

COMMERCE (857)

Aims:

1. To develop an interest in the theory and practice of business, trade and industry.
2. To familiarise candidates with theoretical foundations, organising, managing and handling operations of a business firm.
3. To provide a study of the more important aspects of the commercial world.
4. To provide knowledge of the activities of commerce in the marketing of goods and services.

CLASS XI

There will be one paper of 3 hours duration of 100 marks divided into two parts.

Part 1 (30 marks) will consist of compulsory short answer questions testing knowledge, application and skills relating to elementary / fundamental aspects of the entire syllabus.

Part 2 (70 marks) will have **nine** questions out of which candidates will be required to answer **seven** questions and each question will carry 10 marks.

1. Nature and Purpose of Business

- (i) Definition and concept of business; classification of business activities.
- (ii) Business objectives and necessity.
- (iii) Commerce: branches of commerce; economic basis of commerce.
- (iv) Human wants and their satisfaction; classification of wants, characteristics of wants.
- (v) Division of labour: specialisation and localisation factors affecting labour.
- (vi) Classification of human activities - economic and non-economic.

2. Forms of Business Organisations

- (i) Sole trader - objective; formation; merits and demerits.
- (ii) Partnership - formation; features; types of partners.

- (iii) Partnership - registration; dissolution under different circumstances.
- (iv) Evaluation of partnership; merits and demerits.
- (v) Comparison of sole proprietorship and partnership.
- (vi) Joint-stock company: meaning; characteristics; merits and demerits; causes of popularity.
- (vii) Types of companies - public and private companies - differences; advantages and disadvantages.
- (viii) Public enterprise - meaning; role and growth; forms of organisation. Departmental undertakings; Public Corporations and Government companies including public utility services.
- (ix) Co-operative forms of organisation - meaning; characteristics; formation. Different types of co-operatives.

3. Stock Exchange

- (i) Meaning and importance.
- (ii) Functions and services.
- (iii) Major Stock Exchanges in India (BSE, NSE, DSE, ASE) - types and locations.
- (iv) Types of operators - Brokers, Jobbers, Bulls and Bears.
- (v) Terms used in Stock Exchange - ex-dividend, cum dividend, spot delivery, forward delivery.

4. Inland Trade

- (i) Channel of distribution: direct / indirect - factors influencing the choice of channel.
- (ii) Wholesale trade; necessity and objectives.
- (iii) Services to retailer, customer and producer.
- (iv) Survival or elimination of wholesalers.
- (v) Retail trade - necessity and objectives.
- (vi) Functions of retailers. Factors affecting the establishment of a retail outlet. Threat to small retailers - survival of small retailers.
- (vii) Types of retail organizations: departmental store, chain store, mail order houses, tele shopping, franchise, consumer cooperative stores including super bazaars.
- (viii) Consumer protection: rights of consumers, methods of consumer protection.
- (ix) Documents used in home trade: enquiry catalogues - invoice, debit note, credit note, cash discount and trade discount.
- (x) Role of Chambers of Commerce and Industry.

5. Foreign Trade

- (i) Meaning, difference between internal trade and external trade.
- (ii) Characteristics of international trade.
- (iii) Export trade - objectives and purpose.
- (iv) Procedure of export trade.
- (v) Import trade - objectives and purpose.
- (vi) Procedure of import trade.
- (vii) Documents involved in international trade.
- (viii) Balance of payment. International financial institutions - WB, ADB, etc.

6. Warehousing

- (i) Warehousing: meaning, objective, and necessity.
- (ii) Functions of warehousing.

- (iii) Types of warehouses: private; public; bonded and cold storage - meaning, advantages of each, documents used - warehouse receipt, warehouse warrant, delivery order.

7. Insurance

- (i) Insurance - objectives and purpose.
- (ii) Risks in business - insurable and non-insurable.
- (iii) Principles of insurance.
- (iv) Types of insurance: fire, marine, life insurance - methods of taking out policies, submission of claims.
- (v) Functions of Life Insurance Corporation.
- (vi) Lloyds of London – insurance underwriter.

Teaching and Learning Activities

1. Nature and Purpose of Business

Select a few products/services which students are familiar with. Distribute these to different groups and ask them to trace their origin, the various people and activities involved until these reach consumers. Thereafter, a discussion based on their experiences and findings should be arranged.

2. Forms of Business Organisation

Pay a visit, along with the class to a nearby business locality. Make a list of various business firms and classify them into sole-proprietorship, partnership, etc.

Explore a few establishments which have changed from Sole proprietorship to Partnership and the reasons for the change. Make a list of all the joint stock companies in the same locality, find the proportion of public limited companies and private limited companies among them.

3. Inland Trade

Visit a wholesale market in the city and observe the modes of operation. Discuss with some retailers in the locality as to how they would be affected if the wholesalers were eliminated. Find out the proportion of large retailers to small

retailers and the effect of the presence of large retailers on small retailers. Make a list of articles that are sold on hire-purchase basis and assess their popularity and mode of transaction.

Collect some blank samples of Invoices, Credit Notes, Debit Notes, etc. and let the students practice preparing some on the same lines.

Visit or read about the Chambers of Commerce and Industry and find out the services provided by them.

4. Foreign Trade

Go through the local Yellow Pages and list the names of exporters and also find out which products are more popular in the export-market.

Discuss with the owner of a well-established export-house, the difficulties they face in export trade. Compare these with the difficulties faced by the traders in the home market.

Collect and display the documents used in foreign trade (like Indent, Letter of Credit, Bill of lading, Charter Party, etc.)

