



VIRTUAL CLASSES
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FOUNDATION LEVEL
PAPER 4 PART II
BUSINESS AND COMMERCIAL KNOWLEDGE

Faculty : CA Arjit Sethi



FOUNDATION LEVEL

PAPER 4 PART II

BUSINESS AND COMMERCIAL KNOWLEDGE

Chapter 5 Session 2

Organisations Facilitating Business

Faculty : CA Arjit Sethi

Agenda:

- Chapter 5
- Apply your Brains

Revision Level Tough

**Non-Funding
Government Institutions**

CCI

**COMPETITION
COMMISSION of INDIA**

The Competition Act, 2002

Non-Funding
Government Institutions

With increased competition, producers will have maximum incentive to innovate and specialize.

This would result in reduced costs and wider choice to consumers.

A fair competition is essential to achieve this objective.

The Competition Act, 2002

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Government Institutions

There should be free and fair competition in the market to get the following **benefits**:

- a. Encourages Innovation
- b. Increases Efficiency
- c. Punishes the Laggards
- d. Boosts choice improves quality, reduces costs
- e. Ensures availability of acceptable quality at affordable price

The Competition Act, 2002

Non-Funding
Government Institutions

Competition law is a tool to implement and enforce competition policy and to prevent and punish anti-competitive business practices by firms and unnecessary Government interference in the market.

The Act prohibits:

- anti-competitive agreements,
- abuse of dominant position
- regulates combinations (acquisition, acquiring of control and M&A)

The Competition Act, 2002 : The Features

Non-Funding
Government Institutions

- To prevent practices having an adverse effect on competition
- To protect the interests of consumers
- To ensure freedom of trade
- Replaces MRTP Act, Monopolistic and Restrictive Trade Practice Act

The Competition Act, 2002 provides for the establishment of Competition Commission of India (CCI) and prescribes its duties, functions, and powers.

Quick Quiz #1

Does Competition Act cover reducing government interference in competitive markets?

- A. Yes
- B. No

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- A. **Yes**
- B. No

Competition Commission of India (CCI)

Non-Funding
Government Institutions

CCI consists of a Chairperson and Six Members appointed by the Central Government. It is the **duty/functions** of the Commission:

- to eliminate practices having adverse effect on competition,
- promote and sustain competition,
- protect the interests of consumers and
- ensure freedom of trade in the markets of India

Role of Competition Commission of India (CCI)

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To achieve its objectives, the CCI endeavours to do the following:

- Make the markets work for the benefit and welfare of consumers
- Ensure fair and healthy competition for inclusive growth of economy
- Effectively carry out competition advocacy and spread the information on benefits of competition among all stakeholders
- Implement competition policies with an aim to effectuate the most efficient utilisation of economic resources

Role of Competition Commission of India (CCI) As a Business Facilitator

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Fair competition helps businesses to thrive as they have fair grounds to compete and flourish.

This is ensured by Competition Commission of India

IRDAI

Non-Funding
Government Institutions

**Insurance
Regulatory &
Development
Authority of India**

Autonomous apex statutory body to regulate and develop Insurance industry in India

It was constituted under:

Insurance Regulatory and Development Authority Act, 1999

IRDAI's **role** is to **protect rights of policyholders** and they **provide registration certification to life insurance companies** and responsible for **renewal, modification, cancellation and suspension of this registered certificate.**

Insurance Regulatory & Development Authority of India
THE MISSION

Non-Funding
Government Institutions

- To protect the interests of and secure fair treatment to policyholders;
- To bring about speedy and orderly growth of the insurance industry
- To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;
- To ensure speedy settlement of genuine claims, to prevent insurance frauds and put in place effective grievance redressal machinery;
- To take action where such standards are inadequate or ineffectively enforced;

Section 14 of IRDAI Act, 1999 lays down the duties, powers and functions of IRDAI

The Authority shall have the duty to regulate, promote and ensure orderly growth of the insurance business and reinsurance business.

