TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	Malyala Jagadeesh
Course/Group	I B.Com
Paper	**Business Organization &Management**
Name of the Topic	Introduction to the Concept of Business
Hours Required	8 Hours
Learning Objectives	➢ Explain the concept and characteristics of business; ➢ Compare the distinctive features of business, profession and employment; ➢ Classify business activities and clarify the meaning of industry and commerce; ➢ State various types of industry; ➢ Explain the activities relating to commerce; ➢ Analyze the objectives of business; .
Previous Knowledge to be reminded	Yes in Intermediate Level
Topic Synopsis	➢ Meaning, Definitions and of Business ➢ Features and Functions of Business ➢ Meaning of Trade and Classification of Trade, Aids to Trade ➢ Meaning of Industry and Classification of Industry ➢ Commerce Concept and Importance of Commerce ➢ Factors Influencing the Choice of Suitable form of Organization
Examples / Illustrations	Explained Top Industries in India
Additional inputs	Internet citation for identify the Important Aids to trade in India
Teaching Aids used	Green Board
References cited	Shashi K Gupta ,R.K Sharma Kalyani Publishers
Student Activity Planned after the teaching	Student Assignments, Preparation of Different types of Commerce Activities in Charts.

Meaning of Business:

Everything that surrounds us is a chain of business, from a laptop to the chair we sit. With every change in technology, human being demand also changes. Giving business persons to grow their business or start a new venture. Let’s study in details about the business and its characteristics.

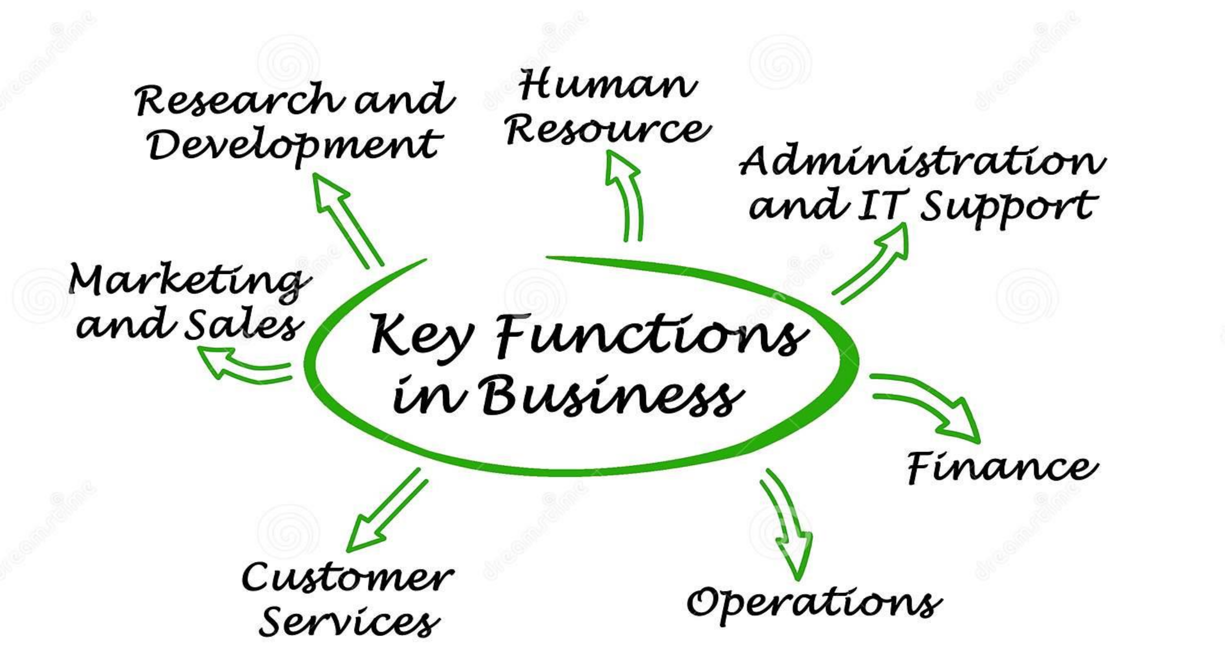
Business is an economic activity that involves the exchange, purchase, sale or production of goods and services with a motive to earn profits and satisfy the needs of customers. Businesses can be both profit or non-profit organizations that function to gain profits or achieve a social cause respectively

Definition:

Business is defined as an organised economic activity, wherein the exchange of goods and services takes place, for adequate consideration. It is nothing but a method of making money, from commercial transactions. It includes all those activities whose sole aim is to make available the desired goods and services to the society, in an effective manner.

Features/Characteristics of a Business

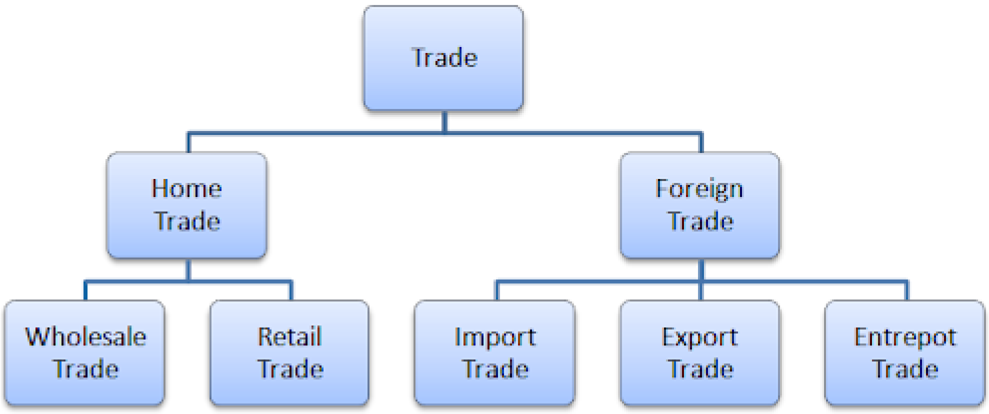
Functions of a Business



Trade:

The exchange of goods among countries, states and people is referred to as trade. Trade is the movement of goods from the location where it is manufactured to the markets. The place where exchanges of goods take place is known as the market. These markets could be at local level, state level, national level or at international level or at all levels depending on the demand.

