1. about the quality, quantity, potency, purity,

1. What are the objectives of “ the Consumer Protection Act, 1986?” The Consumer Protection Act, 1986, provides for a system for the protection of consumer rights and the redressal of consumer disputes.

The objective of the Act is to provide for the better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and authorities for the settlement of consumer’s disputes and for matters connected therewith. 2. What are the various rights of a consumer? The various rights of a consumer are as follows: (a) The right to be protected against marketing of goods which are hazardous to life and property; (b) The right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices; (c) The rights to be assured, wherever possible, access to a variety of goods at competitive prices; (d) The right to be heard and assured that consumers’ interests will receive due consideration at appropriate forums; (e) The right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers; and (f) The right to consumer education. 3. What does privatization mean? Privatization means transfer of ownership and/or management of an enterprise from the public sector to the private sector. It also means the withdrawal of the State and industry or sector, partially or fully. Privatization marks a change from dogmatism to pragmatism and amounts to a reversal of policy.

4. What conditions according to Prof. Samuel Paul must be met for the success of privatisation? Professor Samuel Paul points out that if privatization is to succeed, in the sense of raising efficiency or effectiveness in the production or delivery of goods and services, the following seven

conditions must be met (i) Privatization cannot be sustained unless the political leadership is committed to it, and unless it reflects a shift in the preferences of the public arising out of dissatisfaction with the performance of other alternatives (ii) Any alternative institutional arrangements chosen should not stifle competition among suppliers. (iii) Freedom of entry to provide goods and services. Long-term contracts and franchises limit competition and consumers' choice (iv) Public services to be provided by the private sector must be specific or have measurable outcome. (v) Consumers should be able to link the benefits they receive from a service to the costs they pay for it, since they will then shop more wisely for different services. (vi) Privately provided services should be less susceptible for fraud than government services if they are to be effective.

, (vii) Equity is an important consideration in the delivery of public services. 5. What are the benefits of privatization? The benefits of privatization may be listed as follows: (i) It reduces the fiscal burden of the State by relieving it of the losses of the SOEs and reducing the size of the bureaucracy. (ii) Privatization of SOEs enables the government to mop up funds. (iii) Privatization helps the State to trim the size of the administrative machinery.

(iv) It enables the government to concentrate more on the essential State functions. (v) Privatization helps accelerate the pace of economic development as it attracts more resources from the private sector for development (vi) It may result in better management of the enterprises. (vii) Privatization, may also encourage entrepreneurship. (viii) Privatization may increase the number of workers and common man who are shareholders. This could make the enterprises subject to more public vigilance. 6. What do you mean by globalisation? Globalisation means adopting a global outlook for the business and business strategies aimed at enhancing global competitiveness.

At the company level, globalisation means two things: (a) The company commits itself heavily with several manufacturing locations around the world and offers products in several diversified industries and (b) It also means the ability to compete in domestic markets with foreign competitors. In the popular sense, globalisation refers mainly to multi-plant operations. 7. What are the factors which motivate firm to go international? The factors which motivate firms to go international may be broadly divided into two groups, viz.

, the pull factors and the push factors. The pull factors, most of which are proactive reasons are those forces of attraction which pull the business to the foreign markets. In other words, companies are motivated to internationalize because of the attractiveness of the foreign market. Such attractiveness includes, broadly, the relative profitability and growth prospect. The push factors refer to the compulsions of the domestic market which prompt companies to internationalise. Most of the push factors are reactive reasons. 8.

What are the various ways of exporting? There are, broadly, two ways of exporting, viz., indirect exporting and direct exporting. In indirect export, the manufacturer utilizes the services of various types of independent international marketing middlemen or co-operative organizations. In other words, when a manufacturer exports indirectly, he transfers the responsibility for the selling job to some other organization. On the other hand, in direct export, the responsibility for performing international selling activities rests on the producer.

These activities are carried out by so-called dependent organizations that are administratively a part of the manufacturer’s company organization. 9. What is the major advantage of indirect exporting? The major advantage of indirect exporting is that a firm does not have to build up the infrastructure required for exporting and it does not have to bear the risks associated with it. The indirect way is, therefore, often regarded as especially advantageous for firms with small means and for those whose limited export business does not justify large investments in developing their own international marketing infrastructure.

10. What is the main disadvantage of indirect exporting? The main disadvantage of indirect exporting is that the manufacturer does not have any direct contact with the foreign importer or customer and that he is often at the mercy of the middlemen. This may affect the prospects of the manufacturer to develop an enduring international business.

Exporters who have a permanent interest in the international market and those who want to expand the international business would, therefore, tend to turn to direct exporting. 11. What is franchising? Franchising is a form of licensing in which a parent company (the franchisor) grants another independent entity (the franchisee) the right to do business in a prescribed manner. This fight can take the form of selling the franchisor’s products, using its name, production and marketing techniques, or general business approach. One of the common forms of franchising involves the franchisor supplying an important ingredient (part, material, etc.) for the finished product, like the Coca Cola supplying the syrup to the bottlers.

12. What is contract manufacturing in context of international business? Under contract manufacturing, a company doing international marketing contracts with firms in foreign countries to manufacture or assemble the products while retaining the responsibility of marketing the product. This is a common practice in international business. There are a number of multinationals and affiliates of multinationals which employ this strategy in India in respect of some of the products they market, like Park Davis, Hindustan Lever, Ponds, etc. 13. What are the advantages of contract manufacturing? Contract manufacturing has the following advantages: (i) The company does not have to commit resource for setting up production facilities. (ii) It frees the company from the risks of investing in foreign countries.

(iii)If idle production capacity is readily available in the foreign country, it enables the marketer to get started immediately. (iv)In many cases, the cost of the product obtained by contract manufacturing is lower than if it were manufactured by the international firm. 14.

