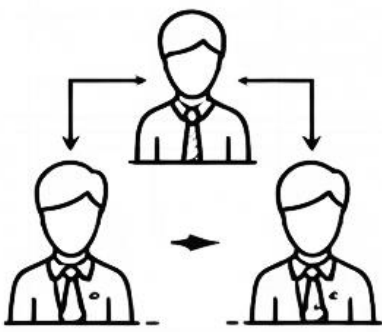
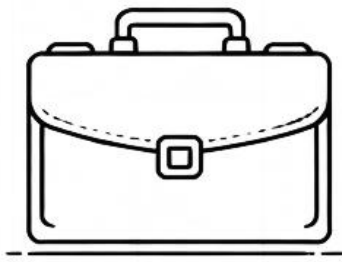




# **BUSINESS STUDIES (215)**

## CHAPTERWISE NOTES



## **BUSINESS STUDIES**

Sl. No.	Module	Chapters (Public Examination)	Marks
<b>1</b>	Module 4 : Buying, Selling and Distribution	<b>L-13 Channels of Distribution</b> <b>L-15 Advertising</b>	18
<b>2</b>	Module 5 : Consumer Awareness	<b>L-17 Rights and Responsibilities of Consumers</b> <b>L-18 Consumer Protection</b>	18
<b>3</b>	Module 6: Career Opportunities in Business (Optional / Low Priority)	<b>L-19 Choosing a Career</b> <b>L-20 Entrepreneurship</b>	12

Component	Details	Marks
<b>Public Exam (Selected Module 4,5)</b>	Total Chapters : 4	36
<b>Practical Exam</b>	NO PRACTICAL	00
<b>TMA</b>	Tutor Marked Assignment	20
<b>Final Possible Marks</b>		<b>56</b>
		<b>Marks</b>

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<b>6</b>	Entrepreneurship

## 1

# CHANNELS OF DISTRIBUTION

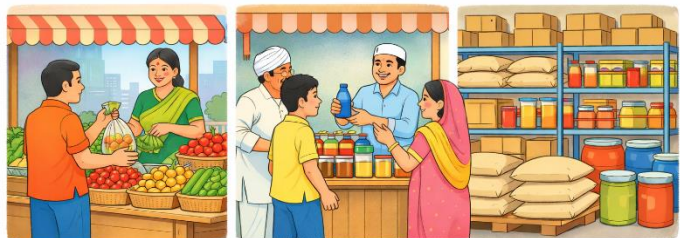
## Introduction

Goods and services do not reach directly from the producer to the consumer, but pass through various channels. These channels are called **channels of distribution**, which are an important part of trade and help in delivering goods to the consumer.

## Meaning of Channels of Distribution

- **Channel of distribution:** The route through which goods reach from the producer to the ultimate consumer.
- It includes producer, middlemen (agents, wholesalers, retailers) and consumers.
- Middlemen perform many functions:

- **Buying**
- **Selling**
- **Storage**



## Types of Channels of Distribution

### (i) Direct Channel

- The producer sells goods/services directly to the consumer
- There is no middleman
- **Methods:**
  - Door-to-door selling
  - Own shop



### **(ii) Indirect Channel**

- The producer uses middlemen to sell goods
- Middlemen can be:
  - **Agent**
  - **Wholesaler**
  - **Retailer**

### **Main Channels:**

- **Producer → Agent → Wholesaler → Retailer → Consumer**
- **Producer → Wholesaler → Retailer → Consumer**
- **Producer → Agent → Consumer**
- **Producer → Wholesaler → Consumer**
- **Producer → Retailer → Consumer**

### **Wholesaler and Retailer**

#### **Wholesaler**

**Wholesaler:** A trader who buys goods in large quantities and sells them in small quantities.

#### **Characteristics of Wholesaler**

- Buys directly from the producer
- Buys goods in large quantities
- Deals in a limited range of goods
- Keeps agents/workers for distribution
- Requires more capital



- Provides credit facility to retailers
- Provides financial assistance to producers
- Located in specific business areas

