

# Padasalai<sup>9</sup>S Telegram Groups?

( தலைப்பிற்கு கீழே உள்ள லிங்கை கிளிக் செய்து குழுவில் இணையவும்! )

- Padasalai's NEWS Group https://t.me/joinchat/NIfCqVRBNj9hhV4wu6\_NqA
- Padasalai's Channel Group <a href="https://t.me/padasalaichannel">https://t.me/padasalaichannel</a>
- Lesson Plan Group https://t.me/joinchat/NIfCqVWwo5iL-21gpzrXLw
- 12th Standard Group https://t.me/Padasalai\_12th
- 11th Standard Group https://t.me/Padasalai\_11th
- 10th Standard Group https://t.me/Padasalai\_10th
- 9th Standard Group https://t.me/Padasalai 9th
- 6th to 8th Standard Group https://t.me/Padasalai\_6to8
- 1st to 5th Standard Group <a href="https://t.me/Padasalai\_1to5">https://t.me/Padasalai\_1to5</a>
- TET Group https://t.me/Padasalai\_TET
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# CHAPTER 7 STOCK EXCHANGE

STOCK EXCHANGE alamy stock photo

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#### **Stock Exchange**

Origins and Etymology

### Introduction

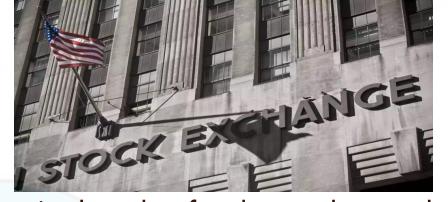


Stock exchanges and organized market provide a place for the investors to buy and sell securities freely. The market offers perfectly competitive conditions where a large number of sellers and buyers participate. Further, stock exchanges provide an auction market in which members of the exchange participate to ensure continuity of price and liquidity to investors.

## 7.01 Stock Exchange - Origin Origin

Amsterdam Stock Exchange is considered as the oldest stock exchange in the world. It was established in the year 1602 by Dutch East India company called VerenigdeOost-IndischeCompagnie called 'VOC'. It was later rechristended as "Amsterdam Bourse". The first stock exchange in India was "The Native Shares and Stock Brokers Association". It was recognized by Government of India on Aug 31, 1957 under Securities Contract (Regulation) Act, 1956. It became The Bombay Stock Exchange subsequently.

### Meaning



- \*Stock Exchange is an organized market for the purchase and sale of industrial and financial security. It is a convenient place where trading in securities is conducted in a systematic manner i.e. as per certain rules and regulations. It performs various functions and offers useful services to investors and borrowing companies. Stock exchange is an organized market for buying and selling corporate and other securities.
- \*London stock exchange (LSE) is the most popular stock exchange in the world. While Bombay stock exchange (BSE) is the oldest stock exchange in India. Similar Stock exchanges exist and operate in other parts of the world. (Tokyo Stock Exchange, Bankgaco Stock Exchange, Singapore Stock Exchange, Dubai Stock Exchange, Newyork Stock Exchange)

### **Definition**

According to Hastings, "Stock exchange or securities market comprises all the places where buyers and sellers of stocks and bonds or their representatives undertake transactions involving the sale of securities."

According to Husband and Dockerary, "Stock exchanges are privately organized markets which are used to facilitate trading in securities."

The Indian Securities Contracts (Regulation) Act of 1956, defines Stock Exchange as, "An association, organization or body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling business in buying, selling and dealing in securities."

## 7.02 Functions of Stock Exchange:

#### I. Ready and Continuous Market

Stock Exchange is, in fact, a market for existing securities. If an investor wants to sell his securities, he can easily and quickly dispose them off on a stock exchange.



## 2. Correct Evaluation of Securities

The prices at which securities are bought and sold are recorded and made public. These prices are called "market quotations". One can easily evaluate the worth of one's securities on the basis of these quotations. The lender can easily assess the worth of security offered for loan.

Padasalai.

### 3. Protection to Investors

All dealings in a stock exchange are in accordance with well-defined rules and regulations. For example, brokers cannot charge higher rate of commission for their services. Any malpractice will be severely punished. Thus stock exchange provides reasonable measure of safety and fair dealing in buying and selling of securities.

## 4. Proper channelization of Capital

People like to invest in the shares of such companies which yield good profits. The savings of individuals are directed towards promising companies which declare good dividends over a period of time. But for the stock exchanges, these savings are likely to be wasted on the shares of unprofitable units.



## 5. Aid to Capital Formation

The publicity which the stock exchange gives to various industrial securities and their prices and the facilities provided by it for their purchase and sale induce people to save and invest. Stock exchanges thus ensure a steady flow of capital into industry and assists industrial development.



### 6. Facilities for Speculation

Speculation is an integral part of stock exchange operations. As a result of speculation, demand for and supply of securities are equalized. Similarly, price movements are rendered smoothly.



### 7. Seasoning of Securities

Speculators and underwriters hold for a temporary period, securities issued by new companies. They unlock them when the market is prepared to absorb the new issues.



## 8. Clearing House of Business Information

Listed companies are required to furnish all important information relating to capital management, dividend distribution etc, and forward copies of financial statements, annual reports etc, to the stock exchange.



## 7.03 Features of Stock Exchange:

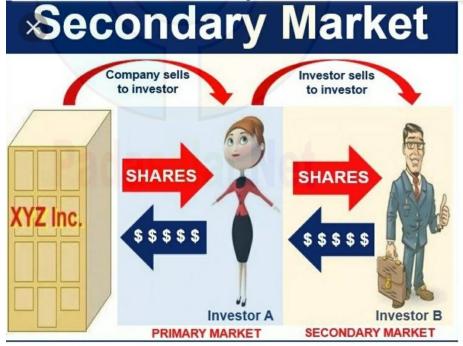
#### I. Market for Securities

Stock exchange is a market, where securities of corporate bodies, government and semi-government bodies are bought and sold.



## 2. Deals in Second Hand Securities

It deals with shares, debentures bonds and such securities already issued by the companies. In short, it deals with existing or second hand securities and hence it is called secondary market.



## 3. Regulates Trade in Securities

Stock exchange does not buy or sell any securities on its own account. It merely provides the necessary infrastructure and facilities for trade in securities to its members and brokers who trade in securities. It regulates the trade activities so as to ensure free and fair trade.

TRANSACTION

SAFETY

## 4. Allows Dealings only in Listed Securities

In fact, stock exchanges maintain an official list of securities that could be purchased and sold on its floor. Securities which do not figure in the official list of stock exchange are called unlisted securities. Such unlisted securities cannot be traded in the stock exchange.

RECOMMENDED

## 5. Transactions Effected only through Members

All the transactions in securities at the stock exchange are effected only through its authorised brokers and members. Outsiders or direct investors are not allowed to enter in the trading circles of the stock exchange. Investors have to buy or sell the securities at the stock exchange through the authorised brokers only.



### 6. Association of Persons

A stock exchange is an association of persons or body of individuals which may be registered or unregistered.



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## 7. Recognition from Central Government

Stock exchange is an organised market. It requires recognition from the Central Government.

#### **Stock Exchange**

Origins and Etymology



## 8. Working as per Rules

Buying and selling transactions in securities at the stock exchange are governed by the rules and regulations of stock exchange as well as SEBI Guidelines. No deviation from the rules and guidelines is allowed in any case.



### 9. Specific Location

Stock exchange is a particular market place where authorised brokers come together daily (i.e. on working days) on the floor of market called trading circles and conduct trading activities. The prices of different securities traded are shown on electronic boards. After the working hours market is closed.



#### 10. Financial Barometers

Stock exchanges are the financial barometers and development indicators of national economy of the country. Industrial growth and stability is reflected in the index of stock exchange.



## 7.04 Benefits and Limitations of Stock Exchange

- A. Benefits to the Community
- i. Economic Development

It accelerates the economic development by ensuring steady flow of savings into productive purposes.



### ii. Fund Raising Platform

It enables the well-managed, profit-making companies to raise limitless funds by fresh issue of shares from time to time.



### iii. Tools to Divert Resources

Scarce resources are thus diverted to efficiently run enterprises for better utilization.



#### iv. Capital Formation

It encourages capital formation.

#### v. Fund Raiser for Government

It enables Government to raise funds for undertaking projects through sale of securities on the stock exchange. Thus stock exchange serves as a platform for raising public debt.



## B. Benefits to the Company

#### i. Enhances Goodwill or Reputation

Companies whose shares are quoted on a stock exchange enjoy greater goodwill and credit standing.

#### ii. Wide Market

There is a wide and ready market for such securities.

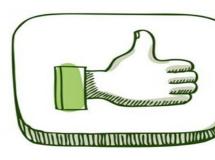
#### iii. Raises huge funds

Stock Exchange can raise huge funds easily by issue of shares and debentures.

#### iv. Increases bargaining strength

Companies whose shares rise in the stock exchange command higher bargaining power in the event of further expansion, merger or amalgamation.

## C. Benefits to Investors



#### i. Liquidity

Stock exchange helps an investors to convert his shares into cash quickly and thus increases the liquidity of his investments.

#### ii. Adding collateral value of security

The fact that a security is dealt on a stock exchange makes it a good collateral security for obtaining loan from banks.

#### iii. Investor protection

The stock exchange safeguards, investor's interest and ensures fair dealing by strictly enforcing its rules and regulations.

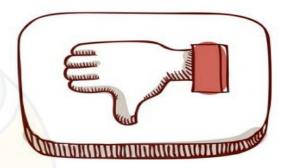
#### iv. Assessing real worth of security

An investor can easily assess the real worth of securities in his hands, as market quotations are published daily in the newspapers and in websites.

#### v. Mechanism to trade security

Stock Exchange provides a mechanism by which purchase and sale of listed securities take place in a matter of few minutes.

### Limitations of Stock Exchange:



#### The limitations of stock exchange are as follows

- i. Lack of uniformity and control of stock exchanges.
- ii. Absence of restriction on the membership of stock exchanges.
- iii. Failure to control unhealthy speculation.
- iv. Allowing more than one charge in the place.
- v. Non-insistence of margin requirement in stock exchange or in the case of produce exchanges.
- vi. No proper regulation of listing of securities on the stock exchange.

## 7.05 Stock Exchanges In India:

- There are 24 stock exchanges in the country, with 21 of them being regional in nature. Three others that have been set up in the reforms era, viz., National Stock Exchange (NSE), the Over the Counter Exchange of India Limited (OTCEI), and Interconnected Stock Exchange of India Limited (ISE) have mandate to nationwide trading network. The ISE has been promoted by 15 regional stock exchanges in the country and is based at Mumbai.
- The NSE, OTCEI, ISE, and majority of the regional stock exchanges have adopted the Screen Based Trading System (SBTS) to provide automated and modern facilities for trading in a transparent, fair and open manner with access to investors across the country.



- i.The New York Stock Exchange Located in New York City; \$19.223 trillion in listed market capitalization.
- **ii. NASDAQ** Short for the "National Association of Securities Dealers Automated Quotation", this electronic stock exchange is located in New York City; \$6.831 trillion in listed market capitalization.
- **iii. London Stock Exchange** Located in London, England; \$6.187 trillion in listed market capitalization.
- iv.Tokyo Stock Exchange Formally known as the Japan Exchange Group, located in Tokyo, Japan; \$4.485 trillion in listed market capitalization.
- v. Shanghai Stock Exchange Located in Shanghai, China; \$3.986 trillion in listed market capitalization.
- vi. Euronext Located throughout Europe (France, Portugal, The Netherlands, and Belgium); \$3.321 trillion in listed market capitalization.
- vii. Hong Kong Stock Exchange Located in Hong Kong, Hong Kong; \$3.325 trillion in listed market capitalization.
- **viii. Shenzhen Stock Exchange** Located in Shenzhen, China; \$2.285 trillion in listed market capitalization.
- **ix.TMX Group** The Canadian stock exchange is located in Toronto, Canada; \$1.939 trillion in market capitalization.
- **x. Bombay Stock Exchange** Located in Mumbai, India; \$1.682 trillion in market capitalization.

## 7.06 Types of Speculators

Speculators in a stock market are of different types. They carry their names depending on their motive of trading in the stock exchange. They are named after animals as their behavior could be compared best with the behavior of animals.



#### **BULL**



A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future. In anticipation of price rise he makes purchases of shares at present and other securities with the intention to sell at higher prices in future. He is called bull because just like a bull tends to throw his victim up in the air, the bull speculator stimulates the price to rise. He is an optimistic speculator.

### **BEAR**



A bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future. A bear does not have securities at present but sells them at higher prices in anticipation that he will supply them by purchasing at lower prices in future.

### **STAG**

A stag is a cautious speculator in the stock exchange. He applies for shares in new companies and expects to sell them at a premium, if he gets an allotment. He selects those companies whose shares are in more demand and are likely to carry a premium.



### LAME DUCK

When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck. A bear speculator contracts to sell securities at a later date. On the appointed time he is not able to get the securities as the holders are not willing to part with them. Moreover, the buyer is not willing to carry over the transactions.

## 7.08 Recent Development in Stock Exchange

#### National Stock Market System (NSMS)

National stock market system was advocated by the - High Powered Group on the Establishment of New Stock Exchanges headed by Shri.M.J.Pherwani (popularly known as Pherwani Committee). At present the National Stock Market in India comprises the following:

- I. National Stock Exchange of India Limited (NSE)
- 2. Stock Holding Corporation of India Limited (SHCIL)
- 3. National Clearing and Depository System (NCDS)
- 4. Securities Trading Corporation of India (STCI)
- 5. National Securities Depositary Limited (NSDL)

## I. National Stock Exchange (NSE)

- NSE was incorporated in November, 1992. It is a country wide, screen based, online and order driven trading system. It uses satellite link to spread trading throughout the country thereby connecting members scattered all over the India.
- Through computer network, member's orders for buying and selling within prescribed price are matched by central computer with each other and instantly communicate to the trading member. NSE has two segments, i.e., Debt segment and Capital segment.

# 2. Stock Holding Corporation of India Limited (SHCIL) The Stock Holding

Corporation of India Ltd (SHCIL) is committed to speed up trading, clearance and settlement services for securities and monetary instruments. SHCIL came into being in 1986. SHCIL is the first depository participant registered with SEBI and acts as an agent of the National Securities Depository.

## 3. National Clearance and Depository System (NCDS)



This system was created chiefly to help overcome the problem of settlement and clearance of transactions consequent to enormous workload on the clearing agencies and share transfer agencies. The problems mainly arose out of systematic risk like counter party risk, credit risk, bad deliveries, long delayed delivery, counterfeit scrips, and forged scrips

## 4. Securities Trading Corporation of India (STCI)

- The Reserve Bank of India set up Securities Trading Corporation of India Limited (STCI) in May 1994, under the provisions of the Indian Companies Act, 1956, jointly with public sector banks and All-India financial institutions.
- It had an authorized and paid-up capital of Rs. 500 crores of which, RBI contributed 50.18 percent. The RBI in December 1997 divested part of its equity in STCI in favor of the Bank of India, an existing shareholder of the Company.

