shared understanding. This process requires a vast repertoire of skills in intrapersonal and interpersonal processing, listening, observing, speaking, questioning, analyzing, and evaluating.

Use of these processes is developmental and transfers to all areas of life: home, school, community, work, and beyond. It is through communication that collaboration and cooperation occur.





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Characteristics or Qualities of a Good Speech

Speech is one of the major medium of oral communication. We find different speeches in different situations but good speeches are not always found. A **good speech** is really enjoyable and informative. But it is very tough to deliver a speech that can enthrall the audience. A good speech has following characteristics or qualities-

- **Dynamic:** Dynamism is an important quality of a good speech. There must be variation in style, tone, voice, approach depending on the situation and timing otherwise audience will lose their attention and will suffer from monotonous presentation.
- **Informal Talk:** Speech should be like an informal talk. A good speech is close to a personal and informal chat between two intimate friends. When you speak there should be a perfect rapport between you and your audience.
- **Clear:** Clarity is the first major characteristic of a good speech. A speech must be successful in conveying the (message) ideas or emotions, facts or arguments to the audience that the speaker wants to express. If the audience does not instantly grasp your point, you have failed as a speaker.
- **Vivid and Concrete:** A good speech is vivid and concrete in nature. Include facts in a concrete and comprehensible way. No irrelevant or incomprehensible matters should be included in a speech. For example, the population of India is growing at an accelerating rate of 2.3% is a vivid statement.
- **Brevity:** Brevity is an important characteristic of a good speech. Speech should be shorter and concrete but comprehensive. The concentration of average audience does not last more than fifteen to twenty minutes. So, it is better to wrap up your speech within five to twenty minutes.
- **Interesting:** A good speech is always interesting. Quotations, anecdotes and humors make a speech vivid and interesting. An interesting speech always wins the attention of the audience.
- **Audience Oriented:** A good speech is always audience oriented. The speaker must deliver the speech in such a way as desired by the audience. The speaker should consider the age, education, social and economic condition, number etc. of audience to prepare his speech accordingly.
- **Free From Error:** A good speech is always free from error. Error in speech can make the audience confused and lose the personality of the speaker.
- **Authentic:** The facts and figures presented in a speech must be authentic and true. False statement or information misleads the audience and hampers the acceptability of speech.
- **Well Organized:** A good speech is always well organized and well arranged. The parts or points of a speech should be organized in logical sequence to attract and retain the attention of the audience.

Beside the above-mentioned criteria, a **good speech** also has some other criteria like visual presentation, timely presentation and result oriented and so on. A speaker should consider these qualities of a speech before presenting something on the dais.



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(B) Interviews Skills:

Meaning of interview:

The word interview comes from Latin and middle French words meaning to “see between” or “see each other”. Generally, an interview means a private meeting between people when questions are asked and answered. The person who answers the questions of an interview is called the interviewee. The person who asks the questions of our interview is called an interviewer. It suggests a meeting between two persons for the purpose of getting a view of each other or for knowing each other. When we normally think of an interview, we think a setting in which an employer tries to size up an applicant for a job. So, an interview is formal meetings between two people (the interviewer and the interviewee) where questions are asked by the interviewer to obtain information, qualities, attitudes, wishes etc. From the interviewee.

Types of interviews

There are many types of interviews that an organization can arrange. It depends on the objectives of taking the interview. Some important types of interviews are stated below:

1. **Personal interviews:** Personal interviews include:
 - Selection of the employees
 - Promotion of the employees
 - Retirement and resignation of the employees

Of course, this type of interview is designed to obtain information through discussion and observation about how well the interviewee will perform on the job.

2. **Evaluation interviews:** The interviews which take place annually to review the progress of the interviewee are called the evaluation interviews. Naturally, it is occurring between superiors and subordinates. The main objective of this interview is to find out the strengths and weaknesses of the employees.



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3. **Persuasive interviews:** This type of interview is designed to sell someone a product or an idea. When a sales representative talk with a target buyer, persuasion takes the form of convincing the target that the product or idea meets a need.
4. **Structured interviews:** Structured interviews tend to follow formal procedures; the interviewer follows a predetermined agenda or questions.
5. **Unstructured interviews:** When the interview does not follow the formal rules or procedures. It is called an unstructured *interview*. The discussion will probably be free-flowing and may shift rapidly from one subject to another depending on the interests of the interviewee and the interviewer.
6. **Counseling interviews:** This may be held to find out what has been troubling the workers and why someone has not been working.
7. **Disciplinary interviews:** Disciplinary interviews are occurring when an employee has been accused of breaching the organization's rules and procedures.
8. **Stress interviews:** It is designed to place the interviewee in a stress situation in order to observe the interviewee's reaction.
9. **Public interviews:** These include political parties' radio-television and newspaper.
10. **Informal or conversational interview:** In the conversational interview, no predetermined questions are asked, in order to remain as open and adaptable as possible to the interviewee's nature and priorities; during the interview the interviewer "goes with the flow".
11. **General interview guide approach:** The guide approach is intended to ensure that the same general areas of information are collected from each interviewee this provides more focus than the conversational approach but still allows a degree of freedom and adaptability in getting the information from the interviewee.
12. **Standardized or open-ended interview:** Here the same open-ended questions are asked to all interviewees; this approach facilitates faster interviews that can be more easily analyzed and compared.
13. **Closed or fixed-response interview:** It is an interview where all interviewers ask the same questions and asked to choose answers from among the same set of alternatives. This format is useful for those not practiced in interviewing.



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Conditions of the success of an interview: The responsibility for the failure in interview lies both with the interviewer and the interviewee. For acquiring a positive result, the following conditions should be followed:

1. The interviewer should not form an overall opinion about the candidate on the basis of a single aspect of his personality.
2. The interviewer should keep aside his bias and be scientific in his approach.
3. The interviewer should not judge a candidate's mental capability and his character on the basis of such factors as his personal appearance, date of birth, lines on the palm of his hand etc.
4. The interviewer must vary the nature of his questions and the tone of his voice to suit individual candidate.
5. The interviewer should try to judge the candidate afresh and not go by what is former employer has to say about him.
6. The interviewer should not be cold and unfriendly. He should not try to unnerve the candidate by putting on airs of superiority.
7. The interviewer must observe non-verbal clues like gestures, facial expressions, voice changes, hesitation etc.
8. The interviewer should prepare his questions really well.
9. The candidate should also come well prepared. He may be quite competent, but if does not come well prepared, he will cut a sorry figure and not get the job.
10. The candidate must not try to anticipate the needs and preferences of the interviewer and respond accordingly.
11. The human element should not be allowed to intrude into the interview.
12. Neither the interviewer nor the candidate should be discourteous or rude towards each other.
13. Neither of them should try to dominate the interview.
14. Neither of them should try to interrupt the other during his talk.



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Suggestionstointerviewerforensuresuccessfulinterviewor,functionsofanintervieweror,howtoconduct the intervieweffectively?

A job interview is the first part of hiring and keeping good workers. Asking the right questions makes you as a manager more likely to select the best candidate for the job. Competition abounds for skilled and talented workers. It must be able to distinguish between people who want the job and the perfect candidate for the job.

Despite the economic volatility of the past few years, conducting a **successful interview** can help you secure the best candidates for the job. The following tips may help you with the screening process:

A. Before the interview:

1. **Aim or Goal:** He should think about the purpose of the interview and determine what he hopes to achieve.
2. **Necessary information:** The interviewer should familiarize himself with the relevant information such as job application, curriculum vitae, job description, job specification etc.
3. **Setting time and place:** The interviewer should choose a suitable place and time for taking interview. The room should be well decorated and the right size.
4. **Structure:** He should draw up a **list of interview questions** for discussions so that he can discuss things in a logical order.
5. **Meeting among members:** Before taking interview the members of the interview board should discuss themselves about the interview.

B. During the interview:

1. **Use proper tone:** The interviewer should use proper tone at the time interview. A friendly tone may put the applicant at ease.
2. **Undivided attention:** The interviewer should give the interviewee his undivided attention. He can use appropriate gestures to show that he has a genuine interest in what the interviewee is saying.