### **Functions of Wholesaler**

- **Collection:** Collecting goods from producers
- **Storage:** Keeping safely in warehouses
- **Distribution:** Selling to retailers
- **Providing finance:** Giving credit/advance
- **Risk bearing:** Loss, damage, price changes
- **Classification (Grading):** Dividing goods into categories
- **Pricing:** Fixing prices

### **Retailer**

**Retailer:** A trader who sells goods in small quantities to consumers.

### **Characteristics of Retailer**

- Direct contact with consumers
- Sells goods for final consumption
- Buying and selling in small quantities
- Requires less capital
- Deals in different types of goods
- Mostly cash sales
- Focus on shop decoration



### Functions of Retailer

- Buying and assembling
- Storage
- Credit facility
- Personal service
- Risk bearing
- Display
- Supplying information (consumer preference/interest)

### Difference between Wholesaler and Retailer

Basis	Wholesaler	Retailer
<b>Quantity</b>	Buys in large quantity	Buys in small quantity
<b>Source of purchase</b>	Buys from producer	Buys from wholesaler
<b>Variety of goods</b>	Keeps limited goods	Keeps different types of goods
<b>Capital Requires</b>	more capital	Requires less capital
<b>Objective</b>	Buys for resale	Sells for final consumption
<b>Contact with consumer</b>	No direct contact with consumers	Has direct contact with consumers
<b>Shop decoration</b>	Less attention to decoration	Pays more attention to decoration



# TOP 5 QUESTIONS

**Q-1. What is a channel of distribution?**

**Answer-** Channel of distribution is the route through which goods reach from the producer to the ultimate consumer. It includes producer, middlemen and consumers.

**Q-2. Explain the difference between direct and indirect channel.**

**Answer-** In direct channel, the producer sells directly to the consumer and there is no middleman. In indirect channel, middlemen like agents, wholesalers and retailers are involved.

**Q-3. Who is a wholesaler?**

**Answer-** A wholesaler is a trader who buys goods in large quantities from the producer and sells them in small quantities to retailers or consumers.

**Q-4. Write any two functions of a retailer.**

**Answer-** A retailer buys and assembles goods and provides personal service to consumers. He also displays and sells goods.

**Q-5. Write one difference between wholesaler and retailer.**

**Answer-** A wholesaler buys goods in large quantities, whereas a retailer buys in small quantities and sells to the ultimate consumer.



## 2

# ADVERTISING

## Introduction

For the success of business, only a good product is not sufficient, but it is also necessary to convey its information to customers. This work is done through **advertising**, which helps in attracting customers and increasing sales.



## Meaning of Advertising

- **Advertising:** The process of giving information about a product, service or idea and increasing sales.
- It is a communication done by paying by the sponsor.

## Definition of Advertising

“Any paid form of non-personal presentation and promotion of an idea, goods or service by an identified sponsor.”

## Features of Advertising

- **Non-personal presentation:** There is no direct contact with customers
- **Paid communication:** The advertiser pays to the medium
- **Promotion of product/service/idea:** Motivates to purchase by giving information
- **Clear identification of sponsor:** The advertiser can be identified
- **Contact through media:** Such as: newspaper, TV, radio etc.

## Objectives or Importance of Advertising

- **To educate the customer:** Gives information about the product
- **To increase demand for new product:** Motivates people to buy
- **To retain existing customers:** Keeps old customers connected



- **To increase sales:** Sales increase with increase in demand
- **To assist the seller:** Gives prior information of the product

## Media of Advertising

### (A) Print Media

#### 1. Newspapers

##### Advantages

- Wide reach
- Low cost
- Frequent publication
- Quick changes possible
- Selection according to area/language

##### Limitations

- Short life span
- People pay less attention to advertisements
- Not useful for illiterate people

#### 2. Periodicals

##### Advantages

- Use for long duration
- Target customer group

##### Limitations

- Expensive
- Less reach
- No facility of change



## **(B) Electronic Media**

### **1. Radio**

#### **Advantages**

- More effective
- Useful for illiterates
- Reach to remote areas

#### **Limitations**

- Limited to listening only
- Difficult to hear again
- No visual effect



### **2. Television**

#### **Advantages**

- Audio-visual effect
- Attractive presentation
- Selection of various channels
- Reach to illiterate

#### **Limitations**

- Expensive
- Effect reduces due to more advertisements



### **3. Internet**

#### **Advantages**

- Global information
- Use as per convenience



## Limitations

- Computer required
- Not suitable for all

## (C) Other Media

### 1. Hoardings

- Advertisement on large boards
- Placed on roads etc.

