

COMMERCIAL STUDIES (63)

CLASS IX

There will be **one** written paper of **two** hours duration carrying 80 marks and Internal Assessment of 20 marks.

The paper will be divided into **two** sections A and B.

Section A (Compulsory) will consist of questions requiring short answers and will cover the entire syllabus.

Section B will consist of questions, which will require detailed answers. There will be a choice and candidates will be required to answer **four** questions from this section.

1. Commercial organisations – distinctions between the various types, merits and demerits

- (a) Understanding of what is meant by commerce, business, industry, trade, organisation, firm, company.

A basic understanding of the terms; distinctions between the various terms using relevant industry examples.

- (b) Commercial organisations grouped according to activities; industrial groupings.

Different industrial groupings need to be explained, like: steel industry, cement industry, FMCG (fast moving consumer goods), etc. by giving different examples of component firms, their differences, etc. A lot of terms will thus be reinforced and concepts will become clear.

- (c) Grouping according to sectors – primary, secondary and tertiary.

Concept of primary, secondary and tertiary to be explained in the Indian context with Indian examples.

- (d) Profit-making and non-profit organisations.

Even though the end objective is different for non-profit organizations, they require good management just like the profit-oriented organizations. This point can be highlighted using examples of NGOs, Trusts, etc.

- (e) Ownership structures - proprietorship, partnership, joint stock company, public limited company, public corporation, co-operative society, franchise, charitable organisation.

A brief introduction to each ownership structure - its features and its distinction from others. Merits and demerits of each need to be explained. Real life examples will help in clearer conceptualization.

2. Understanding the functions of a commercial organisation

The following topics should be studied as departments in a typical firm only:

- (a) Marketing and Sales.
- (b) Finance.
- (c) Human Resources (personnel, training).
- (d) Production.
- (e) Purchasing and Stores.
- (f) General Administration and Legal.

Students should be explained the concepts and functioning of - Purchasing and Stores, Production, Marketing and Sales with Finance, Human Resources (personnel, training), & General Administration and Legal departments, affecting the organisation all through. All the six terms need to be clearly defined and their specific features explained individually. The cross linkages need to be clearly brought out.

This topic should be studied through the medium of a case study or a project. Such tools will make the students appreciate the inter-links. **No question is to be set from this topic. Case study or project for this topic can form one of the assignments for “Internal Assessment”.**

3. **Communication**

- (a) *The need for communication in commercial organisations.*
- (b) *Verbal (written, spoken) and non-verbal communication.*
- (c) *Inter-personal skills in communication.*
- (d) *Different methods of communication (letter, facsimile, e-mail, videoconference, memo, telephonic conversation, etc.)*

The importance of communication, types of communication, skills required for effective communication and also the barriers causing breakdown in communication need to be discussed. The methods/tools of communication actually in use; what each of them is and when which one is more beneficial. A comparative analysis of the tools needs to be undertaken.

4. **Accounting – objectives and basic accounting terminology**

- (a) *Objectives – to maintain records of business, calculation of profit and loss, depiction of financial position, to make the information available to various groups and users.*

Self-explanatory.

Need for financial accounting as a discipline.

- (b) *Basic accounting terminology – capital, liability, asset, revenue, expense, purchase, sales, stocks, debtors, creditors.*

Terms need to be defined and explained.

- (c) *Simple understanding of the use of journals, ledgers, cashbook, petty cashbook, trial balance, bank reconciliation statement (no questions are to be set on recording of entries or on calculations – merely an understanding of the use of the above is required).*

Some simple numericals, regarding preparations may be used to explain the concepts. This will also facilitate a clearer understanding amongst the students.

5. **Trade**

- (a) *Meaning and types of trade.*

Definition and types of trade to be explained and critically evaluated.

- (b) *Home trade and international trade, import, export and entrepot trade, role of WTO.*

Detail of home and international trade. Import, export and entrepot trade to be explained. Procedures and documents need not be covered. The role of WTO and its possible impact on Indian industry to be explained. Only an understanding of the concept is needed.

CLASS X

There will be **one** written paper of **two** hours duration carrying 80 marks and Internal Assessment of 20 marks.

The paper will be divided into **two** sections A and B.

Section A (Compulsory) will consist of questions requiring short answers and will cover the entire syllabus. There will be no choice of questions.

Section B will consist of questions, which will require detailed answers. There will be a choice and candidates will be required to answer **four** questions from this section.

1. **Stakeholders in commercial organisations**

- (a) *Distinction between stakeholders and customers.*

Explain all the six stakeholders of a firm - shareholder, creditor, supplier, employee, government and society.

It should be stressed that customer, though very important for any firm is not a stakeholder as he does not have a stake in the firm.

(b) Internal and external stakeholders.

Stakeholders within and outside the firm need to be explained. The six stakeholders need to be classified as internal and external stakeholders.