Insurance Regulatory & Development Authority of India
DUTIES, POWERS and FUNCTIONS

Non-Funding
Government Institutions

- **Issue** to the applicant a **certificate** of registration, renew, modify, withdraw, suspend or cancel such registration;
- **Protection** of the **interests of the policy holders** in matters concerning assigning of policy, nomination by policyholders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance;
- **Specifying** requisite **qualifications, code of conduct and practical training** for intermediary or insurance **intermediaries** and **agents**

Insurance Regulatory & Development Authority of India
DUTIES, POWERS and FUNCTIONS

Non-Funding
Government Institutions

- **Promoting and regulating professional organisations** connected with the insurance and reinsurance business;
- **Levying fees and other charges** for carrying out the purposes of this Act
- **Calling for information** from, undertaking inspection of, conducting enquiries and investigations including audit of the insurers, intermediaries, insurance intermediaries and other organisations connected with the insurance business;

Insurance Regulatory & Development Authority of India
DUTIES, POWERS and FUNCTIONS

Non-Funding
Government Institutions

- **Control and regulation** of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business
- **Specifying** the form and manner in which books of account shall be maintained
- **Regulating investment** of funds by insurance companies
- Regulating maintenance of **margin of solvency**

Insurance Regulatory & Development Authority of India
DUTIES, POWERS and FUNCTIONS

Non-Funding
Government Institutions

- **Supervising** the functioning of the **Tariff Advisory Committee**
- **Specifying** the **percentage** of *life insurance business and general insurance business* to be undertaken by the insurer **in the rural or social sector**
- **Exercising such other powers as may be prescribed.**

Quick Quiz #2

Under which section of IRDAI Act can IRDAI function and impart its duties?

- A. Section 12 of IRDAI Act, 1999
- B. Section 24 of IRDAI Act, 1999
- C. Section 14 of IRDAI Act, 1999
- D. Section 19 of IRDAI Act, 1999

Quick Quiz #2

Under which section of IRDAI Act can IRDAI function and impart its duties?

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- B. Section 24 of IRDAI Act, 1999
- C. **Section 14 of IRDAI Act, 1999**
- D. Section 19 of IRDAI Act, 1999

Insurance Regulatory & Development Authority of India
BUSINESS FACILITATOR and HOW?

Non-Funding
Government Institutions

- **Firstly**, it takes steps to regulate and develop the insurance industry in the country.
- **Secondly**, it serves as an authority to protect the interest of the insurance policy holders in create confidence among them.
- **Thirdly**, IRDAI disseminates a lot of information for the benefit of policy holders and also for educating the general public about the advantages of getting insurance policies and keeping them alive.

Non-Funding Government Institutions

- Reserve Bank of India
- Securities and Exchange Board of India
- Competition Commission of India
- Insurance Regulatory and Development Authority of India

Funding Government Institutions

**National Bank for Agriculture and Rural
Development**

Also called, **NABARD**

Development Banks

Funding
Government Institutions

Those financial institutions that provide funds and financial assistance to new and upcoming business enterprises.

Development banks are distinguishable from commercial banks!

Unlike commercial banks they do not accept deposits. They draw their resources from the government and other promoting agencies.

Means?

RBI as a business facilitator kept SLR and CRR from the banking sector, these funds are placed with the development banks to be used by them as funding agents for development of the nation.

Development Banks

Funding
Government Institutions

In India, the genesis of development banking may be traced to:

- Industrial Finance Corporation of India (IFCI) in 1948 (*now commercial*)
- Industrial Credit and Investment Corporation of India (ICICI) in 1955 (*now commercial*)
- Industries Development Bank of India (IDBI) in 1964 (*only industrial development bank in India at present*)
- The Small Industries Development Bank of India (SIDBI) spun off from the IDBI in 1990
- **The National Bank for Agricultural and Rural Development (NABARD) was set up in 1982**

NABARD

Funding
Government Institutions

*Apex development bank in India,
headquartered at Mumbai with branches all over India.*

The Bank has been entrusted with:

matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India

Most important institution which looks after the development of the:

- cottage industry,
- small industry,
- village industry, and
- other rural industries

- Takes measures towards **improving credit delivery system**, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
- **Co-ordinates** the rural financing activities of all institutions engaged in developmental work at the field level and maintains connection with GoI, RBI, State Govts., others.
- Undertakes monitoring and evaluation of projects refinanced **(loan for loan)** by it
- NABARD **refinances** the financial institutions which finances the rural sector

NABARD *What does it do?*

Funding
Government Institutions

- NABARD partakes in development of institutions which help the rural economy
- NABARD also keeps a check on its client institutes
- It regulates the institutions which provide financial help to the rural economy
- It provides training facilities to the institutions working in the field of rural upliftment
- It regulates the cooperative banks and the RRB's, and manages talent acquisition through IBPS CWE

NABARD's refinance is available to:

- ❑ state co-operative agriculture and rural development banks (SCARDBs),
- ❑ state co-operative banks (SCBs), regional rural banks (RRBs),
- ❑ commercial banks (CBs) and other financial institutions approved by RBI

- NABARD is also known for its '**SHG Bank Linkage Programme**' which encourages India's banks to lend to self- help groups (SHGs)

Largely because SHGs are composed mainly of poor women, this has evolved into an important Indian tool for microfinance.

