

Management Studies Course

Book-2

P A R T - 1

- **Business Environment**
- **Business Communication**
- **Cost Accounting**
- **E-Commerce**
- **Quantitative Techniques**

Editors

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PART-I

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PART-1
Unit-1
Business Environment

1

**Basics of Business Environment
and its Types**

Mr. Bhupender Singh

The Concept of Business Environment

The term business environment means the sum total of all individuals, institutions and other forces that may affect the performance of a business enterprise.

Keith Davis defines business environment as “the aggregate of all conditions, events and influences that surround and affect business.”

In the words of Arthur M. Weimer, “business environment encompasses the climate or set of conditions, economic, social, political, or institutional in which business operations are conducted.”

Thus, business environment means all those internal and external factors that have an impact on business.

Nature of Business Environment

Business environment is characterized by the following features:

- Aggregative
- Inter-related
- Dynamic

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Types of Environment

Ms. Navya Jain

I. Internal Environment

- It refers to all the factors existing within a business firm
- The internal factors are considered controllable because the enterprise has control over these factors.
- For example, a company can modify or alter its organisation structure, policies and programmes, personnel, physical facilities and marketing mix to suit the changes in the environment.
- However, an enterprise may not sometimes have complete control over all the internal factors.

II. External Environment

- It consists of forces and factors outside an enterprise.
- The external factors are by and large beyond the control of a firm and are, therefore, regarded as uncontrollable.
- For example, a company has almost no control over national income, social forces, government policies, population, etc.
- However, sometimes a powerful corporation may be able to change some external factors.

3

Understanding Socio-Cultural Environment

Ms. Parul Grover

Introduction

There are two major components of external environment

- Micro Environment
- Macro Environment

Macro environment consists of the following components:

- Political and Legal Environment
- Economic Environment
- Social and Cultural Environment
- Technological and Physical Environment
- Financial Environment
- Natural Environment
- Global Environment

Social and Cultural Environment

Social environment refers to the characteristics of the society in which a business firm exists.

4

Exploring Competitive Structure of Industries

Dr. Pooja Sharma

Introduction

- In order to formulate appropriate strategies, a company must identify and understand the nature and degree of competition in the industry.
- Michael Porter has developed a model identifying the forces that affect the competitive dynamics of an industry.

According to this model, the state of competition in an industry depends upon the following five forces:

- Threats of entry.
- Bargaining power of buyers.
- Bargaining power of suppliers.
- Threats of substitute products.
- Rivalry among existing firms.

1. Threats of Entry

- Threats of new entrants tends to be high when the industry is very profitable, entry barriers are low and the expected retaliation from the existing firms is not serious.

5

Fundamentals of Environmental Analysis and Strategic Management

Ms. Pooja Tripathi

Introduction

Environmental analysis is the process through which an organization monitors and comprehends various environmental forces so as to determine the opportunities and threats that lie ahead. The process is also known as “environmental appraisal” or “environmental scanning”.

Environmental analysis has two broad aspects.

- a. First, is environmental search or monitoring the environment.
- b. Second is environmental diagnosis or identifying opportunities and threats.
 - Environmental search leads to the identification of various forces that may influence the enterprise.
 - Environmental diagnosis, on the other hand, judges these forces for their positive and negative impact.

Definition

According to A. Sharplin, strategic management is “ the formulation and implementation of plans and the carrying out of activities relating

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Exploring Roots of Managing Diversity-Part 1

Dr. Poorva Ranjan

Introduction

- Diversity is about appreciating differences between individuals, and in context with the workplace ensuring that each of these varying attributes and characteristics are valued.

Cultural Diversity

- Every organisation has its own culture.
- How people interact in an organisation and the basic assumptions they make are part of the organisation s culture constitute its culture.
- Organisation culture is the framework that guides day-to-day behaviour and decision-making of employees.
- In case the culture is not aligned with managerial functions the organisation suffers.
- Culture has a strong influence on the performance of organisations.
- With globalisation and MNCs, the issue of multi-culturalism has become very significant.

Exploring Roots of Managing Diversity-Part 2

Dr. Ravi Kant Swami

Framework for Managing Diversity

- Diversity is about appreciating differences between individuals, and in context with the workplace ensuring that each of these varying attributes and characteristics are valued.
- Managing diversity consists of three related tasks:

Managing Cultural Diversity

- In order to build a more diverse and effective workforce for the success of a company, it is necessary to manage cultural diversity.
- This will help the company by providing an advantage in recruitment, retention and motivation of workers.
- A culturally diverse workforce will maximise the company's ability to deal with a culturally diverse marketplace.
- Culturally-diverse work teams can better deal with culturally-diverse consumers and other groups.
- Firms must develop cross-cultural training programmes to help their employees become more sensitive to the cultures of their fellow employees.

8

Understanding the Scope of Business

Ms. Roli Wadhwa

Introduction

- Business is all around us and it is the mainspring of modern life.
- Every human being is busy in one activity or the other to satisfy his unlimited wants.

The sum total of human activities may broadly be divided into two categories:-

1. Economic activities ,and
2. Non economic activities

Thus, business encompasses all activities involved in the production and sale of goods and services for profit.

Scope of Business (Classification of Business Activities)

Various business activities can be classified into two broad categories:

- Industry, and
- Commerce.

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Characteristics of Business

Dr. Seema Mam

Introduction

- All business enterprises irrespective of the size (Tata Iron and Steel Co. Ltd. Or the vendor outside a college gate) and nature of the business (Hotel Ashoka or Hindustan Unilever Ltd.) have in common the following features:
- Sale, Transfer or Exchange.
- Dealing in Goods and Services.
- Continuity in Dealings.
- Profit Motive.
- Risk or Uncertainty.

1. Sale, Transfer or Exchange

- The foremost characteristic of business is the exchange or transfer of goods and services for a price or value.
- Production or purchase of goods and services for personal use or for presenting as gifts to others does not constitute business as no sale or transfer for value is involved.
- For example, a farmer who keeps cows to obtain milk for his family is not running a business. But if he keeps a number of

Exploring Process and Limitations of Environmental Analysis

Ms. Shanu Jain

Stages

The process of environmental analysis consists of the following stages:

Environmental Scanning: Scanning means the process of analysing the environment for identifying the factors which may influence the business. Its purpose is to identify the emerging trends or early warning signals. Scanning is basically exploratory in nature. There are so many environmental factors which influence the operation of a business. All these factors may not be relevant to an enterprise. Therefore, the critical and high priority factors must be identified.

Environmental Monitoring: At this stage, information from the relevant environment is collected. Once the relevant factors in the environment are identified, adequate data about these factors are gathered so as to ascertain their emerging pattern and trends. Monitoring is a follow up and deeper analysis of relevant environmental forces identified through scanning. Company records, publications, spying and verbal talks with the employees, customers, dealers, suppliers and competitors are the main source of data.

Fundamentals of Economic Problems: Magnitude, Causes, Effects and Measurement Tool, Poverty-Part 1

Ms. Shruti Auplish

Introduction

Growth is not the sole objective of economic policy. It is necessary to ensure that the benefits of growth accrue to all sections of the society. Eradication of poverty is thus an important objective. Human beings need a certain minimum consumption of food and non-food items to survive. However the perception regarding what constitutes poverty varies over time and across countries.

Nevertheless there is need for a measure of poverty. Only then, it will be possible to evaluate how the economy is performing in terms of providing a certain minimum standard of living to all its citizens.

The Resolution of the United Nations General Assembly on 25 September 2015 established the 17 Sustainable Development Goals (SDG). SDG 1 in its entirety (–End poverty in all its forms everywhere) is multidimensional in nature and definition.

Extreme poverty –measured as people living on less than \$1.25 a day (subsequently increased to \$1.90/day).

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Fundamentals of Economic Problems: Magnitude, Causes, Effects and Measurement Tool, Poverty-Part 2

Mr. Swaraj Manchanda

Introduction

As pointed out by Tendulkar Committee, the concept of poverty is associated with socially perceived deprivation with respect to basic human needs. These basic human needs are usually listed in the material dimension as the need to be adequately nourished, the need to be decently clothed, the need to be reasonably sheltered, the need to escape avoidable diseases, the need to be at least minimally educated and the need to be mobile for purposes of social interaction and participation in economic activity.

This shows that the concept of poverty is multidimensional.

Incidence of Poverty in India

There was large inter-state variation in poverty in India in 2011-12. Incidence of poverty varied from state to state.

16 states namely Bihar (Including Jharkhand), U.P., M.P (Including Chattisgarh), West Bengal, Odisha and Assam, with highest poverty (head count ratio) accounted for 60 per cent of the poor in rural India in 2011-12.