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3. **Manage time:** Do your best to stick with the schedule set aside for the meeting. However, you should be prepared to jump straight to the conclusion questions if the candidate is not qualified. There is no point wasting either of your time if the candidate is not qualified. There is no point wasting either of your time if the candidate is not a good match for the job.
4. **Write it down:** No matter what you think, you will not remember everything that is said during an interview. Take notes so that your memory will be triggered when it's time to review the meeting. The more people you interview for the position, the more important note-taking becomes.
5. **Sum up the interview:** He should sum up the interview by stating any action he is going to take or anything expected of the interviewee after the meeting

The Importance of Body Language During an Interview

What you say during a job interview is obviously important, and most candidates spend a lot of time preparing good answers for common interview questions. But what you say in an interview out loud is only part of what the interviewer bases his or her decision on. The way an interviewer perceives your body language can make the difference between receiving a lucrative job offer or filling out yet more job applications.

Here are some tips to help you send the right message with your body language during a job interview:

Watch Your Body Language

The term “body language” includes just about any manner, gesture, or posture that conveys meaning to the observer. Body language is especially meaningful in an interview as your interviewer will be paying as much attention to nonverbal cues as to what you have to say. You want to avoid nervous or bored body language like repeatedly crossing and uncrossing your legs or arms, fiddling with your hair or clothes, continually touching

your face, scratching your head. Particularly avoid anything your interviewer might find annoying, like playing with a button or pen. Constant or bold gesturing is also to be avoided. Since some of these mannerisms are often triggered by nervousness, solid interview preparation and rehearsal may help you to feel more relaxed. On the other hand, some body language shows you're engaged in the interview. Some positive examples of body language in an interview include leaning forward slightly to show your enthusiasm and nodding whenever is appropriate, particularly when your interviewer is making an important point.

Shake hands the proper way

One of the first things you'll probably do in an interview is shake hands with your interviewer. The handshake is a simple symbol of introduction, a polite way to acknowledge the other person. But it can also be an unspoken gauge of personality. Hiring managers say that while a limp or unenthusiastic handshake won't necessarily destroy an interview, it can cause one to start off on a bad note. The same goes for a sweaty palm.



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To alleviate the latter problem, keep your hands open, not balled into fists, prior to your interview. This will reduce perspiration. Put a handkerchief or a few tissues in your pocket, just in case. Also, remember that while a limp handshake is bad, a bone-breaking handshake isn't much better. Clasp your interviewer's hand firmly and confidently, but don't overdo it.

Maintain Eye Contact

A lack of eye contact during an interview can lead your interviewer to think that you're shy, disinterested, or dishonest. For some technical positions, especially for programmers, there's a stereotype that people are shy and awkward around others. Being able to comfortably maintain eye contact helps you to go against that stereotype. However, shifting your eyes to and from the interviewer's face can also send the wrong message. It's no wonder "shifty-eyed" is a term used to describe a character who is deceitful or insincere. While you don't want to stare at your interviewer to the point of making him or her uncomfortable, do maintain eye contact as much as seems appropriate. If you are speaking to more than one interviewer, you can shift your gaze between them, but be sure to look each interviewer in the eye for at least a couple of seconds. Direct your answers to all of the people in the room.

Smile When You Mean It

Smiling, the universal sign of happiness, is a great way to convince your interviewer that you're genuinely pleased to be there. On the other hand, an oversized or artificial grin used too often during the interview will lead to the opposite result. Your interviewer will know you're forcing yourself to act a certain way.

According to Discover Magazine, when a person is sincerely amused, a part of the brain called the basal ganglia is activated, leading to the unconscious contracting of certain facial muscles. A forced smile, however, uses a different group of muscles, which is why it's generally easy to recognize a person who is legitimately pleased versus one who is only pretending to be.

During an interview, be sure to smile-but only when you mean it. It's infinitely better to smile occasionally but earnestly than to smirk constantly for no reason at all.

Be Mindful Of Personal Space

Individual cultures and even individual people have different interpretations of what constitutes an appropriate amount of personal space. While one person might feel at ease speaking only inches from someone's face, another person might need several feet of separation. When facing your interviewer, be mindful of how close you stand or sit. Try to maintain a distance of about three feet. Communicating at a closer range may cause your interviewer to feel uncomfortable. On the other hand, sitting or standing too far away is also impolite. When appropriate, mimic your interviewer's body language cues.



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How Important Is Attitude in a Job Interview?

Sometimes the first impression is the most important part of a job interview. Starting a job interview with the wrong demeanor can sabotage the process before it begins. Exhibiting a positive, confident attitude can be just as important -- and perhaps more important -- than work experience.

Confidence

Stepping into an interview can often engender nervousness and a bit of intimidation. This can set the stage for a poor interview. Walk into your interview feeling confident and upbeat. A recruiter is more likely to hire a candidate who begins the interview with a strong handshake and warm smile than one who fidgets due to nervousness. If you are nervous, take a few slow, deep breaths before the interview to try to relax.

Openness

Most recruiters are interested in determining whether you are the best fit for a position. They are prepared to ask you a series of questions that will determine whether you have the skills, talents and abilities to perform the work duties of the job they have to fill. Be willing to answer any questions that an interviewer offers you. A willingness to accommodate the situation at hand will go a long way to pleasing the recruiter and possibly being hired.

Relaxed Attitude

The best candidates are those who go into an interview with a relaxed and upbeat attitude. Recruiters are not looking for candidates who have all the answers; they want to hire employees who are good problem solvers and are ready to try new ideas. If you have a solid work history, smile a lot, can laugh and can easily handle a tough problem by working through it with a well-defined strategy, then you will go a long way toward winning over a recruiter.

Overcoming Challenges

Whether you have been laid off from a job or experienced a long period of unemployment, do not emphasize the negative aspects of these parts of your employment history. Talk about the ways that you worked through these situations to your advantage and created positive opportunities from them. Watch your posture and body language. Tall, good posture indicates a confident person who is self-assured, so sit up and speak well about your ability to do the job



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Questions for the interviews:

- **Question about the job and organization:**
 - Why do you choose the organization?
 - Can you work independently?
 - Would you work overtime if necessary?
 - When could you start work?

- **Questions about ambitions:**
 - Why did you take up this career?
 - What do you look for in your job?
 - Would you like to enter management?
 - Will you be able to work in this job for 5 years?

- **Questions about hobbies and interests:**
 - What do you do in your leisure time?
 - How long have you been interested in this hobby?
 - Are you attending any part-time job at present?
 - Is there any course you wish to attend?
 - What are your greatest strengths and weaknesses?

- **Situation question:**
 - You have an urgent piece of business after work but your employer asks to stay late. What will you do?
 - What would you do? If you realize that your employer has left for an overseas business leaving some important documents.
 - Entering into your room, you found your desk broken. What will you do? Etc.



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Sem 1

B.B.A

UNIT: 3 GRAMMAR

Preposition

What is preposition

A Preposition is a word placed before a noun or a pronoun to show in what relation the person or thing denoted by it stands in regard to something else. [The word Preposition means that which is placed before]

Detailing: Type of Prepositions

Topic-1: Prepositions of Time

Basic examples of time prepositions include: *at, on, in, before* and *after*. They are used to help indicate when something happened, happens or will happen. It can get a little confusing though, as many different prepositions can be used.

(1) For years, months, seasons, centuries and times of day, use the preposition *in*:

*It's always cold **in** January*

*Easter falls **in** spring each year.*

(2) For days, dates and specific holiday days, use the preposition *on*.

*Christmas is **on** December 25th.*

*Buy me a present **on** my birthday.*

(3) For times, indicators of exception and festivals, use the preposition *at*:

*Families often argue **at** Christmas time.*

*I work faster **at** night.*



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(4) *Before* and *after* should be much easier to understand than the other examples of prepositions of time. Both are used to explain when something happened, happens or will happen, but specifically in relation to another thing.