- NABARD also has a portfolio of Watershed Development, Tribal Development and Farm Innovation through dedicated funds set up for the purpose.



Chapter 5 Completed

Revision Questions

MCQ #1

When a policy is rational for economic development but not so for National Integration, which of the following should a government opt for?

- A. Capitalist form of Economy
- B. Mixed form of Economy
- C. Socialist form of Economy
- D. Competitive form of Economy

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MCQ #2

Presence of Pepsi, Samsung, Honda, Microsoft in India is a result of?

- A. Privatisation
- B. Liberalisation
- C. Globalisation
- D. Foreign Direct Investment

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They are EXAMPLES of FDI, but RESULT of Globalisation

MCQ #3

RBI as a controller of credit can use which of the following types of powers?

- A. Only Qualitative Powers
- B. Only Quantitative Powers
- C. Both Qualitative and Quantitative
- D. Government decides for RBI

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MCQ #4

Mr. Sharma wants to invest in securities of Singapore, Which of the following institutions will be concerned which such transaction?

- A. RBI and CCI
- B. SEBI and IRDAI
- C. IRDAI and RBI
- D. RBI and SEBI

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- C. IRDAI and RBI
- D. **RBI and SEBI**

MCQ #5

Dr. Tulika, editor of a national magazine, advised that government should sell small parts of PSUs to private players. What is she suggesting about?

- A. Disinvestment
- B. Divestment
- C. Displacement
- D. Delegation

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- C. Displacement
- D. Delegation

MCQ #6

FDI is allowed in which of the following?

- A. Lottery Business
- B. Online Gaming Business
- C. Gambling Business
- D. Atomic Energy

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MCQ #7

Jio offered free services to customer, still got away with CCI's hammer. Which of the following concepts of business environment can be referred here?

- A. Dynamic
- B. Multi-faceted
- C. Counter Influence
- D. Far reaching impact

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MCQ #8

RBI and SEBI can be termed as?

- A. Independent Institutions
- B. Government Organisations
- C. Public Affairs Think Tanks
- D. India's Apex Economic Forums

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MCQ #9

NABARD as a development bank, is concerned with various segments and issues, except?

- A. Self Help Groups
- B. Health of Farmers
- C. Watershed Development in rural areas
- D. Tribal Development

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MCQ #10

Which organisation was part of the International alliance between India and Mauritius, for development of Metro Phase 1 in Mauritius?

- A. Tata Sons Private Ltd.
- B. Adani Ports and SEZ Ltd.
- C. Larsen and Toubro Ltd.
- D. ICICI Bank Ltd.

MCQ #10

Which organisation was part of the International alliance between India and Mauritius, for development of Metro Phase 1 in Mauritius?

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- B. Adani Ports and SEZ Ltd.
- C. **Larsen and Toubro Ltd.**
- D. ICICI Bank Ltd.

MCQ #11

The following statements talk about Public Policy, but one of them is false. Find the one?

- A. It is a collective effort
- B. It is always formulated with a positive intent
- C. It is what the people of country want the government to do
- D. It focuses on goals and results

MCQ #11

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MCQ #12

Current Reverse Repo Rate is 4%. The difference between repo and reverse repo shall be 350 basis points. RBI increases reverse repo by 200 basis points. What is the new Repo Rate?

- A. 2.5%
- B. 7.5%
- C. 4.5%
- D. 9.5%

MCQ #12

Current Reverse Repo Rate is 4%. The difference between repo and reverse repo shall be 350 basis points. RBI increases reverse repo by 200 basis points. What is the new Repo Rate?

- A. 2.5%
- B. 7.5%
- C. 4.5%
- D. 9.5%

- Reverse Repo is always less than Repo Rate
- If reverse repo is 4% then Repo is $4\% + 3.5\% = 7.5\%$
- Now, if reverse repo is increased by 2%, then repo is $7.5\% + 2\% = 9.5\%$



Thank You!
Stay Home.
Stay Safe.

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FOUNDATION LEVEL
PAPER 4 PART II
BUSINESS ENVIRONMENT

Faculty : CA Arijit Sethi