
PART I

BUSINESS COMMUNICATION

SAMPLE PAGES

Chapter 1

ENGLISH GRAMMAR & ITS USAGE

1.1 NOUN

A noun is a person, place, concept, or object.

Nouns fall into two categories:

- Common Nouns:** Common nouns are general names for things, such as player, team and country.
- Proper Nouns:** Proper nouns are specific names for individual things, such as Alex, Kolkata and Bangladesh.

There is also an additional category known as **collective noun** which is a word or phrase that refers to a group of people or things as one entity such as bouquet, flock and fleet.

1.2 PRONOUN

Pronoun is a word that can be substituted for specific nouns when the reader or listener knows which specific noun is being referred to.

Pronouns are divided into mainly three categories:

- Personal pronouns take the place of people or things such as '**I**', '**Me**', '**We**' and '**Us**'.
- Possessive pronouns are personal pronouns that also indicate possession of something such as '**my**' and '**mine**'.
- A **relative pronoun** is one which is used to refer to nouns mentioned previously, whether they are people, places, things, animals, or ideas. Relative pronouns can be used to join two sentences.

1.3 ADJECTIVE

Adjectives are the words that describe nouns. It answers the questions **what kind** (I have a black dog), **how many** (I have two mangoes) and which one (Ours is the last house on the street).

An adjective formed with two words joined together is called a compound adjective such as part-time and all-too-common.

1.4 VERB

A verb expresses an **action** (run, cook, and win) or a **state of being** (to be, have).

Example: Siri is happy / I am cooking / I am hurt

1.5 ADVERB

An adverb is a word that describes an adjective, a verb, or another adverb.

Example:

She is very beautiful. (Modifies the meaning of an adjective)

He is running fast. (Modifies the meaning of a verb).

Sameer can write very fast. (Modifies the meaning of an adverb)

1.6 PREPOSITION

Prepositions tell you the **relationship** between the other words in a sentence.

Example: They go to bed at midnight. / He reads in the evening / He works part time during the summer / I will collect data from January to June.

1.7 CONJUNCTION

Conjunctions are words that link other words, phrases, or clauses together.

Example: I like cooking and eating, but I don't like washing dishes afterward.

1.8 INTERJECTION

An interjection is a word that you throw in between sentences or thoughts to express a sudden feeling.

Example: Oh! I forgot my mask. / Wow! That statue looks beautiful.

1.9 TYPES OF VOICES

1.9.1 ACTIVE VOICE

When the subject of a sentence performs the verb's action, we say that the sentence is in the active voice.

Example: Monkeys adore bananas. / The cashier counted the money. / The dog chased the cat.

1.9.2 PASSIVE VOICE

A sentence is in the passive voice when the subject is acted on by the verb.

Example: Bananas are adored by monkeys. / The money was counted by the cashier. / The cat was chased by the dog.

1.10 ARTICLES

Articles are words that define a noun as specific or unspecific. They are 'a', 'an' & 'the'

Example:

- After the long day, the cup of tea tasted particularly good.
By using the article "the", it can be shown that it was one specific day that was long and one specific cup of tea that tasted good.
- After a long day, a cup of tea tastes particularly good.
By using the article "a", we've created a general statement, implying that any cup of tea would taste good after any long day.

The general rule is that "a" is used before words that start with consonants and "an" before words that begin with vowels. The exception is when words start with a consonant but it is unpronounced.

Example: "My father is a honest man" is incorrect, but "My father is an honest man" is correct.

1.11 USAGE

Usage refers to the customary manner in which a language or a form of a language is spoken or written.

1.12 TENSES

Verbs come in three tenses: past, present, and future. The past is used to describe things that have already happened (e.g., earlier in the day, yesterday, last week, three years ago). The present tense is used to describe things that are happening right now, or things that are continuous. The future tense describes things that have yet to happen (e.g., later, tomorrow, next week, next year, three years from now).

The following table illustrates the proper use of verb tenses:

Simple Present I <u>read</u> nearly every day.	Simple Past Last night, I <u>read</u> an entire novel.	Simple Future I <u>will read</u> as much as I can this year.
Present Continuous I <u>am reading</u> Shakespeare at the moment.	Past Continuous I <u>was reading</u> Edgar Allan Poe last night.	Future Continuous I <u>will be reading</u> Nathaniel Hawthorne soon.
Present Perfect I <u>have read</u> so many books I can't keep count.	Past Perfect I <u>had read</u> at least 100 books by the time I was twelve.	Future Perfect I <u>will have read</u> at least 500 books by the end of the year.
Present Perfect Continuous I <u>have been reading</u> since I was four years old.	Past Perfect Continuous I <u>had been reading</u> for at least a year before my sister learned to read.	Future Perfect Continuous I <u>will have been reading</u> for at least two hours before dinner tonight.

1.13 SENTENCE CONSTRUCTION

The sentence is generally defined as a word or a group of words that expresses a thorough idea by making a statement, giving an order, asking a question, or exclaiming.

1.13.1 PARTS OF A SENTENCE

Every complete sentence contains two parts: a **subject** and a **predicate**. The subject is what (or whom) the sentence is about, while the predicate tells something about the subject.

1.13.2 TYPES OF SENTENCES

A sentence may be one of different kinds, depending upon the number and type(s) of clauses it contains.

- An **independent clause** contains a subject, a verb, and a complete thought such as, “I wrote my first novel last year”.
- A **dependent clause** contains a subject and a verb, but no complete thought such as, “After I wrote my first novel last year...”
- A Simple sentence has one independent clause such as “Tom reads novels.” or “Tom and Harry read novels.”
- A **compound sentence** has two independent clauses joined by
 - A conjunction such as “Tom reads novels but, Harry reads comics”,
 - An adverb such as “Tom reads novels; however, Harry reads comics”,
 - A semicolon such as “Tom reads novels; his friend reads comics”
- A **complex sentence** has one dependent clause, headed by a subordinating conjunction or a relative pronoun, joined to an independent clause.
Example: “Although Tom reads novels, Harry reads comics.” or “Jack, who reads comics, rarely reads novels.”

1.13.3 CONSTRUCTION OF A SENTENCE

Sentence is a collection of words that convey sense or meaning and is formed according to the logic of grammar. Clear, short sentences are preferable, and more effective, than long, complex ones.

The simplest sentence consists only of a noun, a naming word, and a verb or action word. E.g. in the sentence “Mary walked”, Mary is the naming noun and walked is the action verb.

TYPES OF SENTENCE CONSTRUCTION

ON THE BASIS OF COMPLEXITY

A **Loose Sentence** is one in which the main idea (independent clause) comes first, followed by dependent clauses and phrases; therefore, a loose sentence makes complete sense if brought to a close before the actual ending:

Example: “We reached Edmonton that morning after a turbulent flight and some exciting experiences, tired but still exhilarated, full of stories to tell our friends and neighbours.” The sentence could end before the modifying phrase without losing its coherence. Loose sentences are the most natural for English speakers, who almost always talk in loose sentences.

A **Periodic Sentence** is a type of parallel sentence which builds through three or more parallel constructions (dependent phrases or clauses) to a main clause.

Remember: in a periodic sentence, the main clause (with the subject & verb) comes last.

Example: “That morning, after a turbulent flight and some exciting experiences, we finally reached Edmonton.”

ON THE BASIS OF LENGTH

You should adapt the length of your sentences to fit the subject you are describing.

Long sentences can be used to slow a description down to create a sense of relaxation or time dragging.

Example: “The English lesson seemed, to Kevin, to be dragging on forever, as Mr Drake’s voice droned on and on, in its weary, low monotone, about the apparently fascinating poetry of some long-dead writer, who seemed to Kevin at least, to be unhealthily and unnaturally interested in scenes of empty countryside and quiet decay”.

Short sentences are more punchy, quick and dynamic, and are good for describing dramatic events or action.

Example: "The waves crashed. The moon shone brightly. All else was silent on the deserted beach. From the distance came the sound of thunder."

1.13.4 PARAGRAPH CONSTRUCTION

In academic writing, the first sentence of a paragraph is usually the topic sentence. It states the main point to be developed or explained in the paragraph. Each subsequent sentence should be relevant to that topic, giving the paragraph unity.

Each sentence in a paragraph should also be connected to the sentence that precedes it, giving the paragraph coherence.

1.14 AFFIXES

An affix is a set of letters generally added to the beginning or end of a root word to modify its meaning. There are, in general, two types of affixes: Prefix and Suffix.

1.14.1 PREFIX

Prefixes are attached to the beginning of a root word. They create a new word with a new meaning. Some commonly used prefixes are given below:

PREFIX	MEANING	EXAMPLES
anti-	against/opposed to	anti-government, anti-racist, anti-war
auto-	self	autobiography, automobile
de-	reverse or change	de-classify, decontaminate, demotivate
dis-	reverse or remove	disagree, displeasure, disqualify
down-	reduce or lower	downgrade, downhearted
extra-	beyond	extraordinary, extraterrestrial
hyper-	extreme	hyperactive, hypertension
il-, im-, in-, ir-	not	illegal, impossible, insecure, irregular
inter-	between	interactive, international
mega-	very big, important	megabyte, mega-deal, megaton
mid-	Middle	midday, midnight, mid-October
mis-	incorrectly, badly	misaligned, mislead, misspelt
non-	not	non-payment, non-smoking
over-	too much	overcook, overcharge, overrate
out-	go beyond	outdo, out-perform, outrun
post-	after	post-election, post-war
pre-	before	prehistoric, pre-war
pro-	in favour of	pro-communist, pro-democracy
re-	again	reconsider, redo, rewrite
semi-	half	semicircle, semi-retired
sub-	under, below	submarine, sub-Saharan
super-	above, beyond	super-hero, supermodel
tele-	at a distance	television, telepathic
trans-	across	transatlantic, transfer
ultra-	extremely	ultra-compact, ultrasound
un-	remove, reverse, not	undo, unpack, unhappy
under-	less than, beneath	undercook, underestimate
up-	make or move higher	upgrade, uphill

1.14.2 SUFFIX

A suffix is a letter or group of letters added at the end of a word which makes a new word. Some commonly used suffixes are given below:

Noun Suffixes

SUFFIX	EXAMPLES
-age	baggage, village, postage
-al	arrival, burial, deferral
-ance/-ence	reliance, defence, insistence
-dom	boredom, freedom, kingdom
-ee	employee, payee, trainee
-er/-or	driver, writer, director
-hood	brotherhood, childhood, neighborhood
-ism	capitalism, Marxism, socialism (philosophies)
-ist	capitalist, Marxist, socialist (followers of philosophies)
-ity/-ty	brutality, equality, cruelty
-ment	amazement, disappointment, parliament
-ness	happiness, kindness, usefulness
-ry	entry, ministry, robbery
-ship	friendship, membership, workmanship
-sion/-tion/-xion	expression, population, complexion

Adjective suffixes

SUFFIX	EXAMPLES
-able/-ible	drinkable, portable, flexible
-al	brutal, formal, postal
-en	broken, golden, wooden
-ese	Chinese, Japanese, Vietnamese
-ful	forgetful, helpful, useful
-i	Iraqi, Pakistani, Yemeni
-ic	classic, Islamic, poetic
-ish	British, childish, Spanish
-ive	active, passive, productive
-ian	Canadian, Malaysian, Peruvian
-less	homeless, hopeless, useless
-ly	daily, monthly, yearly
-ous	cautious, famous, nervous
-y	cloudy, rainy, windy

Adjective suffixes

SUFFIX	EXAMPLES
-ate	complicate, dominate, irritate
-en	harden, soften, shorten
-ify	beautify, clarify, identify
-ise/-ize	economise, realise, industrialize (-ise is most common in British English, -ize is most common in American English)

1.15 PUNCTUATION

Full Stop or Period

The period or full stop (.) is placed at the end of declarative sentences.

