

# 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 hours .....80 marks

**Paper II**- Project Work .....20 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:**

1. 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.
2. 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. Identity 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 of 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.

## CLASS XII

There will be **two** papers in the subject.

**Paper I** - Theory: 3 hours .....80 marks

**Paper II**- Project Work .....20 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. Business Environment

Concept, and importance of Business Environment.

Meaning, features and importance of Business Environment;

Dimensions of Business Environment – Micro (Internal and External factors) and Macro (Economic, social, technological, political and legal) – meaning and components.

S.W.O.T. Analysis - A basic understanding of S.W.O.T. (Strength, Weakness, Opportunity and Threat) Analysis.

#### 2. Financing

(i) Capital: Sources of finance for sole trader; partnership; Joint Stock Company; financial planning.

Importance of finance for business. Sources of finance for different types of business firms. Meaning, features and importance of financial planning. Factors affecting capital structure. Fixed capital - meaning, factors affecting fixed capital. Working capital – meaning, types; factors affecting working capital. Comparison between fixed and working capital.

(ii) Sources of finance for a Joint Stock Company.

(a) Different types of shares: equity, preference.

Bonus shares, rights issue, ESOP, Sweat Equity Shares, Retained earnings.

Long-term sources of funds.

Equity shares - features, advantages and disadvantages.

Preference shares - features, types advantages and disadvantages; distinction between equity shares and preference shares.

Bonus and rights issue, ESOP and Sweat Equity Shares - meaning. Distinction between bonus shares and right shares.

Retained earnings – meaning, merits and demerits.

(b) Loan capital: debentures.

Debentures – meaning; kinds of debentures; advantages and disadvantages of debentures. Distinction between shares and debentures.

(c) Loans from commercial banks and Financial Institutions.

Loans from commercial banks and Financial Institutions - meaning, advantages and disadvantages.

(d) Short-term sources of funds.

Short-term sources of funds – different types of short term financial assistance by Commercial Banks; public deposits, trade credit, customer advances, factoring, Inter corporate deposits and installment credit. Meaning, advantages and disadvantages of various sources of funds.

(iii) Banking - latest trends.

Online services- transfer of funds through Real Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), issue of demand drafts online meaning and features.

Online payments, e-Banking – meaning and features, advantages and disadvantages.

Mobile Banking - SMS alerts, transfer of funds, making payments - advantages and disadvantages.

Debit Cards vs Credit Cards, ATM (Automated Teller Machine) – Meaning; Debit card and credit card: features and differences.

### 3. Management

- (i) Management: Meaning, objectives and characteristics of management.

*Meaning of Management: as an activity; as a group; as a discipline; as a process. Objectives and characteristics of management.*

- (ii) Nature of Management – Science, Art and Profession.

*Self explanatory.*

- (iii) Importance of Management.

*Self explanatory.*

- (iv) Principles of Management: nature of principles; need for principles.

*Nature of principles of Management; need for principles of management; Taylor's 5 scientific principles of Management; Fayol's 14 principles of Management; Relevance of the principles of Management in today's business scenario. Comparison of Taylor's and Fayol's principles.*

- (v) Functions of Management: Planning; Organising; Staffing; Directing; Controlling and Coordinating.

- (a) Planning:

*Meaning, steps, importance & limitation; Types of plans; Objectives, policy, procedures, method, role, budget, program – meaning, features and differences.*

- (b) Organising:

*Meaning, importance, steps; Structure of organization (line, line and staff, functional and divisional; Formal and informal organization) – Meaning, features, merits, demerits and differences between line and line & staff, functional and divisional, formal and informal; Meaning and importance of delegation of authority; Decentralization v/s Centralization, comparison between delegation and decentralization, merits and demerits.*

- (c) Staffing:

*Meaning, steps and importance; Recruitment – Meaning and sources; Selection – Meaning and procedure;*

*Training and development – Meaning, types of training, difference between selection and recruitment, Training and Development.*

- (d) Directing:

*Meaning and importance; Supervision-Meaning, functions and span of control;*

*Motivation - Meaning and Maslow's theory; Leadership- Meaning and qualities of a good leader;*

*Communication - Meaning, objectives and process. Barriers to communication and overcoming barriers to communication.*

- (e) Controlling:

*Meaning, steps and importance; Relationship between Planning and Controlling; Management by Exception.*

- (f) Coordination:

*Meaning of Coordination; Coordination as an essence of Management.*

### 4. Marketing

- (i) Marketing: concept and functions.

*Meaning and types of markets; meaning and features of marketing. Marketing concepts: traditional v/s modern - meaning and features of traditional and modern concepts of marketing. Comparison between marketing and selling. Objectives and importance of marketing; functions of marketing – meaning, features of each function of marketing.*

- (ii) Marketing Mix - Meaning and Elements.

