

INTERACTION BETWEEN GOVERNMENT & BUSINESSES

What is a Government & what are the types of Government's found?

Definition

- This is the **ruling authority of a country appointed by the people of that country**. It prepares rules, regulations & controls the economy

Types of Governments

- Democratic
- Socialist
- Monarchy
- Mixed

What are the reasons for a government to control businesses?

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What are the “Economic Aims” of the Government?

Economic Development	Economic Growth
Full Employment of Resources	Fair Income Distribution
Economic Efficiency	Price / Economic Stability
External Stability	Quality Environment
Economic Freedom	Economic Security

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What are a Business' Responsibilities towards a Government?

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What are the roles of a Government?

Customer

- The govt **purchases large no of products from the private sector** & thereby being a customer. Ex-

Competitor

- The govt **creates competition by involving in business activities** as the private sector. Ex-

Regulator

- The govt **controls all businesses & its activities** through departments, boards, commissions, tribunals etc. Ex-

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Incentive Provider

- The govt **provides certain benefits, concessions & incentives** to the private sector mainly for encouragement. Ex-

Infrastructure Provider

- The govt **provides a wide range of infrastructure facilities & services** needed by businesses to exist & function. Ex-

Tax Agent

- The govt **imposes & collects taxes** from businesses & individuals based on various criteria. ex-

Policy Maker

- The govt **formulates, implements & controls policies** for nation's economic development. Ex-

The Government organizations controlling Business sectors are;

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What are the Economic Policies of the Government?

Fiscal Policy

- The govt's policy on **tax & public expenditure** implemented through the annual budget.
- Objective - **Macro Economic Stability**

Monetary Policy

- The govt's policy on **interest rates & money supply** implemented through the annual budget.
- Objective - **Price Stability**

Other Policies

- Foreign Trade Policy
- Supply Side Policy
- Income Policy
- Direct Control Policy

What are the Fiscal Policy Instruments used?

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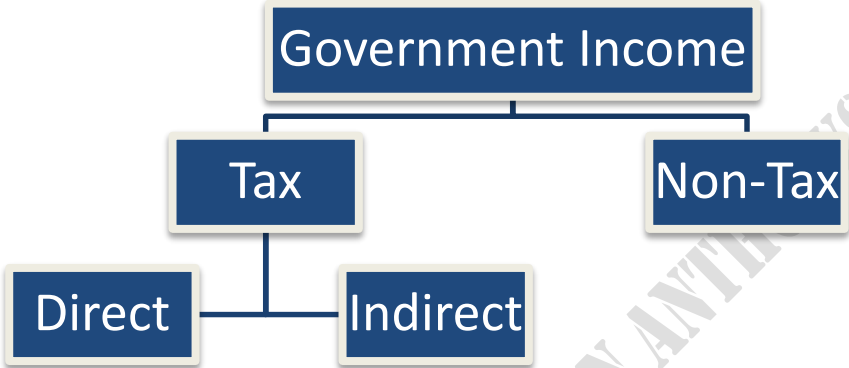
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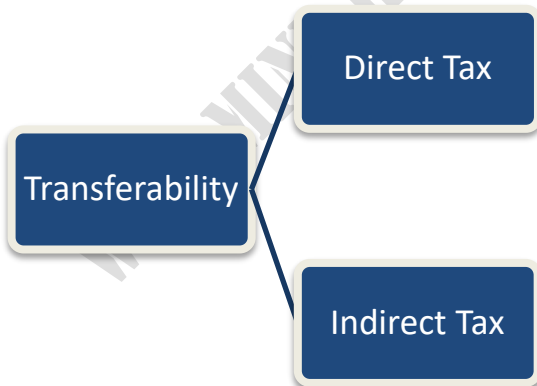
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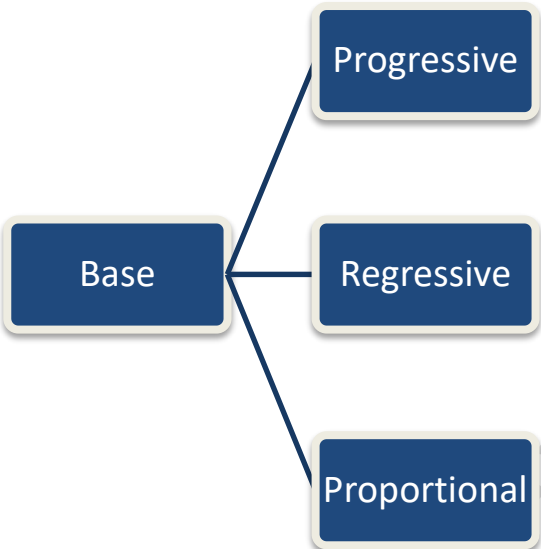
What is Government income & what are the sources of it?



How to classify Taxes?