- As a sentence ender: Jane and Jack went to the market.
- After an abbreviation: Her son, John Jones Jr., was born on Dec. 6, 2008.

Question Mark

Use a question mark (?) to indicate a direct question when placed at the end of a sentence.

Example: When did Jane leave for the market?

Exclamation

The exclamation mark (!) is used when a person wants to express a sudden outcry or add emphasis.

- Within dialogue: "Holy cow!" screamed Jane.
- To emphasize a point: My mother-in-law's rants make me furious!

Comma

The comma is used to show a separation of ideas or elements within the structure of a sentence. Additionally, it is used in numbers, dates, and letter writing after the salutation and closing.

- Direct address: Thanks for all your help, John.
- Separation of two complete sentences: We went to the movies, and then we went out to lunch.
- Separating lists or elements within sentences: Suzi wanted the red, green, & blue dress.

Semicolon

The semicolon ";" is used to connect independent clauses. It shows a closer relationship between the clauses than a period would show.

Example: John was hurt; he knew she only said it to upset him.

Colon

A colon ":" has three main uses:

- The first is after a word introducing a quotation, an explanation, an example, or a series. E.g. He was planning to study four subjects: politics, philosophy, sociology, & economics.
- The second is between independent clauses when the second explains the first, similar to a semicolon. E.g. I didn't have time to get changed: I was already late.
- The third use of a colon is for emphasis. *Example: There was one thing she loved more than any other: her dog.*

A colon also has non-grammatical uses in time, ratio, business correspondence and references.

Dash

A dash "-" is used to separate words into statements. *Example: She gave him her answer - No!*

Hyphen

A hyphen "-" is used to join two or more words together into a compound term and is not separated by spaces. *Example: part-time, back-to-back, and well-known.*

Brackets

Brackets are the squared off notations "[]" used for technical explanations or to clarify meaning. If you remove the information in the brackets, the sentence will still make sense. *Example: He [Mr. Jones] was the last person seen at the house.*

Braces

Braces "{ }" are used to contain two or more lines of text or listed items to show that they are considered as a unit. They are not commonplace in most writing but can be seen in computer programming to show what should be contained within the same lines. They can also be used in mathematical expressions. *Example: $2 \{ 1 + [23 - 3] \} = x$.*

Parentheses

Parentheses "()" are curved notations used to contain further thoughts or qualifying remarks. However, parentheses can be replaced by commas without changing the meaning in most cases.

Example: John and Jane (who were actually half brother and sister) both have red hair.

Apostrophe

An apostrophe (') is used to indicate the omission of a letter or letters from a word, the possessive case, or the plurals of lowercase letters. Examples of the apostrophe in use include:

- Omission of letters from a word: I've seen that movie several times. She wasn't the only one who knew the answer.
- Possessive case: Sara's dog bit the neighbour.
- Plural for lowercase letters: Six people were told to mind their p's and q's.

Quotations

Quotations marks [“ ”] are a pair of punctuation marks used primarily to mark the beginning and end of a passage attributed to another and repeated word for word. They are also used to indicate meanings and to indicate the unusual or dubious status of a word. *Example: “Don't go outside,” she said.*

Single Quotes

Single quotation marks (‘ ’) are used most frequently for quotes within quotes.

Example: Marie told the teacher, “I saw Marc at the playground, and he said to me ‘Bill started the fight,’ and I believed him.”

Ellipsis

The ellipsis is most commonly represented by three periods (...) although it is occasionally demonstrated with three asterisks (***). The ellipsis is used in writing or printing to indicate an omission, especially of letters or words. Ellipses are frequently used within quotations to jump from one phrase to another, omitting unnecessary words that do not interfere with the meaning. Students writing research papers or newspapers quoting parts of speeches will often employ ellipsis to avoid copying lengthy text that is not needed.

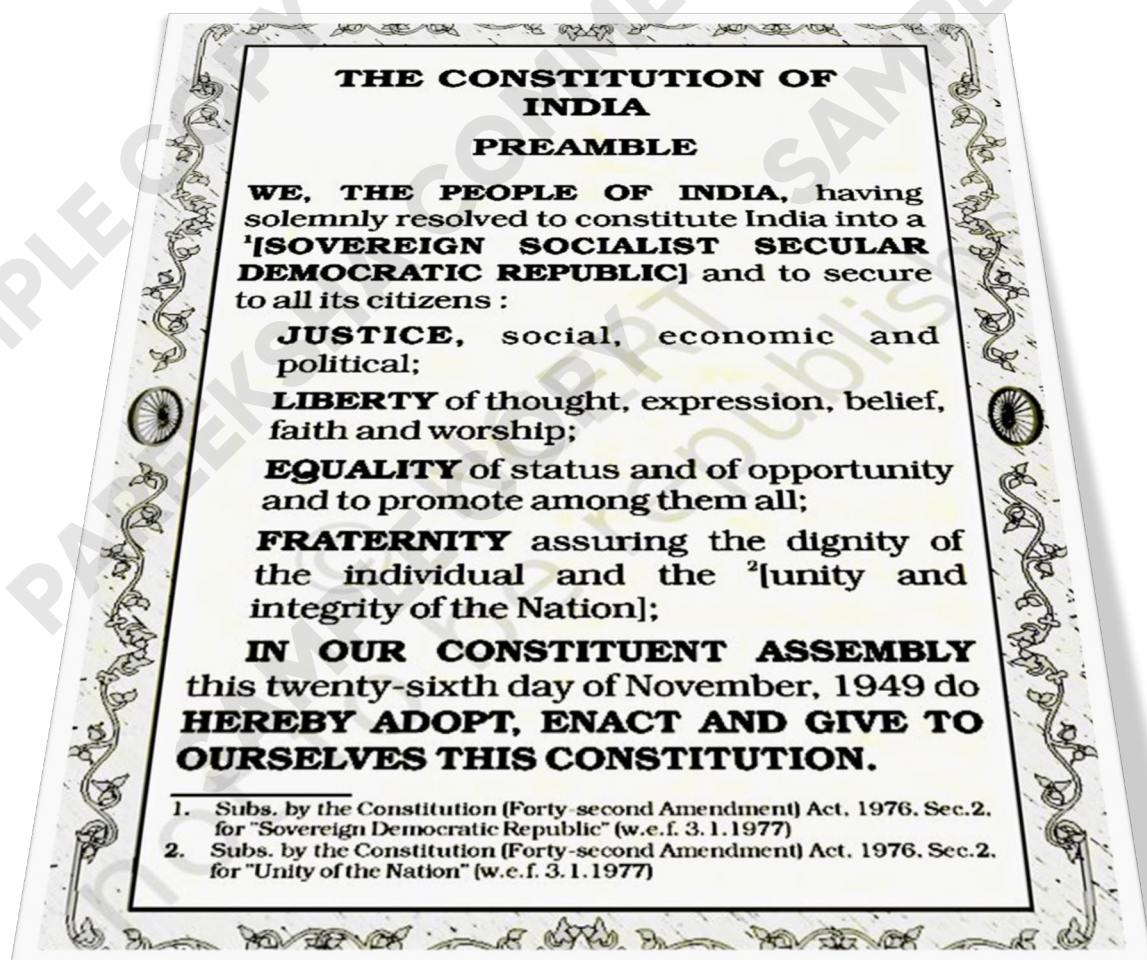
- Omission of words: She began to count, “One, two, three, four...” until she got to 10, then went to find him.
- Within a quotation: When Newton stated, “An object at rest stays at rest and an object in motion stays in motion...” he developed the law of motion.

LA & LR

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Chapter 1

CONSTITUTION



1.1 INTRODUCTION

The Indian constitution is unique in its content and spirit. The salient features of the constitution are as follows:

- Lengthiest written Constitution
- Blend of Rigidity and Flexibility
- Federal system with unitary features
- Parliamentary form of Government
- Independent judiciary
- Single citizenship
- Emergency provision

1.1.1 STRUCTURE

The Indian Constitution originally consisted of 395 Art, 22 parts, 8 Schedules. But after the Constitution 104th Amendment Act, 2003, the Indian Constitution Consists of 448 Art, 25 parts, 12 Schedules.

1.2 PREAMBLE

The preamble to the constitution is based on the “ objective resolution” drafted and moved by Pandit Nehru and adopted by constituent assembly. It runs as follows:-

“We THE PEOPLE OF INDIA, having solemnly resolved to constitute India in to a **SOVERIGN SOCIALIST SECULAR** DEMOCRATIC REPUBLIC and to secure to all its citizen:

- JUSTICE, social, Economic, and Political;
- LIBERTY of thought, expression, belief, faith and worship;
- EQUALITY of status and of opportunity;
- FRATERNITY assuring the dignity of the individual and the unity and integrity of the nation;

In our Constituent Assembly, this **26th November, 1949**, do hereby adopt, enact and give to ourselves this constitution.”