The Inequality

Mr. Bhupender Singh

Introduction

In order to understand the impact of economic growth on the welfare of the people, economists generally investigate how the gains of economic growth in the country are distributed, which economic groups benefit from the increase in income and if over the years distribution of income fails to improve then what are the causes of disequalising growth.

The Pattern of Income Distribution in India

I. Income Distribution During the 1950s

- According to the estimates of RBI and Iyengar and Mukherjee, the top 10 per cent households accounted for about 25 per cent to 28 per cent of the income.
- The bottom 20 per cent received about 8-9 per cent of the income.
- In the 1950s, the income distribution was more unequal in the urban sector as compared to rural sector.

II. Income Distribution During the 1960s

- The NCAER (National Council of Applied Economic Research) and P.D. Ojha and V.V. Bhatt estimated personal income distribution at different points of time during the 1960s.

Understanding Unemployment

Ms. Navya Jain

Introduction

- Employment refers to an activity which enables a person to earn means of livelihood.
- NSSO defines unemployment as a situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under prevailing condition of work and remuneration.

Types of Unemployment

1. **Voluntary Unemployment:** It refers to that situation where some people are unwilling to work at the prevailing wage rate.
2. **Frictional Unemployment:** It is a temporary phenomenon. It results when some workers are temporarily out of work while changing jobs. It can also be due to strikes.
3. **Casual Unemployment:** It occurs in industries such as construction of building, agriculture, etc where workers are employed on a day-to-day basis, due to short term contracts.

Exploring the Concentration of Economic Power

Ms. Parul Grover

Concentration of Economic Power

- Under the Industrial Policy Resolution of 1948 and 1956 as well as through licensing procedures and guidelines, the Government sought to restrict the scope and the growth of the private sector.
- However, it was soon observed that many of the large enterprises in the private sector operated under conditions of monopoly.
- Taking advantage of the absence of foreign competition and sheltered markets, large enterprises eliminated internal competition, got effective control of the markets for their products and thus exploited their helpless consumers.
- Many of them managed to create artificial scarcities (by restricting their production) and created the impression of excessive demand for their products.
- They influenced government policies to their own advantage and secured favourable tax measures and fiscal incentives for exports and foreign collaboration agreements.

Capital Formation and the Industrial Sickness

Dr. Pooja Sharma

Introduction

- Capital formation simply means addition to the existing stock of capital (equipment, building, factories etc). If a nation wants to accelerate the pace of its growth, it has to save more and invest more. More investment leads to a higher level of output and income in an economy.
- Industrial sickness, especially in small-scale industry, has always been a demerit for the Indian economy, because more and more industries like Cotton, Jute, Sugar, Textile, are being affected by this sickness problem.

Role of Capital Formation in Economic Development

Capital formation plays a key role in raising economic development of a country:

1. **Agricultural and Industrial Development:** Agricultural and Industrial development requires large amount of funds for the adoption of modern techniques of production and use of more inputs which is possible through increased investment.

Ease of Doing Business Reforms-Part 1

Ms. Pooja Tripathi

The Journey So Far

- A decade back, India being a top business destination seemed like a farfetched dream. Any person wanting to do business in India would have to navigate in a sea of complex processes and arduous processes. The poor Foreign Direct Investment numbers were a reflection of the dismal image of India as a business location. India was marred with myriad problems. The investor had to run from pillar to post for grant of licenses and approvals and had to deal with multiple agencies for getting clearances. To get a case resolved in India would mean to endure the punishing waiting periods and even winding up business operations was an uphill task. The confidence of the international community in India was at an all time low. India's dubious distinction of being the hub of red-tapism in addition to the confounding systems and regulations did not inspire investor confidence. India's investment climate was mirrored in the World Bank's Doing Business Report of 2014 (DBR 2015) where India stood at a grim 142nd position amongst 190 economies. In 2014, this process underwent a

Ease of Doing Business Reforms-Part 2

Dr. Poorva Ranjan

What is Startup India?

- Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem that is conducive for the growth of startup businesses, to drive sustainable economic growth and generate large scale employment opportunities.
- The Government through this initiative aims to empower startups to grow through innovation and design.
- Several programmes have been undertaken since the launch of the initiative on 16th of January, 2016 by Hon'ble Prime Minister, to contribute to his vision of transforming India into a country of job creators instead of job seekers.

What are the Benefits Provided Under the Startup Scheme?

- For availing various benefits under the Startup India scheme, an entity would be required to be recognized by DIPP as a startup by applying at <https://www.startupindia.gov.in/content/sih/en/startupgov/startup-recognition-page.html>.

Understanding Swachh Bharat Abhiyan

Dr. Ravi Kant Swami

Introduction

On October 2, 2014, the Swachh Bharat Mission was launched by Prime Minister Narendra Modi to improve focus on hygiene and achieve universal sanitation across the country.

Phase 1 of the mission was implemented as a nationwide campaign, aimed at eliminating open defecation in rural areas from 2014 to 2019 through mass-scale behavior change, construction of household-owned and community-owned toilets and implementation of techniques for monitoring toilet construction & usage.

Need for the Policy

- India faces two major challenges – waste generation & management and lack of access to a basic sanitation facility such as a toilet. As per Tata Strategic estimates, India produces ~54 million tonnes of solid waste every year and as per UNICEF India, about 564 million people defecate in the open. According to a World Bank study, absence of toilets and conventional sanitation cost the country 6.4% of its GDP in 2006.

Diving Deeper in Swachh Bharat Abhiyan

Ms. Roli Wadhwa

Swachh Bharat Mission – Key Developments

- In February 2021, the government introduced Swachh Bharat 2.0, focusing on complete fecal sludge management. Apart from this, wastewater treatment, segregation of garbage, reduction in single-use plastics, decrease in air pollution by managing waste from construction sites and demolition activities, along with bioremediation of all legacy dump sites will be taken into consideration.
- In January 2021, the government announced to build >7 million toilets in urban areas and several transformative initiatives have been implemented.
- In December 2020, the government launched the Swachhata Abhiyan', a mobile application developed to identify and geotag insanitary toilets and manual scavengers so that these can be replaced with sanitary toilets and manual scavengers can be rehabilitated to provide dignity of life to them.
- In August 2020, the government launched the 'Swachh Bharat Mission Academy', an IVR-based training course with modules on Open Defecation Free (ODF) Plus programme.

Fundamentals of Macro-Economics

Dr. Seema Mam

Introduction

Macroeconomics is clearly the younger sibling of the economics family.

It is no coincidence that macroeconomics emerged as a major branch of economics amid the chaotic conditions of the Great Depression of the 1930s.

The severe economic problems of the time lent importance to the subject matter of macroeconomics—the behavior of the economy as a whole. A book by John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, developed a framework in which to systematically consider the behavior of aggregate economic variables such as employment and output.

During the two decades following World War II, Keynes's followers elaborated and extended his theories.

Macroeconomics–Definition

- Macroeconomics is part of our everyday lives.
- If the macroeconomy is doing well, jobs are easy to find, incomes are generally rising, and profits of corporations are high.

The Macro-Economic Variables

Ms. Shanu Jain

Introduction

Macroeconomics studies the behavior of economic aggregates. Macroeconomic variables are associated with economic aggregates: a country, a region, the population of a country, all companies in a country. For example, the aggregate production of a country is formed with the production of all its businesses, families, individuals, and its public sector. Other commonly used variables in the study of macroeconomics are inflation and unemployment.

- Gross Domestic Product
- Inflation
- Unemployment
- Government Spending
- Interest Rate
- Exchange Rates

Gross Domestic Product

The **Gross Domestic Product** is the monetary value of final goods and services produced by an economy in a given period of time,

Circular Flow and Economics

Ms. Shruti Auplish

Circular Flow of Income

- The circular flow of income forms the basis for all the macroeconomic models of the economy and it is imperative to understand the circular flow model for understanding essential concepts like national income, aggregate demand and aggregate supply.
- The circular flow of income describes the movement of goods or services and income among the different sectors of the economy.
- It illustrates the interdependence of the sectors and the markets to facilitate both real and monetary flow.
- The real flow refers to the flow of factor services and flow of goods and services.
- The flow of factor services from the households to the firms and the flow of goods and services from firms to the household is the real flow.
- The flow of factor services generates money flows in the form of factor payments which the firms pay the household

The Concept of Multiplier

Mr. Swaraj Manchanda

Introduction

- The theory of multiplier occupies an important place in the modern theory of income and employment.
- The concept of multiplier was first of all developed by F.A. Kahn in the early 1930s. But Keynes later further refined it.
- F.A. Kahn developed the concept of multiplier with reference to the increase in employment as a result of initial increase in investment.
- Keynes, however, propounded the concept of multiplier with reference to the increase in total income as a result of original increase in investment.
- Therefore, whereas Kahn's multiplier is known as 'employment multiplier', Keynes' multiplier is known as 'investment or income multiplier'.
- The essence of multiplier is that total increase in income, output or employment is manifold the original increase in investment.