*We will not leave **before** 3pm.*

*David comes **before** Bryan in the line,
but **after** Louise.*

(5) Other prepositions of time could include: *During, about, around, until and throughout.*

*I learned how to ski **during** the holidays.*

*He usually arrives **around** 3pm.*

One-word question answer:

Preposition

Sr. No.	Question	Answer
1	A Preposition is a word placed before what?	Noun/pronoun
2	A Preposition is a word placed _____ a noun or a pronoun to show in what relation the person or thing denoted by it stands in regard to something else.	before
3	A Preposition is a word placed before a noun or a pronoun to show in what relation the _____ denoted by it stands in regard to something else.	Person/thing
4	A Preposition is a word placed before a noun or a pronoun to show in what relation the person or thing denoted by it stands in regard to something _____.	Else.

Preposition of time:

Sr. No.	Question	Answer
1	For years, months, seasons, centuries and times of day, which preposition is used?	In



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2	For days, dates and specific holiday days, which preposition is used?	on
3	For times, indicators of exception and festivals, which preposition is used?	At
4	which preposition are used to explain when something happened, happens or will happen, but specifically in relation to another thing?	Before/after
5	For Preposition of time <i>In</i> is used for denoting what?	Years/months/seasons/centuries

Topic-2: Prepositions of Place

On, at, in – also the most common prepositions to indicate position. However, the rules are a little clearer as place prepositions are a more rigid concept than time prepositions.

(1) **On** is used when referring to something with a surface:

*The images are **on** the page.*

*The specials are **on** the menu, which is **on** the table.*

(2) **In** is used when referring to something that is inside or within confined boundaries. This could be anything, even a country:

*The whiskey is **in** the jar **in** the fridge.*

*The girls play **in** the garden.*

(3) **At** is used when referring to something at a specific point:

*The boys are **at** the entrance **at** the movie theater.*

*He stood **at** the bus stop **at** the corner of Water and High streets.*



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(4) Other prepositions of place, such as *under*, *over*, *inside*, *outside*, *above* and *below* are used in English.

The cat is **under** the table.

Put the sandwich **over** there.

The key is locked **inside** the car.

They stepped **outside** the house.

Preposition of place:

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	On is used when referring to something with a _____	Surface
2	In is used when referring to something that is _____ or within confined boundaries.	Inside
3	_____ is used when referring to something at a specific point	At
4	<i>Under</i> , <i>over</i> , <i>inside</i> , <i>outside</i> , <i>above</i> and <i>below</i> are example of which type of preposition?	Place

Topic-3: Prepositions of Movement

Prepositions of movement are quite easy to understand as they are less abstract than prepositions of place and time. Essentially, they describe how something or someone moves from one place to another.

(1) The most commonly used preposition of movement is *to*, which usually serves to highlight that there is movement towards a specific destination.

He has gone on vacation **to** France.

She went **to** the bowling alley every Friday last summer.

(2) *Across* refers to moving from one side to another.

Mike travelled **across** America on his motorcycle.

Rebecca and Judi are swimming **across** the lake.



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(3) *Through* refers to moving directly inside something and out the other end.

*The bullet Ben shot went **through** the window.*

*The train passes **through** the tunnel.*

(4) *Into* refers to entering or looking inside something.

*James went **into** the room.*

*They stare **into** the darkness.*

(5) *Up, over, down, past* and *around* indicate directions of movement:

*Jack went **up** the hill.*

*Jill came tumbling **down** after.*

*We will travel **over** rough terrain on our way to Grandma's house.*

*The horse runs **around** the track all morning.*

Preposition of manner:

Sr. No.	Question	Answer
1	The most commonly used preposition of movement is?	to
2	Preposition <i>to</i> , which is usually used to highlight that there is movement towards a which destination?	Specific
3	Which preposition refers to moving from one side to another.	Across
4	Which preposition refers to moving directly inside something and out the other end?	Through
5	Intorefersto _____ inside something.	Entering/looking
6	Preposition <i>Up, over, down, past</i> and <i>around</i> indicate _____ of movement.	direction



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Tenses (Simple and Continuous)

What are Tenses?

Verbs come in three tenses: past, present, and future. The past is used to describe things that have already happened (e.g., earlier in the day, yesterday, last week, three years ago). The present tense is used to describe things that are happening right now, or things that are continuous. The future tense describes things that have yet to happen (e.g., later, tomorrow, next week, next year, three years from now). Tense of a verb shows not only the time of an action or event, but also the state of an action referred to

Detailing:

Topic-4: Present Tense

The present tense is used to describe things that are happening right now, or things that are continuous. The Present Tense has four forms.

The Simple Present is used: -

(1) To express a habitual action; as,

He drinks tea every morning.

I wake up every day at six o'clock.

(2) To express general truths; as,

The sun rises in the east.

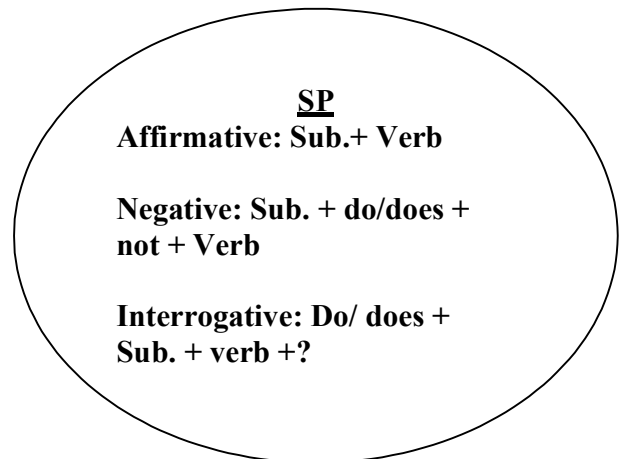
Honey is sweet.

Fortune favours the brave.

(3) In exclamatory sentences beginning with here and there to express what is actually taking place in the present; as,

Here comes the bus!

There she goes!





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Present Continuous Tense

The Present Continuous is used

(1) For an action going on at the time of speaking;as,

She is singing (now).

The boys are playing hockey.

(2) For an action that has already been arranged to take place in the near future;as,

I am going to the cinema tonight.

My uncle is arriving tomorrow.

PC

**Affirmative: Sub.+
am/is/are + ing form of
Verb**

**Negative: Sub. + am/is/are
+ not + ing form of Verb**

**Interrogative: Am/is/are +
Sub. + ing form of Verb+?**

One-word question answer:

Tenses

Sr. No.	Question	Answer
1	Verbs comes in how many tenses?	Three
2	Verbs comes in form of which tenses?	Past/present/future
3	The tense ofverbshows_____of action or event.	Time/State
4	All tenses have how many forms?	Four

Simple present

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	What actions are expressed with simple present tense?	Habitual
2	To describe universal facts or general truth which tense is used?	Simple present
3	In which type of sentence does it begin with here and there to express what is actually taking place in the present?	exclamatory
4	In exclamatory sentencesbeginningwith_____to express whatis actually taking place in the present.	Here/There

Present continuous



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<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	Present continuous is used for an action going on at the time of _____	speaking
2	Present continuous is used for an action which is?	Ongoing
3	Present continuous is used for an action that has already been arranged to take place in the near _____	Future
4	Which tense is used for an action that has already been arranged to take place in the near future? _____	Present continuous

Topic-5: Past Tense

Simple Past Tense

(1) The Simple Past is used to indicate an action completed in the past. It often occurs with adverbs or adverb phrases of past time.

The steamer sailed yesterday.

I received his letter a week ago.

(2) Sometimes this tense is used without an adverb of time. In such cases the time may be either implied or indicated by the context.

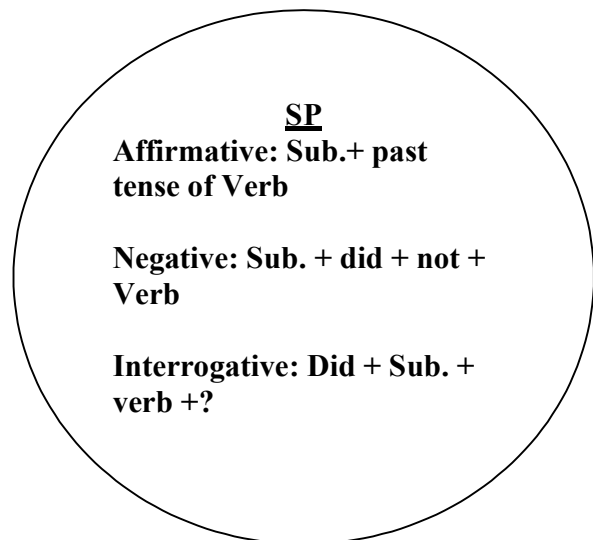
I learnt Hindi in Nagpur.