1.3 PURPOSE OF THE PREAMBLE

The preamble to the constitution is a key to open the minds of the makers and shows the general purpose for which they made the several provisions in the constitution. Preamble serves the following purposes:

1. It discloses the source of the constitution.
2. It lays down the date of the commencement of the constitution.
3. It set out the rights and freedoms which the people of India wished to secure for themselves.
4. It declares the nature of the government.

1. Question: Whether Preamble is the part of the constitution?

In the case of **Kesvanand Bharti vs. State of Kerala**, the supreme has held that preamble is part of the constitution. Preamble is of extreme importance and the constitution should be read and interpreted in the light of grand and noble vision expressed in the preamble. However, two things should be noted:

- The preamble is neither a source of power to legislature nor prohibition upon the powers of legislature.
- It is not justiciable i.e. not enforceable in courts of law.

2. Whether preamble can be amended?

Supreme Court has held that preamble **can be amended** subject to the condition that no amendment is done to the 'Basic structure' of the constitution. The Preamble has been amended only once by the 42nd Constitutional Amendment act, which has added three new words- Socialistic, Secular and Integrity- to the preamble.

1.4 NATURE OF INDIAN CONSTITUTION

1.4.1 UNITARY

In a Unitary Constitutions the powers of the Government are centralized in one.

Government v.z. the States or Provinces are Subordinates to the Centre.

1.4.2 FEDERAL

In Federal Constitution, there is a division of Powers between the federal and the State Government and both are independent in their own spheres. The American Constitution is universally regarded as an example of the Federal Constitution.

1.4.3 CHARACTERISTICS OF A FEDERAL CONSTITUTION

A Written Constitution

For a federal Constitution it is Mandatory that there should be a written Constitution.

Dual Government

In case of federal constitution, there is system of dual government one at centre and another at state.

Supremacy of Constitutions

For a federal Constitution there should be supremacy of the Constitution. At the time of the exercise of power by three organs of the Govt. i.e. legislative, executive and Judiciary, all functions are Subordinated and Controlled by the Constitution.

Distribution of Powers

Federalism means the distribution of powers of the State among a Number of Co-ordinate bodies each originating in and controlled by the Constitution

Rigidity

Rigidity is one of the Basic essential of a federal Constitution. It highly depends on the Process of amendment.

Independent Judiciary

There should be an independent judiciary having authority on other organs. In a federal Constitution the courts (judiciary) has the final power to interpret the Constitution. Finally it should say that the judiciary is the Guardian of the Constitution.

Conclusion

Finally, it can be said that the Indian Constitution is neither Purely federal nor purely unitary but a Unique Combination of Both aspects.

1.4.4 PECULIAR FEATURES OF INDIAN CONSTITUTION

- Mode of formation
- Position of the state
- Citizenship
- Residuary power
- The lengthiest Constitution in the world.

1.5 MEANING OF STATE (ARTICLE 12)

The state includes

- The Government and parliament of India
- The Government and legislature of each of the states.
- All local and other authorities:
 - Within the territory of India
 - Under the control of the Government of India

All the fundamental rights are available against the state with a few exceptions.

1.6 FUNDAMENTAL RIGHT

1.6.1 INTRODUCTION

The aim of Fundamental Rights is that certain elementary rights such as right to life, liberty, freedom of speech and freedom of faith and so on should be regarded as inviolable under all circumstances and that the shifting majority in legislatures of the country should not have a free hand in interfering with fundamental rights. Fundamental right is called the Magna Carta of India.

1.6.2 RIGHTS TO EQUALITY

- Equality before law (Article 14)
- Prohibition of discrimination on the grounds of religion race, caste, sex or place of Birth (Article 15)
- Equality of opportunity in matters of public employment (Article 16)
- Abolition of untouchability (Article 17)
- Abolition of titles (Article 18)

1.6.3 ARTICLE 14

“The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India.”

Equality before Law

This concept is taken from British Constitution. The concept of equality does not mean absolute equality among human beings which is physically no possible to achieve. It is a concept implying absence of any special privilege by reason of birth, Creed or the like in favour of any individual, and also the equal subject of all individuals and classes to the ordinary law of the land.

Test of Reasonable Classification

While Art 14 forbids class legislation; it permits reasonable classification of persons, objects and transactions by the legislature for the purpose of achieving specific ends. But classification must not be arbitrary, artificial or evasive”. It must always rest upon some real and substantial distinction bearing a just and reasonable relation to the object sought to be achieved by the legislature, classification to be reasonable must fulfill the following two conditions:

1. The classification must be founded on an **“intelligible differentia”** which distinguishes persons or things that are grouped together from others left out of the group.
2. The differentia must have a rational relation to the object sought to be achieved by the Act. *K.Thimmappa v. Chairman Central Board of Directors SBI* and *Ram Krishna Dalmia vs. J. Tendolkar*

Exceptions to the equality before law

Article 361 of the Constitution permits the following exceptions to this rule:

- The President or the Governor of a State shall not be answerable to any court.
- No criminal proceeding whatsoever shall be instituted or continued against the President or a Governor in any court during his term of office.
- No Civil Proceeding in which relief is claimed against the President or the Governor of a state shall be instituted during his term of office in any Court in respect of any act done or purporting to be done by him in his personal capacity.

1.7 PROHIBITION OF DISCRIMINATION ON CERTAIN GROUNDS:-

1.7.1 ARTICLE 15(1)

Article 15(1) provides that the state shall not discriminate against any citizen on grounds only of:

- | | | |
|------------|---------|---------------------|
| • Religion | • Caste | • Place of birth or |
| • Race | • Sex | • Any of them |

1.7.2 ARTICLE 15(2)

Article 15(2) provides that no citizen shall be on above grounds, subject to any disability, liability, restriction or condition with regard to:

- a) access to shops, public restaurants, hotels and places of public entertainment; or
- b) the use of wells, tanks, bathing ghats, roads and places of public resort maintained wholly or partly out of State funds or dedicated to the use of the general public.

1.7.3 EXCEPTIONS

Article 15(3), 15(4) and 15(5) contains exceptions to the general principal laid down under Article 15(1) and 15(2):

- Nothing in this article shall prevent the State from making any special provision for women and children.
- Nothing in this article shall prevent the State from making any special provision for the advancement of any **socially and educationally backward classes** of citizens or for the Scheduled Castes.
- Nothing in this article shall prevent the State from making any special provision, by law, for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes or the Scheduled Tribes in so far as such special provisions relate to their **admission to educational institutions** including private educational institutions, whether aided or unaided by the State, other than the minority educational institution.

1.7.4 EQUALITY OF OPPORTUNITY IN MATTERS OF PUBLIC EMPLOYMENT (ARTICLE 16)

- There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State.
- No citizen shall, on grounds only of:
 - Religion
 - Race
 - Caste
 - Sex
 - Descent
 - place of birth
 - residence
 - any of them
 be ineligible for, or discriminated against in respect of, any employment or office under the State.

1.7.5 EXCEPTIONS

- Nothing in this article shall prevent Parliament from making any law prescribing, in regard to a class or classes of employment or appointment to an office under the Government of, or any local or other authority within, a State or Union territory, any requirement as to residence within that State or Union territory prior to such employment or appointment.
- Nothing in this article shall prevent the State from making any **provision for the reservation** of appointments or posts in favour of any **backward class** of citizens which, in the opinion of the State, is not adequately represented in the services under the State.
- Nothing in this article shall prevent the State from making any provision for **reservation in matters of promotion**, with consequential seniority, to any class or classes of posts in the services under the State in favour of the **Scheduled Castes and the Scheduled Tribes** which, in the opinion of the State, are not adequately represented in the services under the State.
- Nothing in this article shall affect the operation of any law which provides that the incumbent of an office in connection with the affairs of **any religious or denominational institution** or any member of the governing body thereof shall be a person professing a particular religion or belonging to a particular denomination.

1.8 ABOLITION OF UNTOUCHABILITY (ARTICLE 17)

“Untouchability” is abolished and its practice in any form is forbidden. The enforcement of any disability arising out of “Untouchability” shall be an offence punishable in accordance with law.

The term “Untouchability” is not defined under the Constitution. However, it refers to the social disabilities imposed on certain class of person by reason of their birth in certain caste. However, it does not cover social boycott of a few individuals.

1.9 ABOLITION OF TITLES (ARTICLE 18)

- No title, not being a military or academic distinction, shall be conferred by the State.
- No citizen of India shall accept any title from any foreign State.
- No person who is not a citizen of India shall, while he holds any office of profit or trust under the State, accept without the consent of the President any title from any foreign State.
- No person holding any office of profit or trust under the State shall, without the consent of the President, accept any present, emolument, or office of any kind from or under any foreign State.

1.10 RIGHT TO FREEDOM

Article 19(i) defines six freedoms:

- Freedom of speech and expression
- Freedom of Assembly
- Freedom to form Association
- Freedom of Movement
- Freedom to reside and to settle
- Freedom of Profession, occupation, trade or business.

These six freedoms are however not absolute, and subject to reasonable restriction which are as follows:

1. Security of the State
2. Friendly relation with foreign states
3. Public order iv. Decency and Morality
4. Contempt of Court
5. Defamation
6. Incitement to an offence
7. Sovereignty and Integrity of India

1.11 RIGHT TO LIFE & PERSONAL LIBERTY

“No person shall be deprived of his life or personal liberty except according to Procedure established by law.”

In *Maneka Gandhi v. Union of India*. The Court has given the widest possible interpretation of Personal liberty. Thus Art 21 requires the following Conditions to be fulfilled before a Person is deprived of Personal liberty.

- There must be a valid law.
- The law must provide a Procedure.
- The Procedure must be (just, fair and Reasonable) ensuring Natural Justice.

Right to life includes within its ambit the right to live with Human dignity. The S.C. held that the right to life defines not only physical existence but the “quality of life.”