(c) Expectations of stakeholders – employers (owners and managers), employees, associates, and the general public.

The conflicting needs of each of the six stakeholders have to be clearly explained. Student must also understand that each of these stakeholders is equally important and any one of them cannot be satisfied at the cost of the other one.

2. Regulatory structure related to commercial organisations – simple understanding only

(a) Simple understanding of the scope only of the Companies Act.

Only the scope (not any sections, etc.) and relevance of the Companies Act. Its impact on Indian industry needs to be covered.

(b) Sales and marketing (concepts behind: code of conduct for advertisers, fair trade, role of MRTP, Consumer Protection Act).

Reason why these laws are required (in the Indian context).

(c) Employment and labour legislation (including an emphasis on the ban on child labour); Human rights and child rights (including the UN Charter). Concept and enforcement of social security laws (including brief reference to Provident Fund, Gratuity, Pension, Group Insurance).

How labour legislation helps and supports the interest of the employees. Special reference should be made to the ban on child labour. Examples can be cited of how the world also has banned some Indian products like carpets because of the use of child labour in their production.

Concept and enforcement of social security laws (including brief reference to Provident Fund, Gratuity, Pension, Group Insurance) and a brief explanation of Social Security measures.

(d) Financial regulation (accounting standards and ethics; taxation).

Meaning and definition of accounting. Accounting standards: meaning; need and utility of accounting standards. Procedure for preparing accounting standards; scope of accounting standards; Indian accounting standards; generally accepted accounting principles (concepts or conventions).

Ethics: meaning and nature of ethics; ethics in accounting; causes of fraudulent financial reporting; code of ethics.

Taxation: meaning and purpose of taxation; meaning of tax; characteristics or features of tax (nature of taxation); features or characteristics of a good tax system or principles or canons of taxation; tax burden. Taxation in India: objectives of taxation in India. Classification of taxes: Direct taxation - meaning, merits and demerits. Indirect taxation - meaning, merits and demerits. Types of direct taxation; types of indirect taxation; relationship between direct and indirect taxes. Impact of taxes on business organizations.

(e) Regulation on intellectual property (copyright, trademarks, patents).

Intellectual property: meaning of intellectual property and rights; need for and ways of protection of intellectual property; types of trade related intellectual property rights - basic explanation and examples of copyright, trademarks and patents.

3. Marketing

(a) Purposes and key types of marketing activities - with examples from consumer goods, consumer services.

(b) Difference between a product and a service (with examples).

(c) Assessing demand - including use of market research tools.

(d) Advertising and brand promotion.

- (e) *Sales and the selling process, including the difference between marketing and sales, qualities of a good salesman.*

Explanation and examples.

4. Finance

- (a) *Purpose of financial recording in commercial organisations (the accounting cycle), elementary understanding of manual and computerised systems.*

Some computerized accounting systems like – Tally, etc. can be mentioned and shown, if possible. Essentially, students need to understand how and when the computerized systems can be beneficial over the manual accounting systems.

- (b) *Principles of financial accounting and reporting - a simple understanding without calculations of the use for non-trading organisations (receipt and payment account, income and expenditure account, balance sheet), trading organisations (trading account, profit and loss account, balance sheet).*

Self-explanatory.

GAAP needs to be explained and then the statements.

- (c) *Interpreting financial reports - given the financial statements for a trading organisation, students should be able to interpret and make deductions.*

Ratio Analysis should be covered. Two to three important ratios of each classified head need to be explained. Liquidity Ratios (Current Ratio, Quick Ratio), Leverage Ratios (Debt-equity, Debt to Total assets), Profitability Ratios (ROI, ROTA, ROCE), Activity Ratios (Fixed Asset Turnover, Current Asset Turnover, Inventory Turnover).

Relevance, importance and formulae should also be covered.

- (d) *Budgets and their utility in planning (including the concept of Cash Flow statements).*

Budgets, types and their uses (not preparation). Purpose and uses of Cash Flow statements.

- (e) *Banking – functions of the Central Bank and commercial banks, types of accounts and banking transactions.*

Central Bank and commercial banks: role in the economic development. Types of commercial banks now present in India (public sector commercial banks, private sector commercial banks, foreign commercial banks); the types of accounts and some basic banking transactions need to be clearly explained.

- (f) *Fundamental concept of Cost (direct, variable, etc.)*

Essentially, classification of costs needs to be explained, based on: behaviour (fixed, variable, semi-variable), nature (direct, indirect), controllability and functionality.

5. Human Resources

- (a) *Methods of recruitment, selection and training (including the use of appraisal systems).*

Recruitment, selection and training: types and methods in use in the Indian context.

- (b) *Simple understanding of industrial relations and the role of trade unions.*

Self-explanatory.

(Acts are not required).