### 2. Posters

- Pasted on walls/places
- Attract attention

### 3. Vehicular Display

- Advertisement on bus, truck etc.
- Moving medium



## Suitability of Advertising Media

- While selecting medium, pay attention to:
  - **Nature of product**
  - **Target customer**
  - **Cost**
  - **Time and place availability**

## Suitability of Media

- **Newspapers:** Suitable for general consumer goods
- **Periodicals:** Suitable for specific class
- **Radio:** For rural/specific areas
- **Television:** For products with visual display



# TOP 5 QUESTIONS

**Q-1. What is advertising?**

**Answer-** Advertising is the process in which customers are attracted by giving information about a product, service or idea. It is a paid non-personal communication by a sponsor.

**Q-2. Write two features of advertising.**

**Answer-** Advertising is non-personal and there is no direct contact with customers. It is a paid communication in which the identity of the sponsor is clear.

**Q-3. Write two objectives of advertising.**

**Answer-** The objective of advertising is to educate customers and increase demand for new product. It also helps in increasing sales and retaining old customers.

**Q-4. Write two media of print media.**

**Answer-** The main media of print media are newspapers and periodicals. Through these, advertising reaches widely to customers.

**Q-5. Write one advantage and one limitation of television advertising.**

**Answer-** The advantage of television advertising is that it has audio-visual effect. Its limitation is that it is expensive and its effect may reduce due to more advertisements.



## 3

# RIGHTS AND RESPONSIBILITIES OF CONSUMERS

## Introduction

The main objective of business should be consumer satisfaction, but many times consumers are exploited. This happens when the consumer is unaware of his rights and responsibilities. Therefore, their knowledge is necessary.

## Who is a Consumer?

- **Consumer:** A person who buys goods or services for his use/consumption
- **Main points**
  - One who buys for resale is **not a consumer**
  - Use by family/other person is also valid
  - **Goods:** consumable and durable
  - **Services:** transport, electricity, telephone etc.



## Difference between consumer of goods and services

- **Goods**
  - Checking is possible before purchase
  - Storage is possible
- **Services**
  - Checking is not possible beforehand
  - Storage is not possible

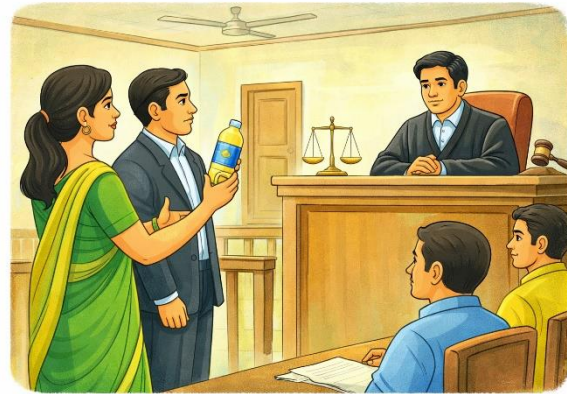


## Meaning of Consumerism

**Consumerism:** A movement of consumers against unfair trade practices and for the protection of their interests

## Consumer Protection Act 1986

- Provides comprehensive protection to consumers
- **Consumer courts:**
  - District Forum
  - State Commission
  - National Commission



## Rights of Consumers

### (i) Right to safety:

- **Protection from harmful goods**
- Complaint and compensation on loss

### (ii) Right to be informed:

- **Information about quality, quantity, price etc.**
- Helps in making correct decision