Classification of Trade



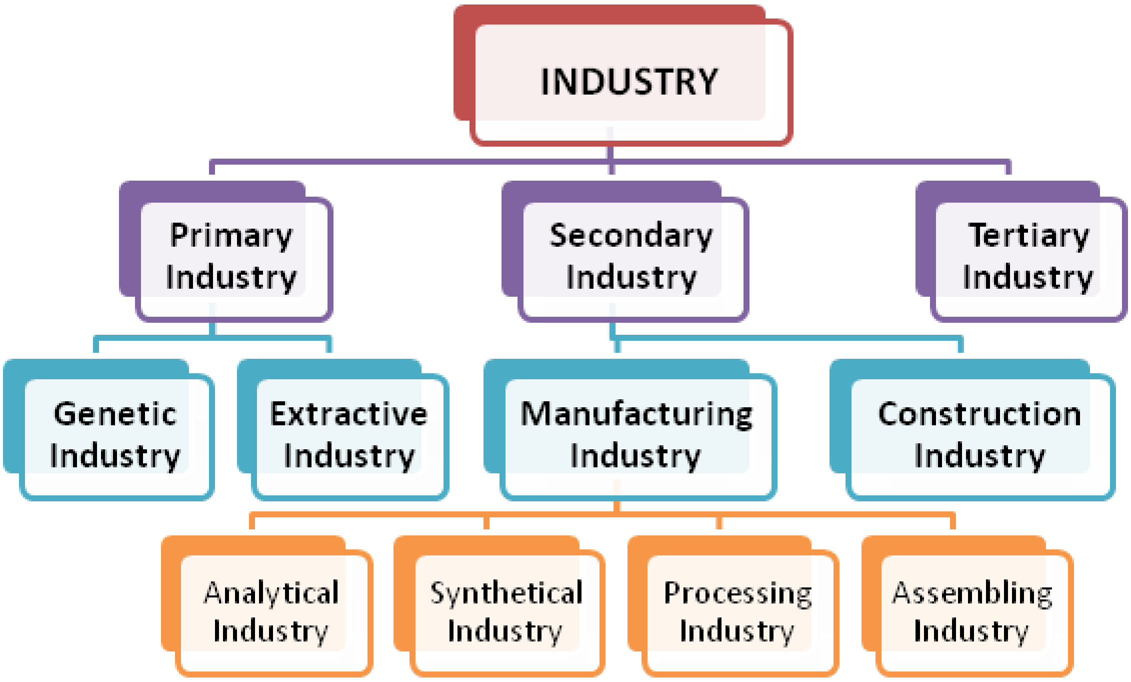
Auxiliaries/Aids to Trade

- Transport and Communication. Transportation carries goods form producers to traders and finally to consumers. ...
- Banking and Finance. ...
- Warehousing. ...
- Insurance. ...
- Advertising. ...
- Packaging.

Industry

Ever wondered where your smartphone came from? You purchased it from a shop sure, but the shopkeeper purchased it from his distributor, the distributor purchased it from the manufacturer. And, the manufacturer produced a final product, your smartphone, from the raw materials available to him. Thus, the manufacturer is the origin of your smartphone. An industry is a group of organizations involved in producing/manufacturing or handling the same type of product and service. So, a group of smartphone manufacturers is known as an industry.

Industry is **a group of productive enterprises or organizations that produce or supply goods, services, or sources of income**. In economics, industries are customarily classified as primary, secondary, and tertiary; secondary industries are further classified as heavy and light.



Commerce:

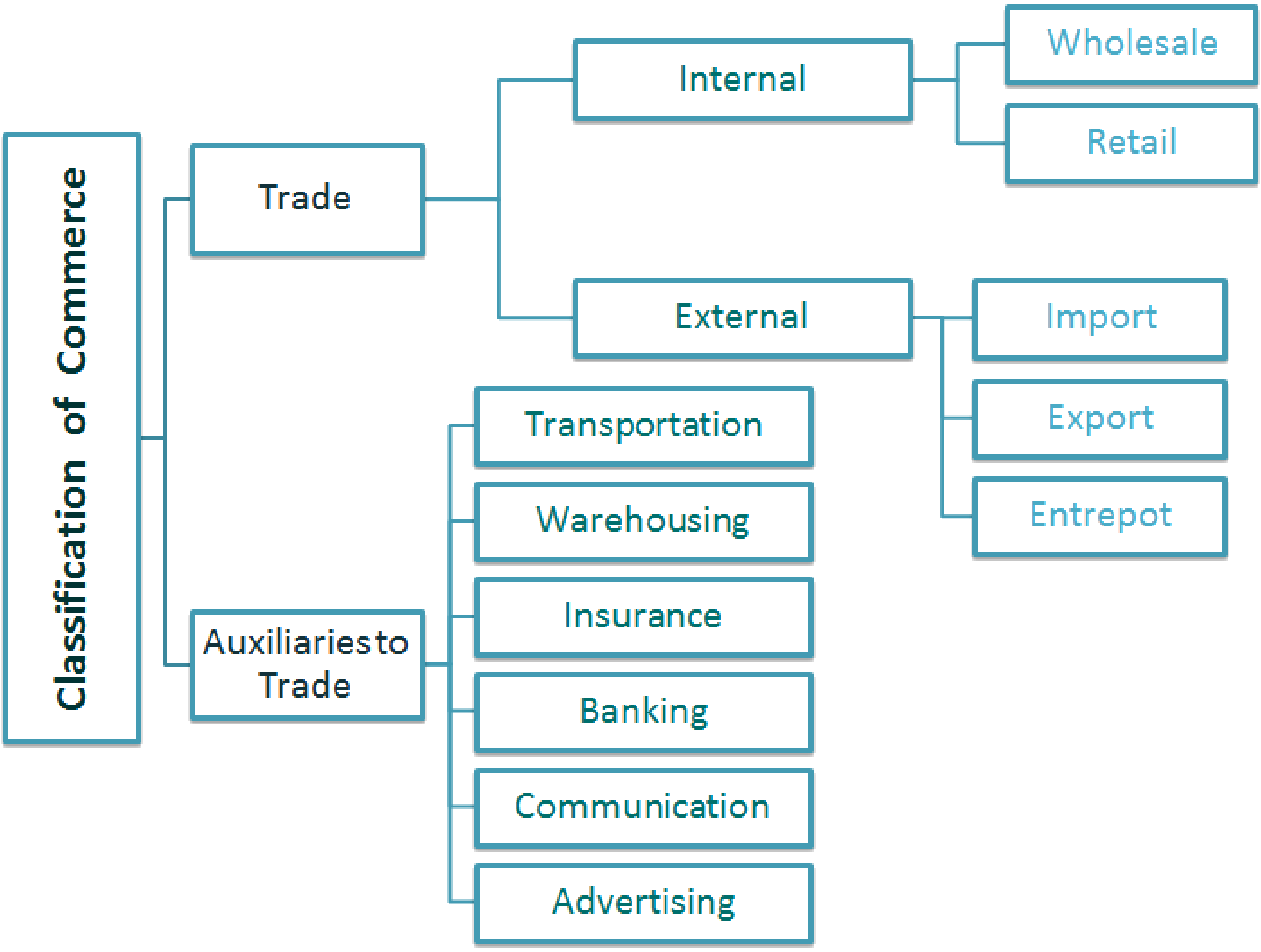
Commerce includes all the activities necessary to facilitate trade, which means to deliver goods or services from manufacturers to consumers. Such activities include arranging transportation, providing banking and insurance services, promoting the products via advertising and storing the product in warehouses, etc. to complete this entire process successfully.

Once products are manufactured, or services are created, they cannot reach the customers on their own. They require the help of these above-mentioned activities for this purpose.

First, whole-sellers procure manufactured goods from producers, and then they distribute it to the local distributors or retailers. Here, transportation is critical in delivering these products.

Banking and insurance services provide the needed financial assistance to the businesses at every stage. At last, via retailers, these products reach the consumers. All these activities together form commerce.

In a nutshell, commerce is the branch of economics responsible for helping businesses to overcome the challenges of delivering goods and services to customers. No matter where the products are manufactured, commerce makes it possible to deliver it worldwide.



