

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.

Five to six popular definitions of business, highlighting different aspects of business, with a final conclusive definition. Characteristics of business. Classification of business: Industry and types of industries, Commerce.

- (ii) Business objectives and necessity.

Business objectives: economic; social; profit objective in detail with relevance to all the stakeholders. Necessity.

- (iii) Commerce: branches of commerce; economic basis of commerce.

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

- (iv) Human wants and their satisfaction; classification of wants, characteristics of wants.

Human wants - meaning and their importance towards satisfaction; classification of wants, characteristics of wants.

- (v) Division of labour: specialisation and localisation factors affecting labour.

Self-explanatory.

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

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

Distinction between business, profession and employment.

2. Forms of Business Organisations

- (i) Sole trader - objective; formation; merits and demerits.

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

- (ii) Partnership - formation; features; types of partners.

Meaning and definition of partnership; formation of partnership firm; features of partnership firms; types of partners.

- (iii) Partnership - registration; dissolution under different circumstances.

Self-explanatory.

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

Self-explanatory.

- (v) Comparison of sole proprietorship and partnership.

Self-explanatory.

- (vi) Joint-stock company: meaning; characteristics; merits and demerits; causes of popularity.

Meaning and characteristics of Joint-stock company. Distinction between companies and partnership firms; merits and demerits of companies. Causes of popularity.

- (vii) Types of companies - public and private companies - differences; advantages and disadvantages.

Types of companies: public and private companies - differences; advantages and disadvantages of both the types.

- (viii) Public enterprise - meaning; role and growth; forms of organisation. Departmental undertakings; Public Corporations and Government companies including public utility services.

Public enterprise - meaning; role and criticism. Growth of public enterprises. Forms of organization. Departmental undertakings; Public Corporations and Government companies including public utility services. (define and explain each of the forms).

Problems and suggestions for improvement.

- (ix) Co-operative forms of organisation - meaning; characteristics; formation. Different types of co-operatives.

Co-operative forms of organization - meaning; characteristics; formation. Distinctive advantages and disadvantages of this form.

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.

Self-explanatory

4. Inland Trade

- (i) Channel of distribution: direct/indirect -factors influencing the choice of channel.

Channel of distribution: direct/indirect, meaning and definition along with functions. Factors influencing the choice of channel: product considerations; market considerations; company considerations; middlemen considerations (agent and merchant middlemen).

- (ii) Wholesale trade; necessity and objectives.

Meaning, definition, characteristics and necessity of wholesale trade.

- (iii) Services to retailer, customer and producer.

Self-explanatory.

- (iv) Survival or elimination of wholesalers.

Arguments for elimination of wholesalers and arguments against middlemen; both positive and negative sides need to be discussed critically.

- (v) Retail trade - necessity and objectives.

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

- (vi) Functions of retailers. Factors affecting the establishment of a retail outlet. Threat to small retailers - survival of small retailers.

Functions of retailers; types of retailers; factors affecting the establishment of a retail outlet; threat to small retailers - survival of small retailers (relevant real life industry examples can be helpful).

- (vii) Types of retail organisations - departmental store, chain store, mail order houses, tele shopping, franchise, consumer's cooperative stores including super bazaars.

Meaning, features, merits and demerits to be covered.

(viii) Consumer protection: rights of consumers, methods of consumer protection.

Need for consumer protection; rights of consumers; methods of consumer protection; Consumer Protection Act, 1986.

(ix) Documents used in home trade. Enquiry catalogues - invoice, debit note, credit note, cash discount and trade discount.

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

Price quotations - cash discount and trade discount.

(x) Role of Chambers of Commerce and Industry.

Meaning of Chambers of Commerce and trade associations; distinction between Chambers of Commerce and trade associations; role and functions of Chambers of Commerce and trade associations in developing industry.

National level Chambers of Commerce - FICCI, CII, etc.

5. Foreign Trade

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

Self-explanatory.

(ii) Characteristics of international trade.

Characteristics of international trade; problems of international trade; advantages and disadvantages of international trade.

(iii) Export trade - objectives and purpose.

Meaning, definition and functions of export trade; objectives and purpose.

(iv) Procedure of export trade.

Self-explanatory.

(v) Import trade - objectives and purpose.

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

(vi) Procedure of import trade.

Self-explanatory.

(vii) 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.

(viii) Balance of payment. International financial institutions - WB, ADB, etc.

Balance of payment concept.

World Bank, International Development Association, International Finance Corporation, International Monetary Fund, Asian Development Bank; their functions, management, resources and financing criteria; their role in the development of any economy especially of the Indian economy.

6. Warehousing

(i) Warehousing: meaning, objective, and necessity.

Self-explanatory.

(ii) Functions of warehousing.

Self-explanatory.

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

Types of warehouses - private; public; bonded and cold storage – meaning and advantages of each. Documents involved in each. Essential features of an ideal warehouse.

7. Insurance

(i) Insurance - objectives and purpose.

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

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

Causes of business risk -- internal and external risks; risks in business - insurable and non-insurable - meaning and characteristics of both.

(iii) Principles of insurance.

Six fundamental principles to be explained: utmost good faith; insurable interest; indemnity; contribution; doctrine of subrogation; causa proxima.

Advantages of insurance: to businessman; to public and society.

(iv) Types of insurance: fire, marine, life insurance - methods of taking out policies, submission of claims.

Method of taking of each type of insurance policy; kinds of policies of each (like kinds of fire insurance etc.); settlement of claims under each.

Marine losses: total - actual constructive; partial - particular average loss and general average loss.

Distinction between fire, marine and life insurance.

(v) Functions of Life Insurance Corporation.

Meaning and definition of life insurance; procedure for taking life insurance; functions of Life Insurance Corporation of India.

(vi) Lloyds of London – insurance underwriter.

Concept of underwriting. Role of Lloyds of London.

Teaching and Learning Activities

1. Natures 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. There after 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 up 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 Corporation 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.