### (iii) Right to choose:

- **Right to freely choose** from various goods

### (iv) Right to be heard:

- Consumer's complaints and views should be heard



**(v) Right to seek redressal:**

- **Compensation/replacement/refund** for defective goods

**(vi) Right to consumer education**

- Information of rights, laws and safety measures to the consumer

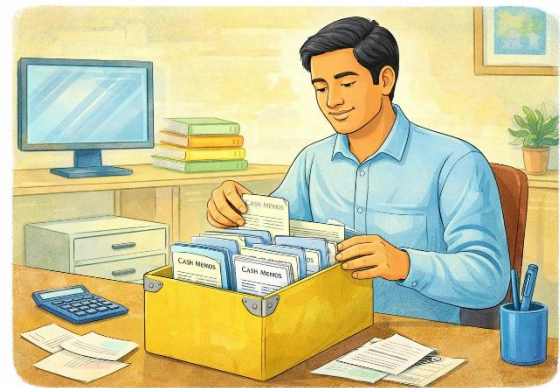
**Responsibilities of Consumers**

**(i) Responsibility of self-help**

- Consumer should **remain alert and aware**
- Protect his own interests

**(ii) Proof of transaction**

- **Keep cash memo/bill safe**
- Keep warranty/guarantee card



**(iii) Proper claim**

- Make **proper and genuine claim** while complaining

**(iv) Proper use of product/service**

- Products should be **used properly**
- Should not misuse

**Other Responsibilities**

- Timely payment
- Follow agreement
- Do not tamper with meter/facilities



# TOP 5 QUESTIONS

**Q-1. Who is called a consumer?**

**Answer-** A consumer is a person who buys goods or services for his use or consumption. These goods may be used by himself or other person, but one who buys for resale is not a consumer.

**Q-2. What is consumerism?**

**Answer-** Consumerism is a movement of consumers whose objective is to stop unfair trade practices in the market and protect the interests of consumers.

**Q-3. Write any two rights of consumers.**

**Answer-** The main rights of consumers include the right to safety and the right to be informed. These help the consumer to be protected from harmful goods and to get correct information.

**Q-4. Write two responsibilities of consumers.**

**Answer-** A consumer should keep proof of purchase safe and should use the goods properly. Apart from this, he should remain aware and protect his interests.

**Q-5. What is the objective of Consumer Protection Act 1986?**

**Answer-** The objective of this Act is to provide protection to consumers from unfair trade practices and to provide legal system for redressal of complaints.



## 4

# CONSUMER PROTECTION

## Introduction

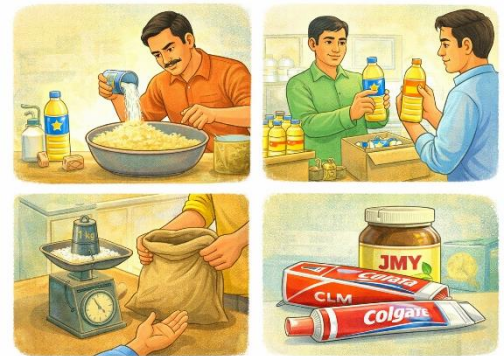
In the market, many times consumers have to face unfair trade practices, due to which they suffer economic and health related losses. Therefore, **consumer protection** is very necessary for the protection of consumer interests.

## Meaning of Consumer Protection

- **Consumer protection:** Measures to protect consumers from unfair trade practices
- **Consumer gets:** rights of safety, information, choice and hearing
- **Objective:** To protect the interests of consumers

## Nature of problems of consumers

- **Adulteration:** Mixing inferior substances in the product
- **Sale of spurious goods:** Selling fake goods in place of real
- **False weights and measures:** Giving less quantity
- **Duplicate brand:** Putting wrong label
- **Hoarding and black marketing:** Creating artificial shortage of goods
- **Tie-in-sales:** Compulsion to buy other goods
- **Misleading advertisement:** Attracting by giving wrong information
- **Sub-standard goods:** Not according to quality standards