## 5. National Securities Depository Limited (NSDL)

• The Government of India enacted the Depositories Act in August 1996, paving the way for setting up o f depositories in India. Thus, pioneering the concept of depositories and ushering in an era of paperless settlement of securities. National Securities Depository Ltd (NSDL) was inaugurated as the first depository in India on November 8, 1996.

gronning customer ouse.

Sl.No	Feature	Stock Exchange	Commodity Exchange
1.	Meaning	Stock Exchange (also called Stock Market or Share Market) is one important constituent of capital market. Stock Exchange is an organized market for the purchase and sale of industrial and financial security. It is convenient place where trading in securities is conducted in a systematic manner i.e. as per certain rules and regulations.	A commodity exchange is an exchange where commodities are traded. Tradable commodities fall into the following categories.  Metals (e.g. gold, silver,copper) Energy (e.g. crude oil, natural gas)  Agricultural (e.g. rice, wheat, cocoa)  Livestock and meat (e.g. live cattle, lean hog)
2.	Function	Providing easy marketability	Offering hedging or price insurance services and liquidity to securities.
3.	Object	Object is facilitating capital formation and making best use of capital resources	Object is facilitating goods flow through risk reduction
4.	Participants	Investors and Speculators	Producers, dealers, traders and a body of speculators.
5.	Period of dealings	Cash, ready delivery and dealings for account for a fortnight	Instant cash dealings and a settlement period of 2 or 3 months for Future Market dealings
6.	Articles Traded	Industrial securities such as stocks and bonds and government securities.	Only durable, graded and goods having large volume of trade, price uncertainty and uncontrolled supply



Sl.No	Feature	Stock Exchange	Commodity Exchange
7.	Speculation	Speculation ensures saleability of securities affording a broad, ready, liquid and continuous market of securities.	Speculation ensures assumption and absorption of price risk.
8.	Forward contract	Forward dealings are simplified as securities are fully standardized	Standards are to be fixed for deliverable grades to facilitate futures contract
9.	Cornering	As seller has to deliver the agreed securities, cornering is easy	Cornering is difficult as the seller has option to deliver standard or other deliverable goods.
10.	Price Quotation	As regards forward dealings, only one quotation is possible	For future dealings, multiple quotations are possible



#### Remisers

He acts as an agent of a member of a stock exchange. He obtains businessfor his principal ie., the member and gets a commission for that service.

#### **Authorized Clerks**

The authorised clerks are mere employees of the members, appointed by themember of stock exchange. The authorised clerks transact business on behalf of their employers on the floor of the stock exchange. They are paid a salary, plus acommission.

#### **Brokers**

Brokers are commission agents, who act as intermediaries between buyers and sellers of securities. They do not purchase or sell securities on their behalf. They bring together the buyers and sellers and help them in making a deal. Brokers charge a commission from both the parties for their service. Brokers are experts in estimating trends of price and can effectively advice their clients in getting a fruitful gain. Brokers get orders from investing public and execute the orders through Jobbers and they are entitled to a prescribed sale of brokerage.

#### **Jobbers**

Jobbers are security merchants dealing in shares, debentures as independent operators. They buy and sell securities on their own behalf and try to earn through price changes. Jobbers cannot deal on behalf of public and are barred from taking commission. In India, they are called Tarayaniwalas.

#### **SPECULATION**

Speculation involves trading a financial instrument involving high risk, in expectation of significant returns. The motive is to take maximum advantage from fluctuations in the market. Speculators are prevalent in the markets where price movements of securities are highly frequent and volatile.

#### **GAMBLING**

There is no reasoning involved in gambling. It accentuates fluctuations in price and it is unethical and illegal. It does not perform economic function.

#### VOU NIFTY

The word Nifty originates from 2 words, 'National' and 'Fifty'. Nifty basically means the index of the 50 most actively traded stocks from across all sectors. Nifty represents the top stocks of the NSE and when we talk about Nifty going up, it means that all the heavyweight stocks of NSE across all sectors are moving up. Most of the stock trading in the country is done through

### NIFTS

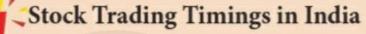
NSE and BSE. There are other stock exchanges as well, like the Calcutta stock exchange, but they are not that popular. Nifty consists of top 50 companies from 24 different sectors. Nifty is computed from the performance of top stocks from different sectors. Some mutual funds use Nifty as a benchmark. The performance of the mutual funds is assessed against the performance of the Nifty. On NSE, futures and options are available for trading with the Nifty as an underlying index. Nifty is calculated by using the market capitalization weighted method according to which weights are assigned according to the size of the company. Larger the size, larger the weightage

#### SENSEX

Sensex is an index of the stocks in BSE (Bombay Stock Exchange). Sensex has a list of 30 stocks. BSE decides the stocks that are to be listed on Sensex. The criteria for picking a stock to be listed on Sensex is volume of the trade of that stock and total volume of the stock in BSE.



Based on the above said factors, BSE regularly prepares a set of 30 stocks which will be together called as SENSEX. BTW Sensex means sensitive Index Now each stock is allotted a weight-age according to a criteria and the criteria also keeps on changing with time. So now stocks are normally traded in BSE each day and price of stocks is determined according to demand and supply



There are two major stock exchanges in India- Bombay stock exchange (BSE) and National stock exchange (NSE). However, the timing of both BSE & NSE is the same. First of all, you need to know that the stock market in India is closed on weekends i.e. Saturday and Sunday. It is also closed on the national holidays. The normal trading time for equity market is between 9:15 a.m to 03:30 p.m, Monday to Friday.

#### **Future Market**

and sell commodity and futures contracts for delivery on a specified future date. Examples of futures markets are the New York Mercantile Exchange, the Kansas City Board of Trade, the Chicago Mercantile Exchange, the Chicago Mercantile Exchange and the Minneapolis Grain Exchange. Originally, trading was carried on through open yelling and hand signals in a trading pit, though in the 21st century, like most other markets, futures exchanges are mostly electronic.

#### **Options Market**

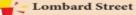
An 'Option' is a type of security that can be bought or sold at a specified price within a specified period of time, in exchange for a non-refundable upfront deposit. An options contract offers the buyer the right to buy, not the obligation to buy at the specified price or date. Options are a type of derivative product. The right to sell a security is called a 'Put Option', while the right to buy is called the 'Call Option'.

#### - Dalal Street

Dalal Street is an area in downtown Mumbai, India, that houses the Bombay Stock Exchange (BSE) – the largest stock exchange in India – and other reputable financial institutions. It received the name Dalal Street after the Bombay Stock Exchange moved to the area in 1874 and became the first stock exchange recognized by the Indian Government.



The literal translation of Dalal in Marathi is a broker or intermediary. Today, Dalal Street is a metonym for the entire Indian financial sector much like Wall Street in the United States.



Lombard Street, London, is a street notable for its connections with the City of London's merchant, banking and insurance industries, stretching back to medieval times.



From Bank junction, where nine streets converge by the Bank of England, Lombard Street runs southeast for a short distance before bearing left into a more easterly direction, and terminates at a junction with Grace church Street and Fenchurch Street. Its overall length is 260 metresIt has often been compared with Wall Street in New York City

Wall Street

Manhattan that is the original home of the New York Stock Exchange and the historic headquarters of the largest U.S. brokerages and investment banks. The term Wall Street is also used as a collective name for the financial and investment community,

which includes stock exchanges and large

banks, brokerages, securities and underwriting firms, and big businesses. Today, brokerages are geographically diverse, allowing investors free access to the same information available to Wall Street's tycoons.





### Thank you



#### FINANCIAL MARKETS - II

### SECURITIES EXCHANGE BOARD OF INDIA (SEBI)



NELSON W AVP TRUST, TIRUPUR

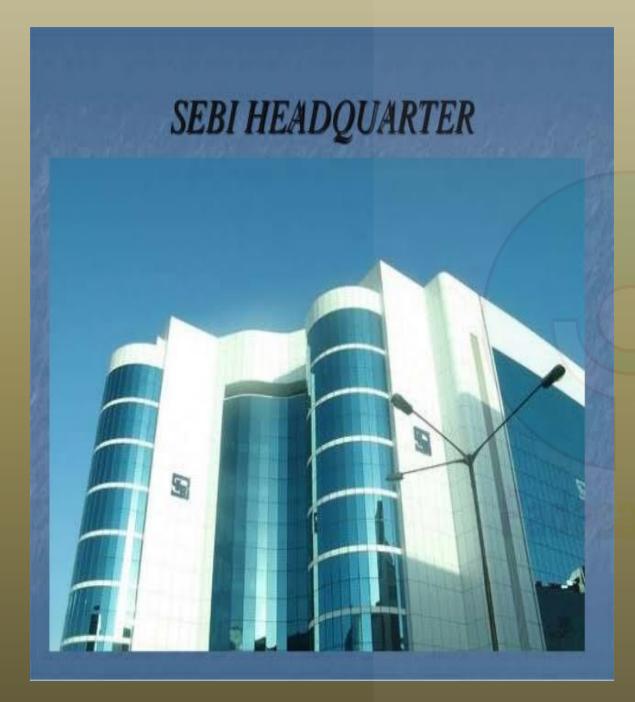


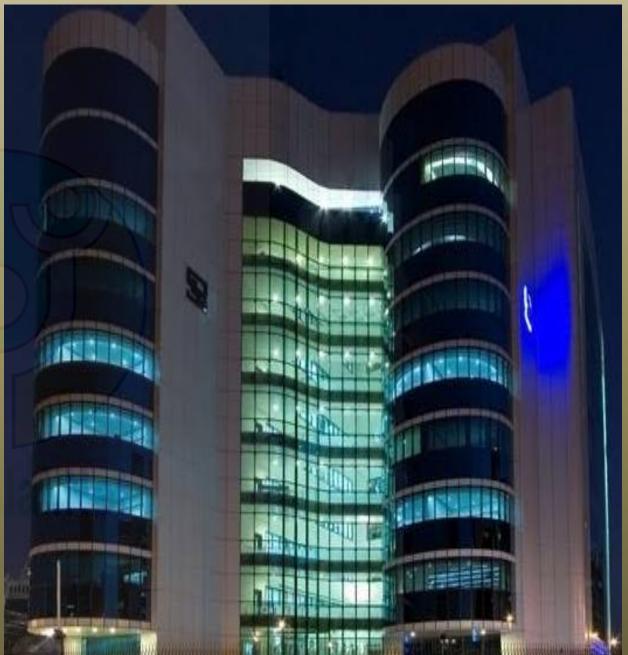
#### **INTRODUCTION**

- \* Securities and exchange Board of India (SEBI) was first established in the year 1988 as a non-statutory body for regulating the securities market.
- \* It was made as an autonomous body by The Government of India on 12 May 1992 and given statutory powers in 1992 with **SEBI Act 1992** being passed by the Indian Parliament.

#### **HEAD OFFICE AND BRANCH**

SEBI has its headquarters at the business district of **BandraKurla Complex** in Mumbai, and has Northern, Eastern, Southern and Western Regional Offices in New Delhi, Kolkata, Chennai and Ahmedabad respectively.





#### **BANDRAKURLA COMPLEX**





The SEBI is managed by its members, which consists of following:

#### Organization Structure of SEBI



#### **REGULATION OF SEBI**

1. Monitor's the working of mutual funds



4. Regulates working of stock exchanges



2. Restricts illegal practices of firms



5. Conducts audit, inspection



3. Plays a great role in protecting investors interest



6. Prohibits insider activity



#### **OBJECTIVES OF SEBI**

- REGULATION OF STOCK EXCHANGE
- PROTECTION TO THE INVESTORS
- CHECKING THE INSIDER TRADING
- CONTROL OVER BROKERS

#### 1. Regulation of Stock Exchanges

The first objective of SEBI is to regulate stock exchanges so that efficient services may be provided to all the parties operating there.

#### 2. Protection to the Investors

The capital market is meaningless in the absence of the investors. Therefore, it is important to protect the interests of the investors. The protection of the interests of the investors means protecting them from the wrong information given by the companies in their prospectus, reducing the risk of delivery and payment, etc. Hence, the foremost objective of the SEBI is to provide security to the investors.

#### 3. Checking the Insider Trading

Insider trading means the buying and selling of securities by directors Promoters, etc. who have access to some confidential information about the company and who wish to take advantage of this confidential information. This affects the interests of the general investors and is essential to check this tendency. Many steps have been taken to check insider trading through the medium of the SEBI.

#### 4. Control over Brokers

It is important to supervise/check the activities of the brokers and other middlemen in order to control the capital market. To regulate their activities, it was necessary to establish the SEBI.

#### **FUNCTIONS OF SEBI**

#### 8.03 Functions of SEBI

Securities and Exchange Board of India (frequently abbreviated SEBI) is the nodal agency which safeguards the interests of an investor in the Indian Financial market.

SEBI performs three key functions: quasilegislative, quasi-judicial and quasiexecutive. It drafts regulations, conducts investigation & enforcement action and it passes rulings and orders.

- i. Safeguarding the interests of investors by means of adequate education and guidance. SEBI makes rules and regulation that must be followed by the financial intermediaries portfolio exchanges, underwriters and merchant bankers, etc. It takes care of the complaints received from investors . Additionally, it issues notices and booklets for the information, assistance and protection of small investors.
- ii. Regulating and controlling the business on stock markets. Registration of brokers and sub-brokers is made mandatory and they have to abide by certain regulations and rules.

- iii. Conduct inspection and inquiries of stock exchanges, intermediaries and self-regulating organizations and to take appropriate measures wherever required. This function is carried out for organized working of stock exchanges and intermediaries.
- iv. Barring insider trading in securities.
- v. Prohibiting deceptive and unfair methods used by financial intermediaries operating in securities markets.

vi. Registering and controlling the functioning of stock brokers, sub-brokers, share transfer agents, bankers, trustees, registrars, merchant bankers, underwriters, portfolio managers, investment advisers and various other intermediaries who might be linked to securities markets in any manner.

vii. SEBI issues Guidelines and Instructions to businesses concerning capital issues.

Separate guidelines are provided for initial public issue made by listed companies, etc. It conducts research and publishes information beneficial to all market players (i.e. all buyers and sellers).

- viii. SEBI regulates mergers and acquisitions as a way to protect the interest of investors. For this, SEBI has released appropriate guidelines with the intention that such mergers and takeovers won't be at the expense of small investors.
- ix. Registering and controlling the functioning of collective investment schemes such as mutual funds. SEBI has created regulations and guidelines that should be followed by mutual funds. The aim is to maintain effective supervision and avoid any unfair and anti-investor actions.

- x. Promoting self-regulatory organization of intermediaries. It has extensive legal powers. Having said that, self-regulation is preferable to external regulation. The function of SEBI is to motivate financial intermediaries to create their professional associations and manage harmful actions of their members. It can also make use of its powers when needed for protection of investors.
- xi. Carrying out steps in order to develop the capital markets by having an accommodating approach.

- xii. Provide appropriate training to financial intermediaries. This function is great for healthy environment in the stock markets and also for the protection of investors.
- xiii. Levying fee or any other type of charges to carry out the purpose of the Act.
- xiv. Performing functions that may be assigned to it by the Central Government of India.