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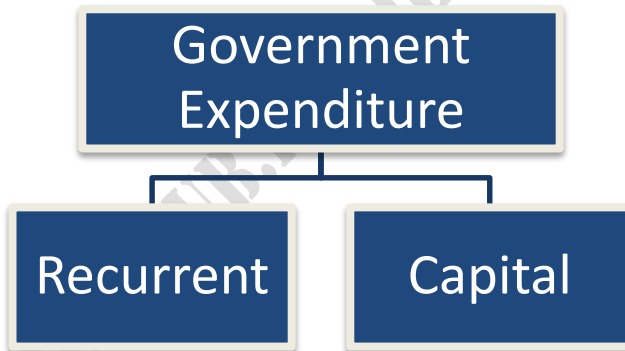
What are the Government organizations collecting different types of taxes?

Government Organization	Type of Taxes collected
Department of Inland Revenue	
Department of Customs	

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Department of Excise	
Department of Motor Traffic	
Provincial Councils	
Local Authorities	

What is Government Expenditure & how to classify it?



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What are the Government's intentions on imposing taxes?

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What is VAT?

Definition

- The tax charged on **every new level of value addition** on a product in production & distribution

Charged from

- Immediate next customer / buyer

Collection authority

- Department of inland revenue

Taxes abolished

- GST
- NSL

Types

- Input VAT
- Output VAT

How to classify Government Infrastructure?

Government Infrastructure

Social Infrastructure

Investment of the govt to provide capital goods towards developing the well-being, health, nutrition, education etc.

Economic Infrastructure

Investment of the govt to provide capital goods to ease economic activities.

What are other different types of taxes found?

Income Tax

- The tax charged from a person or organization's earnings.

Debit Tax

- The tax charged from a person or organization when withdrawing money from the bank.

Withholding Tax

- The tax charged on the interest income from deposits in banks & finance institutions

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Assesment Tax

- Tax charged by local authorities on immovable property within its area of control.

CESS Tax

- Special tax or charge (levy) by the customs dept on mainly imports.

Customs Duty

- The tax charged on a product by customs dept at the point of production, import or export

Excise Duty

- The tax (levy) charged on alcohol & tobacco.

What are the effects on Businesses from Taxes?

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What are the Steps taken by the Government to ensure Consumer Protection?

1. Introduce laws & acts for consumer protection
2. Setting up Government organizations relating to Consumer Protection
3. Implementing market based Consumer Protection mechanisms
4. Implementing industry based Consumer Protection programs
5. Encouraging the setting up of consumer societies
6. Promoting consumer education
7. Interference in the market supply

What are the steps that can be taken by a Businesses to ensure Consumer Protection?

- Establish & follow a business code of ethics system
- Setting up a customer service unit within the business
- Attention & management towards customer complaints
- Gathering customer feedback
- Obtaining international standards
- Creating accountability within the business
- Creating transparency within the business
- Try to achieve “Quality Leadership”
- Presenting products under a brand
- Issuing warranty certificates
- Stating correct information in the label

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What are the steps that can be taken by a Customers to ensure Consumer Protection?

- Purchasing SLS & ISO standardized products
- Go through the label information before buying
- Purchasing products with a reputed brand
- Purchasing from trustworthy sellers
- Setting up consumer societies
- Complaining to CAA regarding trade mal-practices
- Understanding consumer rights

What are Consumer Rights?

Consumer Rights

- The published right of a customer to certify that he receives a reasonable satisfaction for the price he pays

John F. Kennedy

- For safety & Security
- To get information
- To make a choice
- To be heard

Consumer International

- To fulfill basic needs
- To receive compensation
- For knowledge & education
- To live in a healthy environment

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What is Consumer Education?

Consumer Education

- The acquisition of the required knowledge & skills to function as an intelligent consumer

Why is Consumer Education so important?

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What are Consumer Responsibilities?

Consumer Responsibilities

- Working towards protecting & ensuring consumer rights

Critical Awareness	
Take Action	
Social concern	
Environmental concern	
Solidarity	

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What are the organizations that ensure Consumer Protection?

Local	International
Consumer affairs authority	Consumer International
Consumer affairs council	International standards
Sri Lanka standards institution	organization (ISO)
Department of measurement units, standards & services	United Nations (UN)
Department of health services	
Central environmental authority	
National dangerous drug control board	
Provincial councils	
District & divisional secretariats	

What is Consumer Affairs Authority (CAA)?

This is the government set up organization responsible for ensuring consumer rights & creating fair competition in Sri Lanka. It was incorporated under “Consumer Affairs Authority Act no-9 of 2003” which came into effect from 17th of March 2003. The CAA is being controlled by the Ministry of Industries & Commerce.

What are the Aims, Intentions & Objectives of CAA?

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What is Consumer Affairs Council?

This is a special council established under the consumer affairs authority act no-9 of 2003 to inquire & investigate all customer complaints regarding violation of law or unethical trade behavior.

It consists of 3 members who are Expert in commercial law, Expert in business management, Economist experienced in trade practices & consumer affairs. One of the above will be the chairman appointed by the minister. Additionally a secretary will be appointed.

What are the Acts relating to Consumer Protection in Sri Lanka?