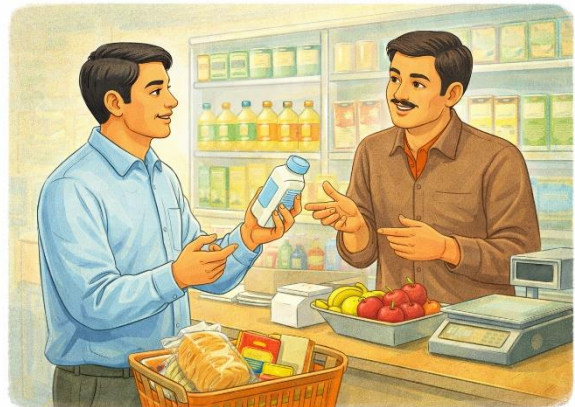


### Need for Consumer Protection

- Consumers are **affected by unfair trade**
- **Lack of knowledge and awareness**
- **Effect of misleading advertisements**
- Difficulty in correct identification of quality Wrong beliefs (like higher price = better quality)

### Parties related to Consumer Protection

- **(i) Consumer:**
  - Remain aware
  - Use their rights
- **(ii) Trader:**
  - Give correct quality and reasonable price
  - Respect consumer rights
- **(iii) Government:**
  - Make and implement laws
  - Protect consumer interests



### Legal Protection to Consumers

#### Main laws

- **Agricultural Products (Grading and Marketing) Act, 1937:** Quality certification (AGMARK)
- **Industries (Development and Regulation) Act, 1951:** Production and quality control
- **Prevention of Food Adulteration Act, 1954:** Punishment for adulteration
- **Essential Commodities Act, 1955:** Control of production and distribution



- **Standards of Weights and Measures Act, 1956:** Ensures correct weights and measures
- **MRTTP Act, 1969:** Prevention of unfair trade practices
- **Prevention of Black Marketing Act, 1980:** Prevent hoarding/black marketing
- **Bureau of Indian Standards Act, 1986:** Quality certification through ISI mark
- **Consumer Protection Act, 1986:** Protection of consumer rights

### **Jurisdiction of Consumer Courts**

- **District Forum:** Cases up to ₹20 lakh
- **State Commission:** ₹20 lakh to ₹1 crore
- **National Commission:** Above ₹1 crore
- Provision for appeal available

### **Procedure for redressal of consumer complaints**

- **Complaint can be filed by:** consumer or consumer organisation
- **Required information:**
  - Name, address
  - Description of dispute
  - Documents (bill etc.)
  - Relief expected
- **Complaint:** can be filed personally or sent by post
- **Time limit:** complaint within 2 years'
- **Possible relief:**
  - Removal of defect



- Replacement of goods
- Refund of money
- Compensation

### Role of Non-Governmental Organisations

- **Non-Governmental Organisations (NGOs)**

- Protect consumer interests
- Spread awareness
- Assist in complaints

- **Activities of NGOs in consumer movement :**

- Spread awareness about consumer rights.
- Provide legal assistance to consumers.
- Protect their interests as representatives of consumers.
- Provide information by testing and comparing product quality.
- Spread consumer information through newspapers and magazines.

## TOP 5 QUESTIONS

### Q-1. What is consumer protection?

**Answer-** Consumer protection refers to the measures by which consumers are protected from unfair trade practices and their interests are safeguarded.

### Q-2. Write two problems of consumers.

**Answer-** The main problems of consumers include adulteration and false weights and measures. Due to these, consumers suffer economic and health related losses.



**Q-3. Why is consumer protection necessary?**

**Answer-** Consumer protection is necessary because consumers are exploited due to unfair trade practices, misleading advertisements and lack of awareness.

**Q-4. What are the three parties in consumer protection?**

**Answer-** There are three main parties in consumer protection – consumer, trader and government. The joint role of all three is necessary to protect consumer interests.