*Product Mix - goods and services - meaning, features and types of goods; meaning, features of services; difference between product and services. Branding: meaning and merits. Labeling: meaning and merits. Packaging: meaning and features of good packaging.*

*Price Mix – meaning, factors determining price.*

*Place Mix – meaning, channel of distribution choice of channels of distribution and physical distribution.*

*Promotion Mix – Meaning and elements.*

*Elements – Advertising, sales promotion, personal selling and publicity – meaning, features, objectives and differences.*

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

*Need for consumer protection; rights of consumers; methods of consumer protection – self help, legislative measures and consumer associations/NGOs, Consumer Protection Act, 1986.*

### PAPER II – PROJECT WORK – 20 Marks

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

**The project work will be assessed by the teacher and a Visiting Examiner appointed locally and approved by the Council.**

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:**

- Compare marketing strategies adopted by two different companies of the same industry (FMCG / Telecommunication / media / education industry etc.) keeping in mind the following:
  - Product mix
  - Price Mix
  - Place Mix
  - Promotion Mix
- Collect newspaper/magazine clippings of five cases filed by consumers in the Consumer Court.  
Find out the rights violated, and the redressal mechanism used.  
What was the outcome of each case?
- Visit a commercial Bank. Find out the procedure to open a savings account.  
Find out the details of various Agency & General utility services provided by the bank.
- Compare the interest rates offered by five different commercial banks on fixed deposits under various categories (general and senior citizens) and various time durations.

Find out the procedure and formalities for opening a fixed deposit account.

What is the procedure for closing the account on maturity and before maturity period?

- Select five different companies across varying industries such as I.T., textiles, FMCG, Health Care, etc., included in the SENSEX. Keeping a hypothetical base money of Rupees One Lakh, invest in the shares of the selected companies. The movement of share prices selected by you should be monitored over a period of one month on a daily basis. A uniform / standard practice of either using the opening price or the closing price on a particular day of the week should be used by all students in the class.  
At the end of the month, analyse your investment in a spread sheet and give reasons for your choice of scripts.
- Find out the names of companies under various sectors (FMCG, Pharma, automobile, etc) included in the NIFTY and the SENSEX.  
Make a chart of the same and track its movements over a period of one week.
- (a) Study the sources of recruitment and steps involved in the selection procedure adopted by two companies of the same industry.  
(b) Compare and evaluate the sources of recruitment and the selection process adopted by the selected companies.
- Formulate a capital plan for a hypothetical business organization.  
Justify your formulated plan.
- Choose two companies of the same industry. Study their organizational structure. Also give information with regard to:
  - Hierarchy
  - Centralization and delegation of authority
  - Flow of information (scalar chain)
  - Span of control
  - Channel of communication.
- Select any business undertaking. Study the selected business in terms of ownership, capital and profitability.  
Make a S.W.O.T. analysis and present it in a tabular form.

**NOTE:** No question paper for Practical work will be set by the Council.

## SAMPLE TABLE FOR PRACTICAL WORK

S. No.	Unique Identification Number (Unique ID)/ Index Number of the candidate	<u>PROJECT 1</u>					<u>PROJECT 2</u>					TOTAL MARKS
		A	B	C	D	E	F	G	H	I	J	
		Teacher	Visiting Examiner	Average Marks (A + B ÷ 2)	Viva-Voce by Visiting Examiner	Total Marks (C + D)	Teacher	Visiting Examiner	Average Marks (F + G ÷ 2)	Viva-Voce by Visiting Examiner	Total Marks (H + I)	
		7 Marks*	7 Marks*	7 Marks	3 Marks	10 Marks	7 Marks*	7 Marks*	7 Marks	3 Marks	10 Marks	20 Marks
1												
2												
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<b>*Breakup of 7 Marks to be awarded separately by the Teacher and the Visiting Examiner is as follows:</b>	<b>Name of Teacher:</b>							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; padding: 2px;">Overall Format</td> <td style="padding: 2px;">1 Mark</td> </tr> <tr> <td style="padding: 2px;">Content</td> <td style="padding: 2px;">4 Marks</td> </tr> <tr> <td style="padding: 2px;">Findings</td> <td style="padding: 2px;">2 Marks</td> </tr> </table>	Overall Format	1 Mark	Content	4 Marks	Findings	2 Marks	<b>Signature:</b>	<b>Date</b>
Overall Format	1 Mark							
Content	4 Marks							
Findings	2 Marks							
<b>Name of Visiting Examiner</b>		<b>Signature:</b>	<b>Date</b>					

**NOTE: VIVA-VOCE (3 Marks) for each Project is to be conducted only by the Visiting Examiner, and should be based on the Project only.**