JUDICIAL PRONOUNCEMENT ON RIGHT TO LIFE & PERSONAL LIBERTY

- Right to Travel abroad. (*Satwant Singh v. Assistant Passport officer*)
- Right to livelihood. (*D.K.Yadav v. J.M.A Industries*)
- Right to Shelter. (*Chameli Singh v. State of U.P.*)
- Right to Privacy. (*R.Raja Gopal v. State of T.N.*)
- In *PUCV Vs. Union of India*, the S.C. held that telephone tapping is a serious invasion of an individual’s right to Privacy which is part of the right to life and personal liberty.
- Right to Health & Medical Assistance.
- Right to die NOT A RIGHT TO LIFE
- Protection of Ecology and Environmental Pollution
- Right to education under Art. 21A
- Prisoner’s Right. The Court held that if the Prisoner died due to beating by Police Officer, his family is entitled to compensation.
- Right to free Legal Aid
- Right to speedy Trial
- Right Against Handcuffing
- Right against Delayed Execution.
- Right to food
- Right to Marriage. (*Lata Singh v. State of U.P.*)
- Right to Reputation.
- Right to Die. In case of *Gian Kaur v. State of Punjab* “The Constitutional Bench of Supreme Court held that “right to life” Under Article 21 does not include “right to die.”

1.12 RIGHT TO EDUCATION (ARTICLE 21A)

Article 21A declares that state shall provide free and compulsory education to all children of the age of six to fourteen years in such a manner as the state may decide. Thus, this provision makes only elementary education a fundamental right and not higher or professional education. This provision becomes effective from the date of 01.04.2012.

1.13 RIGHT AGAINST EXPLOITATION

1.13.1 PROHIBITION OF TRAFFIC IN HUMAN BEINGS AND FORCED LABOUR (ARTICLE 23)

Prohibits traffic in human beings and other similar forms of forced labour. This right is available to both citizens and non-citizens. It protects the individual not only against state but also against the private person. However, state may impose compulsory service for public purpose i.e. military service or social service.

1.13.2 PROHIBITION OF EMPLOYMENT OF CHILDREN IN FACTORIES ETC (ARTICLE 24)

Prohibits the employment of children below the age of 14 years in any factory, mine or other hazardous activities. But it does not prohibit their employment in any harmless innocent work.

1.14 RIGHT TO FREEDOM OF RELIGION

1.14.1 FREEDOM OF CONSCIENCE ETC

Article 25 says that all persons are equally entitled to freedom of conscience and the right to freely profess, practice and propagate religion. The implications of these are as follows:

- Freedom of conscience
- Right to profess
- Right to propagate
- Right to practice

Article 25 covers not only religious belief but also religious practices. This right is available to all person citizen as well as noncitizen.

1.14.2 FREEDOM TO MANAGE RELIGIOUS AFFAIRS

As per Article 26, every religious denomination or any of its section shall have the following right:

- to establish and maintain institutions for religious and charitable purposes;
- to manage its own affairs in matters of religion.
- to own and acquire movable and immovable property; and
- to administer such property in accordance with law.

1.14.3 DENOMINATION

Religious denomination should satisfy the following condition:

- It should be body of individuals who have been system of beliefs which they regards as conducive to their spiritual well being.
- It should have common organisation; and • It should be designated by a distinctive name.
- E.g. 'Ramakrishna mission' and 'Anand Marg' and Arvindo

Society is not the denomination.

1.15 CULTURAL AND EDUCATIONAL RIGHTS

Protection of interest of minority (Article 29)

- Any section of the citizens residing in the territory of India or any part thereof having a distinct language, script or culture of its own shall have the right to conserve the same.
- Further, no citizen shall be denied admission into any educational institution maintained by the State or receiving aid out of State funds on grounds only of religion, race, caste, language or any of them.

1.16 RIGHT TO CONSTITUTIONAL REMEDIES (ARTICLE 32)

1.16.1 MEANING

A mere declaration of fundamental rights in the constitution is meaningless, useless and worthless without providing effective machinery for their enforcement. In other words right of enforcement is itself a fundamental right. That is why Dr. Ambedkar called Article 32 as the soul of the constitution.

Article 32 empowers the Supreme Court to act as defender and guarantor of the fundamental rights of the citizen. It has been vested with 'original and 'wide' powers for that purpose. The purpose of Art. 32 is to provide a guaranteed, effective, expeditious, inexpensive and summary remedy for the protection of the fundamental rights. Only the fundamental right can be enforced and not any other right like statutory right, customary rights etc. The violation of fundamental right is sine qua non for the applicability of article 32. However, the jurisdiction of the Supreme Court in case of violation fundamental right is concurrent with the jurisdiction of the High Court as per Article 226 of the constitution. It means when the fundamental right of a citizen is violated, the aggrieved party has the option of moving either the High Court or Supreme Court directly. Supreme Court and High Court (in case of any other right also) provides the remedy in form of writ which are as follows:

HABEAS CORPUS

It is Latin term which literally means '**to have the body of**'. It is an order issued by the court to a person who has detained another person to produce the body of latter before it. The court then examines the cause and legality of the detention. It would set the detained person free, if the detention is found to be illegal. Thus writ is a bulwark of individual liberty against arbitrary detention.

The writ of Habeas Corpus can be issued against both public and private person. However, it cannot be issued in following cases:

- Detention is lawful.
- Proceeding is for contempt of legislation or a court.
- Detention is by a competent court.
- Detention is outside the jurisdiction of the court.

MANDAMUS

It literally means 'we command'. It is command issued by the court to a **public official** asking him to perform his official duties that he has failed or refused to perform. It can also be issued against any public body, a corporation, an inferior court, a tribunal or government for the same purpose.

It cannot be issued in the following cases:

- Against a private individual or body
- To enforce departmental instruction
- When the duty is discretionary not mandatory
- Against the president or Governor.

PROHIBITION

Literally means 'to forbid'. It is issued by **higher court to a lower court** or tribunal to prevent the latter from **exceeding the jurisdiction**. Thus unlike, mandamus that directs activity, the prohibition directs inactivity. It is not issued against:

- Administrative authorities
- Legislative authorities
- Private individuals.

CERTIORARI

In the literal sense, it means ‘to be certified’ or ‘to be informed’. It is issued by **higher court to a lower court** or tribunal either to transfer a case pending with the latter to itself or squash the order of the latter in a case. It is issued on the grounds of:

- Excess of jurisdiction
- Lack of jurisdiction
- Error of law.

Thus, unlike prohibition, which is only preventive, certiorari is both preventive as well as curative. Certiorari can be issued against even the administrative authorities affecting the rights of individual as per the ruling of the supreme since 1991.

QUO-WARRANTO

In the literal sense, ‘it means by what authority or warrant’. It is issued by the court to enquire in to the legality of claim of a person to a public office.

1.17 DIRECTIVE PRINCIPLES OF STATE POLICY

1.17.1 INTRODUCTION

The D.P.S.P. contained in Part IV of the Constitution set out aims and objective to be taken up by the States in the governance of the country. This feature of the Constitution is borrowed from the Constitution of Ireland. The idea of a welfare State established by our constitution can only be achieved if the States try to implement them with a high sense of moral duty. The main object in enacting the directive principles appears is to set standard of achievement before the legislature and the executive, the local and other authorities, by which their success or failure can be judge. The Constitution of India contains the following directive principals:

1. Directive for social order based on justice – Art 38(1) requires the State to try and promote the welfare of the people by securing a social order in which everyone is assured social, economic and political justice.
2. Directives in the nature of non-justifiable right of every citizen:
 - Right to adequate means of livelihood Art 39 (a),
 - Right of both sexes to equal pay for equal work Art 39 (b)
 - Right against economic exploitation. Art 39 (e) ■ Equitable justice and free legal aid, Art 39 (A).
3. To organize village Panchayats as units of self-government (Art. 40)
4. Right of work within the economic capacity of the state. Art 41
5. The State shall make provision for securing just and humane conditions of work and for maternity relief. Art. 42.
6. To develop cottage industries. (Art 43)
7. Participation of workers in management of industries, (Art 43A)
8. To secure a uniform civil code for the Citizen (Art 44).
9. The State shall endeavour to provide, free and compulsory education for all children until they complete the age of fourteen years. Art. 45
10. To promote with special care the educational and economic interests of the weaker section of the People and, in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation.
11. To prohibit consumption of liquors and intoxicating drug except for medical purposes. (Art 47).
12. To organize agriculture and animal husbandry on modern lines.
13. Protection and improvement of environment and safeguarding of forests and Wild life, (Art 48A)

14. To protect and maintain places of historic, and artistic interest. (Art 49)
15. To separate judiciary from executive (Art 50).
16. The State shall endeavour to:
 - Promote international peace and security;
 - Maintain just and honorable relations between nations;

1.18 RELATION BETWEEN FUNDAMENTAL RIGHTS AND D.P.S.P

D.P.S.P contained in Part IV of the Constitution. These are defined in Art 36 to 51 set out the aims and objectives to be taken up by the State in the Governance of the country. The D.P.S.P. is borrowed from the Constitution of Ireland. The D.P.S.P. are not justifiable.

Fundamental Rights are contained in Part III of the Constitution. These are defined in Art 12 to 35. These rights are provided for to every person of India and it can be enforced by the Court.

In *Kesvanand Bharti v. State of Kerala*, The Supreme Court held that the fundamental right & D.P.S.P. aim the same goal of bringing about a social revolution and establishment of a welfare state and they can be interpreted and applied together.

1.19 FUNDAMENTAL DUTIES

1. To abide by the Constitution and respect its ideals and institutions, the National Flag and the national Anthem
2. To Cherish and follow the noble ideals which inspired our National Struggle for freedom.
3. To uphold and protect the Sovereignty – Unity and integrity of India.
4. To defend the Country and render National Service when called upon to do so.
5. To Promote harmony and the spirit of common brotherhood amongst all the people of India, Transcending, religious, linguistic and regional or Sectional diversities, to renounce Practices derogatory to the dignity of woman.
6. To value and preserve the rich heritage of our composite culture.
7. To protect and improve the Natural, environment, Including forests, lakes, rivers and wild life, to have compassion for living creatures.
8. To develop the Scientific temper, humanism and the spirit of inquiry and reform.
9. To safeguard public property and to abjure violence.
10. To strive towards excellence in all sphere of individual and collective activity. So that the nation constantly rises to higher levels of Endeavour and achievement.
11. Who is Parent or Guardian to Provide opportunities for education to his child or as the case be ward between the age of six and fourteen years.

1.20 ORDINANCE MAKING POWER (ART 123)

If any time when both house of Parliament are not in session, President may issue ordinance having same force of as an Act of Parliament. Such ordinance must be laid before both houses of Parliament and shall have effect up to six weeks of unless Parliament by disapproved by resolution. An ordinance Promulgated under Art 123 is a law having same force and effect as an Act at Parliament. The ordinance passed by the President cannot be inquired into challenged in Courts. It cannot violate fundamental rights.