Exploring National Income

Mr. Bhupender Singh

Introduction

- The sum of all incomes of the people of a country is called national income.
- Like the accounts of a business, national income accounts have two sides: a product side and an income side. The product side measures production and sales. The income side measures the distribution of the proceeds from sales.

Concepts of National Income

There are various concepts of national income :

1. **Gross National Product (GNP):** Gross National Product is defined as the total market value of all final goods and services produced in a year by the citizens of the country (anywhere in the world).
2. **Final Goods and Intermediate goods:** Final goods are those goods which are being purchased for final use and not for resale or further processing. Example–milk purchased by households.

Intermediate goods, on the other hand, are those goods which are purchased for further processing or for resale.

Measurement of National Income in India

Ms. Navya Jain

Measurement of National Income

For calculating national income, an economy is looked upon from three different angles, which are as follows:

1. Production units in an economy are classified into primary, secondary, and tertiary sectors. On the basis of this classification, Value Added method is used to measure national income.
2. Economy is also viewed as a combination of individuals and households owning different kinds of factors of production. On the basis of this combination, Income method is used for estimating national income.
3. Economy is viewed as a collection of units used for consumption, saving, and investment. On the basis of this collection, Expenditure method is used for calculating national income

Value Added Method

Steps

- Measuring net value added at factor cost (NVAFC) by each industry requires first to find out the value of output.

Problems in Measurement of National Income

Ms. Parul Grover

Introduction

National income means the value of goods and services produced by a country during a financial year. Thus, it is the net result of all economic activities of any country during a period of one year and is valued in terms of money. National income is an uncertain term and is often used interchangeably with the national dividend, national output, and national expenditure. We can understand this concept by understanding the national income definition.

Simon Kuznets defines national income as “the net output of commodities and services flowing during the year from the country’s productive system in the hands of the ultimate consumers.”

Problems in Measurement of National Income

There are many difficulties in measuring national income of a country accurately. The difficulties involved are both conceptual and statistical in nature. Some of these are enumerated below:

1. **Treatment of non-monetary transactions:** The first problem related to the treatment of non-monetary transactions such as services of housewives to the members of their

Fundamentals of Macro Economic Framework

Dr. Pooja Sharma

Classical Theory of Income and Employment: Full Employment Model

- The study of classical theory of income and employment is essential because some of the aspects of classical theory are more relevant to the conditions prevailing in the developing countries and this theory highlights those factors which govern income and employment in those countries.
- The Classical school, which is regarded as the first school of economic thought, is associated with the 18th Century Scottish economist Adam Smith, and those British economists that followed, such as Robert Malthus and David Ricardo.
- Classical economists believed in a free-market economy. There is always a tendency toward the establishment of full employment of labor and there is sufficient demand for the output produced.
- The main idea of the Classical school was that markets work best when they are left alone, and that there is nothing but the smallest role for government.

Consumption Function

Ms. Pooja Tripathi

Introduction

- As the demand for a good depends upon its price, similarly consumption of a community depends upon the level of income.
- In other words, consumption is a function of income.
- The consumption function relates the amount of consumption to the level of income.
- When the income of a community rises, consumption also rises.
- How much consumption rises in response to a given increase in income depends upon the marginal propensity to consume.
- When income rises, consumption also rises but not as much as the income.

Determinants of Consumption

- Consumption Demand depends on income and propensity to consume.
Propensity to consume depends on various factors such as:

Dynamics of Saving, Consumption and Investments

Dr. Poorva Ranjan

What is the Consumption Function?

The term consumption function refers to an economic formula that represents the functional relationship between total consumption and gross national income (GNI). The consumption function was introduced by British economist John Maynard Keynes, who argued the function could be used to track and predict total aggregate consumption expenditures. It is a valuable tool that can be used by economists and other leaders to understand the economic cycle and help them make key decisions about investments as well as monetary and fiscal policy.

Understanding the Consumption Function

As noted above, the consumption function is an economic formula introduced by John Maynard Keynes, who tracked the connection between income and spending. Also called the Keynesian consumption function, it tracks the proportion of income used to purchase goods and services. Put simply, it can be used to estimate and predict spending in the future.

Economic Environment

Dr. Ravi Kant Swami

Broad Classification of Organizations

Organisation/Business: When two or more people get together and agree to coordinate their activities in order to achieve their common goals.

- Businesses work on profit motive whereas an organization can be for just about any purpose. It could be charity. It may or may not have commerce as its principal activity.
- Nonprofit organisations work for the welfare of the public Basics.
- **Environment:** According to the dictionary meaning of the word, environment refers to the circumstances, objects, or conditions by which one is surrounded
- But what is business environment?
- All important decisions concerning production, distribution, exchange and consumption are based upon the price mechanism
 1. The basis of price mechanism is that every commodity or service has a price which it is determined with the help of demand and supply.

Economic, Monetary and Fiscal Policies

Ms. Roli Wadhwa

Economic Policies

- There are several economic policies which can have a great impact on business. Important economic policies are industrial policy, trade policy, foreign exchange policy.
- Some businesses are favourably affected by government policy, some adversely affected, while it is neutral in some cases.
- Similarly, an industry that falls within the priority sector in terms of the government policy may get a number of incentives from the government.

Industrial Policy

- In India, until the liberalization ushered in 1991, the scope of private sector, particularly of large enterprises, was very limited.
- Even in industries that were open to the private sector, entry and growth were regulated by licensing and also by, in certain cases of large firms, the MRTP Act.

Understanding FEMA

Dr. Seema Mam

Introduction

- Flexible exchange rate is that rate which is determined by the forces of demand and supply of foreign exchange.

The main sources of demand for foreign exchange are:

- i. To purchase goods and services from other countries by the domestic residents.
- ii. To invest and purchase financial assets in some other country.
- iii. To make payments of international loans, etc.

There is an inverse relationship between foreign exchange rate and demand for foreign exchange.

Higher the foreign exchange rate, the lower the demand for foreign exchange and lower the foreign exchange rate, higher the demand for foreign exchange.

- Suppose the price of US dollar in India falls from Rs 50 to Rs 40. It means that earlier Indian people have to pay Rs 50 to buy one dollar worth of goods from USA. Now they have to pay Rs 40 to buy one dollar worth of goods

Exploring FDI in Indian Landscape-Part 1

Ms. Shanu Jain

Introduction

- Foreign capital is an important source of finance in the development of an economy. It is an external source of capital.
- Most of the underdeveloped countries suffer from low level of income and capital accumulation. However, despite this shortage of capital, these countries have developed a strong urge for industrialization and economic development.
- For instance, India launched upon an ambitious programme of industrialization during the second plan (1956-61). Since the domestic resources to carry out this programme were insufficient, the country had to depend on foreign capital.

Foreign capital or foreign investment has two main components:

1. Foreign Direct Investment (FDI), and
2. Portfolio Investment (FPI)

Foreign Direct Investment

FDI is in the form of investments directly made in industry or other spheres of economic activity of a country by foreign industrial houses

Exploring FDI in Indian Landscape-Part 2

Ms. Shruti Auplish

Introduction

Foreign Direct Investment (FDI), in addition to being a key driver of economic growth, has been a significant non-debt financial resource for India's economic development. Foreign corporations invest in India to benefit from the country's particular investment privileges such as tax breaks and comparatively lower salaries. This helps India develop technological know-how and create jobs as well as other benefits. These investments have been coming into India because of the government's supportive policy framework, vibrant business climate, rising global competitiveness and economic influence.

The government has recently made numerous efforts, including easing FDI regulations in various industries, PSUs, oil refineries, telecom and defence. India's FDI inflows reached record levels during 2020-21. The total FDI inflows stood at US\$ 81,973 million, a 10% increase over the previous financial year. According to the World Investment Report 2022, India was ranked eighth among the world's major FDI recipients in 2020, up from ninth in 2019. Information and technology, telecommunication and automobile

WTO-Part 1

Mr. Swaraj Manchanda

Introduction

- The signing of the Final Act of the Uruguay Round in 1994 paved the way for setting up of the World Trade Organization (WTO).
- WTO officially commenced from January 1, 1995 and India became a founder member of the WTO.

