

CHAPTER III**GOVERNMENT
&
BUSINESS**

3.1 How a Government can influence?

3.2 Economic Aims of the government

3.3 Fiscal Policy

3.4 Monetary Policy

3.5 Consumer Protection

**3.6 Government institutions for Consumer
Protection**



Concepts & Issues that emerge from the content

- ❖ How a Government can influence?
 - + Introduction to government
 - + Ways & methods of influencing businesses
 - + Roles of the Government
- ❖ Economic aims of the government
 - + Social economic aims of the government
 - + Business' contribution towards achieving those aims
 - + Importance of inter-relationship
- ❖ Fiscal policy
 - + Introduction to Fiscal policies of the government
 - + Its impact on businesses
- ❖ Monetary policy
 - + Introduction to Monetary policies of the government
 - + Its impact on businesses
- ❖ Consumer protection
 - + Introduction & importance of consumer protection
 - + Consumer rights
 - + Consumer responsibilities
- ❖ Government institutions towards consumer protection
 - + Consumer affairs authority
 - + Sri Lanka standards institution

"Winning is not a sometime thing; it's an all-time thing. You don't win once in a while, you don't do things right once in a while, you do them right all the time. Winning is a habit & unfortunately so is losing"

– Vince Lombardi



ECONOMIC AIMS OF THE GOVERNMENT

What are the Economic Aims of the Government?

1. Economic Development

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2. Economic Growth

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3. Full Employment of Resources

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4. Fair Income Distribution

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5. Economic Efficiency

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6. Price / Economic Stability

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7. External Stability

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8. Quality Environment / Sustainable Development

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9. Economic Freedom

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10. Economic Security

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11. Positive International Trade

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How can Businesses contribute to achieve the Government's Economic Aims?

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GOVERNMENT INFLUENCE ON BUSINESSES

How can the Government influence Businesses?

Based on the current mixed economy system, the role of the government is very broad. These roles can have a direct as well as indirect impact on businesses. Some of those roles can be;



1. Government as a Customer

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2. Government as a Competitor

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3. Government as a Regulator

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4. Government as an Incentive Provider

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5. Government as an Infrastructure Provider

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6. Government as a Tax Agent

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7. Government as a Policy Maker

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What are Economic Policies of the Government?

Economic policies are the instruments / tools used by the government to achieve its economic aims & objectives. The economic policies used by the government of Sri Lanka can be;

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Note –

FISCAL POLICY

What is Fiscal Policy?

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Here the government will control taxation, government expenditure, government loans etc affecting the economy.

The main responsibility of preparing the fiscal policy is with the Ministry of Finance or Government Treasury” & needs the approval from the parliament. Fiscal policy is referred by other terms like; budget policy, tax policy, state finance policy etc.



The Objective of the Fiscal policy can be;

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What are the instruments / tools used to implement the Fiscal Policy?

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How will the Fiscal Policy affect Businesses?

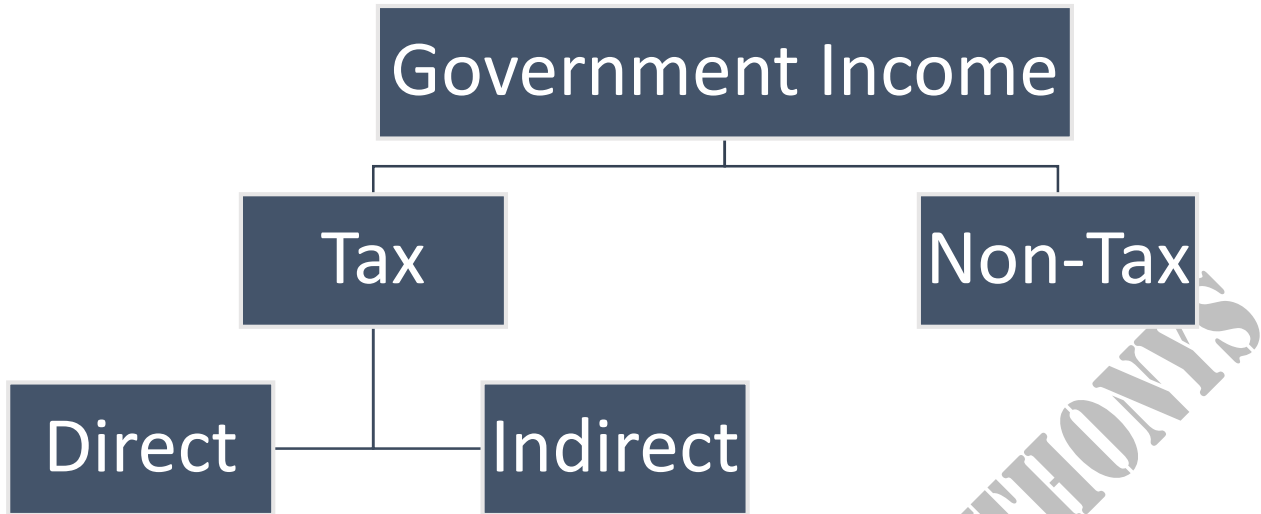
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What is Government Income?