What are the disadvantages of contract manufacturing? Contract manufacturing has the following disadvantages: (i) In some cases, there will be the loss of potential profits from manufacturing (ii) Less control over the manufacturing process. (iii) Contract manufacturing also has the risk of developing potential competitors. (iv)It would not be suitable in cases of high-tech products and cases which involve technical secrets, etc. 15. What do you mean by management contract? Under the management contract, the international firm supplies management know-how for a company in the foreign country. Under the management contract, the firm providing the management know-how may not have any equity stake in the enterprise being managed In a management contract the supplier brings together a package of skills that will provide an integrated service to the client without incurring the risk and benefit of ownership. 16. How are management contracts beneficial for the clients? They can provide organizational skills not available locally, expertise that is immediately available rather than built up, and management assistance in the form of support services that would be difficult and costly to replicate locally.

17. What is countertrade? What are the various forms of countertrade? Countertrade is a form of international trade in which certain export and import transactions are directly linked with each other and in which import of goods are paid for by export of goods, instead of money payment. Countertrade takes several forms. The following are the most common among them: Barter: Barter refers to direct exchange of goods of equal value, with no money and no third party involved in it.

Buy Back: Under the buy back agreement the supplier of plant, equipment or technology agrees to purchase goods manufactured with that equipment or technology. Compensation Deal: Under this arrangement, the seller receives a part of the payment in cash and the rest in products. Counter Purchase: Under the counter purchase agreement the seller receives the full payment in cash but agrees to spend an equivalent amount of money in that country within a specified period. 18. What are the various problems encountered by the Indian business in internationalization? Indian business encounters the following problems in internationalization: 1. Policy and procedural problems. 2. Infrastructural bottlenecks.

3. Resource constraints 4 High domestic costs. 5. Lack of experience in managing business abroad.

6. Limited R&D and marketing research. 19. What were the provisions of “ Industrial Policy Resolution, 1948?” The Industrial policy Resolution of 1948 which envisaged that the “ State must play a progressively active role in the development of industries” established exclusive monopoly of the Central Government in the case of (i) manufacture of arms and ammunitions (ii) production and control of atomic energy and (iii) ownership and control of railway transport. Further, establishment of new undertakings in six other major industries (coal; iron and steel; aircraft manufacture; ship building; manufacture of telephone, telegraph and wireless apparatus, excluding radio receiving sets; and mineral oils) was made the exclusive responsibility of the State, except where, in the national interest, the State itself found it necessary to secure the cooperation of private enterprise subject to such regulations and controls as the Central Government prescribed.

The rest of the industrial field was normally left open to the private enterprise, individuals as well as cooperative. However, the right of the State to participate in any of these industries and to take over any industry in appropriate cases was expressed in the Resolution. 20. What were the provisions of “ Industrial Policy Resolution 1956?” The Resolution of 1956 made the industrial policy more socialist-oriented, and widened the scope of the public sector. In order to realise the aims specified in the preamble to the Constitution and to give effect to the Directive Principles of State Policy as well as to achieve the object of socialist pattern of society, it was decided that “ the state will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities. It will also undertake state trading on an increasing scale.

At the same time, as an agency for planned national development, in the context of the country’s expanding economy, the private sector will have the opportunity to develop and expand. The principles of co-operation should be applied wherever possible, and a steadily increasing proportion of the activities of the private sector be developed along co-operative lines.” 21. What were the objectives of the policy liberalization in eighties? Policy liberalisation in the eighties had following objectives: (i) acceleration of industrial development; (ii) better capacity utilization; (iii) achieving economies of scale; (iv) removing/reducing procedural impediments; (v) development of backward areas; (vi) export promotion and import substitution; and (vii) increasing competitiveness and competition. 22.

Mention some of the important measures taken during the eighties to rejuvenate the industrial sector. Important measures taken during the eighties to rejuvenate the industrial sector included: (i) delicensing of a number of industries; (ii) facility for re-endorsement of higher capacity for production; (iii) enlargement of list of industries open to large houses and foreign concerns and other policy relaxations in respect of MRTP and FERA; (iv) enhancement of investment limit for exemption from licensing; (v) enhancement of investment limit of small scale and ancillary units; (vi) greater thrust to the industrialization of backward areas; (vii) greater thrust to industries with export potential; (viii) liberalization of import policy; and (ix) liberalization of foreign collaborations. 23.

What are the objectives of industrial licensing in India? What were the major changes in the industrial policy in 1991? Objectives of industrial licensing in India are: (a) To achieve the desired pattern of industrial dispersal, particularly, by promoting industries in the backward areas. (b) To encourage new entrepreneurs and wider dispersal of industrial ownership. Major changes brought in by the industrial policy of 1991 were: (a) Delicensing with certain exceptions.

(b) Liberalisation of foreign investment and technological participation (c) Scrapping of the MRTP regulations pertaining to concentration of economic power. (d) Redefining the role of the public sector. 24. What was the main thrust of the industrial policy announced by the government in 1991 for the small and tiny enterprises? The main thrust of the policy was to impart more vitality and growth to employment and exports.

The salient features of the policy were: (i) De-regulation, de-bureacuratisation and simplification of statutes, regulations and procedures. (ii) Increase in the investment limit in plant and machinery of tiny enterprises. (iii) Inclusion of industry-related services and business enterprises, irrespective of their location, as small-scale industries; (iv) Ensuring both adequate flow of credit on a normative basis and quality of its delivery for viable operation of the SSI sector; (v) Setting up of a special monitoring agency to oversee the genuine credit needs of the small- scale sector; (vi) Introduction of suitable legislation to ensure prompt payment of small industries bills; (vii) Introduction of a scheme of Integrated Infrastructural Development (including technological backup services) for small-scale industries.