Structure

The structure of WTO can be classified as follows:

1. **The Ministerial Conference:** It is the highest decision-making body which has to meet at least once every two years. It can take decisions on all matters under any of the multilateral trade agreements.
2. **The General Council:** It discharges functions of Ministerial Conference between two meetings of Ministerial Conference. It meets as and when necessary. It is also responsible for discharge of responsibilities of the Dispute Settlement Body and the Trade Policy Review Body.

WTO-Part 2

Mr. Bhupender Singh

Introduction

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to ensure that trade flows as smoothly, predictably and freely as possible.

Advantages of WTO for India

According to the supporters of WTO, India is likely to derive a number of benefits from its membership of WTO.

1. Benefits from Expansion in Trade

- It has been estimated that the income effects of the implementation of the Uruguay Round package will add between 213-274 billion US dollars annually to world income.
- The GATT secretariat further projects that the largest increases will be in the areas of clothing, agriculture, forestry and fishery products and processed foods and beverages.
- According to the Government of India, since our country's existing and potential export competitiveness lies in these product groups, India is expected to obtain large gains in these sectors.

GATT-Part 1

Ms. Navya Jain

Introduction

- In international economic relations, the greatest event to occur in recent times has been the setting up of WTO (World Trade Organisation) in 1995. WTO replaced GATT (General Agreement on Tariffs and Trade) formalised in 1947.
- GATT was signed by 23 countries in 1947.
- India was one of the founding members of GATT.
- Over the years the membership of GATT swelled and in 1994 touched 118 countries.
- GATT was all along concerned with the promotion of international trade through tariff reduction, doing away with non-discriminatory practices among trading partners.
- GATT members regularly met in what came to be known as negotiating rounds.
- These rounds were primarily focused on negotiating further reductions in the maximum tariffs that countries could impose on imports from other GATT members.

GATT-Part 2

Ms. Parul Grover

Background

The General Agreement on Tariffs and Trade (hereinafter “GATT”) of 1947 emerged from the post-Second World War negotiations on international economic cooperation. These negotiations resulted in the Bretton Woods agreements – the International Monetary Fund and the International Bank for Reconstruction and Development – but there was the belief that the Bretton Woods institutions needed to be complemented by an organization dealing with trade. The negotiations for the Havana Charter, that would incorporate an international trade organization (hereinafter “ITO”), were based on the view held in both the United States and the United Kingdom, who took the lead in the negotiations, that trade liberalization was essential to avoid the protectionism of the inter-War years which had been harmful to most economies. The United States was interested in seeing the end of British imperial preferences and the United Kingdom was interested in the lowering of the high United States tariffs.

However, in the initial negotiations for a comprehensive international trade organization, it became clear that negotiations would take some time and a group of States decided to negotiate a

Occupational Structure and GDP

Dr. Pooja Sharma

What is Occupational Structure?

The occupational structure of any country is defined by the segment of a country's population that is engaged in economic ventures and various professions. To define occupational structure more simply, the different demographic sections of a country who are employed in different sectors like agriculture, manufacturing and transport, among many others constitute the occupational structure of a nation.

Different nations have varied percentages of the population working in various sectors. A developing country like India had and continues to have a fair share of its population employed in agricultural and manufacturing divisions. In contrast, developed countries like the USA have a major share of people working in technology and research.

To have a more sound knowledge of how occupational structure is vital for a country and its economy, we have to understand more about occupation's meaning and how the workforce of an entire country effectively manages to contribute to their financial freedom.

Unit-2
Business Communication

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Introduction to
Business Communication

Ms. Shanu Jain

Evolving Professionally using Business Communication

Business communication refers to the exchange of information, ideas, and messages within an organization or between organizations and their stakeholders. It is a vital aspect of any business operation and plays a crucial role in achieving organizational goals, fostering collaboration, and maintaining effective relationships.

Effective business communication involves the clear and concise transmission of information using various channels such as verbal, written, non-verbal, and digital means. It encompasses both internal communication within the organization, among employees, departments, and management, as well as external communication with customers, suppliers, investors, and other external stakeholders. The primary objectives of business communication are to inform, persuade, motivate, and build relationships. It serves as a means of sharing information, instructions, and updates with employees, ensuring everyone is on the same page and aligned towards common goals. It also facilitates decision-making, problem-solving, and innovation within the organization.

The Process of Communication

Dr. Pooja Sharma

Learning the Flow of Communication

The process of business communication is an essential component of successful organizations. It involves the exchange of information, ideas, and messages between individuals, teams, departments, and even external stakeholders. Effective business communication plays a vital role in achieving organizational goals, fostering collaboration, building relationships, and ensuring clarity and understanding among employees and partners.

In this process, a sender initiates the communication by formulating a message and encoding it into a suitable format. The message is then transmitted through a chosen medium, such as face-to-face conversations, emails, or presentations. The receiver, the intended recipient of the message, receives and decodes it to extract meaning and understand the information conveyed. Feedback is provided by the receiver, confirming understanding and facilitating further clarification or action.

The process of business communication is dynamic and iterative, involving continuous exchanges, feedback loops, and adjustments. It requires effective listening, empathy, and adaptation to different

Introduction to 7C's of Communication

Dr. Seema Mam

The Seven C's Rule

The 7C's of communication is a framework that helps individuals and organizations enhance the effectiveness and clarity of their communication. Each "C" represents a key element or principle that contributes to clear and impactful communication. By considering these factors, communicators can improve their message delivery, ensure better comprehension, and establish stronger connections with their audience.

1. **Clarity:** Clarity refers to the use of clear and concise language to convey the message. It involves organizing thoughts, using simple and precise words, and avoiding jargon or ambiguous terms. Clear communication leaves no room for misinterpretation, ensuring that the message is easily understood.
2. **Conciseness:** Conciseness emphasizes the importance of brevity in communication. It involves conveying information using the fewest words possible without compromising the message's integrity. Concise communication respects the audience's time and attention span, making it more engaging and easily digestible.

Basics of Spoken and Written English Skills

Dr. Ravi Kant Swami

Why Do We Need the Skill of Written and Spoken English

Spoken and written English skills are essential components of effective communication. They play a vital role in various aspects of life, including education, career development, and personal interactions. Here, we will explore the basics of spoken and written English skills and their significance.

Spoken English Skills

1. **Pronunciation:** Proper pronunciation enables clear and understandable communication. It involves correctly producing sounds, stress patterns, and intonation in words and sentences.
2. **Vocabulary:** A wide range of vocabulary allows individuals to express themselves accurately and precisely. Building a strong vocabulary involves learning new words, their meanings, and their usage in different contexts.
3. **Grammar:** Understanding and applying grammar rules is crucial for constructing grammatically correct sentences. It includes knowledge of tenses, parts of speech, sentence structure, and agreement between subjects and verbs.

Meaning of Effective Listening

Dr. Poorva Ranjan

Listening Skill is Crucial

Effective listening in business communication refers to the skill of actively and attentively receiving, understanding, and interpreting verbal and non-verbal messages conveyed by others in a business setting. It involves more than just hearing the words spoken; it entails fully engaging with the speaker, comprehending their message, and demonstrating genuine interest and understanding.

Effective listening in business communication is crucial for several reasons:

1. **Understanding and Clarity:** By actively listening to others, individuals can grasp the complete message being communicated. This includes not only the words spoken but also the tone, emphasis, and non-verbal cues. Understanding the message accurately helps avoid misinterpretation and ensures clarity in business interactions.
2. **Building Relationships:** Active listening is a key element in building positive and meaningful relationships in the business environment. It demonstrates respect and interest in the

Communication and Global World

Ms. Pooja Tripathi

In today's globalized world, communication serves as a fundamental catalyst for understanding, collaboration, and connection across borders. It plays a vital role in bridging cultural differences, facilitating global business and trade, promoting international cooperation and diplomacy, enabling the exchange of information and ideas, fostering cross-border collaboration and innovation, and nurturing cultural exchange and understanding. Effective communication allows individuals from different cultures to connect and appreciate diverse perspectives, creating a platform for mutual respect and cooperation. It is instrumental in international negotiations, fostering productive relationships, and addressing global challenges. Moreover, communication empowers individuals to stay informed about global events and contributes to the exchange of knowledge and innovation on a global scale. In a world characterized by interconnectivity and diversity, the significance of effective communication cannot be overstated as it paves the way for meaningful interactions, cross-cultural dialogue, and progress in the global community.