#### **POWERS OF SEBI**

- POWERS RELATING TO STOCK EXCHNAGE &INTERMEDIARIES
- POWER TO IMPOSE MONETARY PENALITIES
- POWER TO INITIATE ACTIONS IN FUNCTIONS ASSIGNED
- POWER TO REGULATE INSIDER TRADING
- POWERS UNDER SECURITIES CONTRACT ACT
- POWERS TO REGULATE BUSINESS OF STOCK EXCHANGES

# The various powers of a Stock Exchange are explained below

# 1. Powers Relating to Stock Exchanges & Intermediaries

SEBI has wide powers regarding the stock exchanges and intermediaries dealing in securities. It can ask information from the stock exchanges and intermediaries regarding their business transactions for inspection or scrutiny and other purpose.

#### 2. Power to Impose Monetary Penalties

SEBI has been empowered to impose monetary penalties on capital market intermediaries and other participants for a range of violations. It can even impose suspension of their registration for a short period.

# 3. Power to Initiate Actions in Functions Assigned

SEBI has a power to initiate actions in regard to functions assigned. For example, it can issue guidelines to different intermediaries or can introduce specific rules for the protection of interests of investors.

#### 4. Power to Regulate Insider Trading

SEBI has power to regulate insider trading or can regulate the functions of merchant bankers.

#### 5. Powers Under Securities Contracts Act

For effective regulation of stock exchange, the Ministry of Finance issued a Notification on 13 September, 1994 delegating several of its powers under the Securities Contracts (Regulations) Act to SEBI.

SEBI is also empowered by the Finance Ministry to nominate three members on the Governing Body of every stock exchange.

# 6. Power to Regulate Business of Stock Exchanges

SEBI is also empowered to regulate the business of stock exchanges, intermediaries associated with the securities market as well as mutual funds, fraudulent and unfair trade practices relating to securities and regulation of acquisition of shares and takeovers of companies.

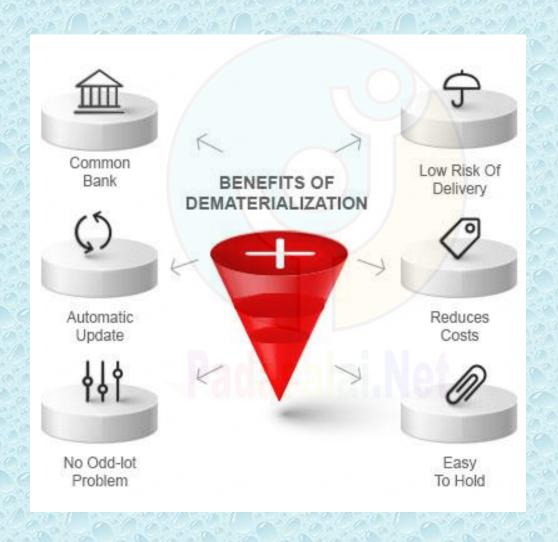
#### **DEMATERIALIZATION (DEMAT)**

- Dematerialization is the process by which the physical share certificates of an investor are taken back by the company or register and destroyed.
- Then an equivalent number of securities in the electronic form are credited to the investors account with his Depository Participant.

 Trading in dematerialization shares commenced on the NSE in December 1996 where Reliance industries wat the first company to trade its 100 shares in Demat form.

 Incase of the BSE, dematerialization of shares commenced in the year December 1997.

#### BENEFITS OF DEMATERIALIZATION



- COMPLETELY SECURED
- HIGH TRADING EFFICIENCY
- ONLINE TRADING FACILITIES
- AUTOMATIC UPDATE
- COMMON BANK
- LOW COST OF TRANSACTION
- EASY HOLD UNDER SINGLE ACCOUNT
- CUSTOMER SERVICES BY BANK
- LOAN AGAINST SECURITIES

#### **DEPOSITORY PARTICIPANT**

#### Who is Depository Participant?

- A Depository Participant (DP) is an agent of the depository.
- They are the intermediaries between the depository and the investors.
- The relationship between the DPs and the depository is governed by an agreement made between the two under the Depositories Act.
- In a strictly legal sense, a DP is an entity who is registered as such with SEBI under the provisions of the SEBI Act.
- As per the provisions of this Act, a DP can offer depository related services only after obtaining a certificate of registration from SEBI.

#### **DEMAT ACCOUNT**



- A Demat account holds all the shares that are purchased in electronic or dematerialized form.
- It holds certificates of financial instruments like shares, bonds, govt. securities, mutual funds and exchange traded funds (ETF)



#### **Demat Account Opening Procedure**

- For open Demat Account, Contect Depository Participant they
  will provide you Account Opening form Either Offline you fill form
  , Sign and send back to DP Officers or they provide you Online
  Account Opening Link where you can Fill online form and submit
  with Digital Sign with help of Aadhar Number
- Depository Participant provide you rules and regulation and account opening & other charges mention sheet you can go through it before sign
- In- person verification compulsory for offline as well as online
   Account Opening DP Officer either visit you and ask
   requirement document for in-person verification or they will ask
   you online in-person verification with help of Laptop or Computer
   camera.

## HUMAN RESOURCE MANAGEMENT

CHAPTER 9: FUNDAMENTALS

**D. RENUKA** ICF Silver Jubilee

#### Introduction



The human resource is the most important element in any organisation. The success, growth and development of organisations depend on the quality of workforce they possess. It is only through the human resource all other resources are actively utilised leading to the efficient and effective running of an establishment.

## MEANING of HR

Not all human beings are considered to be human resources but only those individuals who acquired the required skill sets, talents, knowledge, competencies and capabilities in the accomplishment of both individual and organisational objectives.

#### DEFINITION

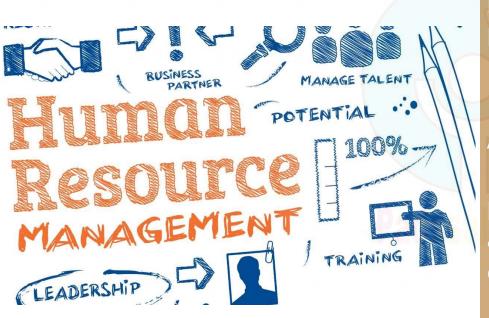
According to Peter.F.Drucker "Man, of a<mark>ll resources available to him, can grow and develop"</mark>

In the words of Leon C Megginson, Human Resources refers to "the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes and beliefs of the individuals involved.

## CHARACTERISTICS of HR

- Human resource is the only factor of production that lives
- Human resource created all other resources
- It is only the labour of employees that is hired and not the employee himself
- Human resource exhibits innovation and creativity
- Human resource alone can think, act, analyse and interpret
- Human resources are emotional beings
- Human resources can be motivated either financially or non financially
- The behaviour of human resources are unpredictable
- Over years human resources gains value and appreciates
- Human resources are movable
- Human resource can work as a team

# MEANING & DEFINITION of HRM



Human Resource Management is a function of management concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.

According to Dale Yoder Human Resource Management as "the effective process of planning and directing the application, development and utilisation of human resources in employment".

### FEATURES of HRM

- **Universally relevant**: Human Resource Management has universal relevance. The approach and style varies depending the nature of organisation structure and is applicable at all levels.
- Goal oriented: The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.
- A systematic approach: Human resource management lays emphasis on a systematic approach in managing the tasks performed by human resource of an organisation. The two sets of functions performed are managerial and operative functions.
- It is all pervasive: Wherever there is existence of human resource the effective management of the available human resource is very important especially in functional areas.
- **It is a continuous process**: As long as there is human resource in the running of an organisation, the activities relating to managing human resource exists.

### FEATURES of HRM

- It is a dynamic activity: Human resource management is not the same as that of other factors of production, as they have feelings and emotions which are to be handled with care and diligence to maximise its utilisation.
- **It is an integrative tool**: The main idea behind managing the human resource is to motivate, participate and coordinate the available workforce.
- **Focuses on development**: Human resource management focuses on the development of manpower through training and development programmes. Honing of skills through training increases the effective use of the resource procured.
- Human resource management is both science as well as art: As it relies on experiments and observations as well as effective handling of manpower it is both science and art.
- It is interdisciplinary: Human resource management makes use of concepts of different disciplines like sociology, psychology, economics etc. making it interdisciplinary.
- **It is intangible**: Human resource management is a intangible function which can be measured only by results.

## SIGNIFICANCE of HRM



- To identify manpower needs: Determination of manpower needs in an organisation is very important as it is a form of investment. The number of men required are to be identified accurately to optimise the cost.
- **To incorporate change**: Change is constant in any organisation and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.
- To ensure the correct requirement of manpower: At any time the organisation should not suffer from shortage or surplus manpower which is made possible through human resource management.
- **To select right man for right job**: Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or overqualified.

## SIGNIFICANCE of HRM



- To update the skill and knowledge: Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.
- To appraise the performance of employees: Periodical appraisal of performance of employees through human resource management activities boosts up good performers and motivates slow performers. It helps the workforce to identify their level of performance.
- To improve competitive advantage: Organisations with capable and competent employees can truly gain competitive advantage in the globalised market. Higher the level of good performers greater the possibility of fast paced growth of the enterprise.
- **To provide incentives and bonus to best performers**: It is the role of human resource management to recognise the best performers and to provide them with bonus and incentives as a form of appreciation for their work.

#### MANAGERIAL FUNCTIONS of HRM

- Planning: Planning is deciding in advance what to do, how to do and who is to do it. It bridges the gap between where we are and where we want to go. It helps in the systematic operation of business.
- Organising: It includes division of work among employees by assigning each employee their duties, delegation of authority as required and creation of accountability to make employees responsible.
- Directing: It involves issue of orders and instructions along with supervision, guidance and motivation to get the best out of employees. This reduces waste of time energy and money and early attainment of organisational objectives.
- **Controlling**: It is comparing the actuals with the standards and to check whether activities are going on as per plan and rectify deviations.



#### HR

In an organisation the human resource are the employees who are inevitable for the survival and success of the enterprise.

Human resource is the only factor of production that lives

The sustainable growth of an organisation depends on the important resource human resource

Human resource exhibits innovation and creativity

Human resources can be motivated either financially or non financially

#### HRM

Human Resource Management refers to the application of principles of management to manage the people working in the organization

In order to achieve the personal and organisational objectives human resources are to be trained up and managed

Its concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.

To improve the performance of the employees

Human resource management ensures the right talent available for the right job.

## OPERATING FUNCTIONS of HRM

- Procurement: Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion.
- **Development**: Development includes performance appraisal, training, executive development, career planning and development, organisational development
- **Compensation**: It deals with job evaluation, wage and salary administration, incentives, bonus, fringe benefits and social security schemes
- **Retention**: This is made possible through health and safety, welfare, social security, job satisfaction and quality of work life
- **Integration**: It is concerned with the those activities that aim to bring about reconciliation between personal interest and organisational interest
- Maintenance: This encourages employees to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

### Rosary MHSS

# EMPLOYEE SELECTION PROCESS

PRESENTED BY:

~MISCHEL

~RITHIGA

~DHARSHINI

~APARNA (2020 - 2021)



WITH THE GUIDANCE OF ~MRS. A. ELIZABETH RANI P.G. ASST. IN COMMERCE & ACCOUNTANCY

- \*STEPS IN EMPLOYEE SELECTION PROCESS
- \*FACTORS INFLUENCING SELECTION PROCESS
- \*IMPORTANCE OF SELECTION
- \*SELECTION DIFFERS FROM RECRUITMENT
- \*PLACEMENT
- \*SIGNIFICANCE OF PLACEMENT
- \*PRINCIPLES OF PLACEMENT

# Employment Selection



## Definition:

ACCORDING TO DALE YODER, "SELECTION IS THE PROCESS IN WHICH THE CANDIDATES FOR EMPLOYMENT ARE DIVIDED INTO TWO CLASSES - THOSE WHO ARE TO BE OFFERED EMPLOYEES AND THOSE WHO ARE NOT."

DAVID AND ROBINS STATES THAT," SELECTION IS A MANAGERIAL DECISION MAKING PROCESS TO PREDICT WHICH JOB APPLICANTS WILL BE SUCCESSFUL IF HIRED."



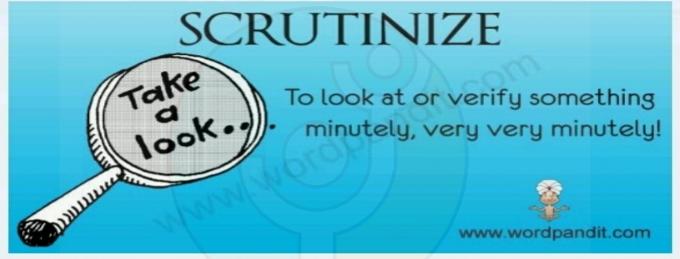
## Steps in employee selection process

#### Application Blank:

THE COMPANIES PROVIDE PRE-PRINTED
APPLICATION FORMS OR DIRECT THE
CANDIDATES TO DOWNLOAD THE FORMS
UPLOADED ON THEIR RESPECTIVE WEBSITES.



#### Scrutinizing the Applications



IT IS NOT POSSIBLE FOR RECRUITMENT AGENCY TO CALL ALL THE APPLICANTS FOR INTERVIEW. HENCE THE SELECTION HAS TO EVOLVE SOME CRITERIA TO SHORTLIST THE NUMBER OF APPLICANTS FOR THE INTERVIEW.

## SELECTION TESTS

SATYA PRAKASH JOSHI

VARIOUS TESTS ARE CONDUCTED TO ENSURE WHETHER THE CANDIDATE POSSESSES THE NECESSARY QUALIFICATIONS TO FIT INTO VARIOUS POSITIONS IN THE ORGANISATION.

## Ability test

MEASURES SKILLS, MENTAL APTITUDE, PROBLEM SOLVING, KNOWLEDGE, INTELLIGENCE, ETC. OF A CANDIDATE.



## Aptitude test

MEASURES THE SET OF SKILLS
REQUIRED TO PERFORM A GIVEN
JOB.

IT IS MEASURED IN 12 WAYS.



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### Achievement test

MEASURES THE CAPACITY TO ACHIEVE IN A PARTICULAR FIELD.

IT IS ALSO CALLED AS PROFICIENCY TEST.



**ACHIEVEMENT** 

# Intelligence test

IT MEASURES A VARIETY OF MENTAL ABILITY AND INDIVIDUAL CAPACITY OF A CANDIDATE. THE MAIN AIM IS TO OBTAIN AN IDEA OF THE PERSON'S INTELLIGENCE POTENTIAL.



## Judgement test

THIS TEST IS CONDUCTED TO TEST
THE PRESENCE OF MIND AND
REASONING CAPACITY OF THE
CANDIDATES.



Personality test

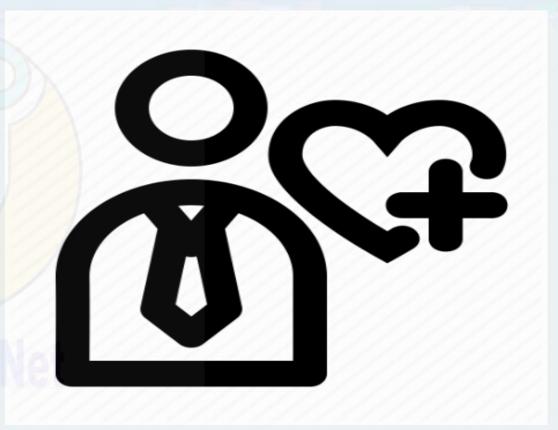
THIS TEST IS CONDUCTED TO FIND THE NON-INTELLECTUAL TRIATS OF A CANDIDATE.

