



GOVERNMENT OF TAMILNADU

HIGHER SECONDARY FIRST YEAR

COMMERCE

A publication under Free Textbook Programme of Government of Tamil Nadu

Department of School Education

Untouchability is Inhuman and a Crime



Government of Tamil Nadu

First Edition - 2018

Revised Edition - 2019, 2020, 2021
2022

(Published under New Syllabus)

NOT FOR SALE

Content Creation



State Council of Educational
Research and Training

© SCERT 2018

Printing & Publishing



Tamil Nadu Textbook and Educational
Services Corporation

www.textbooksonline.tn.nic.in

CONTENTS

COMMERCE

| Unit | Chapter | Contents | Page no. | Month |
|---|---------|--|----------|-------|
| UNIT I FUNDAMENTALS OF BUSINESS | 1 | Historical Background of Commerce in the Sub-Continent 1.01 Introduction 1.02 Barter System 1.03 Hindrances of Commerce 1.04 Elimination of Hindrances of Commerce | 01 | June |
| | 2 | Objectives of Business 2.01 Introduction 2.02 Types of Economic Activities 2.03 Characteristics of Business 2.04 Objectives of Business | 10 | June |
| | 3 | Classification of Business Activities 3.01 Industry 3.02 Commerce 3.03 Trade | 17 | June |
| UNIT II FORMS OF BUSINESS ORGANISATION | 4 | Sole Proprietorship 4.01 Introduction 4.02 Definition of Sole Trader 4.03 Characteristics 4.04 Advantages and Disadvantages | 23 | June |
| | 5 | Hindu Undivided Family and Partnership 5.01 Introduction to HUF 5.02 Meaning and Definition of Partnership 5.03 Partnership Deed and its Contents 5.04 Rights and Duties of Partners 5.05 Types of Partners 5.06 Procedure for Registration 5.07 Drawbacks of Non-Registration of Partnership 5.08 Dissolution of Partnership | 30 | June |
| | 6 | Joint Stock Company 6.01 Meaning and Definition of a Company 6.02 Types of Companies 6.03 Memorandum of Association 6.04 Articles of Association 6.05 Prospectus | 47 | July |



| | | | | |
|--|----|--|-----|--------|
| | 7 | Cooperative Organisation 7.01 Meaning and Definition 7.02 Principles of Cooperation 7.03 Features of Cooperatives 7.04 Advantages and Disadvantages 7.05 Types of Cooperatives | 60 | July |
| | 8 | Multi National Corporations (MNCs) 8.01 Meaning and Definition 8.02 Advantages and Disadvantages 8.03 Examples of MNCs | 70 | July |
| | 9 | Government Organisation 9.01 Meaning and Features of Departmental Undertaking 9.02 Advantages and Disadvantages 9.03 Meaning and Features of Public Corporation 9.04 Advantages and Disadvantages 9.05 Meaning and Features of Government Company 9.06 Advantages and Disadvantages | 76 | July |
| UNIT III III SERVICE BUSINESS - I | 10 | Reserve Bank of India 10.01 Need for the Study on Service Business 10.02 Banking Service 10.03 The Historical Development of Banks in India 10.04 Bank Definition 10.05 Definition of Central Bank 10.06 Origin of RBI 10.07 Organisational Structure of RBI 10.08 Functions of RBI | 86 | July |
| | 11 | Types of Banks 11.01 Introduction 11.02 Types of banks | 97 | August |
| | 12 | Functions of Commercial banks 12.01 Primary Functions 12.02 Secondary Functions 12.03 Diversified Banking Functions 12.04 Electronic Banking Functions 12.05 Functions of All Commercial Banks in Totality | 106 | August |
| | 13 | Warehousing 13.01 Meaning of Warehouse and Warehousing 13.02 Differences between Warehouse and Warehousing 13.03 Types of Warehouses 13.04 Functions of Warehouses 13.05 Advantages and Drawbacks of Warehousing 13.06 Warehousing Documents 13.07 Warehousing in India | 118 | August |