Communication is Globalization

Communication plays a pivotal role in our increasingly interconnected and globalized world. The advancements in

Globalization and Organizational and Multicultural Communication

Ms. Navya Jain

Globalization has significantly impacted organizational and multicultural communication, shaping how businesses and individuals interact in diverse and international environments. Here are some key points highlighting the relationship between globalization, organizational communication, and multicultural communication:

1. **Organizational Communication in Global Context:** Globalization has expanded markets, supply chains, and workforces across borders. Organizations now operate in multinational or multicultural settings, requiring effective communication to bridge geographical and cultural gaps. Effective organizational communication facilitates coordination, collaboration, and the smooth flow of information among employees, departments, and global offices.
2. **Virtual Collaboration and Communication:** Globalization has led to increased virtual collaboration, with teams spread across different time zones and locations. Communication technologies and platforms enable real-time communication, file sharing, and video conferencing, allowing organizations to work

Culture and Global Communication

Mr. Swaraj Manchanda

Understanding the Intrinsic Connection

Culture and global communication are closely intertwined in today's interconnected world. Culture refers to the shared beliefs, values, norms, and practices that shape individuals and societies. In the global context, culture plays a crucial role in communication, influencing how people interact, interpret messages, and build relationships across cultural boundaries. Cultural variations, such as high-context and low-context communication styles, impact communication preferences and expectations. Language is another key aspect of cultural communication, as it reflects and embodies cultural values and norms. Overcoming language barriers and fostering language proficiency are essential for effective cross-cultural communication. Developing intercultural competence is crucial for navigating cultural differences and adapting communication styles to foster understanding and collaboration. Understanding the role of culture in global communication is essential for building inclusive and successful relationships in diverse contexts. By recognizing and respecting cultural diversity, individuals and organizations can enhance their communication skills and bridge cultural gaps, ultimately promoting effective global communication.

Etic and Emic Cultural Approaches

Ms. Roli Wadhwa

The concepts of etic and emic cultural approaches are used in the field of anthropology and cross-cultural research to understand and analyze cultures from different perspectives. These approaches offer valuable insights into studying and interpreting cultural phenomena.

1. **Etic Approach:** The etic approach involves studying cultures from an outsider's perspective. It emphasizes the application of universal concepts and theories to analyze and understand cultural practices and behaviors. Researchers adopting an etic approach aim to identify cross-cultural patterns, similarities, and general principles that can be applied across different cultures. This approach focuses on objective observations and comparisons, often using standardized methods and frameworks to gather data.
2. **Emic Approach:** The emic approach, on the other hand, involves studying cultures from an insider's perspective. It emphasizes understanding and interpreting cultures from the standpoint of the people within the culture. Researchers adopting an emic approach seek to understand the unique

Cross Cultural Dimensions of Business Communication

Dr. Seema Mam

Cross-cultural dimensions are key factors that differentiate cultures in terms of their values, behaviors, and communication styles. Understanding these dimensions is essential for effective cross-cultural communication. Some of the main dimensions include individualism vs. collectivism, which represents the emphasis on personal goals versus group harmony. Power distance reflects the acceptance of power inequalities within a culture. Other dimensions include uncertainty avoidance, which reflects the degree to which a culture tolerates ambiguity, and masculinity vs. femininity, which relates to the emphasis on assertiveness and achievement versus nurturing and collaboration. Long-term versus short-term orientation refers to the focus on immediate gratification or long-term planning. These dimensions provide valuable insights into cultural variations and help individuals navigate and bridge cultural gaps for successful cross-cultural communication and interaction.

Deeper Perspective

Cross-cultural dimensions of business communication refer to the various factors that influence communication practices and behaviors in international business settings. These dimensions

The Technology and Communication

Ms. Pooja Tripathi

Linking Tech-Comm

The linkage between technology and communication is undeniable, as technology has become an integral part of how people communicate and interact in today's digital age. Technology has revolutionized communication by providing new platforms, tools, and mediums that enhance connectivity and information exchange. Through the development of smartphones, social media platforms, video conferencing software, and other digital technologies, communication has become faster, more efficient, and more accessible than ever before.

Technology has facilitated real-time communication across geographical distances, allowing individuals to connect and engage with others instantaneously. It has bridged cultural and language barriers through translation tools and facilitated cross-cultural understanding and collaboration. The integration of multimedia elements such as images, videos, and audio recordings has enriched communication experiences, enabling individuals to express themselves more effectively and creatively.

Ethical and Legal Issues in Cross Cultural Communication

Ms. Shanu Jain

Cross-cultural communication can present ethical and legal challenges due to the diverse cultural norms, values, and legal frameworks that exist across different societies. It is crucial to navigate these issues responsibly and ethically to ensure effective and respectful communication. Here are paragraphs discussing the ethical and legal issues in cross-cultural communication:

Ethical Issues: Cross-cultural communication raises ethical considerations related to cultural sensitivity, respect, and fairness. Cultural differences can influence ethical values and practices, and it is essential to approach communication with an understanding of diverse ethical perspectives. Ethical dilemmas may arise when cultural practices or beliefs conflict with universal ethical principles, such as human rights, equality, and honesty. Respecting cultural differences while upholding ethical standards requires sensitivity, open-mindedness, and a willingness to engage in dialogue and seek mutual understanding. Ethical issues in cross-cultural communication also include avoiding stereotypes, cultural appropriation, or discriminatory language or behavior.

Legal Issues: Cross-cultural communication can encounter legal challenges due to variations in legal systems, regulations, and

Business Communication– Dimensions

Ms. Shruti Auplish

Business communication refers to the exchange of information, ideas, and messages within an organization or between organizations and their stakeholders. It is a vital aspect of running a successful business as it facilitates effective decision-making, collaboration, and relationship-building. Business communication can take various forms, including written documents, oral presentations, meetings, emails, memos, and electronic communication channels.

The purpose of business communication is to convey information clearly, accurately, and in a manner that is easily understood by the intended audience. It plays a crucial role in disseminating important business information such as company policies, strategies, goals, and performance updates. Effective business communication ensures that employees are well-informed, aligned with organizational objectives, and able to perform their roles efficiently.

In addition to internal communication, business communication also extends to external stakeholders such as customers, suppliers, investors, and the general public. Building and maintaining positive relationships with these stakeholders require clear and transparent communication. External business communication may involve

Barriers in Cross Cultural Communication

Mr. Bhupender Singh



Source: Quiziz.com

Cross-cultural communication encounters various barriers that can impede effective understanding and exchange of information between individuals from different cultural backgrounds. These barriers include language differences, cultural variations, stereotypes, nonverbal communication disparities, communication styles, perception filters, time and punctuality divergences, and technology access discrepancies. Recognizing and addressing these

Introduction to Business Letters

Ms. Navya Jain

Business letters are formal written documents used in professional settings to communicate with individuals or organizations. They serve as a means of conveying information, making inquiries, providing feedback, making requests, and engaging in various business transactions. Business letters are typically structured and follow a specific format to ensure clarity and professionalism.

The introduction of a business letter sets the tone and purpose of the communication. It typically includes the sender's contact information, such as the company name, address, and contact details, followed by the date of writing. The recipient's information, including their name, designation, and organization, is also included.

The introduction may also include a salutation, addressing the recipient in a respectful and appropriate manner. The salutation can be formal, using titles such as "Dear Mr." or "Dear Ms.," or it can be more specific, using the recipient's name. The choice of salutation depends on the level of formality and the relationship with the recipient.

Furthermore, the introduction of a business letter often includes a brief and concise statement that introduces the purpose of the

Functions of Business Letters

Ms. Parul Grover

Business letters serve several important functions within the realm of professional communication. Here are some key functions of business letters:

1. **Conveying Information:** One of the primary functions of business letters is to convey information in a clear and concise manner. They can be used to provide updates, share important details, or communicate specific instructions or policies.
2. **Making Requests:** Business letters are often used to make formal requests. Whether it's requesting information, asking for a meeting, or seeking approval, business letters provide a structured and professional format for making these requests.
3. **Exchanging Correspondence:** Business letters facilitate formal correspondence between individuals or organizations. They provide a means for written communication that is more detailed and official compared to other forms of communication like emails or phone calls.
4. **Establishing or Maintaining Relationships:** Business letters can play a role in establishing and maintaining

Types of Business Letters

Mr. Swaraj Manchanda

Business letters typically consist of several paragraphs that serve different purposes. Here is a breakdown of the common paragraphs found in a standard business letter:

1. **Introduction Paragraph:** The introduction paragraph provides a brief overview of the letter's purpose. It typically includes the sender's information, such as name, job title, and company, as well as the recipient's information, such as name, job title, and company name. The introduction sets the tone for the letter and establishes the context.
2. **Body Paragraphs:** The body paragraphs contain the main content of the letter. They provide the necessary details, explanations, or requests related to the purpose of the letter. Body paragraphs can be organized into separate paragraphs, each addressing a specific topic or point. It is important to maintain a clear and logical flow of information within the body paragraphs.
3. **Closing Paragraph:** The closing paragraph wraps up the letter and typically includes a courteous closing statement. It may express appreciation, offer assistance, or provide contact

Layouts of Business Letters

Ms. Shruti Auplish

Understanding the Layout

The layout of a business letter is important to ensure clarity, professionalism, and effective communication. Here are the key elements and their respective placements in a typical business letter layout:

1. **Sender's Information:** This includes the sender's name, job title, company name, address, and contact details. It is usually placed at the top left corner of the letter.
2. **Date:** The date of writing the letter is placed below the sender's information, aligned with the left margin.
3. **Recipient's Information:** The recipient's name, job title, company name, and address are placed below the date, aligned with the left margin. If known, the recipient's specific department or division can also be mentioned.
4. **Salutation:** The salutation, such as "Dear Mr./Ms. [Last Name]," is placed after the recipient's information. It is followed by a colon (:) or comma (,).