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The income earned will be used to cover the government’s expenses that arises during its functioning.
 The government’s income can be mainly classified as follows;





What is Tax?

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Taxes are involuntary fees levied on individuals or corporations and enforced by a government entity, whether local, regional or national, in order to finance government activities. In other words; a charge usually of money imposed by authority on persons or property for public purposes. Taxes are an income for the government & used to fund the expenditure it has to incur.

How to classify Taxes?

Taxes can be classified on 2 bases, which are; Transferability & Tax base. They can be elaborated as follows;

Based on Transferability

- 1. Direct Tax

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- 2. Indirect Tax

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Based on Tax Base

1. Progressive Tax

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2. Regressive Tax

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3. Proportional Tax

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What are the relevant Government organizations responsible for different types of Taxes?

Government Organization	Type of Taxes collected
Department of Inland Revenue	
Department of Customs	
Department of Excise	
Department of Motor Traffic	
Provincial Councils	
Local Authorities	

What is Government Expenditure?

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The money for government expenditure is collected from the government’s income & will be utilized to cover both short & long term expenses of Central government, provincial councils & local authorities. A Government’s expenses can be classified into 2 as follows;





1. Recurrent Expenditure

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2. Capital Expenditure

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What are the main expenses of the Government?

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MONETARY POLICY

What is the Monetary Policy?

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The powers & authority to implement the monetary policy is vested with the central bank of Sri Lanka which uses a variety of tools / instruments to control a country's money supply.

The Objective of Monetary Policy can be;

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How interest rates can be used to control money supply?

[Large empty rounded rectangular box for student response]

What are the Monetary Policy Instruments used?

These are the financial & non-financial instruments used by the central bank to implement the monetary policy in order to control licensed commercial banks, money supply & bank loans. Some of the instruments used presently can be;

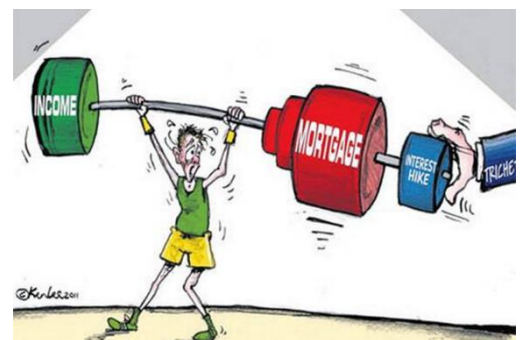
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What are Policy Interest Rates?

These are the *interest rates used by the central bank to implement & control the monetary policy.* The interest rates are the main instrument used to control the money supply of the country. The central bank identifies this policy interest rates as "Standing Facility Rate" & there are 3 types of it.

1. Standing Deposit Facility Rate (SDFR)

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2. Standing Lending Facility Rate (SLFR)

3. Bank Interest Rate

What is Statutory Reserve Ratio (SRR)?

What is Open Market Operations (OMO)?

What is Credit Limitation?

What is Moral Suasion?





CONSUMER PROTECTION

What is Consumer Protection?