IT IS DIVIDED INTO 4 TYPES.



# Interest test

IT MEASURES A CANDIDATE'S EXTENT OF INTEREST IN A PARTICULAR AREA, SO THAT THE ORGANISATION CAN ASSIGN THE JOB WHICH SUITS THEIR TEAM.



### Personality Inventory test

THIS METHOD USES TO FIND OUT THE CANDIDATES TRIATS LIKE INTERPERSONAL RAPPORT, DOMINANCE, INTRAVERTNESS, EXTRAVERTNESS, SELF CONFIDENCE, ETC.



# Projective test

THIS MEASURES THE CANDIDATE'S VALUES, ATTITUDE APPREHENSIVE PERSONALITY, ETC. OUT OF THE INTERPRETATION.



### Attitude test

THIS MEASURES THE CANDIDATE'S TENDENCIES TOWARDS THE PEOPLE, SITUATION, ACTION AND RELATED THINGS.

FOR EXAMPLE: MORAL STUDY, VALUES STUDY, SOCIAL RESPONSIBILITY, ETC. TO MEASURE THE ATTITUDE OF THE CANDIDATE.





# VARIOUS TYPES

#### What is an interview?

The term interview has been derived from the French word entre voir that means to glimpse or to see each other.

By definition it means a meeting for obtaining information by questioning

#### TYPES OF INTERVIEW

- \* PRELIMINARY INTERVIEW
- \* STRUCTURED INTERVIEW
- \* UNSTRUCTURED INTERVIEW
- \* INDEPTH INTERVIEW
- \* PANEL INTERVIEW
- \* STRESS INTERVIEW
- \* TELEPHONE INTERVIEW
- \* ONLINE INTERVIEW
- \* GROUP INTERVIEW
- \* VIDEO CONFERENCING INTERVIEW

#### PRELIMINARY INTERVIEW

THE INTERVIEW IS TO SEE WHETHER APPLICANTS ARE SUITABLE FOR BOTH MENTALLY AND

PHYSICALLY.

THIS HEPS THE EMPLOYERS
ORGANIZATION TO
CUT COST AND TIME
IN SELECTION PROCESS.



#### STRUCTURED INTERVIEW

THIS INTERVIEW IS A STANDARDIZED WAY OF COMPARING JOB CANDIDATES.

THE EMPLOYER CREATES
INTERVIEW QUESTIONS
FOCUSED ON THE SKILLS
AND ABILITIES THE
COMPANY IS SEEKING.



#### UNSTRUCTURED INTERVIEW

UNSTRUCTURED INTERVIEW IS QUITE CONTRARY TO STRUCTURED

INTERVIEW.

THERE IS NO PRE-PREPARED QUESTIONS.



### INDEPTH INTERVIEW

Advantages and

TO TEST THE LEVEL OF KNOWLEDGE OF THE INTERVIEWEE.

THE CANDIDATE CAN

EXPLAIN HIS SKILLS,

QUALIFICATION, EXPERIENCE

IN A DETAILED MANNER

### PANEL INTERVIEW

WHERE A GROUP OF PEOPLE INTERVIEW THE CANDIDATES, IT IS CALLED PANEL INTERVIEW.

IT ENSURES MORE RELIABILITY

the balance

IN THE SELECTION
OF THE CANDIDATES.



### STRESS INTERVIEW

STRESS INTERVIEW IS CONDUCTED TO TEST THE EMOTIONAL BALANCE OF THE CANDIDATE INTERVIEWED.

INTERVIEWERS
CREATES
STRESSFUL
SITUATION.



#### STRESS INTERVIEW QUESTIONS

- \* WHAT WOULD YOU DO IF A COLLEAGUE TOOK

  CREDIT FOR YOUR IDEA, AND GOT A PROMOTION?
  - \* WAS THE STRESS OF YOUR PREVIOUS JOB TOO MUCH FOTYOU?
  - \* WHAT WOULD YOU DO IF A COLLEAGUE ADMITTED TO LYING ON THEIR RESUME TO GET THE JOB,?
  - \* WHAT WOULD YOU DO IF A CUSTOMER
    VERBALLY INSULTED YOU IN FRONT
    OF CO-WORKER?

#### TELEPHONE INTERVIEW

THIS INTERVIEW IS CONDUCTED FOR THE PEOPLE WHO LIVES FAR AWAY FROM THE ORGANIZATION.

IT IS TYPICALLY CALLED AS PHONE SCREENING.



### ONLINE INTERVIEW

IN THESE DAYS INTERVIEW ARE CONDUCTED BY MEANS OF INTERVIEW VIA SKYPE, WECHAT, GOOGLE DUO, VIDEO CHAT.

THEY SAVES A LOT OF TIME, MONEY AND ENERGY



### GROUP INTERVIEW

A GROUP INTERVIEW IS A SCREENING PROCESS
WHERE YOU INTERVIEW MULTIPLE CANDIDATES
AT THE SAME TIME.

INSTEAD OF SPENDING FIVE HOURS INTERVIEWING

FIVE CANDIDATES INDIVIDUALLY,

ONE HOUR CAN BE SPENT INTERVIEWING

THEM IN A GROUP.

#### VIDEO CONFERENCING INTERVIEW

THIS INTERVIEW IS A KIND OF CONFERENCE CALL THAT CONNECTS THE CANDIDATES

WITH COMPANIES LOCATED ACROSS

VARIOUS GEOGRAPHIES.

#### PHYSICAL EXAMINATION

THE LAST TECHNIQUE USED IN SELECTION PROCESS IS MEDICAL EXAMINATION.

PHYSICAL FITNESS OF THE CANDIDATES AN Overview
UNDER SELECTION

TO BE JOB CONCERNED.



ompanion eNotes:

he Comprehensive History and Physical Examination

Prepared Marc In

### REFERENCE CHECK

APPLICATION BALNK CONTAINS A COLUMN FOR THE CANDIDATE TO FURNISH THE LIST

OF PERSONS TO BE CONTACTED FOR REFERENCE PURPOSE.



### APPROVAL BY HIGHER AUTHORITY

SELECTION COMMITTE SENDS THE LIST OF CANDIDATES SELECTED WITH SOME CANDIDATES KEPT IN WAITING LIST FOR APPROVAL BY HIGHER AUTHORITY.



### FINAL SELECTION

THE SUCCESSFUL CANDIDATES WHO PASSED THROUGH VARIOUS STAGES OF

SELECTION PROCESS
WILL BE CALLED
FOR FINAL INTERVIEW



### CONTRACT OF EMPLOYMENT

AFTER THE FINAL SELECTION
PROCESS IS COMPLETED,
CERTAIN DOCUMENTS
ARE EXPECTED TO BE SIGNED
BOTH BY THE ORGANIZATION

AND THE CANDIDATES. =

Contract

# Factors Influencing Selection Process



#### There are five factors:

- \*NATURE OF POST
- \*NUMBER OF CANDIDATES
- \*SELECTION POLICY
- \*COST FACTOR / BUDGET
- \*LEVEL OF 3E'S --> EDUCATIONAL QUALIFICATION, EXPERIENCE & EXPOSURE

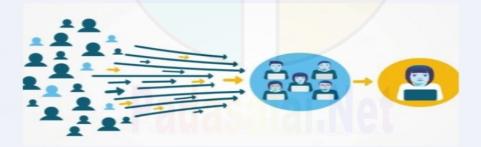
#### Nature of Post:

PROCESS OF SELECTION VARIES ACCORDING TO THE TYPE OF PERSONNEL TO BE RECRUITED.



#### No. Of Candidates:

SELECTION PROCESS DEPENDS ON THE RESPONSE OF CANDIDATES TO THE ADVERTISEMENT FOR THE POST. IN CASE OF MANY, SHORTLISTING NEEDS TO BE DONE.



#### Selection policy:

THE SELECTION POLICY AND SELECTION PROCESS ARE INTER-RELATED. FOR EG: SOME ORGANIZATIONS GO FOR TOUGHER SELECTION PROCESS WHILE SOME ORGANIZATIONS GO FOR SHORTER METHOD.



#### Cost factor / Budget:

LONGER SELECTION PROCESS ENTAILS HIGHER COST.

ORGANIZATION WHICH CANNOT AFFORD LARGE
RESOURCES TEND TO SHORTEN THE SELECTION PROCESS.



# Level of Educational Qualification, Experience & Exposure:

THE SELECTION PROCESS DEPENDS ON THE 3E'S.
FOR EG: SELECTION PROCESS OF FINANCE OFFICER,
ARCHITECT, TREASURER ETC,. IS SHORTER AS ONLY FEW
CANDIDATES COMPETE WITH HIGHER QUALIFICATION.



### Importance of Selection



- \*GOOD TALENT
- \*BETTER EFFICIENCY
- \*REDUCED COST OF TRAINING & DEVELOPMENT
- \*REDUCED TURNOVER
- \*JOB MOTIVATION
- \*OTHER BENEFITS

#### Good talent:

PROPER SELECTION SYSTEM ENABLES THE ORGANIZATION TO APPOINT TALENTED PERSONS AND THEREBY LEADS TO IMPROVED PRODUCTIVITY & PROFITABILITY.

ALENT

# Better efficiency:

SELECTION OF RIGHT PERSON TO THE RIGHT JOB IS SURE TO PRODUCE BETTER QUALITY OF WORK AND MAY FACILITATE FASTER ACHIEVEMENT OF OBJECTIVES.



# Reduced cost of training & Development:

BETTER SELECTION OF CANDIDATES DEFINITELY
REDUCES THE COST OF TRAINING BECAUSE QUALIFIED
PERSONNEL HAVE BETTER GRASPING POWER.



# Reduced turnover:

PROPER SELECTION OF CANDIDATES CONTRIBUTES TO LOW LABOUR TURNOVER.



# What is Labour turnover?



### Labour turnover

- Labour turnover (staff turnover) can be defined as the rate of change in a firm's labour force.
- You need to know the following formula:

Number of staff leaving × 100

Total Number of staff

# Job motivation:

IF THE RIGHT PERSON IS SELECTED FOR THE RIGHT JOB, IT TENDS TO MOTIVATE THE PERSON TO WORK MORE EFFECTIVELY AND EFFICIENTLY.

Padasa



# Other benefits:

PROPER SELECTION OF CANDIDATES REDUCES
ABSENTEEISM. THEY WOULD PAY BETTER ATTENTION TO
THEIR JOBS AND TAKE SAFETY PRECAUTIONS WHICH
MINIMIZES WORK PLACE ACCIDENTS.
BENEFITS

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# Selection differs from Recruitment





### Difference Between Recruitment And Selection

Basis	Recruitment	Selection
Meaning	It is an activity of establishing contact between employers and applicants.	It is a process of picking up more competent and suitable employees.

Objective

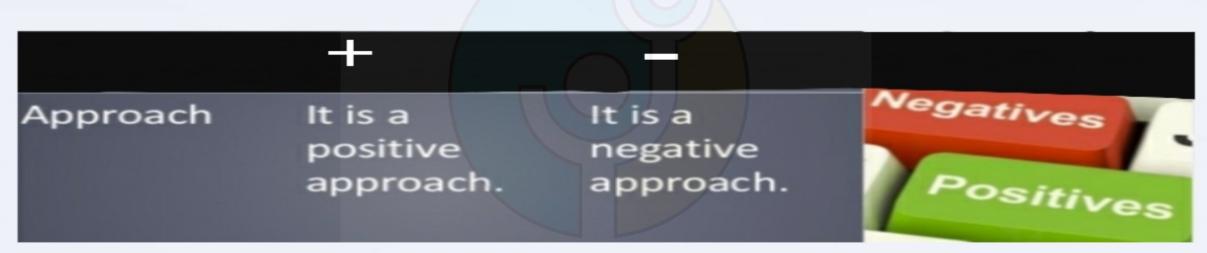
It encourages large number of Candidates for a job. candidates.

It attempts at rejecting unsuitable





Process It is a simple complic process
Simple.
Simple.
Complicated



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Sequence	Precedes	Follows	
		recruitment.	
Economy			
		expensive	
			-
Time		More time is	
Consuming	required.	required.	-



\*PLACEMENT \*SIGNIFICANCE OF PLACEMENT \*PRINCIPLES OF PLACEMENT



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# Placement:

THE PROCESS OF PLACING THE RIGHT MAN ON RIGHT JOB IS CALLED PLACEMENT



PLACEMENT MAY ALSO BE DEFINED AS "THE DETERMINATION OF THE JOB TO WHICH AN ACCEPTED CANDIDATE IS TO BE ASSIGNED, AND HIS ASSIGNMENT TO THAT JOB.

### Placement Process

- Placement Process Starts in the Month of February (5 Months Prior to graduation)
  - Companies share Job Descriptions and other details through a Job Announcement Form
  - Company and Job information shared with eligible students and interested students apply online
    - A mutually agreed date and time for Pre-Placement Talk followed by selection process is fixed
  - List of selected candidates is announced as soon as companies share the information
    - Students Sign offer letters



CAMPUS PLACEMENT IS A PROGRAM CONDUCTED WITHIN UNIVERSITIES OR OTHER EDUCATIONAL INSTITUTIONS TO PROVIDE JOBS TO STUDENTS NEARING COMPLETION

# OF THIER STUDENTS. THERE ARE TWO TYPES OF CAMPUS PLACEMENT PROGRAMS:

- \* ON CAMPUS PLACEMENT
- \* OFF CAMPUS/POOL CAMPUS
  PLACEMENT

# SIGNIFICANCEOFPLACEMENT



- \*IT IMPROVES EMPLOYEE SELECTION
- \*IT HELPS IN REDUCING EMPLOYEE TURNOVER
- \*IT HELPS IN REDUCING CONFLICT RATES OR ACCIDENTS
- \*IT AVOIDS MISFIT BETWEEN THE CANDIDATES AND THE JOB.
- \*IT HELPS TO AVOID SHORT TERM STAFF SHORTAGE

\* IT HELPS THE CANDIDATE TO WORK AS PER THE
PREDETERMINED OBJECTIVES OF THE ORGANISATION

\* IT INVOLVES ASSIGNING A SPECIFIC RANK AND
RESPONSIBILITIES TO AN INDIVIDUAL

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# PRINCIPLES OF PLACEMENT

THERE ARE FIVE PRINCIPLES THAT ARE FOLLOWED AT THE TIME OF PLACEMENT OF AN EMPLOYEE

- 1. JOB FIRST, MAN NEXT
- 2. JOB OFFER
- 3. TERMS AND CONDITIONS
- 4. AWARE ABOUT PENALTIES
- 5. LOYALTY AND CO-OPERATION

# 1. JOBFIRST, MAN NEXT

MAN SHOULD BE PLACED ON THE JOB ACCORDING TO THE REQUIREMENTS OF THE JOB. THERE IS NO COMPROMISE ON THE REQUIREMENTS OR QUALIFICATIONS OF THE MAN WITH RESPECT TO JOB.