Fundamentals of Employment Letters

Ms. Shanu Jain

Knowing an Employment Letter

An employment letter, also known as an employment offer letter or job offer letter, is a formal document sent by an employer to a candidate who has been selected for a job position. It serves as an official communication to extend an offer of employment to the candidate. The employment letter outlines the terms and conditions of the job offer, including details such as job title, responsibilities, start date, compensation, benefits, working hours, and any specific conditions or requirements. It may also include information about the organization, its policies, and any additional documents that need to be completed or submitted by the candidate. The employment letter acts as a legally binding agreement between the employer and the candidate and serves as a reference for both parties regarding the agreed-upon terms of employment.

Fundamentals

The fundamentals of employment letters include the following key elements:

1. **Header:** The header of the employment letter typically contains the employer's contact information, including the

Barriers in Formal Business Communication

Dr. Pooja Sharma

Building up Professionally

Formal business communication refers to the professional and official exchange of information within a business or organizational context. It follows specific conventions and protocols to ensure clarity, professionalism, and effectiveness in conveying messages. Here are some key aspects of formal business communication:

1. **Language and Tone:** Formal business communication uses a professional and respectful tone. It avoids casual or informal language and employs proper grammar, punctuation, and vocabulary. The language used is concise, clear, and objective.
2. **Structure and Format:** Formal business communication follows a structured format, which may vary depending on the specific type of communication (e.g., letter, email, memo, report). It typically includes elements such as a salutation, introduction, body, conclusion, and closing.
3. **Politeness and Etiquette:** Formal business communication upholds principles of politeness and etiquette. It includes

Understanding Departmental Communication

Mr. Bhupender Singh

Introduction

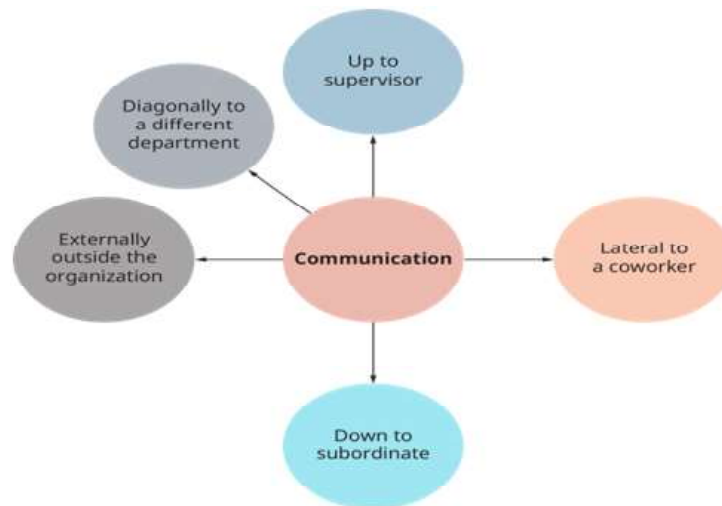
Departmental communication offers several advantages that contribute to the overall success of an organization. Here is a paragraph summarizing some of these advantages:

Effective departmental communication provides numerous benefits to an organization. Firstly, it promotes collaboration and teamwork within departments, allowing employees to share ideas, coordinate tasks, and work towards common goals. This improves productivity and efficiency by minimizing duplication of efforts and streamlining workflows. Secondly, departmental communication enables effective decision-making by ensuring that relevant information is shared among team members and managers. This leads to informed and timely decisions that align with organizational objectives. Additionally, departmental communication enhances employee engagement and morale by fostering a sense of belonging and involvement. Clear and open communication channels facilitate feedback, recognition, and the resolution of issues, leading to a positive work environment. Lastly, effective departmental communication supports the alignment of departmental activities

Types of Departmental Communication

Ms. Navya Jain

Structure of Departmental Communication



Source: biz.libretext.com

Departmental communication can take various forms depending on the nature of the information being conveyed and the specific

Functions of Departmental Communication

Ms. Roli Wadhwa

Introduction

Departmental communication refers to the exchange of information, ideas, and messages within a specific department or functional area of an organization. It involves the transmission and reception of information among team members, supervisors, and other stakeholders within the department. Departmental communication serves to facilitate coordination, collaboration, and the achievement of departmental goals and objectives. It encompasses both formal and informal communication channels, such as meetings, emails, reports, conversations, and other forms of interaction. Effective departmental communication ensures that team members are informed, aligned, and equipped with the necessary information to carry out their roles and responsibilities. It promotes clarity, transparency, and understanding within the department, leading to enhanced productivity, efficiency, and a positive work environment. Departmental communication plays a vital role in fostering teamwork, problem-solving, decision-making, and maintaining effective relationships among department members. It is an essential component of overall organizational communication and contributes

Newsletter, Circular and Agenda of Meeting

Dr. Seema Mam

Introduction

Newsletter, circulars, and agendas are important communication tools used within organizations. Here's a brief explanation of each:

1. **Newsletter:** A newsletter is a regular publication that provides information and updates about an organization to its employees, customers, or stakeholders. Newsletters typically include articles, announcements, upcoming events, achievements, and other relevant information. They serve as a means of keeping individuals informed and engaged with the organization's activities and developments.
2. **Circular:** A circular is a written document or message that is distributed to a specific group of people within an organization. It is typically used to convey important information, such as policy changes, updates, reminders, or instructions. Circulars are often sent via email or posted on notice boards to ensure that the intended recipients receive the information in a timely manner.
3. **Agenda of Meeting:** An agenda is a document that outlines the topics, discussions, and activities scheduled to be covered

Notice, Office Memorandum and Office Orders

Ms. Pooja Tripathi

Introduction

Notice, office memorandum, and office orders are important communication documents commonly used within organizations. Here's a brief explanation of each:

1. **Notice:** A notice is a formal written announcement or communication that is displayed or circulated within an organization to inform individuals about important information or upcoming events. Notices are typically used to convey general announcements, policy changes, meeting schedules, or any other relevant information that requires immediate attention from the recipients. Notices are often posted on notice boards or sent electronically to reach a wide audience within the organization.
2. **Office Memorandum:** An office memorandum, also known as an internal memo or interoffice memo, is a written communication document that is used to convey information, instructions, or updates within an organization. Office memorandums are typically used for internal communication among different departments or units within an organization.

Minutes of the Meeting

Dr. Pooja Sharma

Introduction

Minutes of the meeting are a written record of the discussions, decisions, and actions taken during a meeting. They serve as an official document that captures the key points discussed, resolutions made, and assignments given during the meeting. Here are some important aspects of minutes of the meeting:

1. **Purpose:** The primary purpose of minutes is to provide an accurate and comprehensive summary of what transpired during the meeting. They serve as a reference for attendees to recall the details discussed and for absent participants to stay informed about the meeting outcomes.
2. **Contents:** Minutes typically include essential elements such as the meeting's date, time, and location, a list of attendees, agenda items, discussions, decisions made, action items assigned, and any follow-up tasks. They should be organized and structured in a logical manner for easy readability.
3. **Objective and Neutral Tone:** Minutes should be written objectively and in a neutral tone. They should accurately reflect what was said and decided during the meeting, without

Basics of Project and Report Writing

Ms. Shruti Auplish

Project Writing

Project writing serves as an effective means of communication in various professional settings. It involves the creation and presentation of a written document that outlines the objectives, scope, methodology, findings, and recommendations of a project. Here are some key aspects of project writing as a means of communication:

1. **Clear Communication of Project Details:** Project writing allows individuals or teams to communicate the purpose, goals, and scope of a project to stakeholders, including clients, team members, and management. It provides a comprehensive overview of the project, ensuring that everyone involved has a clear understanding of its objectives and expectations.
2. **Documentation of Project Progress:** Through project writing, individuals can document and communicate the progress of a project at different stages. Regular project updates and reports help track milestones, identify potential issues, and ensure that the project stays on track. This facilitates effective communication among team members, allowing them to collaborate and make informed decisions.