Babar defeated Rana Sanga at Kanwaha.

(3) The Simple Past is also used for past habits; as,

He studied many hours every day.

She always carried an umbrella.





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Past Continuous Tense

The Past Continuous is used to denote an action going on at some time in the past. The time of the action may or may not be indicated.

We were watching TV all evening.

When I saw him, he was playing chess.

Note: This tense is also used with always, continually, etc. for persistent habits in the past.

He was always grumbling.

PC

Affirmative: Sub.+ was/were + ing form of Verb

Negative: Sub. + was/were + not + ing form of Verb

Interrogative: Was/were + Sub. + ing form of verb +?

One-word question answer:

Simple Past

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	The Simple Past is used to indicate completion of what in the past?	Action
2	The Simple Past is often used with what of past time?	Adverb/adverb phrases
3	Sometimes simple past tense is used without which adverb? In such cases the time maybe either implied or indicated by the context	Time
4	When simple past tense is used without an adverb of time. In such cases the time maybe _____ by the context	Implied/indicated
5	When simple past tense is used without an adverb of time. In such cases the time maybe either implied or indicated by what?	Context
6	The Simple Past is also used for which habits?	Past

Past continuous

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	Which tense is used to denote an action going on at some time in the past?	Past Continuous



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2	The Past Continuous is used to denote an action going on at some time in the past. The time of the action _____ or may not be indicated	May
3	Past continuous tense is also used with what for persistent habits in the past.?	Always/continuously
4	Past continuous tense is also used with always, continuously, etc. for which type of habits in the past.?	Persistent

Topic-6: Future tense

Simple future

(1) The Simple Future Tense is used to talk about things which we cannot control. It expresses the future as fact; as:

It will be Diwali in a week.

We will know our exam results in May.

(2) We use this tense to talk about what we think or believe will happen in the future; as:

I think India will win the match.

I'm sure Helen will get a firstclass.

(As in the above sentences, we often use this tense with I think, and I'm sure. We also say I expect ---, I believe ---, Probably ---, etc.)

SF
Affirmative: Sub.+ Shall/will + Verb

Negative: Sub. + Shall/will + not + Verb

Interrogative: Shall/ will + Sub. + verb +?

(3) We can use this tense when we decide to do something at the time of speaking; as:

*“Mr. Sinha is very busy at the moment.” –
“All right. I'll wait.”*

It is raining. I will take an umbrella



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY)

3- Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot – 360001
Ph.No–(0281)2471645

2 – Vaishalinagar
Nr. Amrapali Railway Crossing
Raiya Road, Rajkot - 360001
Ph.No–(0281)2440478, 2472590

Future Continuous Tense

(1) We use the Future Continuous Tense to talk about actions which will be in progress at a time in the future; as:

I suppose it will be raining when we start.

This time tomorrow I will be sitting on the beach in Singapore.

(2) We also use this tense to talk about actions in the future which are already planned or which are expected to happen in the normal course of things; as:

I will be staying here till Sunday.

The postman will be coming soon

FC

Affirmative: Sub.+ shall/will + be + ing form of Verb

Negative: Sub. + shall/will + not + be + ing form of Verb

Interrogative: Shall/will + Sub. + be + ing form of Verb+?

One-word question answer:

Simple Future

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	The Simple Future Tense is used to talk about things which we cannot _____.	Control
2	The Simple Future Tense expresses the future as what?	Fact
3	We use this tense to talk about what we _____ will happen in the future	Think/believe
4	We use this tense to talk about what we think or believe will happen in which time?	Future
5	We can use this tense when we do what at the time of speaking?	Decide
6	Which tense do we use when we decide or promise something at the time of speaking?	Simple Future



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Future continuous

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	We use the Future Continuous Tense to talk about actions which will be in what at a time in the future?	Progress
2	We use the Future Continuous Tense to talk about actions which will be in progress at _____ in the future	Time
3	We use this tense to talk about actions in the future which are _____ to happen in the normal course of things.	Planned/expected
4	We use this tense to talk about actions in the future which are already planned or which are expected to what in the normal course of things?	Happen

Homophones

What Are Homophones?

Homophones are words that are pronounced the same but they have different meanings and are usually spelled differently as well. It's important to recognize and identify the most common homophones because the spelling can change the entire meaning of a sentence itself.

Detailing:

Topic-6: Homophones and Frequently confused Homophones

Homophones are pairs of words that sound the same, but have distinctly different meanings and different spellings. Understanding homophones is an essential part of mastering the English language, both for vocabulary building and spelling.

There are several homophones in the English language that almost everyone gets confused at some point.

(1) affect/effect:

Affect is a verb (in most cases) and indicates influence.

Effect is a noun (in most cases) and is the result of an action or change.

(2) compliment/complement:

Compliment means to say something nice about someone or something.

Complement means something that enhances or completes.



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(3) then/than:

Then is a versatile word used as an adverb, noun or adjective to show the order of how things happened.

Than is a subordinating conjunction you can use to make comparisons.

(4) to/too:

To can be a preposition or infinitive when used with a verb.

Too is an adverb or a synonym for also.

(5) you're/your:

You're is a contraction for you are.

Your is a pronoun.

One-word question answer:

Homophones

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	Homophones are words that are pronounced the _____ but they have different meanings and are usually spelled differently as well.	Same
2	Homophones are words that are pronounced the same but they have different what and are usually spelled differently as well.	Meaning
3	Homophones are words that are pronounced the same but they have different meanings and are usually spelled in which manner?	Differently
4	It's important to recognize and identify the most _____ homophones because the spelling can change the entire meaning of a sentence itself.	Common
5	It's important to recognize and identify the most common homophones because the spelling can change the entire meaning of what?	Sentence
6	It's important to recognize and identify the most common homophones because the _____ can change the entire meaning of a sentence itself.	Spelling
7	Homophones are _____ of words that sound the same, but have distinctly different meanings and different spellings.	Pair



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Some common examples of homophones, including the words used in a sentence, are:

brake/break: *When teaching my daughter how to drive, I told her if she didn't hit the brake in time she would break the car's side mirror.*

cell/sell: *If you sell drugs, you will get arrested and end up in a prison cell.*

cent/scent: *I won't spend one cent on a bottle of perfume until I know that I love the scent.*

die/dye: *If you accidentally drank a bottle of fabric dye, you might die.*

flour/flower: *To bake a flower-shaped cake, you'll need some flour.*

for/four: *I purchased four new pairs of shoes for my upcoming vacation.*

heal/heel: *If the heel breaks on your shoe, you might fall. However, your injuries will heal over time.*

hear/here: *I wanted to sit here so I could hear the singer performing without any distractions.*

hour/our: *We have one hour before our appointment with the real estate agent.*

idle/idol: *Being idle makes me unhappy, but listening to my idol Taylor Swift makes me happy.*

knight/night: *The knight is on his way to the castle, but traveling at night is very dangerous.*

knot/not: *I do not know how she learned to tie the knot to make that necklace.*

poor/pour: *I pour drinks at a bar every night. I am poor because I have too many bills and not enough money.*

right/write: *There is no right way to write a great novel.*

sea/see: *At my beach house, I love to wake up and see the sea.*

sole/soul: *I need to get a new sole put on my favorite pair of running shoes. Jogging is good for my soul.*

son/sun: *My son is 13 years old. He likes to spend time outside in the sun.*

steal/steel: *Someone who decides to steal a car has committed a crime, but auto parts are made of steel.*

tail/tale: *My cat was crazily chasing his tail while I read a fairy tale to my children.*

weather/whether: *I don't know whether to bring a jacket or not. The weather looks unpredictable today.*



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Frequently confused Homophones

<u>Sr. No.</u>	<u>Question</u>	<u>Answer</u>
1	<i>Affect</i> is a verb and indicates what?	Influence
2	<i>Effect</i> is a _____ and is the result of an action or change.	Noun
3	<i>Complement</i> means something that does _____.	Enhances/completes
4	_____ means to say something nice about someone or something.	<i>Compliment</i>
5	<i>Then</i> is a versatile word used as what to show the order of how things happened?	adverb/noun/adjective
6	<i>That</i> is a <u>subordinating conjunction</u> you can use to make what?	Comparisons
7	<i>To</i> can be _____ when used with a verb.	Preposition/infinity
8	<i>You're</i> is a contraction for what?	You are
9	<i>Your</i> is a _____.	Pronoun



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B.B.A

Sem 1

UNIT : 4 BUSINESS LETTER

NOTICE WRITING

What is Notice Writing - A notice is a written or printed announcement (Example - a notice for sale). It is written in order to inform a large number of people about something that has happened or is about to happen.