5. Warehousing

If possible, visit a warehouse / cold storage facility and have a first hand experience of its method of operation.

6. Insurance

Collect newspaper clippings on the theme of insurance. Meet an LIC agent and discuss with him, the way he operates, canvasses about insurance, calculates premium, etc. Arrange for a lecture by an officer from the General Insurance Co. on the methods of taking policies and submission of claims etc.

Visit a nearby LIC Office to see how it handles the Life Insurance business. Collect literature on Lloyds, circulate it in the class, and then hold a discussion.

CLASS XII

There will be one paper of 3 hours duration of 100 marks divided into 2 parts.

Part 1 (30 marks) will consist of compulsory short answer questions testing knowledge, application and skills relating to elementary / fundamental aspects of the entire syllabus.

Part 2 (70 marks) will have **nine** questions out of which candidates will be required to answer **seven** questions and each question will carry 10 marks.

1. Corporate Organisation

- (i) Joint Stock Company: meaning and objectives.
- (ii) Formation of a Company.
- (iii) Promotion, meaning and role of promoters.
- (iv) Incorporation of Company.
- (v) Memorandum of Associations and Articles of Associations (excluding alterations) and distinction between the two documents.
- (vi) Filing of documents and registration.

- (vii) Certificate of incorporation.
- (viii) Communicating of business.
- (ix) Prospectus - its nature and importance, statement in lieu of prospectus.
- (x) Public and private companies and their comparative studies, privileges of private companies, private companies deemed to be public.
- (xi) Government companies: objectives, necessity, merits and demerits.
- (xii) Multinational Corporations - objectives and role, various forms - branches, subsidiaries, joint venture, franchise holders, turnkey projects, merits and demerits of multinational corporations.

2. Management Personnel

- (i) Board of Directors: number of directors, qualifications of directors, vacation or disqualification of director.
- (ii) Method of appointment of the directors.

- (iii) Powers and duties of directors; remuneration of directors.
- (iv) Directors: full time/part time.
- (v) Managing Director: selection and power (**excluding** manager).
- (vi) Directors: removal as per Companies Act.

3. Financing

- (i) Capital: different types for sole trader; partnership; joint stock.
- (ii) Sources of capital for Joint Stock Company. Different types of shares: equity, preference - their advantages and disadvantages.
- (iii) Loan capital; Debentures - different types of debentures.
- (iv) Financial institutions: IFCI; SFC; ICICI; IDBI; UTI; Mutual funds - their working, merits and demerits.
- (v) Commercial banks: services provided.
- (vi) Acceptance of deposits: different categories of deposits.
- (vii) Lending: different types of lending.

4. Management

- (i) Management: objectives and concept.
- (ii) Definition of management, nature of management - science and art.
- (iii) Characteristics of management.
- (iv) Importance of management.
- (v) Function of management: planning; organising; staffing; directing; controlling.
- (vi) Principles of management: nature of principles; need for principles.

5. Communication

- (i) Meaning and objectives.
- (ii) Communication: barrier; elimination.

- (iii) Communication: different methods; channels.
- (iv) Principles of communication.
- (v) Need for rapid and efficient communication; role of e-mail, SMS, video-conferencing and other new technology initiatives.

6. Marketing

- (i) Marketing: objectives; concept.
- (ii) Marketing: importance; functions.
- (iii) Advertising: meaning; objectives and functions.
- (iv) Advertising: different media.
- (v) Advertising agency: meaning, need and functions.
- (vi) Sales promotion: relation with advertising.
- (vii) Salesmanship: meaning; objective.
- (viii) Qualities of a good salesman.

Teaching and Learning Activities

1. Corporate Organisation

Form a model of a Joint Stock Company in the school to run a business of selling Diwali/New Year Cards, storybooks, book binding, etc.

Make a list of public limited companies and private limited companies in a nearby business locality. Find out which of them have changed from a firm to a company and the reasons for the change. Visit the registered offices of a few companies, have a look at their Memorandum and Articles of Association, Prospectus, etc. Assess their size, line of activity, number of employees etc. If necessary, similar information may be collected from newspapers and business publications.

From the news media, (Economic Times, Financial Times, T.V. etc.) find out the trend of multinational companies entering into India. Interview some well-established sole traders and partners of firms to know their fears of these multinationals.

2. Management Personnel

Display a chart on three levels of the school management on a bulletin board.

3. Financing

Students should collect advertisements of different types of shares, debentures and deposits floated by joint stock companies.

Encourage pupils to open their own bank accounts and scrutinise the operation from time to time.

4. Management

Use a simulation game, concerning management decision-making. As managers, students could organise a school annual function / sports meet, passing through the five functions of management. Prepare a report and present it to the class. School canteen management may be taken up by students under the supervision of a teacher, where all managerial activities throughout the

year are done by them in rotation, giving everybody a chance to participate.

5. Communication

Use a bulletin board to show the communication process; role-play by students to show the process of communication – (downward and upward, formal and informal), will be very beneficial. A panel discussion on barriers in communication and their elimination should be arranged.

6. Marketing

Display a comparison of selling and marketing and functions of marketing on the bulletin board. Clippings showing advertisements and examples of publicity of some business organisations from magazines and newspapers can also be displayed. Taking four important methods of advertising and selecting two specific advertisements in each, ask students to find out their benefits to manufacturers, to consumers and to society.

Students can be asked to collect material on various activities of sales promotion and display it in the class.

Invite one or two salesmen to talk on 'Personal Selling'. A demonstration by a salesman may also be arranged.