Chapter 1

CLOCKS AND CALENDARS**1.1 CLOCKS**

The face of dial of a watch is a circle whose circumference is divided into 60 equal points, called minute space. A clock has two hands, the smaller one is called the hour hand or short hand while the larger one is called the minute hand or long hand.

- In 60 minutes, the minutes hand gains 5 minutes (or 5-minute spaces) over the hour hand.
- In every hour, both the hands coincide.
- The hands are in the same straight line when they are coincident or opposite to each other.
- When the two hands are at right angles, they are 15-minute spaces apart.
- When the hands are in opposite directions, they are 30 minutes spaces apart.
- Angle traced by the hour hand in 60mins is $360^\circ/12 = 30^\circ$ and minute hand is 360° (Simple concepts of Ratio Proportion and Unitary method apply here)

1.2 CALENDARS**1.2.1 ODD DAYS**

We are supposed to find the day of the week on a given date. For this, we use the concept of 'odd days'. In a given period, the number of days more than the complete weeks are called odd days.

1.2.2 LEAP YEAR

- Every year divisible by 4 is a leap year, if it is not a century.
- Every 4th century is a leap year and no other century is a leap year.

1.2.3 ORDINARY YEAR

The year which is not a leap year is called an ordinary year. An ordinary year has 365 days.

1.2.4 COUNTING OF ODD DAYS

1 ordinary year = 365 days = (52 weeks + 1 day). 1 ordinary year has 1 odd day.

POINTS TO REMEMBER

- In 100 years = 5217 weeks + **5 odd days**
- In 200 years = 5×2 odd days (5 for each 100 years) = 10 days = 1 week + **3 odd days**
- In 300 years = 5×3 odd days (5 for each 100 years) = 15 days = 2 weeks + **1 odd day**
- In 400 years = 5×4 odd days (5 for each 100 years) + 1 odd day (Leap year) = 21 days = 3 weeks + **0 odd days**
- Similarly, each one of 800 years, 1200 years, 1600 years, 2000 years etc. has 0 odd days.
- Day of the Week Related to Odd Days (Assuming that 1AD January 1st is a Sunday):

No. of Day	0	1	2	3	4	5	6
Day	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

PRACTICE QUESTIONS

1. Which of following is a leap year?
 - a) 2800
 - b) 1800
 - c) 2600
 - d) 3000
 - e) None of these
2. In an accurate clock, in a period of 2 h 20 min, the minute hand will move over what degree?
 - a) 520
 - b) 320
 - c) 840
 - d) 140
3. The reflection of a clock in the mirror is 3h 45 min. What is the actual time shown in the clock?
 - a) 8h 15 min
 - b) 9 h 30 min
 - c) 8h 45 min
 - d) 9h 15 min
4. In a month of 31 days, third Thursday falls on 16th. What will be the last day of the month?
 - a) 5th Friday
 - b) 4th Saturday
 - c) 5th Wednesday
 - d) 5th Thursday
 - e) None of these
5. An accurate clock shows the time as 3:00 after hour hand has moved 135° , the time would be
 - a) 7:30
 - b) 6:30
 - c) 8:00
 - d) 9:30
6. The priest told the devotee, "The temple bell rings at regular intervals of 45 min, the last bell rang 5 min ago. The next bell is due to be rung at 7:45." At what time did the priest give this information to the devotee?
 - a) 7:00 am
 - b) 7: 05 am
 - c) 7:40 am
 - d) 6:55 am
7. An accurate clock shows 8 o'clock in the morning through how many degrees will the hour hand rotate when the clock shows 2 O'clock in the afternoon?
 - a) 150°
 - b) 144°
 - c) 168°
 - d) 180°
8. The number of times in a day the hour hand and the minute hand of a clock are at right angles, is
 - a) 44
 - b) 48
 - c) 24
 - d) 12
9. If the first day of June is a Saturday, then the date on which the last Saturday of that month falls, is
 - a) 22
 - b) 28
 - c) 29
 - d) 30
10. Assume that
 - I. the hour and minute hands of a clock move without jerking.
 - II. The clock shows a time between 8 O'clock and 9 O'clock.
 - III. The two hands of the clock are one above the other.
 After how many minutes (nearest integer) will the two hands be again lying one above the other?
 - a) 60
 - b) 62
 - c) 65
 - d) 67
11. The calendar for the year 2002 is the same as for the year
 - a) 2006
 - b) 2008
 - c) 2009
 - d) 2010
12. If the seventh day of a month is three days earlier than Friday, then what day will be on the nineteenth day of the month?
 - a) Sunday
 - b) Monday
 - c) Wednesday
 - d) Friday

13. If a month in a year starts with Monday, then the date of the fourth day after the second Saturday in that month, will be
- 16
 - 17
 - 18
 - 19
14. In a clock, the angle between the hour hand and minute hand at 5 h 10 min, is
- 60°
 - 95°
 - 120°
 - 90°
15. A clock is set right at 10:00 am. The clock gains 10 min in a day. What will be the true time when the watch indicates 3:00 pm the next day?
- 12 min past 2 pm
 - 45 min past 2 pm
 - 48 min past 2 pm
 - 30 min past 2 pm
16. The director came to the office to attend a meeting at 15 min past 12 and he came 25 min before his steno, who in turn was late by 30 min to the meeting. At what time was the meeting supposed to start?
- 12:00
 - 12:15
 - 12:10
 - 12:20
17. At what time are the hands of clock together between 7 p.m. and 8 p.m.?
- 7.45.54
 - 7.36.27
 - 7.37.49
 - 7.38.11
18. The relative speed of minute-hand with respect to hour-hand is
- $(5\frac{1}{2})^\circ$ per min
 - 1° degree per min
 - 6° per min
 - Both (a) and (b)
19. In a day how many times the minute-hand and hour-hand make right angle between them?
- 12
 - 20
 - 22
 - 44
20. What are the possible times when a clock shows 35° angle between two hands between 3 p.m. and 4 p.m.?
- 20 min 25 s
 - 25 min 20 s
 - 22 min 43 s
 - None of these
21. A clock gains 15 mins per day. It is set right at 12 noon what time will the clock show at 4.00 a.m., the next day
- 4:10 a.m.
 - 4:15 a.m.
 - 4:30 a.m.
 - 5:00 a.m.
22. A watch is 1 min slow at 1 p.m. on Tuesday and 2 mins fast at 1 p.m. on Thursday. When did it show the correct time?
- 1.00 a.m. on Wednesday
 - 5.00 a.m. on Wednesday
 - 1.00 p.m. on Wednesday
 - 5.00 p.m. on Wednesday
23. By which of the following, a leap year must be divisible?
- 9
 - 6
 - 5
 - 4
 - None of the above
24. Today is Monday. What will be the day after 64 days?
- Saturday
 - Friday
 - Thursday
 - Tuesday
 - None of the above
25. On 6th march, 2005, Monday falls. What was the day of the week on 7th march, 2004?
- Tuesday
 - Monday
 - Friday
 - Sunday
26. What was the day of the week on 2nd Jan 2010, if it was Sunday on 1st Jan, 2006?
- Saturday
 - Thursday
 - Sunday
 - Friday
 - None of the above

27. 4th April, 1988 was Monday. What day of the week was it, on 6th November 1987?

- a) Tuesday
- b) Friday
- c) Sunday
- d) Saturday
- e) None of the above

28. On what dates of March, 2006 did Saturday fall?

- a) 4th, 5th, 9th, 12th
- b) 5th, 12th, 19th, 26th
- c) 3rd, 10th, 17th, 25th
- d) 4th, 11th, 18th, 25th
- e) None of the above

29. In a 366-day year, how many days occur 53 times?

- a) 2
- b) 1
- c) 0
- d) 3

Directions (Q30 and Q33): Read the following information carefully to answer these questions:

A person had left his home at the age of about 14 years. He remembers that the day was Monday. Since then, he has been fasting on every Tuesday. Today he is celebrating his 60th birth anniversary in a five-star hotel with his friends. As today is Tuesday, he is not taking anything except wine. At the end of the party, he discloses that it is his 2400th Tuesday of fasting.

30. Today is October 9, 2001. On which date had he left his home?

- a) October 10, 1955
- b) October 9, 1955
- c) October 8, 1955
- d) None of these

31. He was born on

- a) Wednesday

- b) Tuesday
- c) Monday
- d) Thursday

32. In an ordinary year which months begin on the same day of the week

- a) Feb; Nov
- b) Jan; Nov
- c) Feb; Oct
- d) Jan; Sept

33. If March 2, 1994 was on Wednesday, January 25, 1994 was on

- a) Wednesday
- b) Thursday
- c) Tuesday
- d) Monday

34. The calendar for the year 2007 will be the same for the year:

- a) 2014
- b) 2016
- c) 2017
- d) 2018

35. 2012 January 1st is Sunday, then which day is the Indian Independence Day of the same year.

- a) Saturday
- b) Wednesday
- c) Thursday
- d) Friday

36. February 29, 2000 was a Tuesday. In this century, how many more times February 29, will fall on a Tuesday?

- a) 1
- b) 2
- c) 3
- d) 4

37. What was the day of the week on 28th May, 2006?

- a) Thursday
- b) Friday
- c) Saturday
- d) Sunday

ANSWERS

1	A	8	A	15	C	22	B	29	A	36	C
2	C	9	C	16	C	23	D	30	A	37	D
3	A	10	C	17	C	24	D	31	D		
4	A	11	B	18	D	25	B	32	A		
5	A	12	A	19	C	26	A	33	C		
6	B	13	B	20	C	27	B	34	D		
7	D	14	B	21	A	28	D	35	B		

**ECONOMIC &
BUSINESS
ENVIRONMENT
BY CS ADITI PANT**

Chapter 1

BASICS OF DEMAND & SUPPLY AND FORMS OF MARKET COMPETITION

The law of demand and supply is a theory that establishes the relationship between the sellers and buyers of a particular commodity. The theory defines the relationship between the price of the commodity and the willingness of the buyers to either buy or sell that commodity.

1.1 MEANING OF DEMAND

Demand is the quantity of consumers who are willing and able to buy products at various prices during a given period of time. Demand for any commodity implies the consumers' desire to acquire the good, the willingness and ability to pay for it.