It could be an upcoming event, competition, Lost, and found notice or just a piece of information to be delivered to the targeted audience. It is generally written in a formal tone.

Notices are factual and to-the-point. The language used is simple and formal, not flowery. They are put up on display boards or in public places.

Format for Notice writing

The Notice Writing Format should include NAME OF THE INSTITUTION / ISSUING AUTHORITY / NOTICE / TITLE, DATE, and WRITER'S NAME WITH DESIGNATION.

A notice should contain all the necessary details such as:

- i. Name of the issuing agency (school, etc)
 - ii. Date of issue/release of the notice
 - iii. Title/Subject of the Event(what?)
 - iv. BODY-Date/time/duration/Place/Venue (when and where?)
 - v. Authorized signatory: Name and signature (contact details)
- Name of the issuing agency/authority

NOTICE

Date of issue/Release of the notice

Title/Subject of the Event

BODY

(Date/time/duration/Place/Venue)

Authorized signatory

(Name, Designation and signature)

Notice writing Tips

- i. Repetition of any information should be avoided.



SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

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- ii. Always enclose the notice in a box. Make sure you draw the box with a pencil.
- iii. Keep your notice short, crisp and to-the-point.
- iv. Highlight the word “NOTICE” and “TITLE”. It can be either bold or underlined.
- v. The title should be captivating and eye-catching.
- vi. Don't make hypothetical information and facts. Make use of what's given in the question.
- vii. Make sure you do not mention your personal information.
- viii. Make use of all the available information in the question.
- ix. Your answer shall include answers to all the 5 W's – What, Why, When, Where and Who.
- x. The purpose for which it is being written should be stated clearly.
- xi. Focus on presentation and clarity.

Notice Writing Samples

Notice writing on Lost and Found

While walking in a park in your neighbourhood you found a small plastic bag containing some documents and some cash. Write a notice in about 50 words to be put on the park notice board asking the owner to identify and collect it from you. You are Amar/Amrita 9399123456.

NOTICE

March 01,
20XX FOUND!

This is to inform all the readers that a plastic bag has been found in the neighbourhood park. It has a few documents and some cash in it. The plastic bag is red in colour and is medium-sized. It was found on February 27, at around 6pm near the fountain in the park. The owner of the bag shall contact me on 9399123456 along with an identity proof. Thank you

Amar/Amrita

SUGGESTED VALUE POINTS AS PER CBSE MARKING SCHEME

Heading : [LOST & FOUND / FOUND / any other relevant title]

-What - plastic bag with documents and cash

-When – date & approx. time

-Where - park

-description of bag- colour, material, size -owner to claim with identifying details -

Contact details- AMAR/ AMRITA -Phone no. - 9399123456

(any other relevant detail)



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You are Ruhi/Rahul, head girl/boy of ABC convent school. Your school is going to organize an inter-school singing competition. Write a notice for your school notice board inviting names of all the interested students.

NOTICE

ABC CONVENT SCHOOL

March 01,2019

INTER-SCHOOL SINGING COMPETITION

Our school is organising an Inter-school Singing Competition on March 19, 2019; Tuesday at 12pm in the school auditorium. More than 20 schools from all over the city will participate. Interested students may contact the undersigned latest by March 10, 2019.

Ruhi/Rahul

Head girl/boy



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AGENDA WRITING

How to Write a Meeting Agenda: Tips, Template and Sample

When leading a business meeting, you might be responsible for managing a large number of people and tasks. An effective meeting agenda can help you make sure you discuss all the necessary material, keep the meeting on topic and ensure that your group uses time efficiently. In this article, we'll cover how to create a meeting agenda that will help you effectively lead any meeting.

What is a meeting agenda?

A meeting agenda is a list of topics or activities you want to cover during your meeting. The main purpose of the agenda is to give participants a clear outline of what should happen in the meeting, who will lead each task and how long each step should take. Having this information before and during the meeting should ensure that it proceeds efficiently and productively.

How to write a meeting agenda

Whether you have a short, one-hour meeting or one that lasts a full day, you can use these steps to help you write an agenda:

1. Identify the meeting's goals.
2. Ask participants for input.
3. List the questions you want to address.
4. Identify the purpose of each task.
5. Estimate the amount of time to spend on each topic.
6. Identify who leads each topic.
7. End each meeting with a review.

1. Identify the meeting's goal

When you start with your goal, you can make sure the purpose of the meeting is clear and every task you want to cover is related to your objective. Make sure to set an achievable goal to keep your meeting as focused as possible. For example, a meeting goal to approve the company's monthly advertising budget is more attainable than a goal to improve spending overall.

2. Ask participants for input

If you want to keep your participants engaged during the meeting, ask for their input beforehand so you can be sure the meeting fulfills their needs. You can ask them to suggest what topics they would like covered or what questions they have. Once you have a list of ideas from the participants, you can review them and decide which items you'll ultimately include.



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3. List the questions you want to address

Once you know your meeting's objective and have some ideas about the topics you want to cover, list the questions you need to answer during the meeting. Some meeting agendas simply list a topic as a phrase, for example: "rental equipment." However, you can clarify each agenda item's purpose by phrasing discussion points as questions. For example, you could write, "Under what conditions should we consider renting equipment instead of buying it?" These prompts can ensure you are inviting discussion and gathering all of the information you need for each agenda topic.

4. Identify the purpose of each task

Every task you complete during your meeting should have a purpose. Typically, the three main purposes are to share information, seek input or make a decision. As you're going through your agenda, make note of the purpose of each task. This step will help meeting participants know when you want their input and when it's time to make a decision.

5. Estimate the amount of time to spend on each topic

Next, estimate how much time you plan to spend on each task. This part of the agenda ensures you have enough time to cover all of the topics you have planned for your meeting. It also helps participants adjust their comments and questions to fit within the timeframe. You can optimize your timeframe by giving more time to items you anticipate taking longer to discuss or scheduling items of higher importance earlier in the discussion to ensure vital topics are covered. If you have many people coming to your meeting, you may even limit time on certain topics to streamline the conversation, encourage a quick decision if needed and keep the meeting on schedule.

6. Identify who leads each topic

Occasionally, someone other than the meeting leader will lead the discussion on the topic. If you plan on having other people mediate topics during your meeting, you can identify them under their respective topic. This step helps keep the meeting running smoothly and ensures that everyone is prepared for their responsibilities.

7. End each meeting with a review

Leaving time to end each meeting with a review can help participants better understand what decisions they made and what information they discussed so they can take any necessary steps after the meeting. During this review, you and your meeting participants should also consider what went well during the meeting and what needs improvement. By taking a few minutes to consider these questions, you can make sure your next meeting is even more effective.

An agenda, also called a docket or a schedule, is a list of activities in the order they are to be taken up, from the beginning till the adjournment. An agenda helps in preparing for a meeting by providing a list of items and a clear set of topics, objectives, and time frames that are needed to be discussed upon.



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Format of an Agenda

An Agenda normally includes the following elements –

- Meeting Agenda Title – at the top; preferably center-aligned
- Meeting Information – Description of the purpose
- Objective – description of Agenda
- Date – for maintaining records of correspondence
- Location – the place of meeting
- Time – the actual time of commencement of the meeting
- Meeting Type – brainstorming or Discussion or Assessment
- Time of Arrival – time to begin the meeting
- Time of Adjournment – time the meeting ends
- Attendees – Number of people present, with their names
- Preparation for Meeting–
 - o Please Read – instructions to be followed
 - o Please bring – things supposed to be carried that day
 - o Action Items–

Last Action Responsible Authority Due Date

New Action Responsible Authority Due Date

- o Other notes – other instruction or information to be taken down.