TEACHING SYNOPSIS

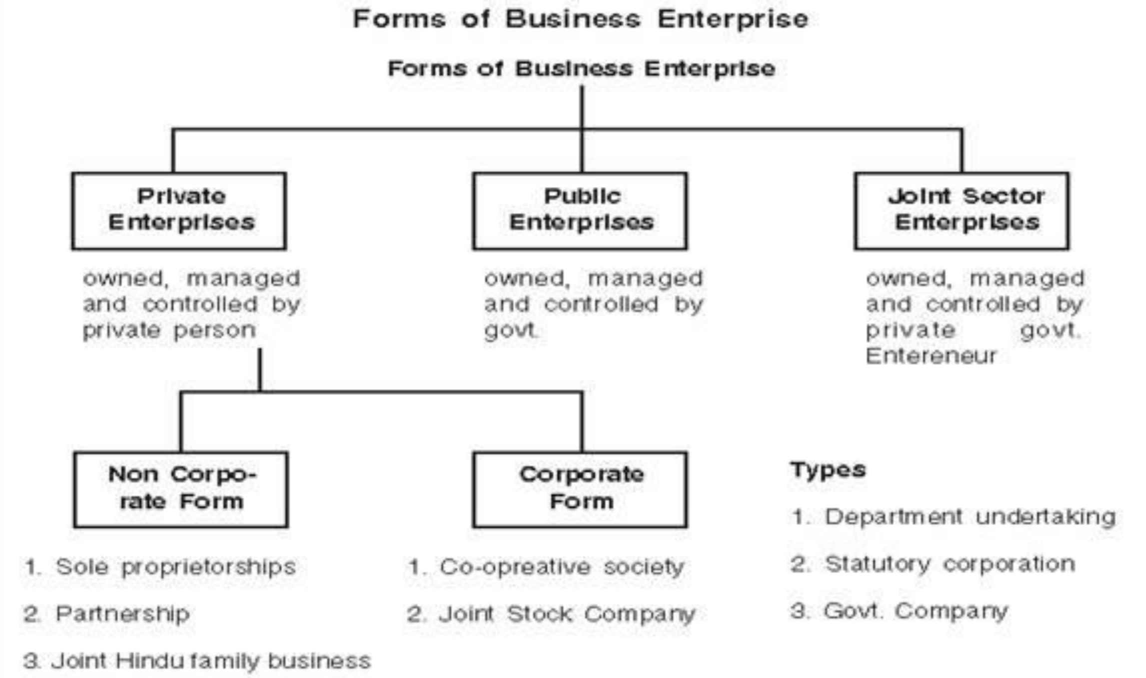
Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	**Malyala Jagadeesh**
Course/Group	I B.Com
Paper	**Business Organization and Management**
Name of the Topic	**Forms of Business Organizations**
Hours Required	08 Hours
Learning Objectives	• Explain features, merits and limitations of different forms of business organisations; • Distinguish between various forms of organisations; and • Discuss the factors determining choice of an appropriate form of business organisation.
Previous Knowledge to be reminded	Yes reminded In intermediate level topics
Topic Synopsis	➢ Features, advantages and disadvantages of Sole Proprietorship ➢ Joint Hindu Family ➢ Cooperative Societies ➢ Features, advantages and disadvantages of Partnership Business ➢ Features ,advantaes and disadvantages of Joint Stock Companies ➢ Public Sector Enterprises ➢ MNC,s
Examples / Illustrations	Cited in internet
Additional inputs	
Teaching Aids used	Green Board, PPT
References cited	Shashi K Gupta ,R.K Sharma Kalyani Publishers
Student Activity Planned after the teaching	Assignements and Quiz
Activity planned outside the Class room ,if any	Assigned Project Work to Visit and Prepare Different Business Organisations charts

Meaning

A business enterprise is an institutional arrangement to form any business activity.

Classification

On the basis of ownership business enterprises can broadly be classified into the following categories:



In case of CORPORATE FORM of private enterprises the identity of the enterprise is separate from that of the owner and in case of NON CORPORATE FORM, the identity of the enterprise is not different from that of its owners.

Sole Proprietorship

Sole proprietorship means a business owned, financed and controlled by a single person who is recipient of all profit and bearer of all risks.

It is SUITABLE IN AREAS OF PERSONALISED SERVICE like beauty parlour, hair cutting saloons & small scale activities like retail shops.

Features

1. Single ownership: It is wholly owned by one individual.
2. Control: Sole proprietor has full power of decision making.
3. No separate legal entity: Legally there is no difference between business& businessmen.
4. Unlimited liability: The liability of owner is unlimited. In case the assets of business are not sufficient to meet its debts, the personal property of owner can be used for paying debts
5. No legal formalities: Not required to start, manage and dissolve such business organization.

6. Sole risk bearer and profit recipient: He bears the complete risk and there is no body to share profit/loss with him.

Merits

1. Easy to start and close: It can be easily started and closed without any legal formalities.
2. Quick decision making: As sole trader is not required to consult or inform anybody about his decisions.
3. Sense of accomplishment: There is a sense of personal satisfaction.
4. Unlimited liability: The liability of owner is unlimited. In case the assets of business are not sufficient to meet its debts, the personal property of owner can be used for paying debts
5. No legal formalities: are required to start, manage and dissolve such business organization.
6. Sole risk bearer and profit recipient: He bears the complete risk and there is no body to share profit/loss with him.

LIMITATIONS

1. Limited financial resources: Funds are limited to the owner's personal savings and his borrowing capacity.
2. Limited Managerial ability: Sole trader can't be good in all aspects of business and he can't afford to employ experts also.
3. Unlimited liability: Of course, sole trader compels him to avoid risky and bold business decisions.
4. Uncertain life: Death, insolvency, lunacy or illness of a proprietor affects the business and can lead to its closure.
5. Limited scope for expansion:- Due to limited capital and managerial skills, it cannot expand to a large scale.

SUITABILITY:

Sole tradership is suitable-
• Where the personal attention to customer is required as in tailoring, beauty parlour.
• Where goods are unstandardized like artistic jewellery.
• Where modest capital and limited managerial skills are required as in case of retail store
• Business where risk is not extensive i.e. lesser fluctuation in price and demand i.e. stationery shop.

JOINT HINDU FAMILY BUSINESS

It is owned by the members of undivided joint Hindu family and managed by the eldest member of the family known as KARTA. It is governed by the provisions of Hindu law. The basis of membership is birth in a particular family.

FEATURES

1. Formation – For a joint Hindu family business there should be at least two members in the family and some ancestral property to be inherited by them.

2. Membership by birth –
There are two systems which govern membership
Dayabhaga System- It prevails in west Bengal and allows both male and female member to co-parcencers.
Mitakshara System- It prevails all over India except West Bengal and allows only male members to be coparceners.

3. Liability – Liability of Karta is unlimited but of all other members is limited to the extent of their share in property

4. Continuity – The business is not affected by death or incapacity of Karta in such cases the next senior male member becomes the Karta.

5. Minor members – A minor can also become full fledged member of Family business.

MERITS

1. Effective control- The Karta can promptly take decisions as he has the absolute decision making power.
2. Continued business existence- The death, Lunacy of Karta will not affect the business as next eldest member will then take up the position.
3. Limited liability – The liability of all members except Karta is limited. It gives them a relief.
4. Secrecy – Complete secrecy regarding business decisions can be maintained by Karta.
5. Loyalty and Co-operation: It helps in securing better co-operation and greater loyalty from all the members who run the business.