# 2.JOBOFFER

THE JOB SHOULD BE OFFERED TO THE MAN BASED ON HIS QUALIFICATION.



# 3. TERMS AND CONDITIONS

THE EMPLOYEE SHOULD BE MADE CONVERSANT WITH THE CONDITIONS AND CULTURE PREVAILING IN THE ORGANIZATION AND ALL THOSE THINGS RELATING TO THE JOB

# 4.AWAREABOUT THE PENALTIES

THE EMPLOYEE SHOULD ALSO BE MADE AWARE OF THE PENALTIES IF HE/SHE COMMITS A WRONG OR LAPSE.



# 5.LOYALTY AND CO-OPERATION WHEN PLACING NEW RECRUITS ON THE JOB, AN EFFORT SHOULD BE MADE TO DEVELOP A SENSE OF LOYALTY AND CO-OPERATION IN HIM, SO THAT HE/SHE MAY REALISE HIS/HER RESPONSIBILITIES BETTER TOWARDS THE JOB AND THE ORGANIZATION

# THANK YOU!

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# **UNIT - 4**

# Human Resources Management

CHAPTER - 12
Employee Training
Methods

### **Presented By:**

T. VINOTH KUMAR, M.Com(CA)., M.Ed.
PGT in Commerce
Swamy Vivekanandar Matric. Hr. Sec. School.
Salem.



# 

# **EMPLOYEE TRAINING METHOD**

- ✓ Introduction & Definition
- ✓ Purpose of Training or Need for Training
- Steps in Designing a Training Programme
- ✓ Training Method
- ✓ Differences Between on the Job Training and off the Job Training
- ✓ Benefits of Training

Job training empowers people to realize their dreams and improve their lives.

Sylvia Mathews Burwell



- ❖ Each and every organization needs the services of trained persons for performing the better activities in a systematic way
- ❖ Recruitment → Selection → Training
- Some employees already have some previous knowledge regarding the jobs, while others may be entirely new to the jobs.
- ❖ Both types of employees need some different kinds of training to acquaint themselves with the jobs

Training is the act of increasing / enhancing the new skill of problem solving activity and technical knowledge of an employee for doing the jobs them self

# **DEFINITION**



Edwin B. Flippo

"Training is the act of increasing the Knowledge and skills of an employee for doing particular jobs".

Mathis & Jackson

"Training is a learning process whereby people learn skills, concepts, attitudes and knowledge to aid in the achievement of goals.

Dale S. Bean

"The organized procedure by which people learn knowledge and skill for a definite purpose"

# Purpose of Training

## **Improved Quality of Work**

Training helps to focus on specific area and develop employee skills. It enables employee to increase the quality of work carried out by them

### **Enhance Employee Growth**

Employees who undergo training becomes good at their job. Imparting new skills helps in performance enhancement of the employees.



### **Prevention of Obsolence**

The employee gets updated with the latest technology and trend. The major purpose of training is to avoid obsolence.

### **Enlightening New Recruits**

New employee can learn the methods of working, techniques, reporting, related tools and equipment used in the job, the work culture of the company etc. with the help of training

# Purpose of Training (2)

# **Improved Safety Measures**

Safety measure to be adopted through a proper training program. This helps to improve safety in the work place and avoid accidents.

### **Motivating Employees**

An employee needs continuous development to move along the career path as per the career planning. Training motivates and instils organizational commitment.

# **Higher Productivity and Profits**

Efficient training improves higher productivity and more profits as the trained employee can apply more skills and techniques at works

#### **Cost Reduction**

Trained employees can utilize the resources in an efficient manner. There is no possibility of wastages of resources and all facilities are used at an optimum level. This will lead to cost reduction

### Purpose of Training (3)

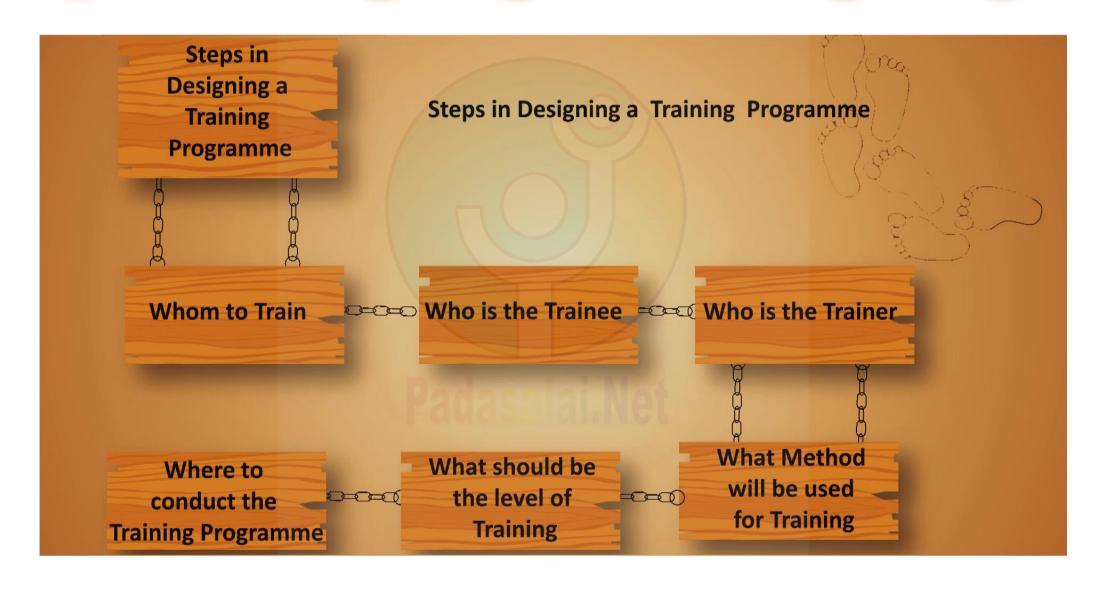
#### **Reduced Supervision**

Trained employees need minimum supervision as they are educated about various aspect of the job in detail at the training program.

#### **Better Adaptability**

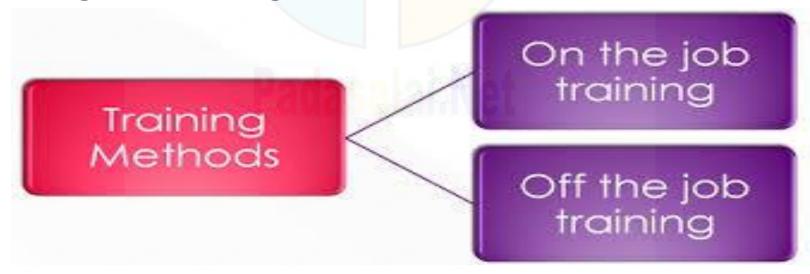
Employees are able to adapt themselves to new technologies and new methods of work which constantly undergoes changes.

# Steps in Designing a Training Program



# Training Methods

- ☐ Various methods of training are used to train the employees.
- ☐ It is varying from one organization to another.
- □ Various factors like skill requirement, qualification of the candidates, cost and time availability and in-depth knowledge should be considered before adopting any given method.
- ☐ There are two principal methods of employee training which are used by the organization as given in the figure.



# Training Methods

#### On the Job Training

- Coaching Method
  - **Mentoring Method**
- Job Rotation Method
- Job Instruction Techniques (JIT)
- Apprenticeship Training Method
- Committee Assignment
  - Internship Training Method

#### **Off the Job Training**

- Lecture Method
- Group Discussion Method
- Case Study Method
- Role Play Method
- Seminar Method
- Field Trip Method
- **Vestibule Training**
- E-Learning
- **Demonstration Method**
- Programmed Ins. Method

### On the Job Training

- On the job training refers to the training which is given to the employee at the work place by his immediate supervisor.
- The employee learns the job in the actual work environment.
- ❖ It is based on the principle of "Learning by Doing and Learning While Earning".



### **Coaching Method**

- ➤ In this method **superior teaches or guides** the new employee about the knowledge and skills relevant to a given job.
- ➤ In this method superior plays the role of coach or guide and an instructor.
- ➤ Under this method the **superior should point out mistakes**/lapses committed
  by the new worker and also advise the
  remedial measures, to trainees.
- > The trainees can clear their doubts then and there



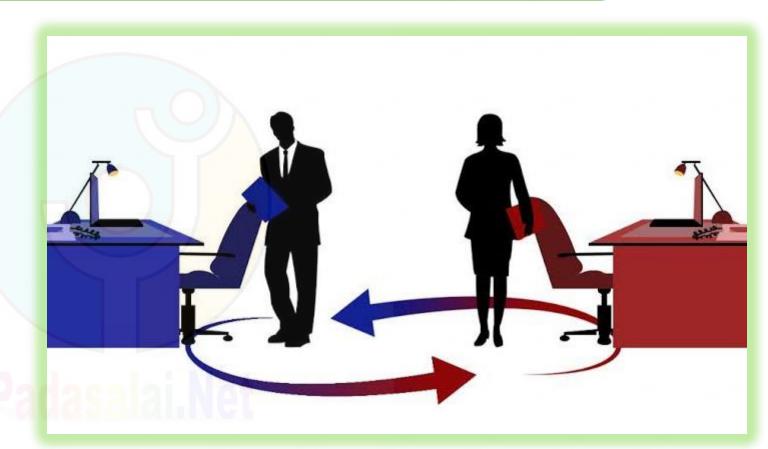
### Mentoring Method

- ✓ It is the process of **sharing knowledge** and experience of an employee.
- ✓ The focus in this training is on the development of attitude of trainees.
- ✓ It is mostly used for managerial employees.
- ✓ It is always **done by senior person**, it is also one-to-one interaction ,like coaching.
- ✓ Besides the mentor is responsible for the providing necessary support to trainees, and feedback on the performance of trainee.



### Job Rotation Method

- ✓ It is an important method for **broadening** the knowledge of executives.
- ✓ Under this method a trainee is periodically **shifted from one work to another work** and from one department / division to another department / division for a particular period of time.
- ✓ The main aim of job rotation is to expose the employee to various inter related jobs.



### Job Instruction Method

In this method, a trainer at the supervisory level gives some instructions to an employees to how to perform his job and its purpose.



# Apprenticeship Training Method

- ❖ The apprentice or trainee learns the job knowledge and skills from the trainer or superior or senior worker.
- Generally the apprenticeship training is given to the technical cader like that Mechanics, Electricians, Craftsmen, Welders, Fitter etc.,
- This duration of this training programme ranges from one to five years.
- The trainee gets the **stipend** during the training period.



### Committee Assignment

When employees are assigned to committee to address a particular issue, they are able to work closely with other members and committee leader. They gain more knowledge by observing and participating in decision making process.



### **Internship Training Method**

- ➤ A superior gives training to a subordinates or understudy like an assistant to a manager or director.
- The subordinates learn through experience and observation by participating in handling day to day problems.
- ➤ Basic purpose of internship training is to prepare subordinate for assuming the full responsibilities and duties



### Off the Job Training

- Off the job training refers to the training which is given to the employee away from the actual work place.
- ❖ Off-the job training comprises of a place specifically allotted for the training purpose which may be near the actual work place, where the workers are required to learn the skills and get well equipped with the tools and techniques that are to be used at the actual work floor



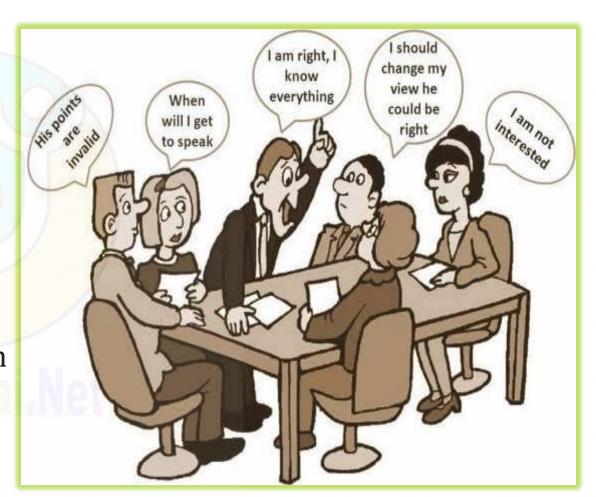
#### Lecture Method

- ❖ In this method trainees are educated about concepts, theories, principles and application of knowledge in any particular area.
- Trainer may be generally drawn from Colleges, Universities, Consultancies, Institutions, Manufacturing concern, Union etc.,
- They impart training effectively by their oratorical skill, knowledge and practical knowledge using audio visual tools.



### Group Discussion Method

- ✓ Group of people participate and discuss particular subject or one topic.
- ✓ Under this method participants are divided into various groups.
- ✓ They were provided a particular issue for deliberation.
- ✓ Each groups has to prepare solution after deep discussion with their group members.
- ✓ The group leader has to present the solution to the audience, which will be discussed or deliberated by other groups.
- ✓ Moderator will give final solution after listening to divergent view points.



### Case Study Method

- ☐ Trainees are described a situations which stimulate their interest to find solution.
- ☐ They have to use their theoretical knowledge and practical knowledge to find solution to the problem presented.
- ☐ There is no single solution to the problem.
- ☐ It may vary depending upon view points of trainees.
- ☐ In short, the purpose of case study method is, to make trainee apply their knowledge.



### Role Play Method

- ➤ Under this method trainees are explained the situation and assigned roles.
- They have to act out the roles assigned to them without any rehearsal.
- Thus they have to assume role and play the role without any preparation.
- The moderator after observing the role played gives his views to the role players.



### Seminar/Conference Method

- 1) This method enables the trainees to listen to the lectures talk delivered on specific topics.
- 2) Provides opportunities to participate, to interact with the speaker and get their doubts clarified.
- 3) Select participants may be allowed to present papers with the audio visual aids as delegates.
- 4) They share their rich experience at the seminar through their papers.
- 5) Thus participants can widen and deepen their knowledge by their active participation at the conference.



### Field Trip Method

- i. In this method, trainees are taken to actual workplace to gain exposure and knowledge.
- ii. They are explained the process of work by supervisor of the facility visited by the participants.
- iii. They are free to clarity their doubts from the organization experts.
- iv. This method helps the trainees to strengthen their theoretical knowledge obtained in a class room environment by practical exposure.



## Vestibule Training Method

- □ Vestibule training is training of employees in an environment similar to actual work environment artificially created for training purpose.
- ☐ This type of training is given to avoid any damage or loss to machinery in the actual place by trainees.
- ☐ It avoid disturbing the normal workflow in the actual workplace.
- ☐ It is given to Drivers, Pilots, Space Scientists etc.,



### E- Learning Method

- ✓ E learning is the use of technological process to access of a traditional classroom or office.
- ✓ E learning is also often referred to us online learning or web based training.
- ✓ E learning training courses can save lakhs and lakhs of rupees to an organizations as they no longer have to pay for over time or costly seminar to improve employees skills.
- ✓ Under this type of web based training is anywhere and any time information can pass over the internet.



### **Demonstration Training**

- ✓ This method is a visual display of how something works or how to do something.
- ✓ Demonstration involves showing by reason or proof explaining or making clear by use of examples or experiments.
- ✓ As an example, trainer shows the trainees how to perform or how to do the task of the job.