1.2 LAW OF DEMAND

Economics involves the study of how people use limited means to satisfy unlimited wants. The law of demand focuses on those unlimited wants. Naturally, people prioritize more urgent wants and needs over less urgent ones in their economic behavior, and this carries over into how people choose among the limited means available to them.

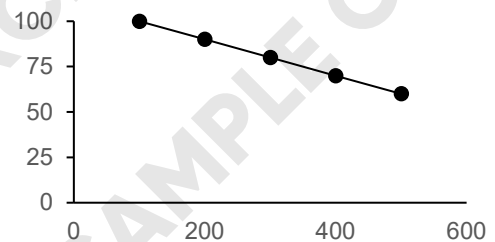
The law of demand is a fundamental principle of economics and implies that there is an inverse relationship between the price and quantity demanded of a commodity. It states that at a higher price, consumers will demand a lower quantity of a good. In other words, other things being equal (*ceteris paribus*), quantity demanded will be more at a lower price than at higher price.

Among various factors affecting demand, price of a commodity is the most critical factor. Thus, demand of a commodity is mainly determined by the price of commodity.

$$D_x = f(P_x)$$

Let us understand the concept through the following example:

Price per Unit (INR)	Quantity Demanded
100	100
90	200
80	300
70	400
60	500



1.3 ASSUMPTIONS OF THE LAW OF DEMAND

NO CHANGE IN HABITS AND CUSTOMS

Law of demand explains us that demand goes up with a fall in price and goes down with a rise in price. But an increase in price will not bring down the demand if at the same time the income of the buyer has also increased.

NO CHANGE IN CONSUMER'S PREFERENCES

The Law of Demand operates only when the taste and preferences of the consumers remain constant.

NOT APPLICABLE ON THE NECESSARIES

It is assumed that this law is not applicable in the case of necessities of life. Because, an increase in the price of flour (an item of necessity) will not bring down its demand. Likewise, a fall in its price will not vary much increase the demand for it.

NO EXPECTATION OF FUTURE PRICE CHANGES OR SHORTAGES

If there is a fear of shortage of a good in future and/or fear of increase in the price of the commodity, its demand will increase in present as people would start storing.

CHANGE IN INCOME

Sometimes the demand for a product may change according to the change in income. If a household's income increases, they may purchase more products irrespective of the increase in their price, thereby increasing the demand for the product. Similarly, they might

postpone buying a product even if its price reduces if their income has reduced. Hence, change in a consumer's income pattern may also be an exception to the law of demand.

No Change in Size, Age Composition and Sex Ratio of the Population

1.4 EXCEPTIONS TO THE LAW OF DEMAND

There are few exceptional cases where the law of demand is not applicable, which may be categorized as follows:

Giffen Goods

Giffen Goods is a concept that was introduced by Sir Robert Giffen. These goods are goods that are inferior in comparison to luxury goods. However, the unique characteristic of Giffen goods is that as its price increases, the demand also increases. And this feature is what makes it an exception to the law of demand.

Articles of Snob Appeal

Sometimes, certain commodities are demanded just because they happen to be expensive or prestige goods, and have a 'snob appeal'. They satisfy the aristocratic desire to preserve exclusiveness for unique goods.

Veblen Goods

According to Veblen, there are certain goods that become more valuable as their price increases. If a product is expensive, then its value and utility are perceived to be more, and hence the demand for that product increases.

Speculation / Expectation of Price Change

There are times when the price of a product increases and market conditions are such that the product may get more expensive. In such cases, consumers may buy more of these products before the price increases any further. Consequently, when the price drops or may be expected to drop further, consumers might postpone the purchase to avail the benefits of a lower price.

Necessary Goods and Services

Another exception to the law of demand is necessary or basic goods. People will continue to buy necessities such as medicines or basic staples such as sugar or salt even if the price increases. The prices of these products do not affect their associated demand.

Consumer's Psychological Bias or Illusion

When the consumer is wrongly biased against the quality of the commodity with the price change, he may contract this demand with a fall in price.

1.5 ELASTICITY OF DEMAND

A change in the price of a commodity affects its demand. So, the elasticity of demand is the change in demand due to the change in one or more of the variable factors that it depends on. There can be various factors of change in demand of any particular commodity, for example, price of the commodity, price of the related commodity, change in the income of the consumer. Accordingly, there are Price, Cross and Income Elasticity of Demand.

1.5.1 PRICE ELASTICITY OF DEMAND

The price elasticity of demand is the response of the quantity demanded to change in the price of a commodity. It is assumed that the consumer's income, tastes, and prices of all other goods are steady. It is measured as a percentage change in the quantity demanded divided by the percentage change in price. Therefore, price elasticity of demand is:

$$E_p = \frac{\text{Percentage change in Quantity Demanded}}{\text{Percentage change in Price}}$$

Or,

$$E_p = \frac{\text{Change in Quantity } \Delta Q}{\text{Original Quantity}} \times \frac{\text{Original Price}}{\text{Change in Price } \Delta P}$$

1.5.1.1 TYPES OF PRICE ELASTICITY OF DEMAND

The various forms of price elasticity of demand are as under:

Perfectly Elastic (PED = ∞)

If the percentage of change in price results in infinite change in demand for a commodity, then the demand is said to be perfectly elastic. For instance, if a 10% increase in price causes an infinite drop in demand, then it means that the demand is perfectly elastic. The demand curve remains horizontal.

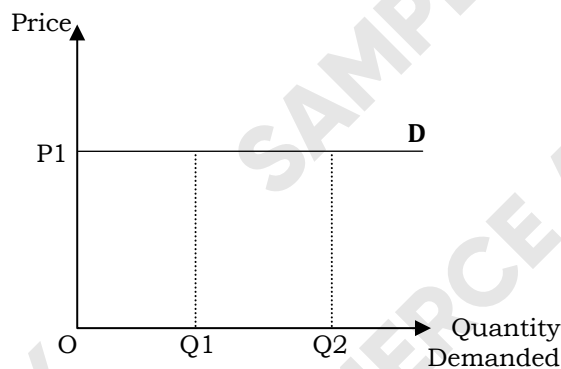


Fig 1.5.1.1(a) Price Elasticity Curve for Perfectly Elastic

Perfectly Inelastic (PED = 0)

When the price elasticity of demand or PED is zero, then the demand is perfectly inelastic. That is, there is no change in the quantity demanded in response to the change in price. The demand curve remains vertical. Demand is completely unresponsive to the change in price.

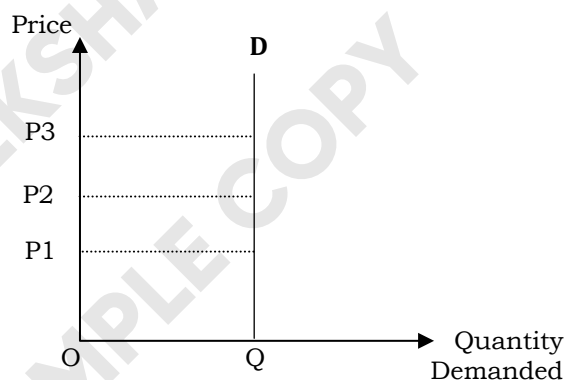


Fig 1.5.1.1(b) Price Elasticity Curve for Perfectly Inelastic

Relatively Elastic Demand ($e_p > 1$)

Relatively elastic demand refers to the demand when the proportionate change produced in demand is greater than the proportionate change in price of a product. The numerical value of relatively elastic demand ranges between one to infinity.

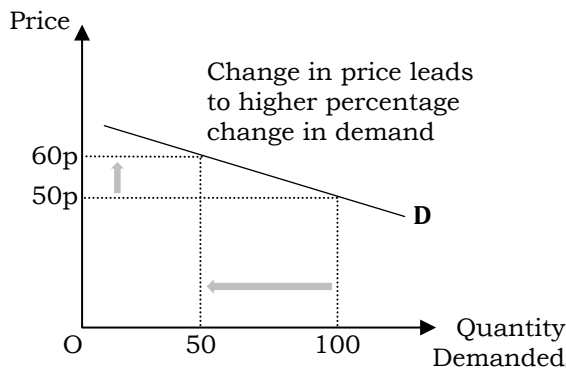


Fig 1.5.1.1(c) Price Elasticity Curve for Relatively Elastic Demand

Relatively Inelastic Demand ($e_p < 1$)

Relatively inelastic demand is one when the percentage change produced in demand is less than the percentage change in the price of a product. For example, if the price of a product increases by 30% and the demand for the product decreases only by 10%, then the demand would be called relatively inelastic. The numerical value of relatively elastic demand ranges between zero to one ($e_p < 1$).

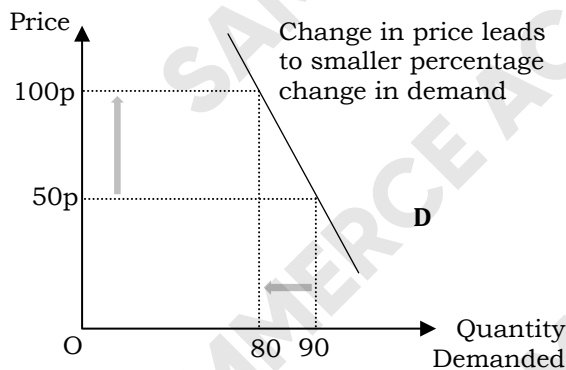


Fig 1.5.1.1(d) Price Elasticity Curve for Relatively Elastic Demand

Unitary Elastic Demand ($e_p = 1$)

When the percentage of change in demand is the same as the percentage of change in price, then the demand is unit elastic. For example, let us say that the price of a candy drops from Rs.10 to Rs.5 and the demand increases from 10 candies to 15 candies. Here, the percentage of change in demand is equal to the percentage of change in price (50% divided by 50%, which is 1).

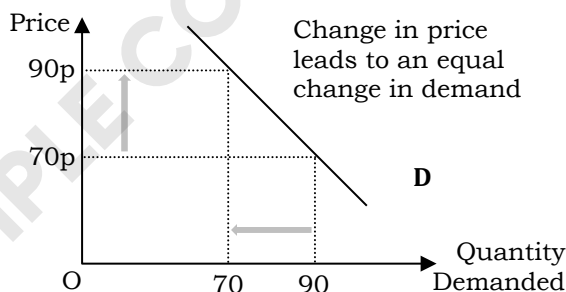


Fig 1.5.1.1(e) Price Elasticity Curve for Unitary Elastic Demand

1.5.1.2 FACTORS THAT AFFECT PRICE ELASTICITY

Availability of Substitutes

If there are several substitutes or brands available for a product, then the elasticity of demand for the product will be high because consumers can shift from one brand to another depending on the change in price. Chocolates, for instance, is a good example of substitutes. Consumers can choose between several brands of chocolates available in the market.