LIMITATION

1. Limited capital: There is shortage of capital as it is limited to the ancestral property.
2. Unlimited liability of karta – It makes him less enterprising.
3. Dominance of karta – Karta manages the business and sometimes he ignores the valuable advice of other members. This may cause conflict among the members and may lead to break down of the family limit.
4. Hasty decisions: As karta is overburdened with work, he may take hasty and unbalanced decisions.
5. Limited managerial skills of karta also pose a serious problem. The Joint Hindu family business is on decline because of the diminishing no. of joint Hindu families in the country.

PARTNERSHIP

Meaning: Partnership is a voluntary association of two or more persons who agree to carry on some business jointly and share its profits and losses.

FEATURES

1. Two or more persons: There must be at least two persons to form a partnership. The maximum no. of persons is 10 in banking business and 20 in non-banking business.
2. Agreement: It is an outcome of an agreement among partners which may be oral or in writing.
3. Lawful business- It can be formed only for the purpose of carrying on some lawful business.
4. Decision making & control – Every partner has a right to participate in management & decision making of the organisations.
5. Unlimited liability – Partners have unlimited liability.
6. Mutual Agency – Every partner is an implied agent of the other partners and of the firm. Every partner is liable for acts performed by other partners on behalf of the firm.
7. Lack of continuity – Firms existence is affected by the death, Lunacy and insolvency of any of its partner. It suffers from lack of continuity.

MERITS

1. Ease of formation & closure – It can be easily formed. Only an agreement among the partners is required.
2. Larger financial resources – There are more funds as capital is contributed by no. of partners.
3. Balanced Decisions – As decisions are taken jointly by partners after consulting each other.
4. Sharing of Risks – In it, risk get distributed among partners which reduces anxiety, burden and stress on individual partner.
5. Secrecy – Secrecy can be easily maintained about business affairs as they are not required to publish their accounts or to file any report to the govt.

LIMITATIONS

1. Limited resources – There is a restriction on the number of partners and hence capital contributed by them is also limited.
2. Unlimited liability- The liability of partners is unlimited and they are liable individually as well as jointly. It may prove to be a big drawback for those partners who have greater personal wealth. They will have to repay the entire debt in case the other partners are unable to do so.
3. Lack of continuity – Partnership comes to an end with the death, retirement, insolvency or lunacy of any of its partner.

4. Lack of public confidence – Partnership firms are not required to publish their reports and accounts. Thus they lack public confidence.

TYPES OF PARTNERS

1. General / Active Partner – Such a partner takes active part in the management of the firm.
2. Sleeping or Dormant Partner – He does not take active part in the management of the firm. Though he invested money, shares profit & Loss and unlimited liability.
3. Secret Partner – He participates in business secretly without disclosing his association with the firm to general public. His liability is also unlimited.
4. Nominal Partner – Such a partner only gives his name and goodwill to the firm. He neither invests money nor takes profit. But his liability is unlimited.
5. Partner by Estoppels – He is the one who by his words or conduct gives impression to the outside world that he is a partners of the firm whereas actually he is not. His liability is unlimited towards the third party who has entered into dealing with firm on the basis of his pretensions.
6. Partner by holding out – He is the one who is falsely declared partner of the firm whereas actually he is not. And even after becoming aware of it, he-does not deny it. His liability is unlimited towards the party who has deal with firm on the basis of this declaration.

Minor as a Partner

A minor is a person who has not attained the age of 18 years. Since a minor is not capable of enlarging into a valid agreement. He cannot become partner of firm. However, a minor can be admitted to the benefits of an existing partnership firm with the mutual consent of all other partners. He cannot be asked to bear the losses. His liability will be limited to the exilent of the capital contributed by him. He will not be eligible to take an active part in the management of the firm.

Types of Partnership

A. Classification on the Basics of Duration

Partnership at will- This type of partnership exists at the will of partners.
Particular Partnership-This type of partnership is formed for a specified June period to accomplish a particular project (consolation of building)

B. Classification on the basis of Liability

General partnership-This liability of partners is limited and joint. Registration of firm is optional.
Limited Partnership-The liability of at least one partner is unlimited whereas the other partners may have limited.
Registration of firm is compulsory.

PARTNERSHIP DEED

The written agreement on a stamped paper which specifies the terms and conditions of partnership is called the partnership deed.

It generally includes the following aspects –

- Name of the firm
- Location / Address of the firm
- Duration of business.
- Investment made by each partner.
- Profit sharing ratio of the partners
- Terms relating to salaries, drawing, interest on capital and interest on drawing of partners.
- Duties & obligations of partners.
- Terms governing admission, retirement & expulsion of a partner, preparation on of accounts & their auditing.
- Method of solving dispute

REGISTRATION OF PARTNERSHIP

Registration is not compulsory it is optional. But it is always beneficial to get the firm registered. The consequences of non-registration of a firm are as follows:

- A partner of an unregistered firm cannot file suit against the firm or the partner.
- The firm cannot file a suit against third party.
- The firm cannot file a case against its partner.

Co-operative Society

A co-operative society is a voluntary association of persons of moderate means who unite together to protect & promote their common economic interests.

FEATURES

1. Voluntary association: Every one having a common interest is free to join a co-operative society and can also leave the society after giving proper notice.

2. Legal status: Its registration is compulsory and it gives it a separate legal identity.

3. Limited liability: The liability of the member is limited to the extent of their capital contribution in the society.

4. Democratic control: Management & Control lies with the managing committee elected by the members by giving vote. Every member has one vote irrespective of the number of shares held by him.

5. Service motive: The main aim is to serve its members and not to maximize the profit.

6. Bound by govt.'s rules: They have to be tide by the rules and regulations framed by govt. for them.

7. Distribution of surplus: The profit is distributed on the basis of volume of business transacted by a member and not on the basis of capital contribution of members.

MERITS

1. Excise of formation: It can be started with minimum of 10 members. Registration is also easy as it requires very few legal formations.

2. Limited Liability: The liability of members is limited to the extent of their capital contribution.

3. Stable existence: Due to registration it is a separate legal entity and is not affected by the death, luxury or insolvency of any of its member.

4. Economy in operations: Due to elimination of middlemen and voluntary services provided by its members.

5. Government Support: Govt. provides support by giving loans at lower interest rates, subsidies & by charging less taxes.

6. Social utility: It promotes personal liberty, social justice and mutual cooperation. They help to prevent concentration of economic power in few hands.

LIMITATIONS

1. Shortage of capital – It suffers from shortage of capital as it is usually formed by people with limited means.

2. Inefficient management – Co-operative society is managed by elected members who may not be competent and experienced. Moreover, it can’t afford to employ expert and experienced people at high salaries.

3. Lack of motivation – Members are not inclined to put their best efforts as there is no direct link between efforts and reward.

4. Lack of Secrecy – Its affairs are openly discussed in its meeting which makes it difficult to maintain secrecy.

5. Excessive govt. control – it suffers from excessive rules and regulations of the govt. It has to get its accounts audited by the auditor and has to submit a copy of its accounts to registrar.

6. Conflict among members – The members are from different sections of society with different viewpoints. Sometimes when some members become rigid, the result is conflict.