# Programmed Instruction Method

- I. Under this method, the subject matter to be learnt is presented in a series of units.
- I. These units are arranged from simple to complex level.
- II. It consists of three parts: Presenting facts, New knowledge and Question and Answer.
- III. Trainee has to read the unit understand the concept and take part in self-evaluation exercise.
- IV. The system provides feedback on the accuracy of response given by trainee.
- V. On the successful completion of each and every unit, he/she will go to subsequent level. If hey forget, they should go back to original information.
- VI. If they do not forget the information they are allowed to go to the next step for learning.
- VII. Programmed instructions is made available in printed form i.e books, table, interactive video and other formats. Besides there are number of other advanced methods of training of the employees which will be taught to students in their higher studies



Basis for Comparison	On the Job Training	Off the Job Training
Meaning	The employee learns the job in the actual work environment.	The employee learns the job out side the actual work location
Cost	It is cheapest to carry out	It requires expenses like separate training rooms, specialist, resources like projectors.
Location	At the work place	Away from the work place
Suitable for		Mostly imparted for managerial and non production related jobs.
Approach	Practical approach	Theoretical approach
Principle	Learning by performing	Learning by acquiring knowledge
Carried out	It is carried out by the experienced employee	Training which is provided by the experts.
Deals with	-	It can more easily deal with groups of workers at the same time.

### **Benefits of Training**



Train to Grow!

#### **Organization**

- It improves the skill of employees
- Enhances productivity and profitability of the entity.
- It reduces wastages of materials and idle time.
- It exposes employees to latest trends.
- It minimizes the time for supervision.
- It reduces labour turnover of employee.
- It improves union and management relation.

#### **Employees**

- It adds to the knowledge skill and competency of employee.
- It enables him to gain promotion or achieve career advancement in quick time.
- It improves the employees productivity.
- It enhances the morale of the employee.
- Employees get higher earnings through incentives and rewards.
- It builds up the confidence of employee by changing his attitude positively towards to work

#### **Customers**

- of product/ service.
- Customers get innovative products or value added or feature rich products.

### ELEMENTS OF MARKETING



Presented by: Ramathilagam M.Com, M.Phil, B.Ed

#### Meaning of Market



• The word market is derived from the Latin word 'Marcatus' which means trade, commerce, merchandise, a place where business is transacted.

#### Definition of Market

• In the words of Clark and Clark "A market is a centre or an area in which the forces leading to exchange title to a particular product operate and towards which the actual goods tend to travel."



#### Need for Market

- To exchange (barter) goods and services.
- To adjust demand and supply by price mechanism.
- To improve the quality of life of the society.
- To introduce new modes of life.
- To develop product by enhancing market segment

#### Classification of Markets



#### On the Basis of Geographical Area



When exchange of goods or services are confined within a family or close members of the family.

#### LOCAL MARKET



 Participation of both the buyers and sellers belonging to a local area or areas, may be a town or village, is called as local market.

#### National Market

#### National Markets

- The same product or service is offered to customers who are spread around the country
- A business may have several (or many) locations in the country in order to reach those customers
- A start-up or small business can be focused on a national market, although it is likely that it will have a very small share of the market



#### International Market or World Market

#### Which International Marketing Strategy?



#### **Centralized Marketing Strategy**

- production and sale of goods from a central location
   rather than utilizing specific marketing offices in each national market, centralized marketers prepare strategies that cover large geographic areas and still take cultural differences into account.
- •cost benefits (economies of scale) often less expensive with much less duplication.



#### **Decentralized Marketing Strategy**

•uses local production facilities, advertising & market research companies, sales reps, etc. to target international markets.
•provides company with close proximity to markets, flexibility to spot and respond to trends and the ability to be sensitive to different cultural customs.

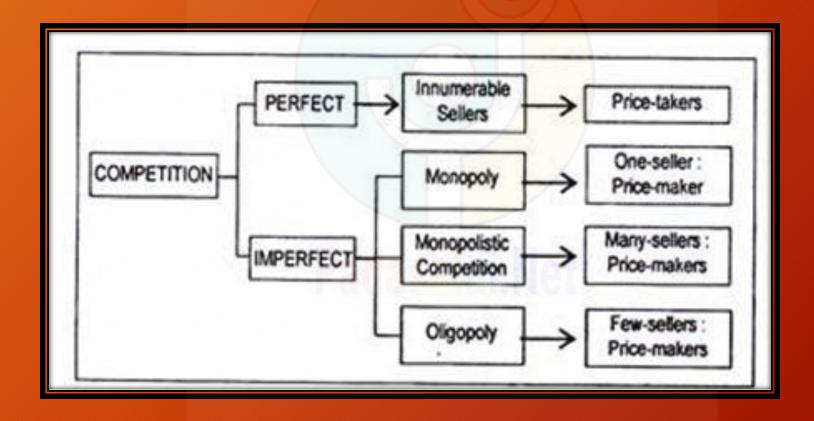


#### On the Basis of Commodities/Goods

#### ON THE BASIS OF NATURE OF COMODITY

- Product Market- Where particular product is bought and sold. E.g. Agri product sold in agri market (krishi Mandi).
- Stock Market- Market where stock and shares, bond, securities debentures etc are bought and sold
- Bullion Market- Market where Silver and Gold are bought and sold. In this market metallic trading takes place.

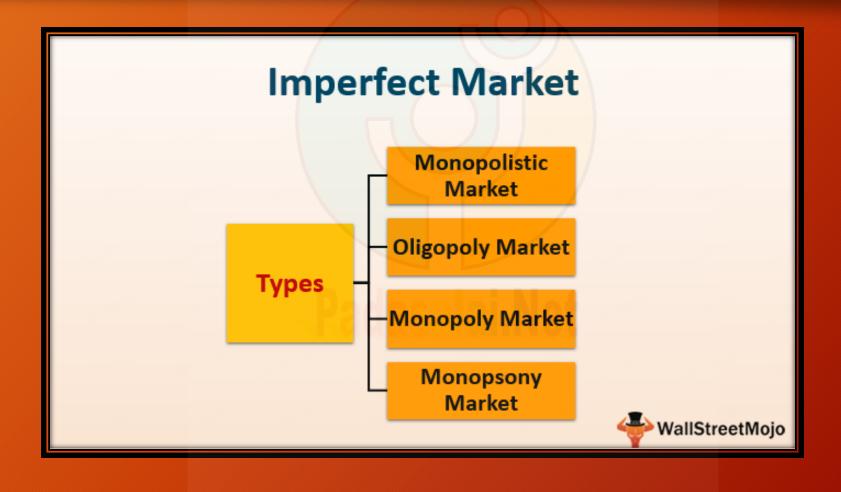
#### On the Basis of Economics



#### Perfect Market



#### IMPERFECT MARKET



### TYPES OF IMPERFECT MARKET

Market Structure	No. of Sellers	Degree of Product Differentiation	Barriers to Entry	Pricing Power of Firm	Non-Price Competition
Monopolistic Market	Many	Differentiated to sell at higher price	Low	Some	Advertising and Marketing strategy
Oligopoly Market	Few big companies	Same type of product	High	some pricing power	Advertising and different products
Monopoly Market	One	Unique products	Very High	Considerable	Advertising
Monopsony Market	Single buyer many sellers	Buyer and seller of unique product	Very High	Price decided by buyers	Negotiation skills for better buy price

#### On the Basis of Transaction

#### i. Spot Market:

In such markets, goods are exchanged and the physical delivery of goods takes place immediately.

#### ii. Future Market:

In such markets, contracts are made over the price for future delivery. The dealing and settlement take place on different dates.

## On the Basis of Regulation

These are types of markets which are organised, controlled and regulated by statutory measures.

**Example:** Stock Exchanges of Mumbai, Chennai, Kolkata etc.



## Unregulated Market

• A market which is not regulated by statutory measures is called unregulated market. This is a free market, where there is no control with regard to price, quality, commission etc. Demand and supply determine the price of goods.

#### On the Basis of Time

#### ON THE BASIS OF TIME ELEMENT

- Very Short- Supply of a Good is limited. Cannot increase the supply. Demand determines the price of such commodities.
- Short Period- Production can be increased.
   Demand plays an important role in price determination.
- 3. <u>Long Period</u>- Supply can be adjusted to the quantity demanded. Supply plays an imp role in price deter. Also called Normal Price.
- 4. Very long- Both demand and supply can be changed. Demand Inc with the inc in tastes, habits, fashion etc. and Supply inc with the inc in

#### On the Basis of Volume of Business

• Retail Market:



• Wholesale Market :



### On the Basis of Importance

- **Primary Market:** The Primary producers of farm sell their output or products through this type of markets to wholesalers or consumers. Such markets can be found in villages and mostly the products arrive from villages.
- Secondary Market: In this market, the semi finished goods are marketed. Here finished goods are not sold. The commodities arrive from other markets. The dealings are commonly between wholesalers or between wholesalers and retailers.
- Terminal Market: It is a central site that serves as an assembly and trading place for commodities in a metropolitan area. For agricultural commodities, these are usually at or near major transportation hubs

### MARKETER



A marketer is a person who identifies a set of potential customers who should be interested in your company's offering.



#### WHAT CAN BE MARKETED?

- Products
- Services
- People
- Events
- Experiences
- Places
- Properties
- Information
- Ideas
- Organizations







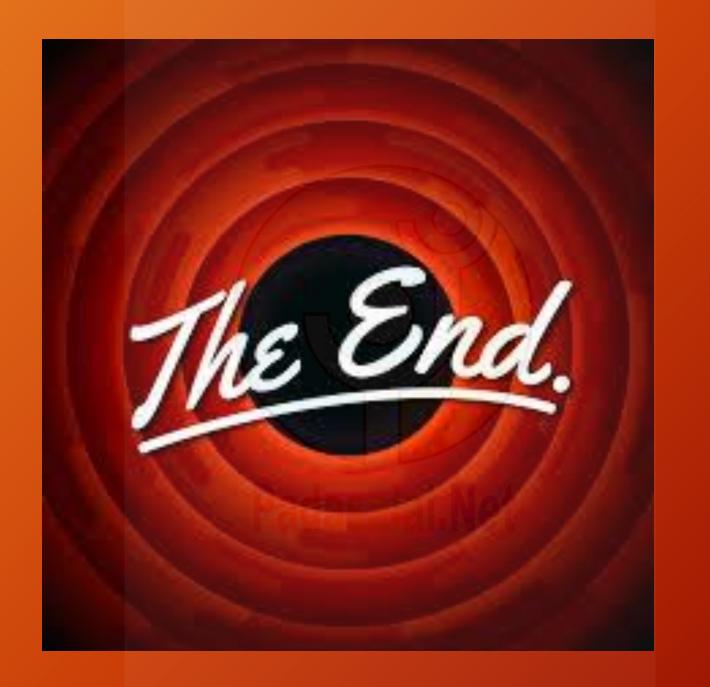






#### Role of Marketer

- INSTIGATOR
- INNOVATOR
- INTEGRATOR
- IMPLEMENTOR



# UNIT-V CHAPTER 14

## MARKETING AND MARKETING Padamix

#### INTRODUCTION

Marketing is one of the business functions for the purpose of satisfying human needs and wants.

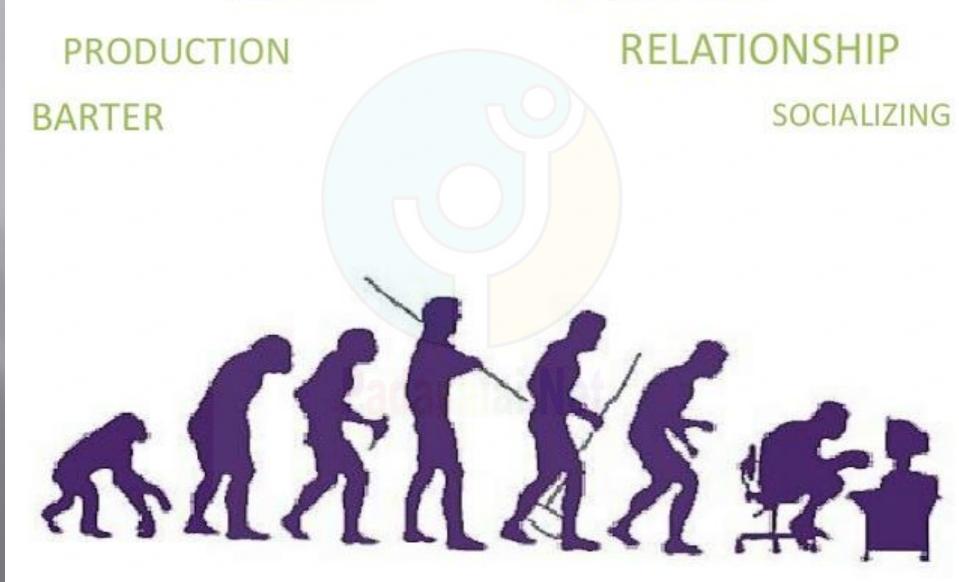
## ANCIENT ART OF MARKETING.....

The traditional objective of marketing had been to make the goods available at places where they are needed.

**This idea was later on changed** by shifting the emphasis from "exchange" to "satisfaction of human wants".

- **Different authors** tried to give suitable definition from their viewpoint.
- Some emphasise on the **traditional view** of producing goods and finding out customers,
- Some emphasise on the **modern view** that marketing must first find out what customers want and then plan a product to satisfy the wants.

## EVOLUTION OF MARKETING



#### **EVOLUTION OF MARKETING**

**BARTER SYSTEM** 

PRODUCTION ORIENTATION

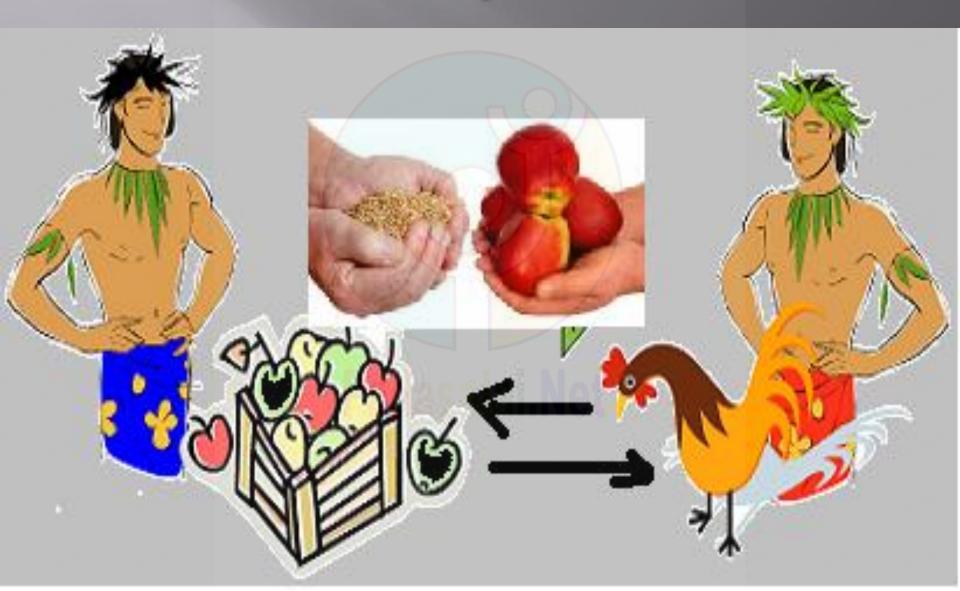
**SALES ORIENTATION** 

**MARKETING ORIENTATION** 

**CONSUMER ORIENTATION** 

MANGEMENT ORIENTATION

## **Barter System**



## BARTER SYSTEM

The goods are exchanged against goods, without any other medium of exchange, like money

## PRODUCTION ORIENTATINON

Concentrated on the mass production of goods for the purpose of profit.