Effective Report

Mr. Swaraj Manchanda

Introduction

Effective communication refers to the successful exchange of information, ideas, and messages between individuals or groups. It involves conveying thoughts, feelings, and intentions clearly.

Effective Report

An effective report is one that successfully conveys information, analysis, and recommendations in a clear, concise, and organized manner. It aims to provide the reader with a comprehensive understanding of a specific topic or issue. Here are some key characteristics of an effective report:

1. **Clear Structure:** An effective report follows a logical and well-structured format. It typically includes sections such as an introduction, methodology, findings, analysis, conclusions, and recommendations. Each section serves a specific purpose and contributes to the overall understanding of the topic.
2. **Clear and Concise Writing:** The language used in the report should be clear, concise, and easily understood by the intended audience. Avoid unnecessary jargon, technical terms, or

Fundamentals of Presentation Tools

Dr. Poorva Ranjan

Key Areas

Presentation tools are software applications or platforms used to create and deliver visual presentations. They provide a range of features and functionalities that help presenters create engaging and impactful presentations. Here are some fundamentals of presentation tools:

1. **Design and Formatting:** Presentation tools offer various design templates, themes, and formatting options to enhance the visual appeal of the slides. Users can choose from different layouts, fonts, colors, and backgrounds to create a professional and cohesive look.
2. **Slide Creation and Editing:** Presentation tools allow users to create individual slides and easily add, rearrange, or delete content. They provide options for inserting text, images, videos, charts, graphs, and other multimedia elements to convey information effectively.
3. **Animations and Transitions:** Presentation tools offer animations and transitions to add movement and visual interest

How to Effectively use Presentation Tools

Dr. Ravi Kant Swami

Introduction

Effective communication through data visualization involves presenting complex data in a visually appealing and easily understandable way. It allows the audience to quickly grasp key insights, trends, and patterns from the data, facilitating better decision-making and understanding.

Effective Usage of Presentation Tools

To effectively use presentation tools, consider the following tips:

1. **Plan and Structure Your Presentation:** Before starting to create your presentation, outline the main points and structure of your content. Determine the key messages you want to convey and organize them logically.
2. **Choose the Right Presentation Tool:** Select a presentation tool that suits your needs and preferences. Popular options include Microsoft PowerPoint, Google Slides, Apple Keynote, Prezi, and Canva. Consider the features, templates, and design capabilities of each tool.

Unit-3
Cost Accounting

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Introduction to
Cost Accounting

Mr. Bhupender Singh

Evolution of Cost Accounting

Compared to Financial Accounting, Cost Accounting is a recent development in the accounting world. Its origin is dated back to 19th Century. Since the beginning of the 20th Century and particularly during and after the First World War (1914-1918), the industrialists become more and more cost-conscious because of growing competition between the manufacturers and increase of governmental control over pricing.

Thus, it become necessary for the manufacturers to control their costs to increase profits and trace the cost of each product. Financial Accounting, failed in achieving these objectives as it just tells the overall profitability and financial position of the firm (means whole picture is revealed by Financial Accounting) but it does not give the data pertaining to individual departments/jobs/products/processes etc. It therefore, made the accountant to think beyond the application of financial accounting and a new type of accounting known as Cost Accounting developed.

Objectives of Cost Accounting

Ms. Navya Jain

Objectives of Cost Accounting

The cost accounting process involves recording, assessing, classifying and allocating costs associated with a company's operations. The importance of cost accounting should not be overlooked or underestimated.

1. Ascertainment of the cost of product (s) for each unit of the product produced and the overall total cost of production; costs are also predetermined/calculated in advance for various purposes.
2. Using the costing data for fixation of selling price(s) of each product or each unit.
3. Doing the proper recording and presentation of costing data to management for measuring efficiency, cost effectiveness, better decision making, etc.
4. Cost control and reduction – i.e. controlling and/or reducing the cost per unit. For these various techniques like standard costing, budgetary control, inventory control analysis is used.

Cost Centres and Cost Units

Ms. Parul Grover

Cost Centre

For the purpose of ascertaining costs, the whole organisation is divided into small parts or sections. These sections or parts can represent an item of equipment or location or a person.

Each such small section for which we can calculate the cost, is treated as a cost centre.

Cost centre is defined as “location, person, or item of equipment (or group of all these) for which the costs may be ascertained and used for the purpose of cost controlling.”

Example: Location can be a department say production dept. or marketing department, or it can be a sales area like North Delhi; Equipment can be a machine-like Cutting machine or a delivery van and a Person can be salesman, machine operator or a factory worker.

Group of all these means say two automatic machines operated by a worker. Cost center helps in finding costs for a particular location, equipment or person.

Branches of Accounting

Dr. Pooja Sharma

Financial Accounting

Financial accounting is mainly concerned, with the recording, analysing, summarising and interpreting the business transactions in the books of accounts for the purpose of presenting and communicating results in the form of final accounts—the P and L A/c and Balance Sheet to the internal and external users. The information supplied is summarized in the form of following statements at the end of accounting period:

- (a) Profit and Loss Account showing the net profit or loss of whole business during the year.
- (b) Balance Sheet showing the financial position of the firm at a point of time i.e., showing the assets and liabilities of the business as at the end of the year.
- (c) Cash Flow Statement showing the inflows and outflows of cash arising from the business activities during the period covered by the statement.

Cost Accounting

Cost Accounting is a branch of accounting which specializes in providing information about the detailed cost of individual products or services, being supplied by a firm or cost information about

Types of Costs

Ms. Pooja Tripathi

(a) Direct Costs

Direct Costs are the costs which can be conveniently identified with and allocated to a particular unit of final product. Example if we are manufacturing cricket bats then cost of wood is a direct cost; similarly wages of a tailor in a readymade garments company stitching trousers is a direct cost. Such costs are treated as the direct part of cost of the final product produced. The examples of direct costs are raw materials used, direct labour wages and other direct expenses which are exclusively incurred for a particular cost unit, i.e., for one unit of a job/product/process/service.

(b) Indirect Costs

Indirect Costs are those general costs or expenses which cannot be assigned to any particular cost unit directly, i.e., job, product or process. These are incurred for a no. of cost units, processes, or departments and need to be apportioned or allocated according to some reasonable basis. Indirect costs are, usually, incurred for the business as a whole and are, therefore, apportioned/distributed among the various cost units (product, job or process) on some reasonable basis or criteria.

Material Controlling

Dr. Poorva Ranjan

Material control is the main component of the process of material management. “Material control is a systematic control, over purchasing, storing and consumption of materials, so as to maintain a regular and timely supply of materials, at the same time, avoiding overstocking or understocking.” In simple words, material control refers to the various measures adopted to reduce the amount of loss of materials at the time of receiving, storing and issuing the raw materials.

Material control in practice is exercised through periodical records and reports relating to purchase, receipt, inspection, storage and issuing of direct and indirect materials. Proper control over material can contribute substantially to the efficiency of a business.

Necessity and Importance of Material Control

- For keeping the stock of raw materials within limits in the stores i.e., to avoid overstocking and understocking of raw materials.
- It ensures proper storage of materials. For the proper preservation and safety of materials, adequate storage facilities are to be provided. With the help of proper storing of materials,

Techniques of Material and Inventory Controlling

Dr. Ravi Kant Swami

ABC Method

Classifying the items according to the value of the items into 3 categories:

High valued items are “a category” items; quantity wise they are least in stock but value wise they are very precious.

Medium valued items are b category items; moderate quantity and moderate value in nature.

Low value items are called c class items; quantity wise they are highest in stock and value wise pretty less.

Determination of Stock Levels

Reorder Period

The time gap between the date of putting the order of materials to the supplier and receipt of materials by the firm.

There are 3 types of reorder periods: -

1. **Maximum reorder period:** This is the highest time in days required for getting the materials in hand from the date of order.

Techniques of Material and Inventory Controlling-II

Ms. Roli Wadhwa

Economic Order Quantity

This is that quantity ordered which will minimize the total sum of both total ordering and total carrying costs and which will also make them equal in Rupees. (Both costs will be equal provided no qty based discounts are there in the material prices).

EOQ is the qty of material at which Ordering Cost = Carrying Cost and Total Cost is minimum. (Both OC and CC will be equal only when Qty based discounts are not there in material prices).

For calculating this qty firstly 2 costs need to be considered in case of purchase of materials:

1. Ordering cost- This cost is incurred every time firm places an order. It is calculated by the formula: Total Ordering cost = No. of orders placed x Ordering cost per order.