TYPES OF CO-OPERATIVE SOCIETIES

1. Consumers co-operative Society – It formed to protect the interest of consumers.It seeks to eliminate middleman by establishing a direct link with the producers. It purchases goods of daily consumption directly from manufacturer or wholesalers and sells them to the members at reasonable prices.

2. Producer’s Co-operative Society – The main aim is to help small producers who cannot easily collect various items of production and face some problem in marketing. These societies purchase raw materials, tools, equipment’s and other items in large quantity and provide these things to their members at reasonable price.

3. Marketing Co-operative Society – It performs various marketing function such as transportation, warehousing, packing, grading, marketing research etc. for the benefit of its members. The production of different members is pooled together and sold by society at good price.

4. Farmer’s Co-operative Society – In such societies, small farmers join together and pool their resources for cultivating their land collectively. Such societies provide better quality seeds, fertilizers, machinery and other modern techniques for use in the cultivation of crops. It provides them opportunity of cultivation on large scale.

5. Credit co-operative Society – Such societies protect the members from exploitation by money lenders. They provide loans to their members at easy terms and reasonably low rate of interest.

6. Co-operative Housing Society – The main aim is to provide houses to people with limited means/income at reasonable price.

JOINT STOCK COMPANY

Meaning – Joint stock company is a voluntary association of persons for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership.

FEATURES

1. Incorporated association – The company must be incorporated or registered tender the companies Act 1956. Without registration no company can come into existence.

2. Separate Legal Existence – It is created by law and it is a distinct legal entity independent of its members. It can own property, enter into contracts, can file suits in its own name.

3. Perpetual Existence – Death, insolvency and insanity or change of members as no effect on the life of a company. It can come to an end only through the prescribed legal procedure.

4. Limited Liability – The liability of every member is limited to the nominal value of the shares bought by him or to the amt. guaranteed by him. Transferability of shares – Shares of public Co. are easily transferable. But there are certain restrictions on transfer of share of private Co. Common Seal- It is the official signature of the company and it is affixed on all important documents of company.

5. Separation of ownership and control – Management of company is in the hands of elected representatives of shareholders known individually as director and collectively as board of directors.

MERITS

1. Limited Liability – Limited liability of shareholder reduces the degree of risk borne by him.

2. Transfer of Interest – Easy transferability of shares increases the attractiveness of shares for investment.

3. Perpetual Existence – Existence of a company is not affected by the death, insanity,

Insolvency of member or change of membership. Company can be liquidated only as per the provisions of companies Act.

4. Scope for expansion – A company can collect huge amount of capital from unlimited no. of members who are ready to invest because of limited liability, easy transferability and chances of high return.

5. Professional management – A company can afford to employ highly qualified experts in different areas of business management.

LIMITATIONS

1. Legal formalities – The procedure of formation of Co. is very long, time consuming, expensive and requires lot of legal formalities to be fulfilled.

2. Lack of secrecy – It is very difficult to maintain secrecy in case of public company, as company is required to publish and file its annual accounts and reports.

3. Lack of Motivation – Divorce between ownership and control and absence of a direct link between efforts and reward lead to lack of personal interest and incentive.

4. Delay in decision making – Red papism and bureaucracy do not permit quick decisions and prompt actions. There is little scope for personal initiative.

5. Oligarchic management – Co. is said to be democratically managed but actually managed by few people i.e. board of directors. Sometimes they take decisions keeping in mind their personal interests and benefit, ignoring the interests of shareholders and Co.

TYPES OF COMPANIES

On the basis of ownership, companies can be divided into two categories –
Private & Public.

PUBLIC SECTOR ENTERPRISES

A government owned enterprise, a government-owned corporation, a statutory corporation and a nationalised company in India is called a Public Sector Undertaking (PSU) or a Public Sector Enterprise. These establishments are wholly or partly owned by the government of India or one of the many state or territorial governments or both together in parts. Gazetted officers work as officers in these entities and their subsidiaries. The employees subordinate to the officers working for these respective entities and their subsidiaries are full-fledged government employees. The majority of stocks of these establishments are owned by the government. These are classified as Central Public Sector Undertaking (CPSU, CPSE), which are wholly or partly owned by government of India or State Level Public Sector Undertaking (SLPSU, SLPSE), which are wholly or partly owned by state or territorial governments.

PUBLIC ENTERPRISES

Departmental Undertakings

Example

1. Posts & Telegraph
2. Railways
3. All India Radio (AIR)
4. DoorDarshan (TV)
5. Ordnance Factories

Statutory Corporations

Example

1. Food Corporation of India
2. Industrial Finance Corporation of India
3. Life Insurance Corporation of India
4. Unit Trust of India
5. State Trading Corporation

Government Companies

Example

1. Hindustan Machine Tools Limited
2. Steel Authority of India Limited
3. Hindustan Shipyard Limited

MULTI NATIONAL CORPORATIONS

The full form of MNC is the Multinational Corporation. MNC relates to a corporation that operates from one nation in which it is headquartered and operates in two or more countries. It is often referred to as a stateless corporation, MNE (multinational enterprise) or transnational corporation. An MNC could have branches and industries in various countries, but it typically has its head office or headquarters in the place or country of origin.

The East India Company could be regarded as one of the first MNCs in the 17th century who visit India.

There is a range of well-known MNCs around the modern world, including Apple Inc, Microsoft, Coca Cola, Samsung, Pepsi Co, Infosys, & Nike Inc., and so on.

Some notable benefits of an MNC are that it spends tremendous resources in the host nation and implements new or updated technology.

It manufactures goods on a wide scale following international standards and also focused on the industrial producing goods and services, that effectively minimises manufacturing costs.

It enables MNC to provide the citizens of the host nation with goods or services at fair rates.

It leads to government income by paying income tax as well as numerous other taxes, such as It leads to government income by paying income tax as well as multiple other taxes, such as export duty or GST.

features of an MNC are explained below:

1. International operations: Global MNCs run their foreign operations by establishing branches or subsidiary companies in host countries.

2. Giant size: MNCs have huge basis of assets and revenues because of their huge size operations spread in a number of countries.

3. Centralised control: MNCs have a centralised control system. All the decisions for subsidiaries or branches are taken by the headquarters of MNCs. Headquarter of MNCs exercise control over their foreign subsidiaries.

4. Modern technology and management practices: Most of the MNCs compete in the international markets on the basis of their modern technology and efficient management practices. In fact, these global enterprises are sources of the spread of modern technology and management practices in the world.

TEACHING SYNOPSIS

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	**Malyala Jagadeesh**
Course/Group	I B.Com
Paper	**Business Organization & Management**
Name of the Topic	**Company Incorporation**
Hours Required	08 Hours
Learning Objectives	• Specify the important stages in the formation of a company; • describe the steps involved in each stage of company formation; • Specify the documents to be submitted to the registrar of companies; and • State the need of certificate of incorporation and certificate to commence business.
Previous Knowledge to be reminded	Different Documents Maintained at the stage of Company Incorporation
Topic Synopsis	➢ Stages of Promotion of a Company ➢ Promotion ➢ Incorporation/Registration ➢ Memorandum of Association ➢ Articles of Association ➢ Contents of Documents
Examples / Illustrations	Cited in internet for proformas of Documents
Additional inputs	
Teaching Aids used	Green Board, PPT
References cited	Shashi K Gupta ,R.K Sharma Kalyani Publishers
Student Activity Planned after the teaching	Assignments
Activity planned outside the Class room ,if any	Assigned Work to Preparing Charts Different Documents of Corporation
Any other activity	

FORMATION OF A COMPANY

Formation of a company means bringing a company into existence and starting its business. The steps involved in the formation of a company are:

(i) Promotion

(ii) Incorporation

(iii)Capital subscription

(iv) Commencement of business.