**Q-5. What is the jurisdiction of District Forum?**

**Answer-** The District Forum hears cases up to ₹20 lakh. Consumers can file their complaint there and get relief.



## 5

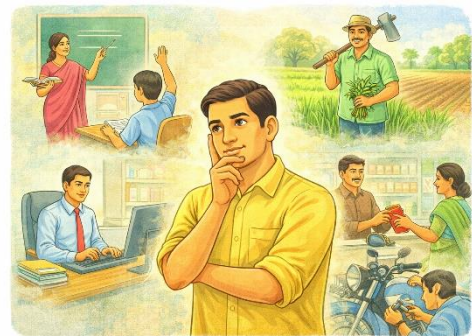
# CHOOSING A CAREER

## Introduction

Every person has to choose some work for his livelihood, which is called career. The selection of the right career affects a person's future, success and lifestyle.

## Concept of Career

- **Career:** Such work through which a person **gets opportunities for livelihood and advancement**
- **Main points**
  - Not only job, but a **group of various activities**
  - An important part of a person's life
  - Work done for a long period



## Importance of Choosing a Career

- **Important decision of life**
- **Foundation** of the future
- Influence on lifestyle, values and attitude
- **Success and satisfaction** through right choice
- Selection **according to one's ability and interest is necessary**

## Career Opportunities in Business

- Every person is **associated with some economic activity**
- Two options for livelihood:
  - **Job**
  - **Self-employment**



## **Job**

- **Job:** Working for another person in return for salary/wages
- **Characteristics**
  - Relationship between employer and employee
  - Fixed salary
  - Work determined by employer

## **Self-employment**

- **Self-employment:** A person earns his livelihood by doing economic activity on his own
- **Characteristics**
  - Own business
  - Bears profit-loss risk himself
  - Ability to take independent decisions

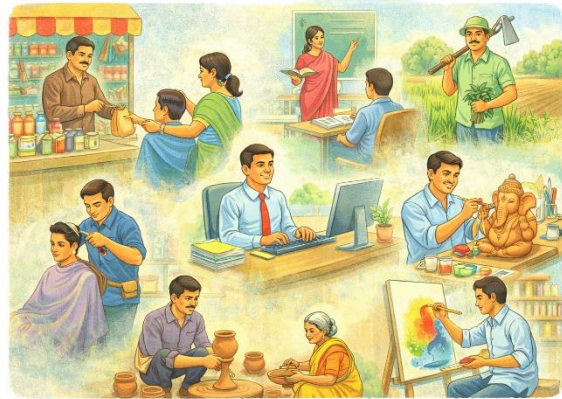
## **Difference between Self-employment and Wage Employment**

<b>Job</b>	<b>Self-employment</b>
Person is an employee	Person is own owner
Income is fixed	Income is uncertain
Works for others	Works for himself
Risk is less	Risk is more
Work is determined	Freedom in work



### Areas of Self-employment

- **Small scale business**
- **Personal services**
- **Professional work**
- **Agriculture based work**
- **Rural and cottage industries**
- **Art and craft work**



### Self-employment in comparison to wage employment

- Full use of **own ability**
- Possible even with less capital
- Increase in experience and skills
- Freedom and self-reliance

### Qualities required for success in self-employment

- **Mental ability:** Ability to identify opportunities and take decisions
- **Alertness and foresight:** Understanding market changes
- **Self-confidence:** Decision making and problem solving
- **Knowledge of business:** Understanding of operations
- **Legal knowledge:** Knowledge of related rules
- **Accounting knowledge:** Maintaining income-expenditure records
- **Personal qualities:** Honesty, hard work, seriousness



# TOP 5 QUESTIONS

**Q-1. What is career?**

**Answer-** Career is the work through which a person earns his livelihood and gets opportunities for advancement. It is not only a job but a group of various activities.

**Q-2. What is the importance of choosing a career?**

**Answer-** Choosing a career is an important decision of a person's life. It affects his future, lifestyle, values and success, therefore right selection is necessary.

**Q-3. Write the difference between job and self-employment.**

**Answer-** In job, a person works for others for salary, whereas in self-employment a person runs his own business and bears the risk of profit and loss himself.

