

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 **two** papers in the subject:

Paper I - Theory: 3 hours80 marks

Paper II- Project Work20 marks

PAPER - I (THEORY) – 80 Marks

Part I (20 marks) will consist of **compulsory** short answer questions testing knowledge, application and skills relating to elementary/ fundamental aspects of the entire syllabus.

Part II (60 marks) will consist of **eight** questions out of which candidates will be required to answer **five** questions, each carrying **12 marks**.

1. Nature and Purpose of Business

- (i) Classification of human activities - economic and non-economic.

Classification of human activities - economic and non-economic. Types of economic activities.

Distinction between business, profession and employment.

- (ii) Definition and concept of business; classification of business activities.

Definition of business. Characteristics of business. Classification of business activities:

- (a) *Industry: types of industries on the basis of activity (primary and secondary) and on the basis of size (micro, small, medium and large).*

Role of small businesses in India.

- (b) *Commerce: branches of Commerce.*

Commerce - its nature and functions; importance of Commerce. Branches of Commerce - trade and aids to trade. Relationship between commerce, trade and industry.

- (iii) Business objectives.

Business objectives: economic; social; human and national. Role of Profit in business.

2. Forms of Business Organisations

- (i) Introduction to business organizations.

Meaning, characteristics, types (private sector, public sector, Public Private Partnership (PPPs) /Joint Sector). Comparison between different types of organizations.

- (ii) Sole trader - objectives; formation; merits and demerits.

Meaning and definition of sole trader; characteristics and objectives of sole trader; merits and demerits.

- (iii) Partnership

- (a) Meaning, features; types of partners and partnership firms.

Meaning and definition of partnership; features of partnership firms; types of partners and partnerships.

- (b) Registration of Partnership firms.

Formation, meaning and contents of partnership deed; registration and consequences of non-registration.

- (c) Evaluation of partnership; merits and demerits.

Self-explanatory.

- (d) Comparison of sole proprietorship and partnership.

Self-explanatory.

- (iv) Corporate Organisations.

- (a) *Joint Stock Company: meaning, features, merits, demerits and objectives.*

- (b) *Stages of Formation of a Company.*
- (c) *Promotion, meaning, role and types of promoters.*
- (d) *Incorporation of a company -Meaning and steps of incorporation (including filing of documents), certificate of incorporation.*

- (e) *Memorandum of Association and Articles of Association (excluding alterations) and distinction between the two documents.*

Meaning and contents of MOA and AOA. Distinction between the MOA and AOA.

- (f) *Commencement of business. Steps, Certificate of Commencement.*
- (g) *Prospectus and statement in lieu of prospectus – meaning and contents only.*
- (h) *Types of companies- Classification of companies on the basis of mode of incorporation, liability of members, public interest, ownership, control and nationality.*

Public and private companies and their comparative studies, privileges of private companies.

- (i) *Global enterprises – Meaning, characteristics, merits and demerits of Global Enterprises.*

(v) **Public Sector Undertakings.**

- (a) *Meaning; characteristics, objectives, role and forms of Public Sector Undertakings (Departmental Undertakings, Public Corporations and Government Companies).*

Public Sector Undertakings – meaning; characteristics, objectives, role and criticisms. Forms of Public Sector Undertakings (Departmental undertakings; Public Corporations and Government companies – definitions, features, merits and demerits).

- (b) **Public Private Partnerships.**

Meaning and features of PPPs.

- (vi) **Co-operative organisations - meaning; characteristics and types.**

Co-operative organizations - meaning; characteristics, advantages and disadvantages; Types of cooperative organizations, distinction between joint stock companies and cooperative organizations.

3. Social Responsibility of Business and Business Ethics

Concept and need for social responsibility.

Responsibility towards owners, investors, consumers, employees, government and community; Responsibility of business towards protection of environment; Meaning and importance of Business ethics.

4. Emerging Modes of Business

- (i) **E-business.**

Scope and benefits, Resources required for successful e-business implementation, online transactions, payment mechanisms, security and safety of business transactions.

- (ii) **Outsourcing.**

Concept, need and scope of BPO and KPO.

- (iii) **Smart Cards.**

Meaning and utility.

5. 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.**
- (vi) **SEBI – functions and objectives.**

Self-explanatory

6. Trade

- (i) **Wholesalers.**

Meaning and services of wholesaler to retailer, customer and producer.

- (ii) (a) **Retail trade – Meaning and characteristics.**

Retail trade - meaning, characteristics of retail trade. Distinction between wholesale and retail trade.

- (b) Types of retail trade - Itinerant and small scale fixed shops: departmental store, chain store, mail order houses, tele shopping, franchise, consumer cooperative stores, hypermarkets and automatic vending machines.

Meaning, features, merits and demerits to be covered.