A private company has to undergo only first two steps but a public company has to undergo all the four stages.

1. Promotion:

Promotion means conceiving a business opportunity and taking an initiative to form a company.

Step in Promotion:

1. Identification of Business Opportunity : The first and foremost function of a promoter is to identify a business idea e.g. production of new product or service.

2. Feasibility Studies: After identifying a business opportunity the promoters undertake detailed studies of technical, Financial, Economic feasibility of a business.

3. Name Approval: After selecting the name of company the promotors submit an application to the Registrar of companies for its approval.

4. Fixing up signatories to the Memorandum of Association: Promotors have to decide about the director who will be signing the memorandum of Association.

5. Appointment of professional: Promoters appoint merchant bankers, auditors etc.

6. Preparation of necessary documents: The promoters prepare certain legal documents such as memorandum of Association, Articles of Association which have to be submitted to the Registrar of the companies.

2. Incorporation

Incorporation means registration of the company as body corporate under the companies Act 1956 and receiving certificate of Incorporation.

Steps for Incorporation

1. Application for incorporation: Promoters make an application for the incorporation of the company to the Registrar of companies.

2. Filing of necessary documents: Promoters files the following documents:

(i) Memorandum of Association.
(ii) Articles of Association.
(iii) Statement of Authorized Capital
(iv) Consent of proposed director.
(v) Agreement with proposed managing director.
(vi) Statutory declaration.

3. Payment of fees: Along with filing of above documents, registration fee has to be deposited which depends on amount of the authorized capital.

4. Registration: The Registrar verifies all the document submitted. If he is satisfied then he enters the name of the company in his Register.

5. Certificate of Incorporation: After entering the name of the company in the register. The Registrar issues a Certificate of Incorporation. This is called the birth certificate of the company.

III. Capital Subscription:

A public company can raise funds from the public by issuing shares and Debentures. For this it has to issue prospectus and undergo various other formalities:

Step required for raising funds from public:

1. SEBI Approval: SEBI regulates the capital market of India. A public company is required to take approval from SEBI.

2. Filing of Prospectus: Prospectus means any documents which invites offers from the public to purchase share and Debenture of the company.

3. Appointment of bankers, brokers, underwriters: Banker of the company receive the application money. Brokers encourage the public to apply for the shares, underwriters are the person who undertake to buy the shares if these are not subscribed by the public. They receive a commission for underwriting.

4. Minimum subscription: According to the SEBI guide lines minimum subscription is 90% of the issue amount. If minimum subscription is not received then the allotment cannot be made and the application money must be returned to the applicants within 30 days.

5. Application to Stock Exchange: It is necessary for a public company to list their shares in the stock exchange therefore the promoters apply in stock exchange to list company shares.

6. Allotment of Shares: Allotment of shares means acceptance of share applied. Allotment letters are issued to the shareholders. The name and address of the shareholders submitted to the Registrar.

IV. COMMENCEMENT OF BUSINESS:

To commence business a public company has to obtain a certificate of commencement of Business. For this the following documents have to be filled with the registrar of companies.

1. A declaration that 90% of the issued amount has been subscribed.
2. A declaration that all directors have paid in cash in respect of allotment of shares made to them.
3. A statutory declaration that the above requirements have been completed and must be signed by the director of company.

Important documents used in the formation of company:

1. Memorandum of Association – It is the principal document of a company. No company can be registered without a memorandum of association and that is why it is sometimes called a life giving document.

Contents of Memorandum of Association:

1. Name clauses – This clause contains the name of the company. The proposed name should not be identicator similar to the name of another exiting company.

2. Situation clauses – This clause contains the name of the state in which the registered office of the company is to be situated.

3. Object clause – This clause defines the objective with which the company is formed. A company is not legally entitled to do any business other than that specified in the object clause.

4. Liability Clauses – This clause limits the liability of the members to the amount unpaid on the shares held by them.

5. Capital clause – This clause specifies the maximum capital which the company will be authorized to raise tough the issue of shares called authorized capital.

2. Articles of Association:

The articles of Association are the rules for the internal management of the affairs of a company the articles defines the duties, rights and powers of the officers and the board of directors.

Contents of the Article:

1. The amount of share capital and different classes of shares.
2. Rights of each class of shareholders.
3. Procedure for making allotment of shares.
4. Procedure for issuing share certificates.
5. Procedure for forfeiture and reissue of forfeited shares.
6. Rules regarding casting of votes and proxy voting
7. Procedure for selection and removal of directors
8. Dividend declaration and payment related rules
9. Procedure for capital readjustment
10. Procedure regarding winding up of the company.

2. Prospectus:

Prospectus means any document which invites deposits from the public to purchase share or debentures of a company.

Main contents of the Prospectus:

1. Company’s name and the address of its registered office.
2. The main object of the company
3. The number and classes of shares.
4. Qualification shares of the directors
5. The name and addresses of the directors, managing director or manager.
6. The minimum subscription which is 90% of the size of the issue.
7. The time of opening and closing of the subscription list.
8. The amt. payable on the application and allotment of each class of share.
9. Underwriters to the issue.
10. Merchant bankers to the issue.

2. Statement is Lieu of Prospectus:

A public company having a share capital may sometimes decide not to raise funds from the public because it may be confident of obtaining the required capital privately. In such case it will have to tile a statement in lieu of prospectus with the Registrar of companies. It Contains information much similar to that of a prospectus.

CHOICE OF FORM OF BUSINESS ORGANISATION

The following factors are important for taking decision about form of organization:

1. Cost and ease in setting up the organization: Sole proprietorship is least expensive and can be formed without any legal formalities to be fulfilled. Company is also expensive with lot of legal formalities.

2. Capital consideration: Business requiring less amount of finance prefer sole proprietorship & partnership form, where as business activities requiring huge financial resonances prefer company form.

3. Nature of business: If the work requires personal attention such as tailoring unit, cutting saloon, it is generally setup as a sole proprietorship. Unit engaged in large scale manufacturing are more likely to be organized in company form.

4. Degree of control desired: A person who desires full and exclusive control over business prefers proprietorship rather than partnership or company because control has to be shared in these cases.

5. Liability or Degree of Risk: Projects which are not very risky can be organized in the form of sole proprietorship partnership whereas the risky ventures should be done in company form of organization because the liability of shareholders is limited.