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Here a protection is provided through relevant laws, legislations & acts along with consumer education from unethical businesses, unethical products & business mal-practices that can lead towards ethical, moral & health issues to customers of the country.



What are the reasons for the importance of Consumer Protection?

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What is the Importance of Consumer Protection?

Consumer protection is important for both the consumer & the Business. The importance can be given as follows;

1. Importance to Consumers

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2. Importance to Businesses

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What are the steps taken by the Government of Sri Lanka to ensure Consumer Protection?

- 1. Introducing laws & acts relating to Consumer Protection

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- 2. Setting up Government organizations relating to Consumer Protection

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- 3. Implementing market based Consumer Protection mechanisms

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- 4. Implementing industry based Consumer Protection programs

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- 5. Encouraging the setting up of Consumer Societies

- 6. Encouraging Consumer Education

- 7. Interference towards market supply

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

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

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What are Consumer Rights?

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The 2 parties who introduced the internationally accepted Consumer rights can be;

- 1. John F. Kennedy
- 2. Consumer International

The "World Consumer Day falls on the;

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What are such Consumer Rights?

The following 4 Rights were published by John F. Kennedy;

- 1. Right for **safety & security**

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- 2. Right to **get information** / to be informed

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3. Right to make a **choice** / to choose

4. Right to be heard

The following 4 Rights were published by Consumer International;

5. Right to fulfill **basic** needs

6. Right to **redress** / receive compensation

7. Right for consumer education

8. Right to live in a **healthy** environment



**DO YOU KNOW YOUR
CONSUMER
RIGHTS?**



What are Consumer Responsibilities?

Working towards protecting & ensuring consumer rights is a consumer’s responsibility. Therefore in addition to Consumer rights, a consumer has to fulfill certain responsibilities too. They can be;

- 1. Critical awareness

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- 2. Take action

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- 3. Social concern/ awareness

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- 4. Environmental concern/ awareness

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- 5. Solidarity

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What are the organizations functioning to ensure Consumer Protection?

Local organizations can be;

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International organizations can be;

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What are specified goods & services?

As per the consumer affairs authority act no-9 of 2003, section 18, the following goods are considered as specified or essential category, where the prices of those goods cannot be increased without the prior permission from the CAA. They are;



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What are the Powers of the CAA?

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As per the CAA act, what are the information to be included in a receipt issued by a trader?

As per the consumer affairs authority act no-9 of 2003, section 28, a trader is responsible to provide a receipt whenever the customer asks & the receipt should contain the following information;

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As per the CAA act, what are the information to be displayed in the label of a product?

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What are the products that compulsorily have to display the above info in the label?

Packed meat products	Food for the sick	Packed mixed spices
Packed seafood	Biscuits	Packed pepper
Packed or bottled edible oil	Cement	Packed turmeric powder
Packed tea	Manure for agriculture	Paint, varnish & liquids
Packed coffee	Pesticides for agriculture	Pesticides for home use
Chocolates	Soft drinks	Packed medicines & vitamins
Chutney, sauce & related	Tin fish	Butter & margarine
Milk powder	Ice cream	Tin fruits
Condensed milk	Packed chili powder	Fruit juice & cordials
Infant food	Packed coriander	Yogurt
Jam, jelly & marmalade	Food preservatives	Natural yeast products

What are Consumer Organizations / Societies?

These are a type of voluntary organizations set up on a regional basis to protect & ensure consumer rights & promote consumer education.

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)

The father of standards is;

Global standards day is;

What are the Aims & Objectives of SLSI?

1. Preparing & implementing standards
2. Promoting standards & quality control systems
3. Inspecting local & imported products on quality & standards
4. Maintaining laboratory & library facilities on standards & quality control





The word standard, stands for;

S -
T -
A -
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What is Standardization?

Standardization is *the process of making something confirm to a standard*. It is a framework of agreements to which all relevant parties in an industry or organization must adhere to ensure that all processes associated with the creation of goods or providing services are performed within set guidelines. *Preparing, issuing & implementing standards* are its main components.



What are the objectives of standardization?

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What are the benefits of standardization?

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What are the levels of standardization?