They cared very little about the customers

## SALES ORIENTATION



## SALES ORIENTATION

Sales Orientation is associated with aggressive sale techniques

- Aggressive salesmanship.
- -Effective sales-promotion
- -Advertising and public- relations

#### ....SALES ORIENTATION

The selling became the dominant factor, without any efforts for the satisfaction of the consumer needs.



#### Usually more profits than with product orientation approach

Market

Customer

There may be less innovation than with product orientation

Tries to meet those wants and needs

Determines Orientation wants and needs what the customers want and need need by engaging with them

Outward looking

> **Studies** the market

> > Identifies what the customer

No assumptions are ever made regarding the customer

## MARKETING ORIENTATION

Customers' importance was realised but only as a means of disposing of goods produced.

Business responds to customer needs and wants - designs products accordingly

## Tools of Marketing Orientation to boost sales

Aggressive Advertising

Personal Selling

Large Scale Promotion

## CONSUMER ORIENTATION



## **CONSUMER ORIENTATION**

Highly focused on which are capable of satisfying ......

The tastes, preferences and expectations of the consumers - consumer satisfaction



#### MANAGEMENT ORIENTATION

Co-ordinate all interactions of business activities with the objective of ......

Planning,

Promoting and

Distributing want-satisfying products & services to the present and potential Customers.

## MARKETING CONCEPTS

Marketing Concepts

#### What I can sell?

MAKE WHAT YOU CAN SELL, BUT DO NOT TRY TO SELL WHAT YOU CAN MAKE.

Shall I first create products?

NO, FIRST CREATE A CUSTOMER, THEN CREATE PRODUCTS.

Shall I love my products?

NO, LOVE YOUR CUSTOMERS AND NOT THE PRODUCTS.

Who is supreme in markets?

CUSTOMER IS SUPREME OR KING.

Who will shape my decisions?

CUSTOMER'S PREFERENCES SHAPE YOUR DECISIONS.

## **Definition of Marketing**

"Marketing is concerned with the people and the activities involved in the flow of goods and services from the producer to the consumer".

-American Marketing Association.

## **Definition of Marketing**

"Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying goods and services to present and potential customers."

- WJ. Stanton.

## **Definition of Marketing**

" Marketing includes those business activities which are involved in the flow of goods and services from production to consumption."

- Converse

#### **Objectives of Marketing**

Intelligent and capable application of modern marketing policies.

To develop the marketing field

To develop guiding policies and their implementation for a good result

To suggest solutions by studying the problems relating to marketing

To find sources for further information concerning the market problems

To revive existing marketing function, if shortcomings are found

To take appropriate actions in the course of action

# Importance of Marketing

# Importance of Marketing

To the Society

To the Individual Firms

#### To the Society

Increasing the living standard of people

Connects the producers and consumers

Increases the national Income

**Provides Employment Opportunities** 

Helps to maintain economic stability

Creates modern cultivators

Marketing removes the imbalances of supply

Helps to reduce cost of marketing

#### .....To the Society

#### Helps creation of utilities

- -form,
- place
- time and
- -possession.

Marketing adds value of goods

by changing their ownership and by changing their time and place of consumption.

#### To the Individual Firms

Generates revenue to firms

Marketing information helps to the management for taking decisions on production

Marketing and innovation are the two basic functions of business

Facilities the development of business and creates employment opportunities

#### **Functions of Marketing**



# Functions of Marketing

The delivery of goods and services from producers to their ultimate consumers

# Functions of Marketing

Marketing research

Marketing Planning

Product development

Advertisement and sales promotion

Selling and Distribution

After sale serivices

Public Relation

By G.B. Giles

#### **FUNCTIONS OF MARKETING**

FUNCTIONS OF EXCHANGE FUNCTIONS OF PHYSICAL SUPPLY

FUNCTIONS

By Prof. Clark and Clark

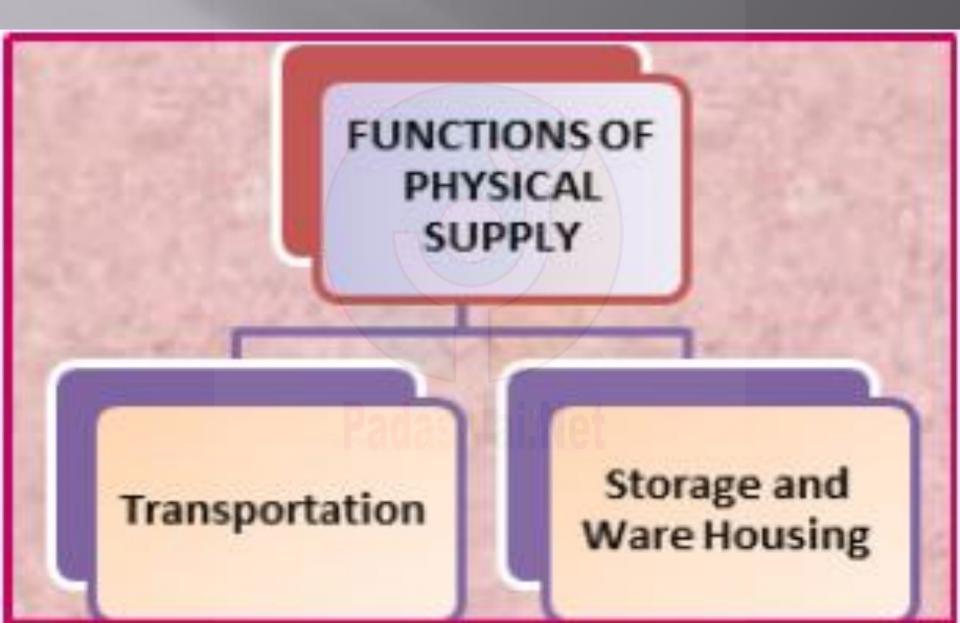
# Functions of Exchange

To transfer of goods and services for money's worth.

#### It can be divided into.....



#### **FUNCTIONS OF PHYSICAL SUPPLY**



#### **Transportation**

Transport means carrying of goods,
materials and men from one place to another

It creates place utility by moving goods from the place where they are available in plenty, to places where they are needed

#### .....Transportation

Various types of transport are used for carrying goods like

- Land transport
- Water transport and
- Air transport

#### Storage

There is a time gap between the production and consumption of goods.

Therefore, there is need for Storage to make the goods available to the consumers and when they are required.

#### Warehousing

Warehouses create time utility by storing the goods throughout the year and releasing them as and when they are needed.

Types of warehouses

Private warehouses
Public warehouses
Bonded warehouses

#### **Facilitating Functions**

Financing

Risk Bearing

Market Information

Standard

Grading

Branding

Packing

Pricing

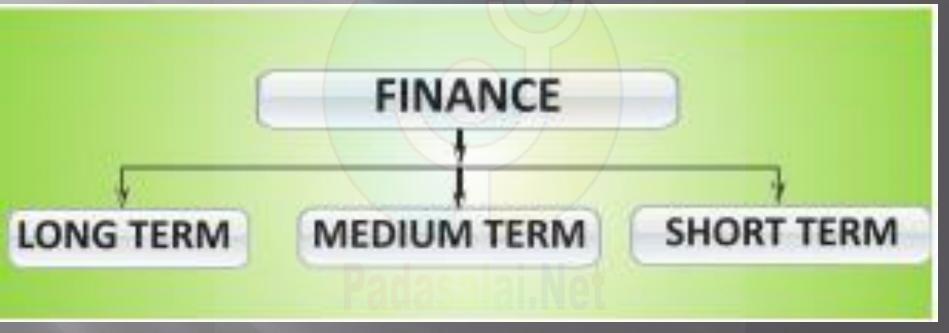
#### **Facilitating Functions**

These functions make the marketing process easy

It includes

financing,
pricing,
risk bearing
standardization and
the market information etc.

#### Financing



Providing necessary Funds to produce without Any interruption

#### Risk Bearing

After the goods are produced and till their disposing to the ultimate consumer, There are lot of risk those are.....



#### **Market Information**

The results of marketing research that are used .....

To plan for future marketing To product development activities.

"All the facts, estimates, opinions and other information used in marketing of goods".

- Clark and Clark

#### **Standardization**

Standardization means establishment of certain standards based on intrinsic qualities of a commodity.

like size, colors, taste, appearance etc.

#### Grading

Grading means the classifying of a **product** by examining its quality.

Example - Good, Better, Best

#### **Branding**

Branding means giving a name or symbol to a product in order to differentiate it from competitive products.

#### **Packing**

To Ensure that consumers receive the product in its original condition

# Pricing

Determining the value of a product and services

#### What is Marketing Mix?

Marketing mix is an important concept of marketing management. The main aim of every business organization is to earn and maximize its profits. For doing so, they concentrate on 4 factors, i.e. Product, Place, Promotion and Price, known as a marketing mix. They are also known as four 'Ps' of the marketing mix.

#### Definition of Marketing Mix

```
"Marketing mix is a pack of four sets of variables namely product variable, price variable, promotion variable and placevariable".
```

- Mr. Jerome McCarthy,

## Elements of Marketing Mix



# Elements of Marketing Mix

Product

• A Product is anything that can be offered to a market.

Price

• Price is the value of a product expressed in monetary terms

Place

• Movement of products from the place of manufacture to the place of consumption the at right time.

Promotion

• It's a set of activities to share knowledge about a product or service.

#### Advertising is the tool of Promotion



# Marketing Mix Matrix

Traditional

Marketing Mix

Four Ps

- Product
- Place
- Promotion
- Price

Modern
Marketing Mix
Four Ps

- People
- Process
- Programs
- Performance

# Marketing Mix Matrix

The 4P Matrix is that marketing decisions usually fall into four controllable categories principle of the : product, place, price and promotion. Carefully positioning your product in each category will generate the greatest response market. your target from

### 4Ps





#### COMMERCE CHAP-15

# RECENT TRENDS IN MARKETING



With the guidance of

Mrs.A Elizabeth Rani
P.G.Asst in
Commerce and
Accountancy

Rosary Matriculation Hr Sec School, Chennai

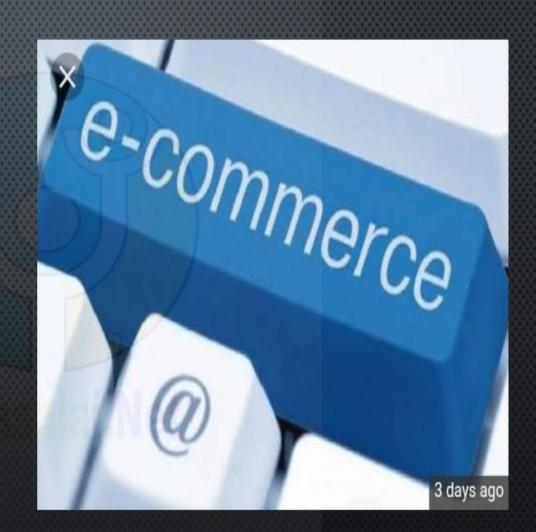
By Nivedita Niral Yuvalakshmi



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#### E-COMMERCE

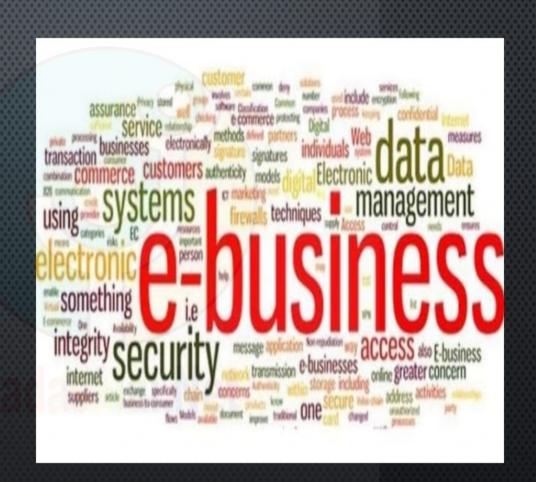
IT REFERS TO
 BUYING AND
 SELLING ONLINE .
 ALL THE
 TRANSACTIONS ARE
 DONE ONLINE.





#### E-BUSINESS

IT REFERS TO A
COMPANY WHICH
DOES ITS TRANSACTIONS
THROUGH THE INTERNET.



#### WHAT IS E BUSINESS?

- E business production or purchase and sale of goods undertaken with an objective of earning profit through satisfaction of human wants.
- In simple words if all the business transactions carried out through the internet and other online tool is called e buisess.



## Difference Between e-Commerce and e-Business

eCommerce	eBusiness
Ecommerce involves commercial transactions done over internet.	Ebusiness is conduct of business processes on the internet.
Ecommerce is use of electronic transmission medium that caters for <b>buying and selling</b> of products and services.	In addition, Ebusiness also includes the exchange of information directly related to buying and selling of products.
Thus, Those activities which essentially involve monetary transactions are termed as "e-commerce".	In addition it includes activities like procurement of raw materials or goods, customer education, looking for suppliers etc.
Ecommerce usually requires the use of just a <b>Website</b> .	Ebusiness involves the <b>use of CRM's</b> , ERP's that connect different business processes.
Ecommerce involves the mandatory use of <b>internet</b> .	Ebusiness can involve the use of <b>internet</b> , <b>intranet or extranet</b> .



#### E-MARKETING

#### IIT REFERS TO PROMOTING PRODUCTS THROUGH ONLINE.



#### DEFINITION

"E-MARKETING IS ACHIEVING MARKETING OBJECTIVES THROUGH ISE OF DIGITAL TECHNOLOGIES LIKE INTERNET, WORLD WIDE WEB,

MEDIA AND MANAGEMENT SYSTEMS (E-CRM)".



#### **OBJECTIVES**:

- Expansion of Market share.
- Reduction of <u>distribution</u> and <u>proportional</u> expenses.
- Achieving <u>higher</u> brand awareness.
- Strengthening <u>database</u>.

#### ADVANTAGES:

- It provides <u>24/7</u> services to its users.
- It has <u>direct</u> <u>contact</u> with its customers.
- Products are at a cheaper price
- Customers can buy whatever they want to buy.