Step 1	Selection of the type of a company
Step 2	Preliminary Requirements
Step 3	Reservation of Name
Step 4	Preparation of the Memorandum of Association and Articles of Association
Step 5	Filing of the documents with the Registrar of companies
Step 6	Certificate of Incorporation and allotment of Corporate Identity Number
Step 7	Effect of Registration
Step 8	Commencement of business

सत्यमेव जयते

प्रारुप 1
पंजीकरण प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U72200DL2010PTC212030 2010 - 2011

मैं एतदद्वारा सत्यापित करता हूँ कि मैसर्स

RMA TECHNOLOGIES PRIVATE LIMITED

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज किया जाता है और यह कम्पनी प्राइवेट लिमिटेड है।

यह निगमन-पत्र आज दिनांक इकतीस दिसम्बर दो हजार दस को मेरे हस्ताक्षर से दिल्ली में जारी किया जाता है।

Form 1
Certificate of Incorporation

Corporate Identity Number : U72200DL2010PTC212030 2010 - 2011

I hereby certify that RMA TECHNOLOGIES PRIVATE LIMITED is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is private limited.

Given under my hand at Delhi this Thirty First day of December Two Thousand Ten

.

(ANITA KLAIR)

सहायक कम्पनी रजिस्ट्रार / Assistant Registrar of Companies

राष्ट्रीय राजधानी क्षेत्र दिल्ली एवं हरियाणा

National Capital Territory of Delhi and Haryana

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

RMA TECHNOLOGIES PRIVATE LIMITED
703, VISHWA SADAN, DISTRICT CENTER, JANAKPURI, NEW DELHI - 110058,
Delhi, INDIA

(THE COMPANIES ACT, 1956)

(COMPANY LIMITED BY SHARES)

A R T I C L E S O F A S S O C I A T I O N

OF

ABCD PRIVATE LIMITED

PRELIMINARY

1. Subject as hereinafter provided the Regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956 shall apply to the Company.

INTERPRETATION

2. (1) In these Regulations :-

(a) "Company" means **XX**

(b) "Office" means the Registered Office of the Company.

(c) "Act" means the Companies Act, 1956, and any statutory modification thereof.

(d) "Seal" means the Common Seal of the Company.

(e) "Directors" means the Directors of the Company and includes persons occupying the position of the Directors by whether names called.

(2) Unless the context otherwise requires words or expressions contained in these Articles shall be the same meaning as in the Act, or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

PRIVATE COMPANY

3. The Company is a Private Company within the meaning of Section 3(1) (iii) and 2(35) of the Companies Act, 1956 and accordingly: -

(a) The right to transfer shares in the Company is restricted in the manner and to the extent hereinafter appearing

(b) The number of members of the Company (exclusive of persons who are in the employment of the Company, and persons who having been formerly in the employment of the Company, were members of the Company while in the employment and have continued to be members after the employment ceased) shall be limited to fifty; provided that for the purpose of this definition where two or more persons jointly hold one or more shares in the Company, the shall, be treated as a single member, and.

(c) No invitation shall be issued to the public or subscribe for any shares in or debentures of the Company.

(d) Prohibits any invitation or acceptance of deposits from persons other than its members, directors and relatives.

TEACHING SYNOPSIS

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	**Malaya Jagadeesh**
Course/Group	I B.Com
Paper	**Business Organization & Management**
Name of the Topic	**Management**
Hours Required	08 Hours
Learning Objectives	➢ Describe the characteristics of management and its importance in an organization; ➢ Explain the nature of management as an art, science and profession; ➢ Explain the functions of management; and ➢ Appreciate the nature and importance of coordination. ➢ To Know the Principles of Management
Previous Knowledge to be reminded	*Explained Principles of Management*
Topic Synopsis	➢ *Definitions and Meaning of Management* ➢ *Characteristics of Management* ➢ *Is Management As Art and Science* ➢ *Fayol's 14 Principles of Management* ➢ *Administration v\s Management* ➢ *Levels of Management*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Green Board, PPT*
References cited	Shashi K Gupta ,R.K Sharma Kalyani Publishers
Student Activity Planned after the teaching	*Quiz*
Activity planned outside the Class room ,if any	*Students Assignment*

Introduction

Management is universal in the modern industrial world and there is no substitute for good management. It makes human effects more productive and brings better technology, products and services to our society. It is a crucial economic resource and a life giving element in business. Without proper management, the resources of production (men, machines and materials, money) can not be converted into production. Thus management is a vital function concerned with all aspects of the working of an organization.

Management is a must to accomplish desired goals through group action. It is essential to convert the disorganized resources of men, machines, materials and methods into a useful and effective enterprise.

Thus management is the function of getting things done through people and directing the efforts of individuals towards a common objective.

Meaning and Definitions of Management:

Management is the art of maximizing efficiency, as a social process, a method of getting things done through others a plan of action and its direction by a co-operative group moving towards a common goal. Effective utilization of available resources to achieve same objective is management.

Management is a comprehensive function of Planning, Organizing, Forecasting Coordinating, Leading, Controlling, Motivating the efforts of others to achieve specific objectives. Management can precisely be called the rule – making and rule – enforcing body.

Definitions :

According to Harold Koontz " Management is the art of getting things done through and with formally organized groups ".

According to Peter F. Drucker. " A Multipurpose organ that manages a business and manages managers and manages workers and works ".

According to J.Lundy " Management is what management does. It is the task of planning executing and controlling ".

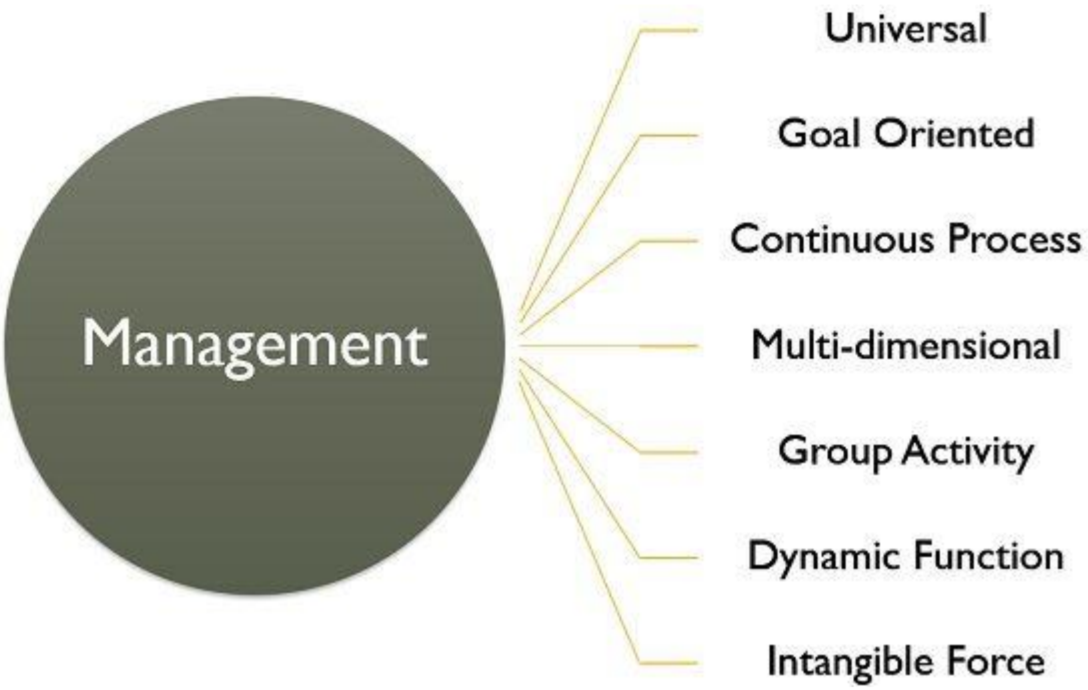
According to Lawrence Appley " Management is the development of people and not the direction of things ".