Meeting agenda Example:

Here's an outline that you can tailor to nearly any type of meeting:

MEETING AGENDA

Date:

Time:

Location:

AGENDA DETAILS

Goals:

1. Agenda item one description

Time:

Purpose:

Leader:

a. Remarks

b. Remarks

c. Remarks



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2. Agenda item two description

Time:

Purpose:

Leader:

- a. Remarks
- b. Remarks
- c. Remarks

3. Agenda item threedescription

Time:

Purpose:

Leader:

- a. Remarks
 - i. Additionalremarks
 - ii. Additionalremarks
- b. Remarks
- c. Remarks

4. Agenda item fourdescription

Time:

Purpose:

Leader:

- a. Remarks
- b. Remarks
- c. Remarks

5. End of meeting review

Time:

Purpose:

Leader:

- a. What did we do well in thismeeting?
- b. What should we do differently nextmeeting?



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MEETING AGENDA

Date: Aug. 1, 2019

Time: 1 p.m.

Location: Conference Room A

AGENDA DETAILS

Goals: Review the marketing campaigns from last year, identify seasonal slumps in product demand, brainstorm ways to increase demand during these slumps and make sure we're prepared for the next marketing campaign.

1. Review marketing campaigns from last year.

Time: 15 minutes

Purpose: Share information

Leader: Jamal Adams

- a. Present the marketing campaigns from last year.
- b. Review the sales numbers after each campaign.
- c. Identify which campaigns seemed to have the biggest impact.

2. How do we best manage the fluctuating demand for our product?

Time: 30 minutes

Purpose: Decision

Leader: Blair Hanline

- a. Review sales numbers from the last four quarters.
- b. Identify any trends in sales numbers.
- c. Brainstorm ideas on how to increase sales during those slumps.

3. Preparing for the next marketing campaign

Time: 15 minutes

Purpose: Decision

Leader: Blair Hanline

- a. What do we need to prepare for the next marketing campaign?
 - i. Review the attached marketing campaign materials.
 - ii. Identify tasks for each team member.
- b. How will we track the effectiveness of this campaign?
- c. Review sales goals for this campaign.

4. End of meeting review

Time: 5 minutes

Purpose: Decision

Leader: Jamal Adams

- a. What did we do well in this meeting?
- b. What should we do differently next meeting?



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Example – Agenda Writing

Update after meeting with Hasta La Vista representatives

Meeting Information – Update after meeting representatives of Hasta La Vista.

Objective – for the purpose of interior decoration of our office premises.

Date- 23rd April, 2015

Location- Meeting Room-1

Time- 4:30 PM

Meeting Type- Discussion

Time of Arrival- 6:00 PM

Time of Adjournment- 8:30 PM

Attendees- Mohtahsim M., Kiran K. Panigrahi, Gopal K Verma, Manisha Shejwal

Preparation for Meeting:

Please Read - Hasta La Vista Company Brochure, Quotation Document

Please bring - Competitor Company's quotation, hourly rates analysis

Action Items:

Due Action:

Updates from Hasta la Vista Gopal K Verma 30th April, 2015

Find Hasta la Vista's competitor Manisha Shejwal 30th April, 2015

New Action:

Send email to their Head of Marketing Manisha Shejwal 5th May, 2015

Other notes - Products to purchase for the interior décor.



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Write an Effective Cover Letter RESUMES AND COVER LETTERS

Your cover letter is a writing sample and a part of the screening process. By putting your best foot forward, you can increase your chances of being interviewed. A good way to create a response-producing cover letter is to highlight your skills or experiences that are most applicable to the job or industry and to tailor the letter to the specific organization you are applying to.

- Address your letters to a specific person if you can.
- Tailor your letters to specific situations or organizations by doing research before writing your letters.
- Keep letters concise and factual, no more than a single page. Avoid flowery language.
- Give examples that support your skills and qualifications.
- Put yourself in the reader's shoes. What can you write that will convince the reader that you are ready and able to do the job?
- Don't overuse the pronoun "I". Remember that this is a marketing tool.
- Use lots of action words.
- Have an OCS adviser provide feedback, when possible.
- If converting to a .pdf, check that your formatting translated correctly.
- Reference skills or experiences from the job description and draw connections to your credentials.
- Make sure your resume and cover letter are prepared with the same font type and size



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Your Street Address
City, State, Zip Code

Date of Letter

Use complete
title and address.

Contact Name
Contact Title
Company Name
Street Address
City, State, Zip Code

Address to a
particular person
if possible and
remember to use
a colon.

Dear _____:

Opening paragraph: Clearly state why you are writing, name the position or type of work you're exploring and, where applicable, how you heard about the person or organization.

Make the ad-
dressee want to
read your resume.
Be brief, but
specific.

Middle paragraph(s): Explain why you are interested in this employer and your reasons for desiring this type of work. If you've had relevant school or work experience, be sure to point it out with one or two key examples; but do not reiterate your entire resume. Emphasize skills or abilities that relate to the job. Be sure to do this in a confident manner and remember that the reader will view your letter as an example of your writing skills.

Ask for a meeting
and remember to
follow up.

Closing paragraph: Reiterate your interest in the position, and your enthusiasm for using your skills to contribute to the work of the organization. Thank the reader for his/her consideration of your application, and end by stating that you look forward to the opportunity to further discuss the position.

Sincerely,



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RESUMES

A resume is one of the most important tools of job seeking. The resume and the cover letter are what get you in the door to the employment interview. Resumes can also be used as an effective networking tool. Provide copies to friends and colleagues and let them know what type of work you are seeking.

SOME GENERAL POINTERS:

1. The resume should be as short as possible, “the longer the resume, the less important the person.” Like being set up on a blind date, it should make them want to meet you, but does not disappoint them when you show up.
2. Tailor your resume to a particular field or industry. If you are interested in more than one area of work, you will probably need more than one resume.
3. Use action words, not weak words: action weak planned, selected, was involved in, helped supervised, designed assisted, worked under, budgeted, edited, was given responsibility for, established, directed directed to...
4. Give the results your work produced: a. Numbers: increasing members, sales, circulation, etc. b. Time saved: how quickly you solved the problem, how much faster the work can be performed. c. Effects: the long and short-term positive effects of your work. d. Durability: how long a suggestion, idea, solution of yours has been in use. e. Expansion: your idea(s) was used in another department or become part of another project. f. Did you write any promotional or educational material, handbooks, pamphlets, flyers, etc.? g. Did you maintain contact with, or coordinate with other organizations? If so, which ones and why?
5. If your past work history consists mostly of homemaker or volunteer activities, list the duties and responsibilities of these positions as if they were paid positions.

YOUR EMPLOYMENT HISTORY

Now is the time to brainstorm (a free flow of information without negative censorship). Write down everything you did or had responsibility for on each job you have held. You may find it helpful to select one job a day and concentrate on that.

Discussing your past employment with friends or coworkers may also be enlightening. Once you have written down all the information you can remember, cross out those duties or responsibilities that fit either of the following criteria:

1. It is something that you never want to do again, and/or
2. It is completely irrelevant to the type of work for which you are targeting in this resume.

Circle those duties or responsibilities that you feel are the most important. Underline those responsibilities which have a lesser importance but which you feel are still important to include. To organize your thoughts, for each job you have ever held, write down all the pertinent information that you can remember about the position. List the employer, address, dates of employment, supervisors name, promotions you received, responsibilities of your position, things you created, losses you prevented, what you liked most and least about the job. Did you ever cover for another position with different responsibilities? Did you make or implement any procedural changes? Do the same thing for any education or training you have received. Did you get academic honors (usually a GPA of over 3.5) Win awards? Get training in a specific skill or technical area? These notes will help you to provide content and determine the style of resume you will choose to produce.