| | | | | |
|--|----|---|-----|-----------|
| | 14 | Transportation 14.01 Meaning and Definition of Transport 14.02 Types of Transport 14.03 Recent Trends in Transportation 14.04 Documents Used in Transportation 14.05 Common Carrier | 127 | August |
| | 15 | Insurance 15.01 Meaning and Definition of Insurance 15.02 Principles of Insurance 15.03 Types of Insurance 15.04 Insurance Regulatory Development Authority of India (IRDAI) | 139 | August |
| UNIT IV SERVICE BUSINESS - II | 16 | Emerging Service Business in India 16.01 Franchising 16.02 Factoring 16.03 Logistics 16.04 Outsourcing 16.05 E-Commerce | 152 | September |
| UNIT V SERVICE BUSINESS - III | 17 | Social responsibility of business 17.01 Concept of Social Responsibility 17.02 Need for Social Responsibility 17.03 Arguments For and Against Social Responsibility 17.04 Kinds of Social Responsibility | 169 | September |
| | 18 | Business Ethics and Corporate Governance 18.01 Concept of Business Ethics 18.02 Key Elements of Business Ethics 18.03 Code of Business Ethics 18.04 Corporate Governance | 179 | September |
| UNIT VI BUSINESS FINANCE | 19 | Sources of Business Finance 19.01 Meaning and Nature of Business Finance 19.02 Sources of Business Finance 19.03 Factors Influencing Choice of Business Finance 19.04 Savings - Importance of Savings 19.05 Personal Investment Avenues | 186 | September |
| | 20 | International Finance 20.01 Introduction 20.02 Foreign Direct Investment and Institutional Investors 20.03 International Capital Market 20.04 Global Depositary Receipt (GDR) 20.05 American Depositary Receipts (ADR) 20.06 Foreign Currency Convertible Bonds (FCCB) | 200 | September |





| | | | | |
|--|----|---|-----|----------|
| UNIT VII TRADE | 21 | Micro, Small and Medium Enterprises (MSMEs) and Self Help Groups (SHGs) 21.01 Micro, Small and Medium Enterprises 21.02 Role and Significance of MSMEs 21.03 Contribution of MSMEs to Indian Economy 21.04 MSME Sector in Tamilnadu 21.05 Self Help Groups | 207 | October |
| | 22 | Types of Trade 22.01 Trade-Meaning 22.02 Features of Internal Trade 22.03 Foreign Trade - Meaning | 215 | October |
| | 23 | Channels of Distribution 23.01 Channels of Distribution - Meaning 23.02 Types of Channel of Distribution 23.03 Factors influencing Channel of Distribution 23.04 Middlemen 23.05 Kinds of Mercantile Agents or Agent Middlemen 23.06 Wholesaler 23.07 The Characteristics of Wholesalers 23.08 Retail Trade - Meaning 23.09 Characteristics of Retailers 23.10 Distinction between Wholesaler and Retailer | 220 | October |
| | 24 | Retailing 24.01 Introduction 24.02 Types of Retailers | 234 | October |
| UNIT VIII INTERNATIONAL BUSINESS | 25 | International Business 25.01 Nature of International Business 25.02 Concept, Meaning and Definition of International Business 25.03 Method of Conducting International Business 25.04 Features of International Business 25.05 Rationale Behind International Business 25.06 Differences between Domestic Business and International Business 25.07 Types of International Business 25.08 Advantages and Disadvantages of International Business | 244 | October |
| | 26 | Export and Import Procedures 26.01 Export Trade 26.02 Import Trade | 255 | November |





| | | | | |
|---|----|--|-----|----------|
| | 27 | Facilitators of International Business 27.01 World Trade Organisation (WTO) 27.02 World Bank 27.03 International Monetary Fund (IMF) 27.04 South Asian Association for Regional Cooperation (SAARC) | 276 | November |
| | 28 | Balance of Trade and Balance of Payments 28.01 Balance of Payments (BOP) 28.02 Balance of Trade (BOT) | 286 | November |
| UNIT IX THE INDIAN CONTRACT ACT | 29 | Elements of Contract 29.01 Meaning and Definition 29.02 Essentials of a Valid Contract 29.03 Classification of Contract | 291 | November |
| | 30 | Performance of Contract 30.01 Introduction 30.02 Who will Perform the Contract? 30.03 Reciprocal Promises | 298 | November |
| | 31 | Discharge and Breach of a Contract 31.01 Discharge of Contract 31.02 Remedies for Breach of Contract | 304 | December |
| UNIT X DIRECT AND INDIRECT TAXES | 32 | Direct Taxes 32.01 Meaning of Tax 32.02 Income Tax | 309 | December |
| | 33 | Indirect Taxation 33.01 Meaning of Indirect Tax 33.02 Goods and Services Tax (GST) 33.03 GST Council | 315 | December |



E-Book



Assessment



Dear Students!

There is a wonderful treasure on your hands now in the form a text book, which is going to make you a really resourceful and an able person in future. You have to believe it first so that you can develop a multi-dimensional personality in your own self with a thorough knowledge in Commerce.

This is for you to know, how you could make use of the book for the best understanding of various useful and valuable knowledge sources hidden within the text. These tips would certainly make a difference in you while learning the units, lessons and relevant concepts thereof.

Actually the book is divided into 10 Units, 33 Chapters where in there are several sections are written in a student friendly way. An attempt is made here to explain how to use them for a better learning experience.