#### **DISADVANTAGES:**

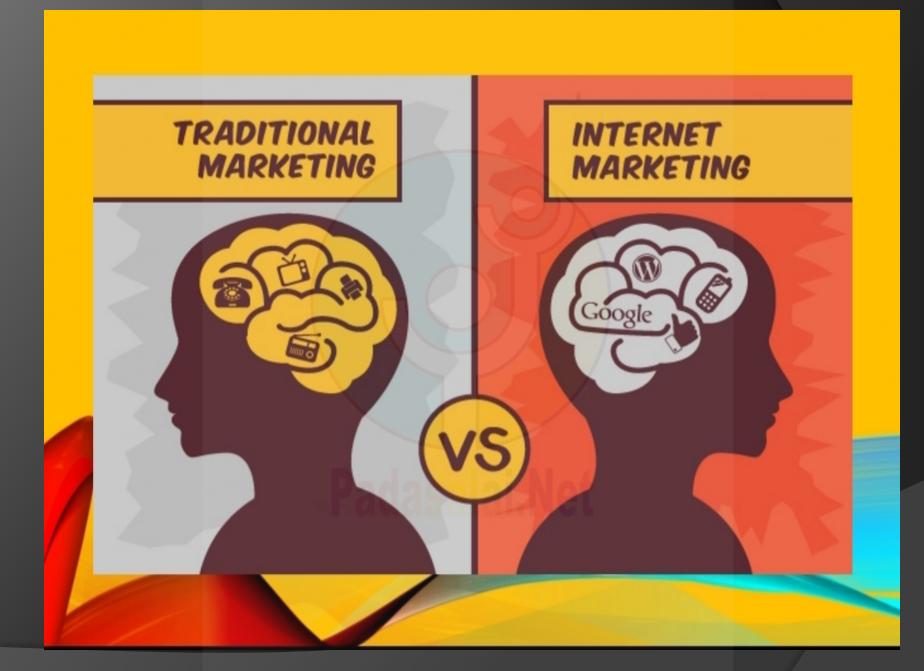
- E Marketing is of <u>high cost</u> since the companies have to spend more to advertise the products
- Its <u>not</u> suitable for small scale industries
- Companies <u>hardly update</u> their information on their websites.
- Customer have <u>fear</u> of using their <u>credit</u> <u>card</u> because they are suspicious about their security.

## **EXAMPLE FOR E MARKETING:**



SHEIN







MAGAZINES





#### **Traditional**

#### Includes...

- Print media
   (newspaper and magazine ads, newsletters, brochures and other printed material)
- Broadcast media
   (such as TV and radio ads)
- Direct mail (including fliers, post cards, catalogs)
- Telemarketing

- Proven techniques with high success rate
- Long-standing initiatives that the public already understands
- Metrics for measuring success

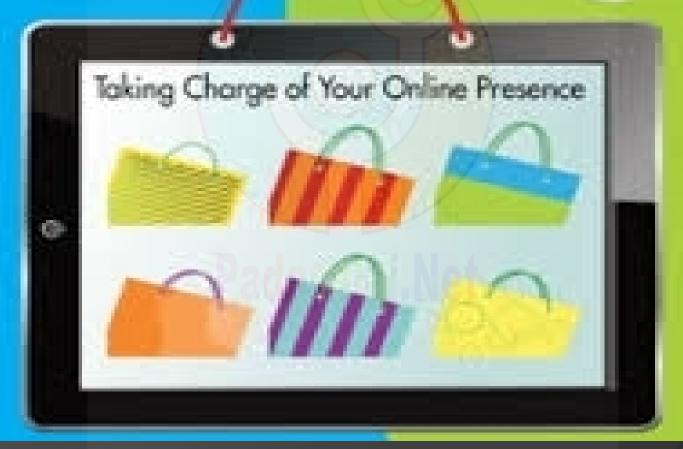
#### <u>Digital</u>

Includes marketing efforts anchored on electronic devices such as--

- Websites
- Social networking sites
- Content marketing
- Banner ads
- Google ads
- Video marketing

- Cost-efficient methods of marketing
- Unprecedented audience reach
- Allows direct response from intended audience

# eTailing



#### WHAT IS E-TAILING?

- E- tailing or electronic retailing refers to the sale od goods and services through shopping websites or internet to the ultimate consumer.
- It is a business 2 consumer (B2C) transaction model.
- It is also called as online retailing.

#### **EXAMPLE FOR E TAILING:**





#### GREEN MARKETING

- 1. IT IS MARKETING OF ECO FRIENDLY PRODUCTS
- IT IS ALSO KNOWN AS ECOLOGICAL MARKETING AND ECO FRIENDLY MARKETING
- 3. WHILE SELLING THE PRODUCTS , COMPANIES SPREAD AWARENESS ABOUT THE IMPACT OF HARMFUL POLLUTANTS



## SERVICE MARKETING

TAKE THE MULTICHANNEL APPROACH











#### What is service marketing?

- A service is any <u>activity</u> or <u>benefit</u> that one party can offer to another which is <u>intangible</u> and <u>does</u> <u>not</u> result in <u>ownership</u>.
- It denotes the processing of selling good like <u>banking</u>, <u>tourism</u>, <u>insurance</u> etc.

### SERVICES MARKETING

## FOOD and ENTERTAINMENT SERVICES





# VIRAL WORD-DF-MOUTH MARKETING

EAMPAIGN

#### VIRAL MARKETING

- IT IS A TECHNIQUE WHERE A MESSAGE IS PASSED FROM ONE PERSON TO ANOTHER
- 2. THE INFORMATION SPREADS FROM ONE PERSON TO ANOTHER LIKE A VIRUS
- 3. EG:YOUTUBE-HERE THE VIDEOS FROM YOUTUBE ARE SHARED ON FACEBOOK EVEN TWITTER.
- 4. THE PRODUCTS GO SO VIRAL THAT PEOPLE END UP BUYING THE PRODUCTS.
- 5. EG:HOTMAIL

## **EXAMPLE for VIRAL MARKETING:**







#### GUERRILLA MARKETING

- 1. IT IS AN UNCONVENTIONAL SYSTEM OF PROMOTION
- 2. COMPANIES DISPLAY BIG POSTERS IN ARES WHERE LARGE NUMBER OF PEOPLE GATHER TOGETHER.

3. EG:EA MALLI.IT DISPLAYS BIG POSTERS OF THE PRODUCTS FOR PROMOTION PURPOSE.



DEMOGRAPHICS AUDIENCE SEGMENT SPECIFIC PRODUCT ARKE DS H RANGE SPECIALIZED

#### > What is niche marketing?

- The <u>business</u> of <u>promoting</u> and <u>selling</u> a product or service to a <u>specialized</u> <u>segment</u> of a market.
- It aims at being a big fish in a small pond instead of being a small fish in a big pond.



## EXAMPLES FOR NICHE MARKET:



## Social Marketing



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### SOCIAL MARKETING

SOCIAL MARKETING IS A MARKETING TOOL. IT IS A SYSTEMATIC APPLICATION OF MARKETING PHILOSOPHY AND TECHNIQUES TO ACHIEVE SPECIFIC BEHAVIOR GOALS WHICH ENSURE SOCIAL GOOD.

## **COVID** - 19

DUE TO COVID 19 THE INDIAN GOVERNME FORCES THE PEOPLE TO WEAR MASKS AND HENEVER THEY GO





### EXAMPLES

#### FOR EXAMPLE,

- 1. ASKING PEOPLE TO NOT TO SMOKE IN PUBLIC AREAS.
- 2 . ASKING PEOPLE TO WEAR SEAT BELTS WHILE DRIVING .

SOCIAL MARKETING PROMOTES THE CONSUMPTION OF SOCIAL DESIRABLE PRODUCTS AND DEVELOPS HEALTH.

## Rural Marketing



#### >What is rural marketing?

- Rural marketing is the process of developing, pricing, promoting and distributing specific goods and services with rural customers to satisfy their needs and wants.
- People sell products at a lower price.





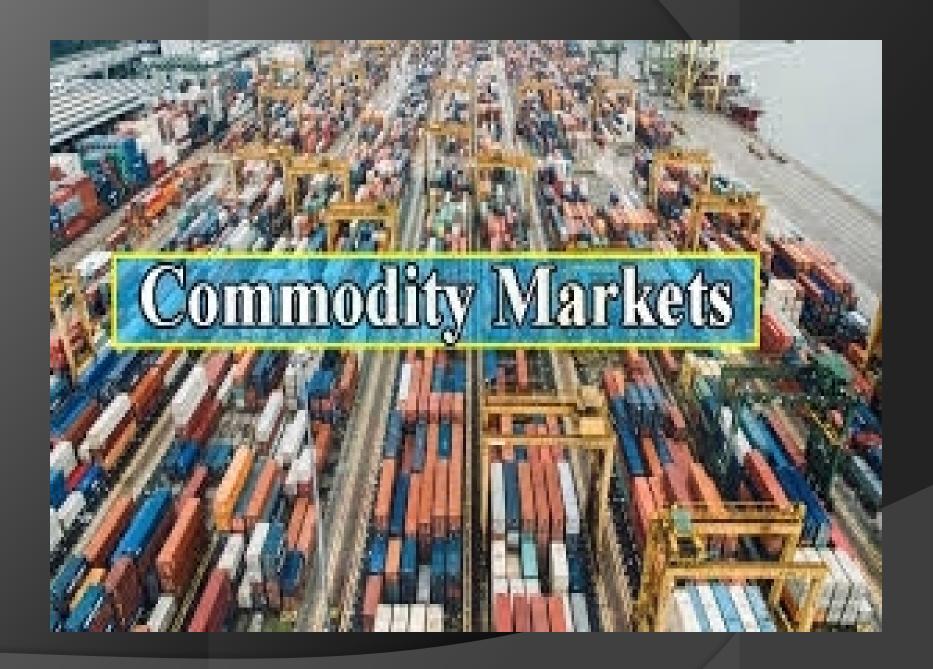


#### **RURAL MARKETING IN INDIA**









### **Commodity Market**



Cattle, pigs, coffee, corn, soybeans, sugar, metals, oil

Where we buy and sell commodities

## COMMODITY MARKET

A commodity market is a physical or virtual market place for buying and selling and trading raw or primary products. There are about 50 major commodity markets worldwide.



### TYPES OF COMMODITY

Commodities are split into two types hard and soft commodity.

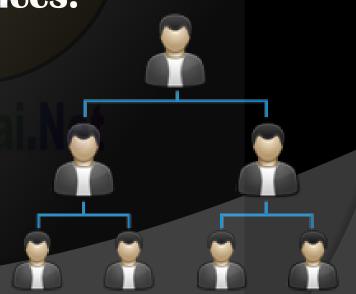
Hard commodities are natural resources that must be mined or extracted, such as gold, rubber and oil.

Soft commodities are agricultural products or livestock such as corn, wheat, coffee and meat.



#### What is Multilevel Marketing?

• Multilevel Marketing is the marketing strategy wherein the sales companies encourages its <u>existing distributors</u> to <u>recruit new distributors</u> to facilitate the sale of goods and services.





# AMBUSH MARKETING

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### AMBUSH MARKETING

Ambush marketing is a new technique Where a particular advertiser seeks to connect his product to the event in the minds of potential customer. It is done without paying sponsoring expenses to the event in other words it is a method of building brands in covert ways.

# MARKETING

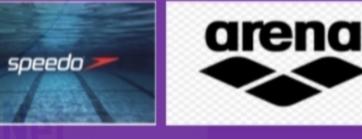
As it is given we are all witness in the picture ambush marketing can also be done by sponsoring famous personalities in various fields to develop their sale by urging people to buy their products by using this sponsorship.



# EXAMPLE

Michael Phelps he is an Olympic swimmer who won 26 golds in Olympics. Being the no.1 in swimming field he is the ambassador of the most exclusive brands such as,

SPEEDO
ARENA
NIKE &
UNDER ARMOUR













## EXAMPLE

DWAYNE JOHNSON THE ROCK, HE IS A FAMOUS PERSONALITY IN HOLLYWOOD WHO IS AN AMBASSADOR OF UNDER ARMOUR AND THE BRAND FACE OF WWE, (WORLD WIDE ENTERTAINMENT).







#### > What is content marketing?

- Content marketing is said to be the art of <u>communicating</u> with <u>customers</u> and prospects <u>without</u> <u>selling</u>.
- It provides content which helps to attract audience.



# **EXAMPLE FOR CONTENT MARKETING:**

# the shape of samosa

an eternal love story between a potato and you

zomato

the only lood app you'll ever need

#### Urvasi, Urvasi take it cheesy Urvasi

love things extraaaa cheesy? get food the way you like it

order food online on **ZOMato** 

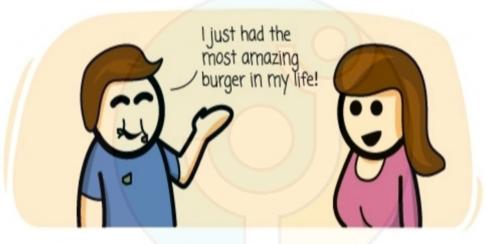




### REFERRAL MARKETING

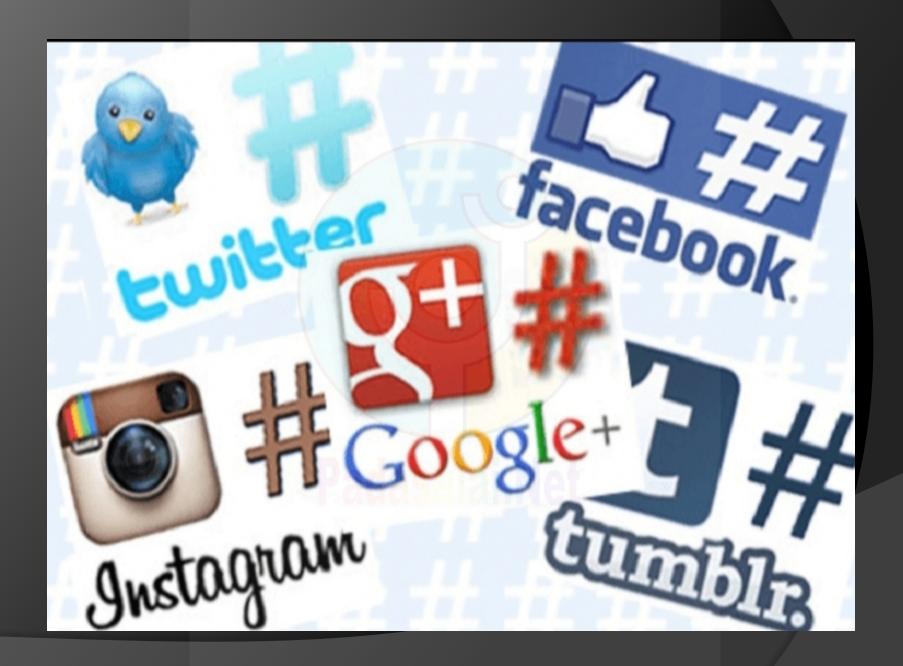
REFERRAL MARKETING IS REFERRED TO SPREADING THE WORD ABOUT A PRODUCT OR SERVICE THROUGH EXISTING CUSTOMERS OF BUSINESS ENTERPRISE . IT IS KNOWN AS THE "WORD OF MOUTH"

Naturally, we all tend to share our experiences with our friends.



Humans intuitively understand Referrals.

We're wired to!



#### 13 trends in marketing

- E TAILING
- GREEN MARKETING
- RURAL MARKETING
- COMMODITY MARKETING
- SOCIAL MARKETING
- VIRAL MARKETING
- AMBUSH MARKETING
- GUERRILLA MARKETING
- CONENT MARKETING
- SERVICE MARKETING
- MULTILEVEL MARKETING
- NICHE MARKETING
- REFERRAL MARKETING