- ✓ Consumer Affairs Authority Act no-9 of 2003
- ✓ Food control act no-26 of 1980
- ✓ Measurement units, standards & services act no-35 of 1995
- ✓ Incense, equipment & drugs act no-27 of 1980
- ✓ Sri Lanka standards institution act no-6 of 1984
- ✓ National environmental act no-56 of 1988
- ✓ Price control act no-29 of 1950
- ✓ Fair trade commission act no-1 of 1987
- ✓ Consumer protection act no-1 of 1979

Note –

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What are the duties of a Trader as per CAA act?

- ✓ Selling a quality product
- ✓ Selling products at a reasonable price
- ✓ Providing the required information
- ✓ Issuing a receipt for payments made
- ✓ Fulfilling any promises made
- ✓ Not involve in business mal-practices
- ✓ Disclosing any important information
- ✓ Obliging with price limit conditions
- ✓ Displaying the price list

What are Specified Products as per CAA act?

As per the consumer affairs authority act no-9 of 2003, section 18, the following goods are considered as specified or essential category. The prices of those goods cannot be increased without the prior permission from the CAA. Those goods are; Milk powder, chicken, gas, rice, cement

What are the information to be displayed as per CAA act?

Receipt	Label

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What is Sri Lanka Standards Institution (SLSI)?

This is the national organization set up by the government of Sri Lanka & incorporated under “Sri Lanka standards institution act no-6 of 1984” in order to promote & implement standards & quality management & control systems amongst organizations in Sri Lanka.

This is also the country representative to the “International organization for standards” better known as ISO & comprises of a chairman, director general & 11 members appointed by the minister of Science, technology & research. (Affiliated to ministry of science, technology & research)

What are the aims & objectives of SLSI?

- ✓ Preparing & implementing standards
- ✓ Promoting standards & quality control systems
- ✓ Inspecting local & imported products on quality & standards
- ✓ Maintaining laboratory & library facilities on standards & quality control
- ✓ Providing research facilities on standardization & quality control
- ✓ Implementing a standards symbol system
- ✓ Working together with international standards & related organizations
- ✓ Providing education, consultancy, encouragements on standards

What are the roles & functions of SLSI?

- ✓ Preparing standards
- ✓ Implement standards
- ✓ Promoting standards
- ✓ Sale of standards
- ✓ Certifying products
- ✓ Conducting training programs on standards

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- ✓ Lab facilities for tests & examinations
- ✓ Presenting the Sri Lanka national quality award
- ✓ Improve consumer education
- ✓ Inspecting imports & exports

What are the benefits for a nations from Standards?

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What is a Standard & what does it stand for?

Standard

- A certification issued to the public by a locally, regionally or internationally accepted institution regarding a product, process, system or a combination of them on quality, efficiency, effectiveness, productivity, eco-friendly etc

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What is Standardization? What are its objectives & benefits?

Standardization

- The **process of making something confirm to a standard**. Preparing, issuing & implementing standards are its main components

Objectives	Benefits
+	+
+	+
+	+
+	+
+	+
+	+

What are the levels of Standardization?

- Personal standards
- Organizational standards
- Industry standards
- National standards
- Regional standards
- International standards

How SLSI implements standards in Sri Lanka?

- Voluntarily
- By issuing certified symbols
- By inspecting exports (pre-export inspections)
- By inspecting imports
- By inspecting seafood prepared for export

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What are the Standards available at SLSI?

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What is SLS?

This is the certified symbol issued by SLSI to certify that the product has been produced in line with the standards issued by SLSI. Here the 3rd party who is the customer is being certified of product quality by SLSI. Therefore a product bearing SLS symbol is safe for consumption.

To receive this certification, an organization must fulfill 12 requirements stated in ISO 9001:2015 Quality standards system.

What are the 12 conditions to be fulfilled to obtain SLS certification?

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What are the steps followed when awarding the SLS certification?

- 1. Receiving an application requesting for SLS
- 2. Preliminary factory inspection by SLS inspectors
- 3. Reporting on the quality control system & obtaining samples
- 4. Factory inspection by SLSI approved committee
- 5. Agreement to adhere to conditions stated by SLSI
- 6. Receive approval to use SLS.

What are the benefits of SLS to a producer, consumer & the nation?

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What is Intellectual Property?

Intellectual
Property

- The ultimate output or property resulting from human creativity. It is a **creation of the mind** & can be a concept, idea, literature, computer program or any other artistic or creative work which is definable, measurable & proprietary in nature & mostly not physical

ACT –
Authority –

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Patent Right

- the license or protection issued by the government for a new invention made by an individual or organization which is valid for 20 years

Ex-

Copy Right

- the right to make copies of a creative work of a person or organization. It grants total authority to produce, re-produce, publish, exhibit, rent & translate such creation

Ex-

Trade Mark

- a registered name, mark, symbol, design or a mix used to differentiate itself from others. Once registered, the owner's rights over it are protected, where no one else can use it without prior permission

Types-

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Questions – Past Papers

The following questions are from the past papers which should be answered as per the marks allocated for each;

Year	MCQ's	Other Questions
2000		
2001		
2002		
2003		
2004		
2005		
2006		
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2012		
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2014		
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2020		

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Student's Notes

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Dilon Anthonys