HOW TO USE THE BOOK

UNITS

The units are broad heading of the book which contains several Chapters in each of them so that you can understand the section specific knowledge in various parts of Commerce Education. This is the usual way of learning. There are three Chapters, for example, in Unit I, which gives you the basic and introductory aspects of Commerce Education. Similarly the remaining Units give you the specialized knowledge on the different Unit headings so required at the level of Eleventh Standard. Omission any unit may lead to loss of knowledge continuity.

CHAPTERS

All the 33 Chapters in the book are a real treasure for one who wants to learn the theory and practice of Commerce today. So you have to look into these chapters as useful, informative and capacity building capsules in any individual student who wants to learn the elements and fundamentals of Commerce. Omission of any Chapter would lead to loss of knowledge in real terms and other related benefits.

SUB-HEADINGS

These headings are given for you to remember the major divisions of a chapter with conceptual clarity and information sequence in an orderly manner so as to arrange your learning method made easy. So you have to learn the subject content of a chapter, mainly based on the 'sub-headings' of a chapter. This is the simple way of learning.



SUCCESS STORY



Case study

This section of the Chapters in general would give you various tips on the present or past events or bits of useful information in the field of Commerce so relevant to the subject matter discussed in a specific Chapter, of course in almost all Chapters.

This section is an attempt to explain you how some people or organisations have been able to grow from nothing to top today and those who set an example by their way of becoming the role models. You can understand the way of growing and also you can follow such role models for achieving your own future ambition.

This section is given to test your 'applied knowledge' on the subject matter of a Chapter or Chapters wherein you have to think and analyze about the case and give your best ability to understand the situation and explanation thereof / relevant answers so as to depict yourself as a student with practical knowledge or applied knowledge on the chosen case study.

PROJECT WORK



FOR OWN THINKING

This is an exercise given to you to do either class work or home work on the chosen theme or subject matter in each chapter or chapters. Commerce Education is required to have practical exposure to various forms of business organizations around the world. Project work will ensure your ability to bring about a solution to present crisis in an organization or give plans for future development of the same.

There is an useful section in all chapters for 'your own thinking' either with some meaning of concepts or practical situation for your understanding. Repeated thinking of these aspects would ensure your ability to understand developments in Commerce and capacity to do your own business in future.



FOR FUTURE LEARNING

This section is attempted to make the students to learn about necessary concepts or section of Commercial knowledge by doing home work or by doing further study through browsing or learning from reference books.





KEY TERMS

Students are expected to be thorough about certain concepts which are chapter specific and related to the knowledge dealt in that chapter. This would enable the students to be clear about various concepts which is essential for clarity of thought and able learning about the subject matter.



QUESTIONS

As you are aware of, this section is essential to evaluate your ability to answer specific questions, may be long answer or short answer or fill in the blanks or choosing the correct one from among the multiple-choice of answers. Scoring high marks is an indicator of your knowledge level for higher studies and hence you need to prepare for these questions well in advance to the schedule of examination time-table. You can try to find answers before your teachers direct you to answer them. Prevention is better than cure.



This is an interesting section of many a chapter in the book wherein you can have the learning experience through the online support, using an Android phone with applied QR Code app. You can listen to short lectures or demonstrations by experts or experienced teachers. Of course this is mostly home work or leisure time exercises, unless or otherwise the class teachers wanted to display them in class-rooms during working hours.

GLOSSARY

This is a section ear-marked for your food for thought wherein you can try to understand the major concepts used in the book. This will help you understand the overall subject matter from the collection of terms placed in an order for cross examination of your memory and recalling the meaning of various concepts studied in the book.

We wish you a meaningful and successful learning and at the same time we want to remind you that **HARD WORK ALONE LEADS TO COMPLETE SUCCESS.**

Team of Authors.



SCOPE OF “COMMERCE” EDUCATION

“Commerce” as a field of knowledge is all pervasive in nature. It offers enormous opportunities for higher education and employment both in India and abroad. The scope after higher secondary programme in Commerce is given below:

EDUCATIONAL OPPORTUNITIES

| Any of the following Degree Programmes can be pursued by the students both on Regular mode and Distance Education mode. | Any of the following professional courses/ programmes. | Any of the following programmes in India or abroad after a Formal Degree Programme. Anywhere in colleges. Universities or Indian Institute of Management (IIM) | Any of the following professional courses/ programmes after a Formal Degree Programme | Any of the Research Programme after a Formal Post Graduation in Commerce/ |
|--|--|--|--|---|
| <ul style="list-style-type: none"> • B.Com., Bachelor of Commerce (General) • B.Com., (Hons.) • B.Com., (Accounting & Finance) • B.Com., (Corporate Secretaryship) • B.Com., (Computer Application) • B.Com., (International Business) • B.Com., (Bank Management) • B.B.A., (Bachelor of Business Administration) • B.B.M., (Bachelor of Bank Management) • B.A., (Co-operation) • M.Com., (Master of Commerce – Five year Integrated programmed) • Any Diploma Programme offered by a Standard Institute | <ul style="list-style-type: none"> • C.A., Chartered Accountant as an Integrated Programme. • CMA(ICWA) • ACS • B.L., Bachelor of Law – Five year Integrated Programme. • B.Com., (LLB) Bachelor of Law – Five year Integrated Programme in India or Abroad • CIMA (Chartered Institute of Management Accountants (UK)) • ACCA (Association of Chartered Certified Accountants (UK)) • CPA (Certified Public Accountant (USA)) | <ul style="list-style-type: none"> • M.Com., Master of Commerce. • M.Com., (Accounting and Finance) • M.Com., (International Business and Banking) • M.Com., (Computer Applications) • M.Com., (Co operative Management) • M.B.A., Master of Business Administration • M.B.A., (Finance) • M.B.A., (Marketing) • M.B.A., (Human Resource Management) • M.B.A., (Advertisement and Salesmanship) • M.B.A., (Hospital Management) • MHRM (Master of Human Resource Management) • MLM (Master Labour Management) | <ul style="list-style-type: none"> • Chartered Accountancy • Cost and Management Accounting (ICWA) • Associate Company Secretary • Bachelor of Laws (LLB) • Union Public Service Commission (UPSC) • Indian Administrative Service (IAS) • Indian Police Service (IPS) • Indian Foreign Service (IFS) • Indian Revenue Service (IRS) • Indian Audit and Account Service (IA&AS) etc. | <ul style="list-style-type: none"> • M.Phil., (Commerce) Master of Philosophy • Ph.D., (Commerce) Doctor of Philosophy • D.Litt., (Commerce) Doctor of Letters • UGC – National Eligibility Test (NET) • SET – State Eligibility Test • B.Ed., (Bachelor of Education) and followed by • M.Ed., (Master of Education) Programmes • Any PG Diploma programme offered by a standard Institute |

EMPLOYMENT OPPORTUNITIES

- For self employment there are a number of Entrepreneurial Development and Training Programmes sponsored by District Industries Centres (DIC) throughout Tamil Nadu. Any Higher Secondary student can approach DIC in their own District Headquarters to train up themselves to start their own Agri-business, small trade, Self Help Group, Departmental stores or any General Mercantile Shop.
- After gaining a Formal Degree Programme, the commerce graduate can gain access to Bank Finance or Institutional lending for business start-up
- After Higher Secondary Course, the students can appear for Group IV and after formal degree programme, they can appear for Group I and Group II for Govt Postings through TNPSC/UPSC, including services in police to postal departments, besides bank employees in public sector.
- Commerce graduates can become Income Tax practitioners and GST consultants with due qualifications.

SCOPE ABROAD

The commerce students have a wide range of scope abroad as listed below.

1. The Bachelor Degree holders in commerce can join MBA in any university in developed countries like England. The USA, Australia and so on.
2. The commerce graduates with 'Tally' Accounting package can get employed in any part of world as Accountants in business enterprises.
3. The Master Degree holders in commerce can join Ph.D. Programmes in any foreign University with fellowships abroad.
4. B.Ed/M.Ed/M.Phil/Ph.D holders in commerce can gain teaching jobs abroad both in schools and colleges (This is not only for younger but also those who are retired from service in India)
5. Commerce graduates are permitted by foreign governments to start-up export business ventures in their respective Nations, If their projects are valid.
6. Commerce graduates can become foreign exchange dealers through proper and authorised certification by the respective National Governments in various countries.
7. Commerce graduates can become bank employees abroad after a formal selection by them. Based on required qualification.
8. Commerce graduates have great scope for Management consultancy/Export and Import consultancy/ Clearing and Forwarding agencies/Economic Advisories/ Project consultancies/planning divisions/ share market speculators/security brokers/portfolio advisors/ Insurance advisors/ Advertisement agencies/ Secretariats of Business Tycoons/ Board personnel /Financial Advisors/Associates of Tax consultancies/Treasury Management/Scrap Dealers/ Bullion Trader/ Advisors to various purchase committees.

SCOPE OF AREA OF RESEARCH

- Marketing
- Management
- Finance
- Human Resource Management
- Entrepreneurship
- Retailing
- Supply Chain Mangement
- Logistic Mangement
- Financial Services
- Financial Markets
- Services Industries
- International Business
- Organisational Behaviour
- Digital Marketing
- Taxation



Institute of Chartered Accountants Of India