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(AFFILIATED TO SAURASHTRA UNIVERSITY)

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NAME, ADDRESS AND PHONE NUMBER(S), EMAIL

Your name address and phone number should be listed at the top of your resume. You may use the name you prefer to be called rather than your legal name if you wish. Use a local address where possible, or note that you are willing to relocate. A home phone and a message phone should be listed if your home phone is not on an answering machine, or if your message machine is used by a number of household members. During your job search, be sure that the message on your phone answering machine sounds professional. The call you miss may be a job offer. Your email address should also sound professional.

CAREER (JOB) OBJECTIVE

A career or job objective is the first heading on your resume after your name, address and phone number. An objective should be brief, and indicate the type of employment or specific job title of the position you are seeking. A generic objective statement may be worse than none at all. Employers want to know that you are focused and are applying for the type of position they are offering. They generally do not have time to read 3 your resume and try to determine if they have a position that would work for you. An objective statement that says you want a position that offers growth and advancement and the opportunity to expand on your education and training tells an employer that you are looking for what they can do for you, not what you can do for them.

EDUCATION OR EXPERIENCE...

What to put first If your education is more pertinent to the work you are seeking than your employment history, list your education first. If your education is very pertinent to the job, you may wish to list specific course titles that you have completed that are directly related to the work you would be doing. If your employment history is more pertinent, it should be listed first on your resume.

ACADEMIC BACKGROUND

Your academic background should be included in the resume with your most recently obtained degree or most advanced degree listed first. The usual method is to list the school name, city and state, degree earned and date of graduation. If you are currently enrolled in school, you can list your projected date of graduation. If you have received “honors” at school, were elected class president, or supported yourself through college you can add those achievements to your resume under a heading such as “Honors and Achievements.” If you feel that some of your coursework will be valuable to you on the job, you may want a heading called “Major Coursework” or “Pertinent Coursework” where you would list specific classes by name. If the name of the course does not make it obvious what the content of the course was, you may want to add this information in parentheses.

OTHER POSSIBLE TOPIC OR SKILL HEADINGS

Equipment Language Competency Licenses/Certificates Computer Expertise Additional Training Professional Affiliations Qualifications Highlights/Summary Strengths/Accomplishments/Achievements

REFERENCES

There are mixed opinions as to whether or not to have a references notation on your resume. If you are squeezed for space, it is probably in your best interest to use the space to sell yourself to the employer. On the other hand, if you are just starting out in the job market, there is no harm in noting that you do have references available on your resume. You should have references available to hand to the employer immediately, and may



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want to include them with your resume as part of your application packet. References are usually the last heading on your resume, and are usually listed as “Available upon Request”, “References Attached, Additional References Available Upon Request” or “References and Portfolio Available Upon Request.” Be sure that you have them typed and ready to hand out. References should not be listed individually on the resume itself, but rather on a separate sheet, with an indication as to your relationship to the person you are listing as a reference. For work related references you might list company presidents, managers, supervisors, co-workers, or clients. Personal references can include friends, faculty, landlords, etc. Providing a list of references works as long as a reference is still available at your prior employer. A letter of recommendation gives you a hedge against the day that your reference moves on and you can no longer refer potential employers to them. Be sure that you ask a person if they are willing to be a reference for you before you list them as a reference. Check with your listed references regularly to be sure that they are still available.

Sample Basic Resume:



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The diagram illustrates a basic resume format with the following sections:

- Heading:** A single rectangular box at the top.
- Resume body:** A section containing four horizontal rectangular boxes, each preceded by the word "Heading".
- Resume conclusion:** A single horizontal rectangular box at the bottom, preceded by the word "Heading".

Callout boxes provide descriptions for each section:

- Resume heading:** includes your name, address, phone number; optionally can include objectives and highlights.
- Resume body:** contains details on your education, work experience, military experience, skills, certifications, and other such information.
- Resume conclusion:** your activities, interests, memberships, hobbies: Indicates also the preparation date of the resume and the availability of references.

Basic resume format



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Current Address:

Name:

Permanent Address:

Object

Hotel Manager: Seeking an entry level position in a first-class hotel, such as Hilton, Ritz-Cantcn SAS Royal, and Inter-Continental. Interested in rotating through several areas such as convention sales, public relations, and promotion. Willing to relocate frequently including international rotational assignments that draw upon multiple language fluences and exposure to foreign culture. Eventually wish to advance to a hotel general management position.

Education

HELSINKI SCHOOL OF ECONOMICS, INTERNATIONAL BBA PROGRAM
Mikkeli, Finland

Bachelor of Business Administration, September 19XX - April 19XX

A university level program with an annual intake of about 100 students. Studies are conducted entirely in English, in intensive three week modules, and are taught by professors from universities the world over. Both cases and teamwork are used extensively. The length of the program is six semesters and can be completed in about two years, due to the fact that there are three semesters in a year. The last semester is spent studying at a foreign university.

Relevant courses:

- | | |
|---------------------------|-----------------------------|
| ! Marketing Management | ! Industrial marketing |
| ! International Marketing | ! Strategic marketing |
| ! Service Marketing | ! Human Resource Management |

SCHILLER INTERNATIONAL UNIVERSITY (SIU) Engelberg, Switzerland

Associate of Science, January 19XX - May 19XX Hotel management major. Overall GPA: 3.84 on a 4.0 system.

An international university that follows the American academic system on nine campuses in Europe and in the United States. Engelberg campus has specialized in hotel management. Students of more than 20 nationalities. International faculty.

Relevant course:

- | | |
|---|---|
| ! Hotel Management | ! Food and Beverage Purchasing |
| ! Principles of Food and Beverage Service | ! Introduction to Hotel Operations |
| ! Housekeeping Management | ! Hotel/Motel Law |
| ! Introduction to Hotel and Restaurant Operations | ! Principles of Marketing and Advertising |

Honors

Dean's List - three out of three semesters at SIU.
Diploma of Swiss Hotel Management
Heinnich Pestalozzi award - for the highest academic average

Work

OSUUSKUNTA TUOTTAJAIN MAITO Riihimaki, Finland

experience
TXXX

Kitchen assistant (full-time)
Helped the cooks in basic food preparation tasks. Responsible for receiving goods and storing them. Served customers during very hectic periods Cleaned floors tables and other equipment. Responsible for supplying a cafeteria. Assisted in catering company visitor groups both on and off premises.

MIT''



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THE CHRONOLOGICAL FORMAT

The chronological resume works best for those individuals who are looking for the same type of employment that they have held in the past. If your work history has been a series of well-defined, clearly understood jobs such as: teacher, accountant, firefighter, insurance agent, etc., then the chronological or conventional resume format may be the best method to present your skills. This format is straight forward and lends itself to concise writing. If done properly, it comes off as strong, believable, and persuasive. This format lists your work history in a chronological order. Your most current position would be listed first, with your past positions listed after, in descending order through time. Generally your work history on a resume will not exceed ten years, unless you have spent an extended time in a particular position, or you have pertinent work history that extends past that time period. If your dates of employment in a job are for less than one year in one or more jobs, you may want to consider a format style that does not list the dates on the left handmargin.

Under each job title (most current first), list the skills and duties that you feel were the most important to that position, or to the position you are now seeking. These duties would be followed by duties not as important, as space permits. Try to save at least one strong accomplishment or responsibility with which to end each area.

SAMPLE CHRONOLOGICAL RESUME:



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Name
Street • City State Zip • Phone • Email

JOB OBJECTIVE

Very concisely state what job you would like next.

SUMMARY

- Write three or four bullet statements that summarize why you would be good at your job objective. Each statement should be no longer than two lines.
- Your statements should highlight your relevant strengths such as experience, skills, community service, and personality traits.
- Prioritize the statements in this section so the most relevant one comes first.

PROFESSIONAL EXPERIENCE

COMPANY NAME, City, State, 20xx-present

Job Title

- Write two or more bullet statements about the work you performed on this job and what you learned or accomplished that's relevant to your job objective.
- Quantify results of your accomplishments when possible and appropriate; refer to how you positively affected the organization, the bottom line, your boss, co-workers, or customers.
- Mention on-the-job awards or commendations you received that relate to your job objective.

COMPANY NAME, City, State, 20xx-xx

Job Title

- Write two or more bullet statement about the work you performed on this job and what you learned or accomplished that's relevant to your job objective. Follow the tips mentioned above.
- Prioritize the statements under each Job Title section so the most relevant one comes first.