- (c) Documents used in home trade.

Documents and procedure used in home trade – inquiry; quotation; catalogues; order; invoice; debit note; credit note.

Price quotations - cash discount and trade discount.

- (iii) Role of Chambers of Commerce and Industry and Trade Associations.

Meaning and functions of Chambers of Commerce and trade associations.

7. Foreign Trade

- (i) Meaning, difference between internal trade and external trade.

Meaning and characteristics of international trade; problems of international trade; advantages and disadvantages of international trade.

- (ii) Export trade – Meaning, objectives and procedure of export trade.

Self-explanatory.

- (iii) Import trade – Meaning objectives purpose and procedure.

Meaning and functions of import trade; objectives, purpose and procedure.

- (iv) Documents involved in international trade.

Documents involved in export trade, such as: indent, letter of credit, shipping order, shipping bill, mate's receipt, bill of lading, certificate of origin, consular invoice, documentary bill of exchange (DA/DP), all need to be explained.

Documents involved in import trade, such as: import license, indent, letter of credit, documentary bill of exchange, bill of entry, bill of sight, port trust dues receipt, application to import, advice note, bill of lading, all need to be explained.

- (v) World Trade Organisation.

WTO-meaning and objectives.

8. Insurance

- (i) Insurance – Meaning, objectives and purpose.

Meaning, objectives and purpose of insurance; Concept of re-insurance and double insurance.

- (ii) Risks in business - insurable and non-insurable.

Risks in business - insurable and non-insurable - meaning and examples of both. Characteristics of insurable risks.

- (iii) Principles of insurance.

Fundamental principles to be explained: utmost good faith; insurable interest; indemnity; contribution; doctrine of subrogation; causa proxima. mitigation of loss.

- (iv) Types of insurance: life and non-life.

Types of insurance – life, health, fire, marine, motor, social and fidelity insurance (Meaning and importance only).

PAPER II – PROJECT WORK – 20 Marks

Candidates will be expected to have completed **two** projects from any topic covered in Theory.

Mark allocation for **each** Project [10 marks]:

Overall format	1 mark
Content	4 marks
Findings	2 marks
Viva-voce based on the Project	3 marks

A list of suggested Projects is given below:

- Select a daily use consumer product. Trace its origin right from the primary industry through the secondary and tertiary industries. Draw a flow chart to include all the business activities in its path from the producer to the consumer.
- Assume you are starting a partnership firm with your friend/friends. Develop a business plan covering the following aspects:
 - Formation of this partnership firm – rules and steps that would be followed including the partnership deed
 - Choice of types of partners involved and your justification for the same.

3. Select two infrastructure projects of public sector undertakings that have been recently commissioned.

Analyze each project in terms of:

- Objectives
- Profitability
- Adherence to the time schedule for project completion.
- Social utility
- Conclusion.

4. Identify two Public Private Partnership projects.

Find out:

- The equity participation of both the partners.
- Objectives of the partnership
- Strengths both partners bring into the venture.

5. Select one consumer cooperative and one housing cooperative.

For each of the cooperatives:

- State the objectives.
- The organizational structure.
- Details of surplus distribution and the form of government support.

6. Study real time cases in which organizations did not show responsibility towards investors/consumers/ employees/ government/ community. Take at least two such cases. For each case prepare a report based on the following:

- A brief about the case.
- Different issues involved in the case.
- Who was at fault and why?
- What should the company have done to stand by the business ethics?
- Do you agree with the company's viewpoint? Give reasons.

7. Document and analyze the Corporate Social Responsibility activities of a pharmaceutical company and a five-star hotel.

Comment on the changing role assumed by Corporates towards business ethics and social responsibility in the last two decades.

8. Identify any trade association and chamber of commerce headquartered in your town/city. Study each in terms of:

- Its objectives.
- Services provided to members.
- Help given to the business community.

9. Contact an insurance agent and collect information about 5 different types of life insurance policies provided by different companies. Include information as per details given below for every insurance plan and make a comparative analysis.

- Premium of insurance
- Terms of inclusions and exclusions of each policy
- Term of the policy
- Withdrawal of money from the insurance scheme (surrender / foreclosure)
- Advantages/disadvantages of the plan

10. Study the BPO and KPO industry in India. Collect newspaper/magazine articles on BPOs and KPOs.

Prepare a report highlighting:

- Their contribution to the business community and the nation.
- Their growth over the past 10 years in India.

Comment on the social cost of such organisations.

11. Visit a company that is involved in e-business (which offers online services) or a consultancy, which helps in developing websites for such companies.

Study different aspects they keep in mind while preparing business plans for e-business. Include information regarding the payment mechanisms, security and safety of business transactions. The risks involved in e-business should also be covered. Also include the steps they follow while implementing the plan and starting the business.