**Q-4. Write two areas of self-employment.**

**Answer-** The main areas of self-employment include small scale business and personal services. Apart from this, agriculture, cottage industries and art-craft are also important areas.

**Q-5. Write two qualities required for success in self-employment.**

**Answer-** Self-confidence and knowledge of business are necessary for success in self-employment. Along with this, alertness and accounting knowledge also play an important role.



## 6

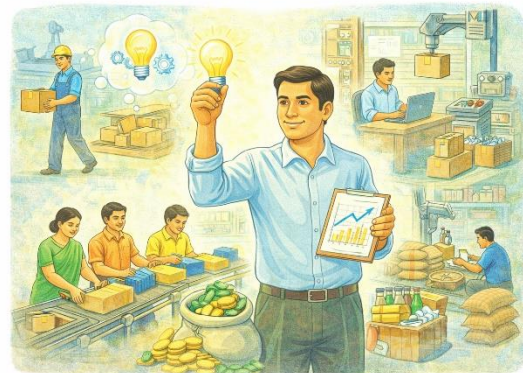
# ENTREPRENEURSHIP

## Introduction

To earn livelihood, a person either does a job or starts his own business. The person who establishes a business on his own, takes risks and also creates employment opportunities for others, is called an **entrepreneur**. Entrepreneurship not only makes a person self-reliant, but also accelerates the economic development of the country.

## Meaning of Entrepreneurship

- **Entrepreneurship:** The process of converting new ideas into economic activity
- **Entrepreneur:** A person who does **new work, takes risks and establishes business**
- **Main points**
  - Innovation
  - Risk taking
  - Use of resources
  - Employment generation



## Importance of Being an Entrepreneur

- **Providing employment opportunities**
- **Contribution in research and development**
- **Creation of national income and wealth**
- **Promotion of economic development**



### **Qualities of a Successful Entrepreneur**

- **Initiative:** Starting work by identifying opportunities
- **Initiative:** Starting work by identifying opportunities
- **Ability to learn from experience:** Improvement from mistakes
- **Motivation:** Inspiration to achieve goals
- **Self-confidence:** Confidence in decision making
- **Decision making ability:** Taking right decision at the right time

### **Functions of an Entrepreneur**

- **Identification of opportunities**
- **Turning ideas into action**
- **Feasibility study**
- **Arrangement of resources**
- **Setting up of enterprise**
- **Management of enterprise**
- **Growth and development**

### **Setting up of a Small Enterprise**

#### **(i) Who can establish a small business**

- Any person
- Educated/uneducated
- Rural/urban



**(ii) Arrangement of finance**

- **Fixed capital:** machine, building etc.
- **Working capital:** raw material, wages etc.
- **Sources:** self, bank, financial institutions

**(iii) Selection of business**

- According to market demand
- Analysis of profit and risk
- Taking proper decision

**(iv) Choice of form of organisation**

- Sole proprietorship
- Partnership

**(v) Location**

- Near the market
- Transport facility
- Availability of labour

**(vi) Availability of labour**

- Skilled/unskilled workers
- Selection according to work



# TOP 5 QUESTIONS

## Q-1. What is entrepreneurship?

**Answer-** Entrepreneurship is the process in which new ideas are converted into economic activity and business is established. It includes risk taking, innovation and use of resources.

## Q-2. Who is an entrepreneur?

**Answer-** An entrepreneur is a person who adopts new ideas, starts business, takes risks and contributes in production and employment generation.

## Q-3. Write two qualities of an entrepreneur.

**Answer-** The main qualities of an entrepreneur include the ability to take risk and self-confidence. Apart from this, initiative and decision making ability are also necessary.

## Q-4. Write two functions of an entrepreneur.

**Answer-** An entrepreneur identifies opportunities and turns ideas into action. Apart from this, he arranges resources and manages the enterprise.

## Q-5. What is the importance of finance in setting up a small enterprise?

**Answer-** Finance is necessary for setting up a small enterprise. It is used for machine, building, raw material and payment of wages. Without finance, business cannot be started and operated.