Price Level and relative Income Level

The demand is generally elastic for moderately priced goods but, the demand for very costly and very cheap goods is inelastic. Also, when a household's income changes, the demand for goods and services also varies in response to the income. Hence, the demand for products and services becomes elastic.

Necessities

Necessary goods such as medicines and petrol usually have an inelastic demand. As consumers have to purchase these goods irrespective of the change in price, the demand remains unresponsive.

Time Period

Over a long period of time, a good tends to become more elastic because consumers and businesses have more time to find alternatives or substitutes. For example, if the price of gasoline goes up, over time people will adjust for the change, i.e., they may drive less or use public transportation.

Habits

The demand for addictive or habitual products is usually inelastic. This is because the consumer has no choice but to pay whatever the producer is demanding. For example, if the price for a pack of cigarettes goes up, it will likely not have any effect on demand.

Various Uses

A commodity which has several uses, for example milk, sugar, wood, will have an elastic demand. On the other hand, a commodity having only one or fewer uses will have an inelastic demand. The consumer finds it easier to adjust the quantity demanded of a good when it is to be used for satisfying several wants than if it is confined to a single or few uses. For this reason, a multiple-use good tends to have more elastic demand.

Postponing Consumption

Usually the demand for commodities, the consumption of which can be postponed, is elastic as the prices rise and are expected to fall again. For example, the demand for mobile is elastic because its use can be postponed for some time if its price goes up, but the demand for rice and wheat is inelastic because their use cannot be postponed when their prices increase.

1.5.2 INCOME ELASTICITY OF DEMAND

The income elasticity of demand measures how the change in a consumer's income affects the demand for a specific product. Prof. Watson defines it as:

"Income elasticity of demand is the rate of change of quantity with respect to changes in the income, other determinants remaining constant."

$$E_y = \frac{\text{Percentage change in Quantity Demanded}}{\text{Percentage change in Income}}$$

$$\text{Percentage Change in Quantity Demanded} = \frac{\text{New Quantity Demanded } \Delta Q}{\text{Original Quantity Demanded } Q}$$

$$\text{Percentage Change in Income} = \frac{\text{New Income } \Delta Y}{\text{Original Income } Y}$$

To put it symbolically, it can be stated that

$$E_y = \frac{\Delta Q}{Q} \times \frac{\Delta P}{P}$$

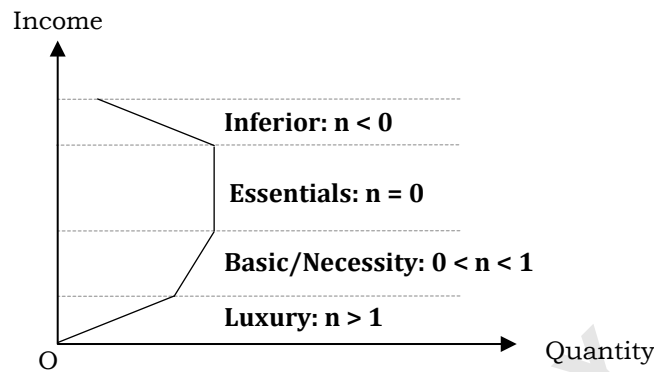


Fig 1.5.2(a) Income Elasticity Curve under various conditions

1.5.2.1 TYPES OF INCOME ELASTICITY OF DEMAND

Income Elasticity of Demand can be classified into following five categories:

Numerical Measure of Income Elasticity of Demand	Explanation
Negative (Demand for a commodity falls as income rises)	This pattern can be seen in case of Inferior Goods
Zero (Demand for a commodity does not change as income changes)	This pattern can be seen in case of essential goods
Greater than Zero but less than One	Demand for commodity increases in proportion to a rise in income.
Unity	Demand for commodity increases in the same proportion as rise in income.
Greater than the unity	Demand for commodity increases more than in proportion to rise in income

1.5.3 CROSS ELASTICITY OF DEMAND

The cross elasticity of demand of a commodity X for another commodity Y, is the change in demand of commodity X due to a change in the price of commodity Y. Symbolically,

$$E_c = \frac{\Delta q_x}{\Delta p_y} \times \frac{p_y}{q_x}$$

Here, E_c = Cross elasticity,

Δq_x = Original demand of commodity X, q_x = Change in demand of X,

Δp_y = Original price of commodity Y, p_y = Change in price of Y

The relationship between Related Commodities may be *Substitutive* or *Complementary* in nature as in case of Tea & Coffee and Pen and Refill respectively. Following are the main divisions of Cross Elasticity of Demand:

- Cross elasticity = Infinity (Commodity X is nearly a perfect substitute for commodity Y)
- Cross elasticity = Zero (Commodity X and Y are not related)
- Cross elasticity = Negative (Commodities X and Y are complementary)

1.6 INCREASE & DECREASE IN DEMAND AND EXPANSION & CONTRACTION OF DEMAND

1.6.1 INCREASE IN DEMAND AND DECREASE IN DEMAND

The change means an increase or decrease in the volume of demand and supply from its equilibrium. Increase or decrease in demand happens due to the change in other determinants of demand. Other determinants could be change in the price of related goods,

the income of consumers, and the preferences of consumers, etc. the demand for a product or service changes.

INCREASE IN DEMAND

Increase in demand of a commodity means more demand at the same price and it is shown by a shift towards the right in the demand curve.

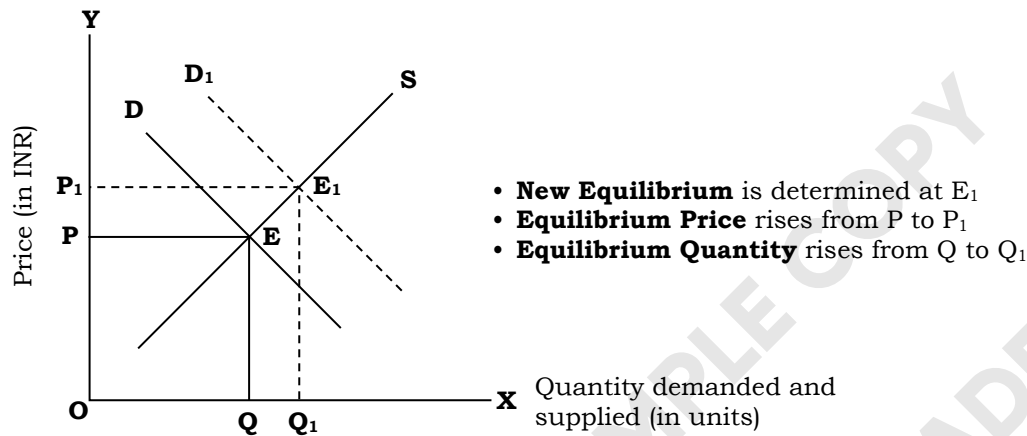


Fig 1.6.1(a) Increase in demand

DECREASE IN DEMAND

Decrease in demand of a commodity means less demand at the same price and it is shown by a shift towards the left in the demand curve.

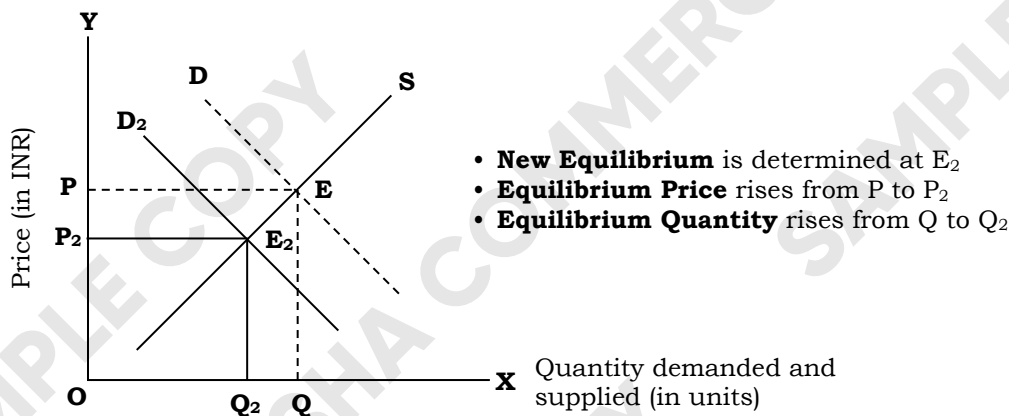


Fig 1.6.1(b) Decrease in demand

1.6.2 EXPANSION IN DEMAND AND CONTRACTION IN DEMAND

Expansion or Contraction in demand happens due to the change in own price of the commodity.

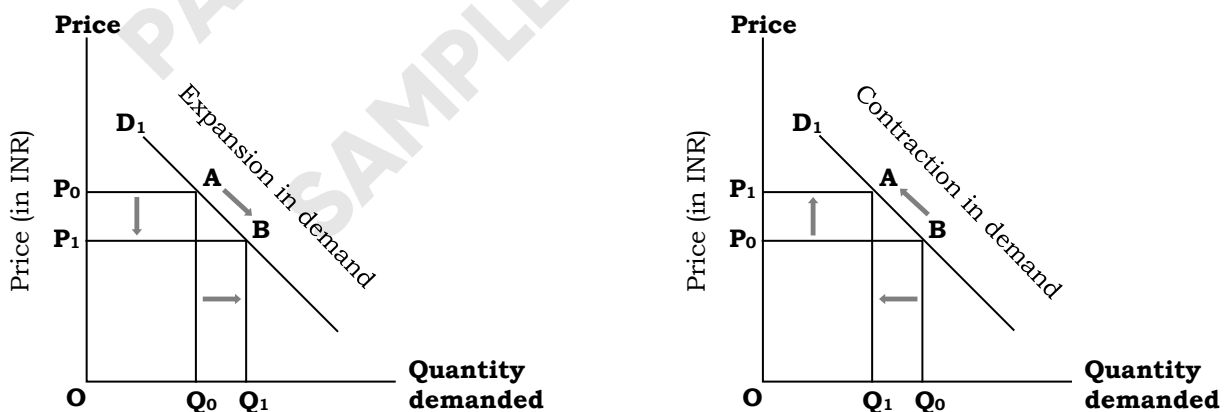


Fig 1.6.2(a) Expansion in demand (Left) & Contraction in demand (Right)

EXPANSION (EXTENSION) OF CONTRACT

When quantity demanded of a commodity increases as a result of the fall in the price, it is called extension (or expansion) in demand.