- 1. Personal standards
- 2. Organizational standards
- 3. Industry standards





To the customer;

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To the nation;

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What are some products for which SLS certification is compulsory?

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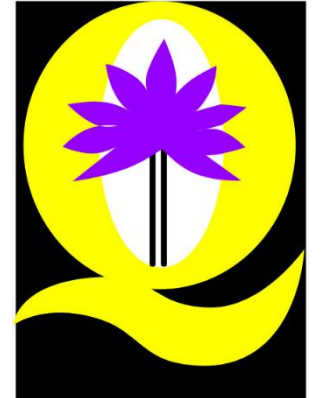
What is Sri Lanka National Quality Award?

The Sri Lanka National Quality Award is an annual Award to recognize Sri Lankan Organizations that excel in quality management and quality achievement. Quality award program is organized and implemented by the Marketing and Promotion division of Sri Lanka Standards Institution (SLSI)

Award applicant organizations are evaluated for seven criteria,

- ✓ Leadership
- ✓ Strategic Planning
- ✓ Customer Focus
- ✓ Measurement, Analysis & Knowledge Management
- ✓ Workforce Focus
- ✓ Processes Management
- ✓ Results.

Sri Lanka NATIONAL



QUALITY AWARD



This set of criteria is based on the criteria used for the “Malcolm Baldrige National Quality Awards” in the USA. The Award has following twelve eligibility categories:

- ✓ Large Manufacturing / Service / Education / Health Care
- ✓ Medium Manufacturing / Service / Education / Health Care
- ✓ Small Manufacturing / Service / Education / Health Care

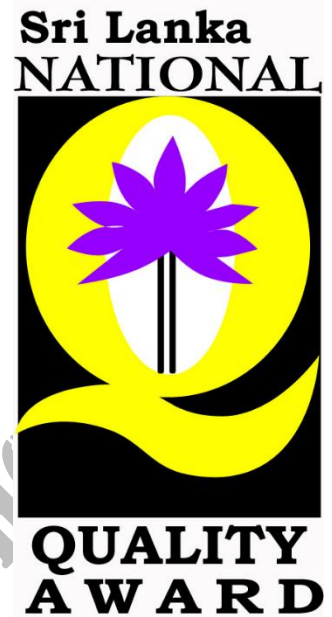
Large, Medium or Small scales to be determined on the number of full-time employees.

- ✓ Large - more than 250 full-time employees
- ✓ Medium - from 50 up to 250 full-time employees
- ✓ Small - less than 50 full-time employees

Type of the Awards

- ✓ National Quality Award
- ✓ Merit Award
- ✓ Commendation Certificate

Award recipients may publicize and advertise their Awards. In addition to publicizing the receipt of the Award, recipients are expected to share information about their successful quality strategies with other Sri Lankan organizations.



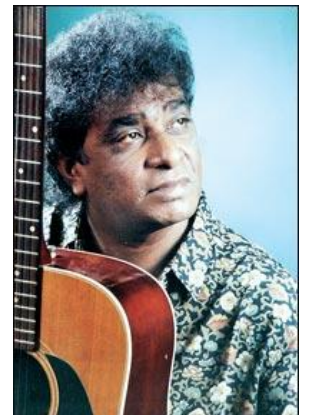
OTHER RELATED INFORMATION



Intellectual Property

This is 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. It is called intellectual since it is an intangible creation of the human mind expressed as a tangible form.

Ex-



In Sri Lanka, the act protecting intellectual property is, “the intellectual property act no-9 of 2003” & the relevant authority is “Sri Lanka national intellectual property office” which is headed by the “director general of intellectual property”.

Patent Rights

This is the license or protection issued by the government for a new invention made by an individual or organization which is valid for 20 years. Therefore anyone else can't use it without prior permission from the inventor or till expiry of time. The following is considered as a new invention;



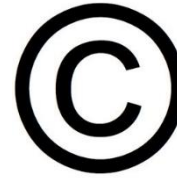


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Note –

Copyrights

This is 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. Copyrights are granted for;



copyright

all rights reserved

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Note –



Trade Mark

This is 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. The 3 types of trademarks can be;

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