COMPANY NAME, City, State, 19xx-xx

Job Title

- Write two or more bullet statements about the work you performed on this job and what you learned or accomplished that's relevant to your job objective. Follow the tips mentioned above.
- Prioritize the statements under each Job Title section so the most relevant one comes first.

EDUCATION

Degree, Major (if relevant), 20xx
School, City, State

COMMUNITY SERVICE

Organization, Position held, 20xx-present
Organization, Position held, 20xx-xx



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Name
Street • City State Zip

Objective Write a short statement about the purpose of your resume, indicating if it is for a specific company and/or for a specific career (field of work specific).

Employment **Company Name:** City, State, Dates of employment (e.g. January 2005 to present)

Job Title

- Write two or three bulleted statements about the work you performed beginning with activities that are relevant to your current job search.
- Express how your performance made you an asset to the company, it's bottom line, your co-workers, customers, etc.
- Be positive but be accurate; neither exaggerate or understate what you brought to the job.

Company Name: City, State, Dates of employment (e.g. May 2003 to Jan 2005)

Job Title

- Leave some white space between companies to make it easy for an interviewer to distinguish between your jobs.
- Prioritize your job activities in accordance with how they relate to your resume objective.

Company Name: City, State, Dates of employment

Job Title

- Keep listing your jobs, going back ten to fifteen years, or to the first one, if you have limited job experience.
- Start statements with active verbs like "accomplished, organized, created" whenever possible.
- Refrain from using the word "I". Your interviewer knows the resume is about you!

Additional Experience

- Use this section when your job experience spans more than ten to fifteen years.
- Or use this section to detail relevant volunteer experience
- Prioritize additional experience as it relates to your current job search.

Education **Your course of study or degree**

Name of School: attendance dates (e.g. 1995 to 1999)

- List courses that are relevant to your resume objective
- List extra-curricular activities, honors, awards, etc that are relevant to your resume objective.



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Joan Hunter

700 Weeks Blvd., Deerfield, MN 55400 (507) 555-5555 jhunt@rewumewriting.net

Objective To obtain an editorial position with a prestigious publishing house.

Experience **Editorial Assistant**, St. Cloud Journal, St. Cloud, MN, Jan. 2001 – May 2002.

- Earned praise from staff writers and managing editor for scrupulous attention to detail and editorial integrity.
- Quick proof reading skills helped staff writers lengthen deadlines and earned a promotion to editorial assistant.

Staff Writer, Deerfield Herald, Deerfield, MN, Sept. 2001 – May 2002

- Wrote numerous articles that generated positive reader feedback through letters to the editor.
- Well written book reviews helped increase Deerfield Public Library membership and earned a promotion to staff writer.

Assistant Librarian, Deerfield Library, Deerfield, MN, Jan. 1997 – Feb. 2001

- Assisted head librarian in cataloguing new books and filing book returns.
- Developed a children's story hour that increased weekly attendance.

Skills

- Proficient in personal computer use.
- Course certified proficiency in MS Word
- Typing speed 55 WPM

Education

St. Cloud State University, St. Cloud, MN, May 2002

- Bachelor of Arts in English Literature Composition
- GPA: 3.3/4.0
- Related Course work: English Grammar and Writing, Fundamentals of Creative Writing, News Writing and Editing, and Journalism 101.

THE FUNCTIONAL / SKILLS FORMAT

The functional or skills format resume works best for individuals who are career changers and are either combining skills from several past jobs into a new career, or who have undergone recent re-training or education to give them new job skills. The functional resume stresses strengths and accomplishments rather than presenting a chronological work history. It is called functional as it is organized under the heading of skills or functions, rather than by time block, job titles or companies. This format is a good one for people who have erratic work histories or who have been employed in widely varied types of employment. (Warning: resumes that do not include some reference to employment dates are generally not well received by employers).

Select three to five main headings or skill areas that are the most important to the type of work for which the resume is targeted. For example, if you are looking for work in the field of Personnel your main areas might include: Recruiting, Selection, Affirmative Action, Training, and Compliance. Color code each of these main areas with a different colored highlighter pen, and then review your past work history and color code your strong points throughout your previous employment in colors that relate to your main skill areas. List these by area, in order of importance, saving something strong for an ending.

SAMPLE FUNCTIONAL RESUME:

SHREE H.N. SHUKLA COLLEGE OF I.T. & MANAGEMENT

“SKY IS THE LIMIT”



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Mark Chang

22 Jaian SS 2/22, 47400 Petaling Jaya, Selangor
HF: 019-123 4567 Office: 03-1234 5678
E-mail: mark@abc.com

MARKETING SPECIALIST

A marketing professional with over three years experience who specializes in marketing strategies, advertising and public relations.

- Built brands for companies by creating effective and consistent advertisements, brochures, radio commercials, corporate videos and websites.
- Generated extensive publicity for companies by organizing exhibitions and media conferences and writing press releases.
- Has in-depth knowledge of print and radio advertisements production and website development.
- Possesses wide network of contacts in the advertising and public relations industry.
- Excellent writing and presentation skills.
- Extensive knowledge in MS Office (Word, Excel, Outlook, PowerPoint).

Experience

ABC Sdn Bhd

Assistant Marketing Manager

Petaling Jaya
2000 - Present

- Write copy and supervise production of ads, brochures, newsletters, sales letters, corporate multimedia CD ROM and company website that consistently emphasize the company's positioning and brand values.
- Developed corporate identity manual and conducted training for staff to ensure consistency in the usage of brand logo, product logos and icons.
- Developed company tagline that accurately reflects the company's positioning.
- Organized company's participation in exhibitions which generated leads for sales team.

XYZ Integrated

Marketing Communications Executive

Kuala Lumpur
2000

- Wrote news releases that generated extensive publicity for the company and its products.
- Organized a press conference that successfully launched company's educational software.
- Wrote speeches for CEO of XYZ Integrated.

SAT College

Communications Executive

Petaling Jaya
1998–2000

- Wrote/edited newsletters, brochures and leaflets that successfully increased product sales.
- Supervised design and production of publications to ensure consistency in branding.
- Wrote script for radio commercial that successfully generated awareness for the company brand.
- Organized press conferences and exhibitions that led to an increase in publicity for company.

Education

Simon Fraser University Vancouver, Canada
BA in Communications 1997

Functional resume specimen 1

Source: <http://www.top-resume-tips.com/images/FreeResumeSample1.jpg>



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110 Morningside Drive
City, State, Zip Code

Phone: (xxx) xxx-xxxx
E-mail: sullivan@xxx.xxx

Grianna P. Sullivan

Objective A management position in retailing involving selection of merchandise.

Skills
Management Skills
Previewed and purchased merchandise. Gained product knowledge, developed customer service skills, and improved sales technique. Supervised inventory control, monetary transactions, and special projects.

Organizational Skills
conducted monthly meetings for retail staff of six. Planned and supervised fashion shows and photo sessions. Supervised thirty Girl Scouts; assumed responsibility during changes of supervisory personnel.

Activities & Affiliations
2000 - present Rider Ridge Community Association City, State
President Organize community events, Keep residents informed of zoning changes and other relevant country news.

1999-2000 Delta Sigma Pi Business Fraternity City, State
Was a member of the Delta Sigma Pi fraternity which is geared towards students who are pursuing careers in business. Took part in annual events such as float preparation and philanthropy events for cancer research and Odyssey of the Mind.

1998-2000 Girl Scouts of America, local troop City, State
Leader Supervised 30 girls Organized programs and supervised trips
Elicited almost 100 percent parent participation

Awards/ Honors
5/1/2000 Citizen Scholarship Bar Association
Scholarship in the amount of \$ 750.00 awarded for outstanding volunteer service

4/26/1996 All State State Basketball Association
Was named to the All State basketball team after the state tournament

Experience
1999-present Morgan's Department Store City, State
1997-1999 R & M Enterprises City, State
1996-1997 Amy Match Inc. City, State

Education
1996-2000 State University City, State
1996-1998 Johnson County Community College City, State
1992-1996 Central High School City, State

References Available upon request