CONTRACTION OF DEMAND

When the quantity demanded decreases as a result of an increase in the price of the commodity, it is called contraction in demand.

1.7 FORMS OF MARKET COMPETITION**1.7.1 PERFECT COMPETITION**

When we talk about perfect competition market it means that there are huge number of buyers and sellers. When it comes to perfect competition, all the sellers in the market are smaller in competition with each other. In this type of market there are no big players to influence the market conditions. So, each and every firm in this market are price takers. Perfect Competition is a hypothetical concept in reality.

The features of Perfect Competition can be summed as follows:

- The products on the market are homogeneous, i.e. they are completely identical
- All firms only have the motive of profit maximization
- There is free entry and exit from the market, i.e. there are no barriers
- There is no concept of consumer preference

1.7.2 MONOPOLISTIC COMPETITION

This type of market is more *practical* which happens in the real world. When we talk about the monopolistic competition a large number of buyers and sellers exist here. Sellers under Monopolistic Competition do not sell the same product. All the product in this market type are similar but slightly differentiated from each other. So, the consumers have the preference of choosing one product over the other.

For example, the market for cereals is a monopolistic competition. The products are all similar but slightly differentiated in terms of taste and flavors. Another such example is toothpaste.

OLIGOPOLY

In this type of market, there are only a few numbers of firm or seller but the customers are much larger than the firms. In this type of market, the seller has the market influence and accordingly sets the price of the product thereby making customers as price takers. The firms in this case either compete with each other or collaborate together.

In an oligopoly, there are various barriers to entry in the market, and new firms find it difficult to establish themselves.

For example, Cellular Industry is an example of Oligopoly Market, because there are limited providers in this Industry and they are dealing in more or less the same price, and consumers therefore do not have many options to choose from.

MONOPOLY

In this type of Market, there is only one seller/firm, so the single seller controls the whole market and sets the price according to their need. Consumers do not have any alternative and must pay the price set by the seller. Monopolies are generally extremely undesirable and are rare in reality.

DUOPOLY

A duopoly is a kind of oligopoly: a market dominated by a small number of firms. In the case of a duopoly, a particular market or industry is dominated by just two firms (this is in contrast to the more widely-known case of the monopoly when just one company dominates). Duopolistic markets are imperfectly competitive, so entry barriers are typically significant for those attempting to enter the market, but there are usually still other, smaller businesses persisting alongside the two dominant firms.

1.8 ELASTICITY OF SUPPLY

The price elasticity of supply is a measure of the degree of responsiveness of the quantity supplied to the change in the price of a given commodity. Hence, we can express the numeral change in supply with the change in the price of a commodity using the concept of elasticity.

The major factor controlling the supply of a commodity is its price. Therefore, we generally talk about the price elasticity of supply. The price elasticity of supply is the ratio of the percentage change in the price to the percentage change in quantity supplied of a commodity.

$$E_s = \frac{\Delta q}{q} \times 100 \div \frac{\Delta p}{p} \times 100 = \frac{\Delta q}{q} \div \frac{\Delta p}{p}$$

Where Δq is the change in quantity supplied q is the quantity supplied,
 Δp is the change in price p is the price

1.9 TYPES OF PRICE ELASTICITY OF SUPPLY

1.9.1 PERFECTLY INELASTIC SUPPLY

A service or commodity has a perfectly inelastic supply if a given quantity of it can be supplied whatever might be the price. The elasticity of supply for such a service or commodity is zero. A perfectly inelastic supply curve is a straight line parallel to the Y-axis. This is representative of the fact that the supply remains the same irrespective of the price.

The supply of exclusive items, like the painting of Mona Lisa, falls into this category. Whatever might be the price on offer, there is no way we can increase its supply.

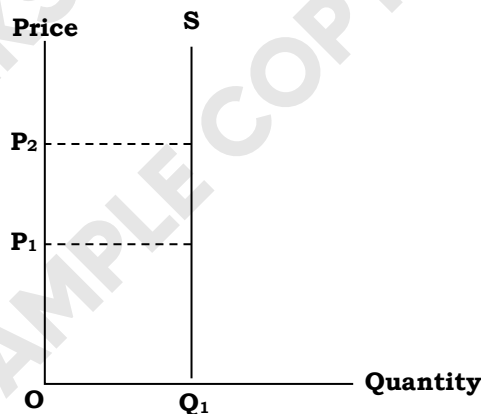


Fig 1.9.1(a) Perfectly Inelastic Supply

1.9.2 RELATIVELY LESS-ELASTIC SUPPLY

When the change in supply is relatively less when compared to the change in price, we say that the commodity has a relatively-less elastic supply. In such a case, the price elasticity of supply assumes a value less than 1.

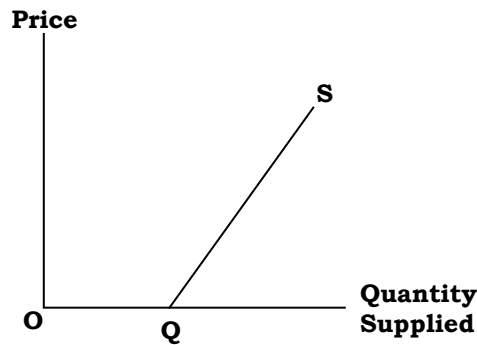


Fig 1.9.2(a) Relatively Less-Elastic Supply

1.9.3 RELATIVELY GREATER-ELASTIC SUPPLY

When the change in supply is relatively more when compared to the change in price, we say that the commodity has a relatively greater-elastic supply. In such a case, the price elasticity of supply assumes a value greater than 1. The Quantity Supplied changes by a larger percentage than the percentage change in price.

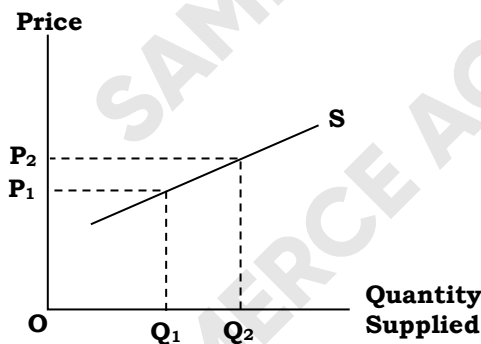


Fig 1.9.3(a) Relatively Greater Elastic Supply

1.9.4 UNITARY ELASTIC SUPPLY

For a commodity with a unit elasticity of supply, the change in quantity supplied of a commodity is exactly equal to the change in its price. In other words, the change in both price and supply of the commodity are proportionately equal to each other. To point out, the elasticity of supply in such a case is equal to one. Further, a unitary elastic supply curve passes through the origin.

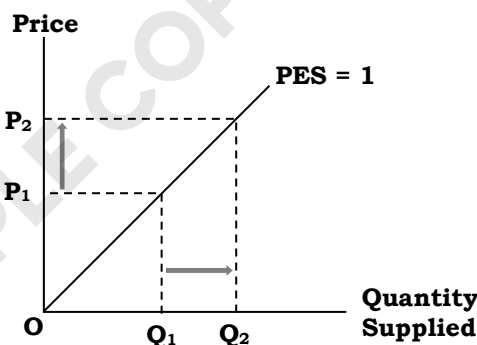


Fig 1.9.4(a) Unitary Elastic Supply

1.9.5 PERFECTLY ELASTIC SUPPLY

A commodity with a perfectly elastic supply has an infinite elasticity. In such a case the supply becomes zero with even a slight fall in the price and becomes infinite with a slight rise in price. This is indicative of the fact that the suppliers of such a commodity are willing

to supply any quantity of the commodity at a higher price. A perfectly elastic supply curve is a straight line parallel to the X-axis.

Suppliers will be willing and able to supply any amount at a given price but none at a different price.

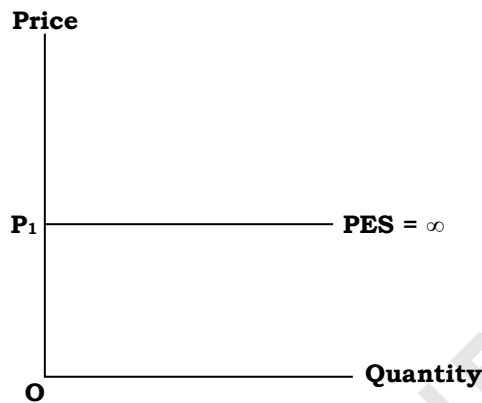


Fig 1.9.5(a) Perfectly Elastic Supply

1.9.6 FACTORS INFLUENCING THE ELASTICITY OF SUPPLY

PRICE OF THE GOOD

The supply and elasticity of supply of a good depend upon the price of the good. If the price of a good increases or decreases, the quantity supplied of it will also increase or decrease, respectively. This is the law of supply. Also, the coefficient of price-elasticity of supply (ES) will depend on the price of the good. ES may be greater than, less than, or equal to one, depending on the price.

PROBABILITY THAT THE PRICE WOULD CHANGE IN FUTURE

If the sellers think that the price of the good will increase (or decrease) in near future, then, at any particular price at present, they would want to decrease (or increase) their supply. In this case, the supply curve for the good would shift to the left (or to the right).

CONDITIONS REGARDING COST OF PRODUCTION

If the cost of production of a good increase (or decrease), i.e., if its cost curve shifts upwards (or downwards), then the quantity supplied of the good would decrease (or increase) at any particular price, i.e., the supply curve would shift to the left (or to the right).

NATURE OF THE GOOD

The supply of a good depends upon the nature of the good, e.g., on the perishability and lumpiness of the good. The more the perishability or lumpiness of the good, the more would be its market localized, and, in a localized market, the supply of a good at any particular price would be relatively small.

LENGTH OF TIME

If the price of a good rises, then by how much would supply rise, or, how large will be the price-elasticity of supply, would depend on the length of time available for the necessary adjustments (e.g., in the quantities of the factor inputs used) to complete. That is why; the elasticity of supply in the long-period market would be larger than that in the short-period market