Say, if we order at once only 1000 units of material "X" and annual consumption or demand of the X is 10,000 units per year, then no. of orders we have to place in an year = $10,000 \text{ units} \div 1000 \text{ units} = 10$ orders in an year and if per order

Valuation of Inventory– FIFO, LIFO and Weighted Average

Dr. Seema Mam

The various methods of valuing material issue under Perpetual Inventory Records are –

1. FIFO
2. LIFO
3. Weighted Average

FIFO

Under this method it is assumed that the materials which are first received are the first to be issued from stores to production department. Thus, units issued are priced at the oldest cost price in the stock ledger sheets. It uses the prices of the first batch of the materials purchased for all issues until all units from this batch have been issued. After the first batch is fully issued, the price of still next batch is used for pricing and so on. Closing stock is valued at recent cost prices or prices closer to recent cost price.

1. It is based on the realistic assumption that materials are issued in order of their receipt.

Economic Order Qty and Stock Levels–Numerical Problems

Ms. Shanu Jain

Question

(Q) Medical Aids Co. manufactures a special product A. The following particulars are collected for the year 2012: -

Monthly demand of A (finished good)	1,000 units
Cost of placing an order	Rs. 100
Annual carrying cost per unit	Rs. 15
Normal usage	50 units per week
Minimum usage	25 units per week
Maximum usage	75 units per week
Reorder period	4 to 6 weeks

Compute from the above

1. Reorder Qty.
2. Reorder level
3. Minimum level
4. Maximum level
5. Average stock level

Introduction to Labour Costing Attendance Procedures

Ms. Shruti Auplish

Attendance and Payroll Procedures

A. Manual Methods of Attendance

Under this method the attendance time of employees are recorded either by the time keeping officer or by employees themselves.

The manual methods of time keeping are as follows:

1. Attendance Register Method

Under this method, an attendance register is maintained for recording the attendance time. This method is followed in small sized concerns. This method is more suitable for recording the attendance time of clerical staff and other staff officers. Under this method two separate columns are maintained corresponding the names of every employee.

One column is to record arrival time and second column for recording departure time. The attendance time can be marked by the time keeping officer by calling out the name of every employee or alternatively the attendance register may be signed by every employee.

Overtime, Idle Time and Incentives to Labour

Mr. Swaraj Manchanda

Meaning of Idle Time

Idle time means the amount of time the workers remain idle in a normal working day. The idle time is usually caused by a sudden fault in machine, power failure, lack of orders for the product, inefficient work scheduling, defective materials and shortage of raw materials etc.

The cost associated with the idle time is “idle time cost” and this cost treated as factory/manufacturing overhead item (part of indirect labour cost in overhead).

For example, the normal weekly working hours of a worker are 48 hours and he is paid @ \$8 per hour. Now due to shortage of raw material, worker remained idle for 6 hours in week.

Here total weekly wages payable to worker will be 48 hours x \$8 = \$384

But in this \$384 when we will record it in books of accounts, we will divide it as follows:

1. Direct Labour cost of production or effective wages = 42 hours x \$ 8 per hour = \$336

Direct vs Indirect Labour

Mr. Bhupender Singh

The difference between direct labor and indirect labor is that only labor involved in the hands-on production of goods and services is considered to be direct labor.

All other labor whether they are in factory or office or admin or sales is, by default, classified as indirect labor.

Direct Labor Cost

This cost is charged to all cost units produced during the reporting period directly. The basis for charging the cost is the number of hours of labor actually used in the production process. Means this cost is charged on per hour or per unit basis directly. (This is direct cost and a part of prime cost).

Indirect Labor Cost (In Factory)

This is a part of Factory Overheads. This is that labour cost which is not directly related to production.

Example: Supervisor salary, salary of watchman, salary of foreman, salary of drawing office staff, etc.

Indirect labor cost (in administrative): This cost of labour is a part of office and admin overheads.

Remuneration Systems and Incentive Plans

Ms. Navya Jain

Remuneration Methods

The important labour remuneration methods are discussed below:

1. Time Rate Method

Under this system the worker is paid on hourly/daily/weekly wage rate according to the time he spends on production.

His remuneration is based on the time spent for production.

Wages are calculated as follows:

Total Wages payable to worker = Hours worked by worker ×
Hourly wage rate of worker

For example, if the hourly rate is Rs. 12/hour and worker has worked 42 hours in a week, his weekly wages are: 42 hours worked × Rs. 12 per hour = Rs. 504

2. Piece Rate Method

Under this method, a fixed wage rate is paid for each unit of production or each job completed or number of operations completed irrespective of the time spent on it.

Remuneration Systems and Incentive Plans-II

Ms. Parul Grover

Merrick's Multiple Differential Piece Rate Plan

Taylor's differential price rate system has a disadvantage in the sense that it does not ensure minimum piece rate wages to the worker and secondly if the worker is very close to standard output but not equal to it, then worker will get lower piece rate and lower total wages which is injustice. Say if he is at 98% of efficiency level, which is lying between efficient and inefficient limits, then he is at a disadvantage as he will be considered inefficient in case of Taylor's method.

- In that case Merrick's differential piece rate should be applied.
- It has 3 categories of differential rates based on 3 efficiency levels: -

Beginners: - Those who work up to 83% efficiency level-
The piece Rate for them is ordinary piece rate or straight piece rate.

Average: - Those whose efficiency is between 83-100% efficiency level- The Piece Rate is 110% of ordinary or straight piece rate.

Basics of Overheads

Dr. Pooja Sharma

What are Overheads?

Overheads are business costs that are related to the day-to-day running of the business. Unlike operating expenses, overheads cannot be traced to a specific cost unit or business activity. Instead, they support the overall revenue-generating activities of the business.

For example, a vehicle retail company pays a premium rent for business space in an area with additional space to accommodate a showroom. The premium rent is one of the overhead costs of the business. A business must pay its overhead costs on an ongoing basis, regardless of whether its products are selling or not.

Overheads – Overheads comprise of indirect materials, indirect employee costs and indirect expenses which are not directly identifiable or allocable to a cost object in an economically feasible way. Overheads are to be classified on the basis of functions to which the overheads are related viz – Production overheads - Administrative overheads – Selling overheads - Distribution overheads–Overheads may also be classified on the basis of behaviour such as variable overheads, semi-variable overheads and fixed overheads.

Types of Overheads

Ms. Pooja Tripathi

Classification 1: Overheads as Per Functionality

1. Production Overheads

These are those factory indirect material, indirect labor and indirect expenses that are incurred in factory premises. Factor overheads are also called manufacturing overheads, work overheads.

Example of the costs included in these overheads are: lubricants, consumable stores, wages of foreman, salary of supervisor, salary of factory watchman, depreciation of factory equipment, depreciation of factory building, etc.

2. Administrative Overheads

They are of general nature and consist of all costs incurred in the direction, control and administration of the firm (including accounting, secretarial and financial controlling). Expenses on office indirect material, indirect labour and other indirect expenses in office place are included in it.

Example: Stationary used in office, Salary of office staff, rent of office building, depreciation of office equipment, auditors' salaries, etc.

Types of Overheads-2

Dr. Poorva Ranjan

Classification 3: According to Variability

1. Fixed Overheads

These overheads remain fixed or unaffected in total value even when fluctuations in volume of output take place. But per unit Fixed cost changes with the change in output.

Example: Rent of building, manager's salary, building depreciation, postage expenses, stationary expenses, legal charges, are examples. Also, these expenses in totality change when there is substantial change in volume of output. Like for producing 10 more tonnes of output I need to rent out one more floor in the same building. So, when expansion occurs rent becomes variable.

2. Variable Overheads

These are those overheads or costs which change in total value with the change in volume of output. If we calculate VC per one unit of output that is constant.

Example: Power charges, selling commission for salesman, indirect material used in factory, light, fuel expenses, etc.

Overhead Recovery Rate

Dr. Ravi Kant Swami

Absorption of overheads—After secondary distribution or reapportionment is completed i.e. reapportionment of overheads from service departments to the production departments is completed (whether we adopt way 1 or way 2 depending upon question and data) the next step is to put these total overheads into the cost of the product or the cost unit or cost of the job, through an overhead recovery rate.

This step is called absorption of overheads by cost units.

Computation of Overhead Recovery Rate

Absorption rates are computed for the purpose of absorption of overheads in cost of the cost units or each job performed by the department.

There are mainly Six methods for determining absorption rates:

1. Direct material cost percentage rate
= (Total Production overhead ÷ Direct Materials Cost) x 100
2. Direct labour cost percentage
= (Total Production Overhead ÷ Direct Labour Cost) x 100
3. Prime Cost percentage
= (Total Production overhead ÷ Prime Cost) x 100