Definition: Management can be defined as the **process of administering and controlling the affairs of the** organization, irrespective of its nature, type, structure and size. It is an act of creating and maintaining such a business environment wherein the members of the organization can work together, and achieve business objectives efficiently and effectively.

Management acts as a guide to a group of people working in the organization and coordinating their efforts, towards the attainment of the common objective.

In other words, it is concerned with **optimally using 5M's, i.e. men, machine, material, money and methods** and, this is possible only when there proper direction, coordination and integration of the processes and activities, to achieve the desired results.

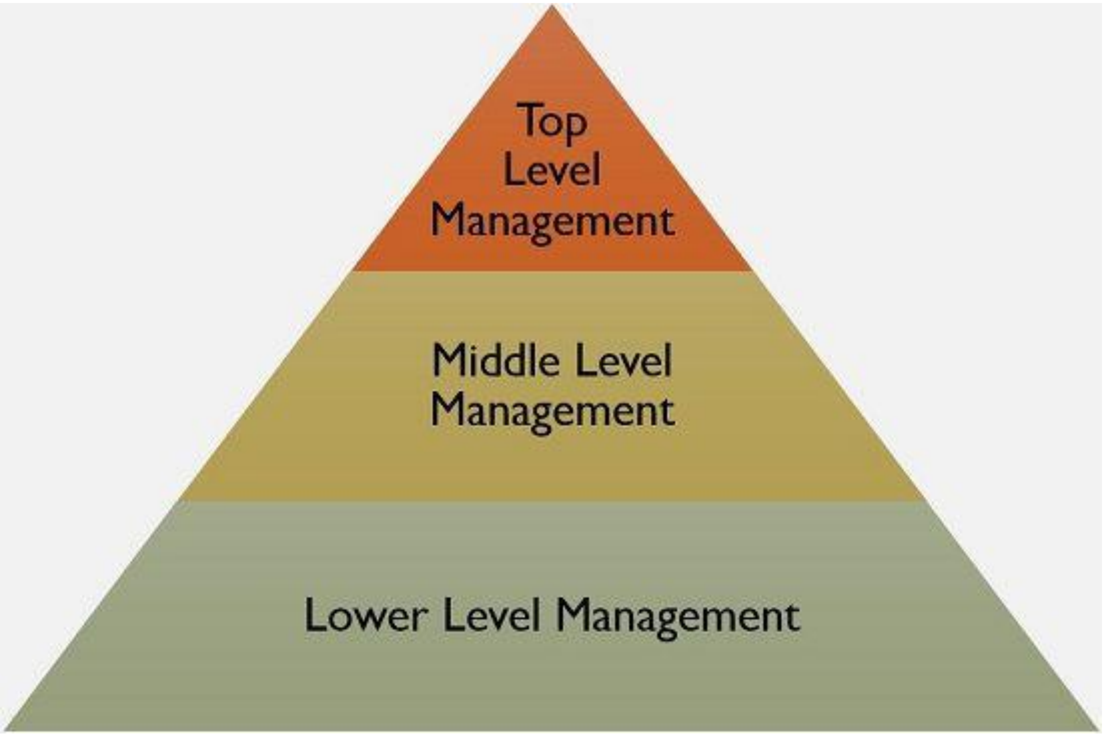
Characteristics of Management



- **Universal**: All the organizations, whether it is profit-making or not, they require management, for managing their activities. Hence it is universal in nature.
- **Goal-Oriented**: Every organization is set up with a predetermined objective and management helps in reaching those goals timely, and smoothly.
- **Continuous Process**: It is an ongoing process which tends to persist as long as the organization exists. It is required in every sphere of the organization whether it is production, human resource, finance or marketing.
- **Multi-dimensional**: Management is not confined to the administration of people only, but it also manages work, processes and operations, which makes it a multi-disciplinary activity.
- **Group activity**: An organization consists of various members who have different needs, expectations and beliefs. Every person joins the organization with a different motive, but after becoming a part of the organization they work for achieving the same goal. It requires supervision, teamwork and coordination, and in this way, management comes into the picture.
- **Dynamic function**: An organization exists in a business environment that has various factors like social, political, legal, technological and economic. A slight change in any of these factors will affect the organization's growth and performance. So, to overcome these changes management formulates strategies and implements them.
- **Intangible force**: Management can neither be seen nor touched but one can feel its existence, in the way the organization functions.

Precisely, all the functions, activities and processes of the organization are interconnected to one another. And it is the task of the management to bring them together in such a way that they help in reaching the intended result.

Levels of Management



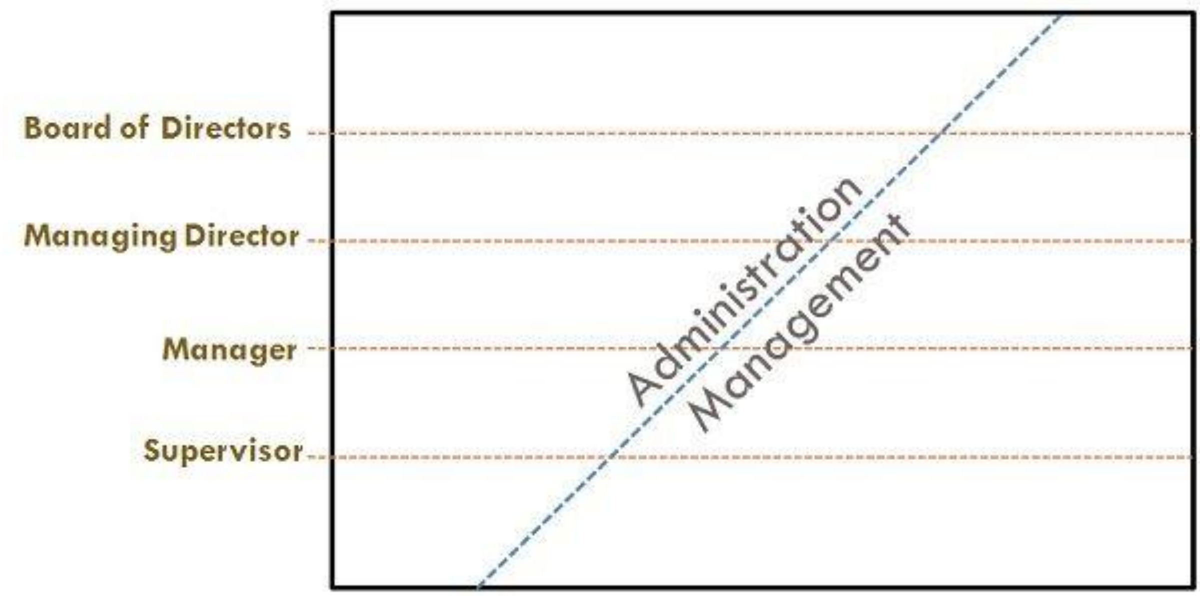
1. **Top-Level Management**: This is the highest level in the organizational hierarchy, which includes **Board of Directors and Chief Executives**. They are responsible for defining the objectives, formulating plans, strategies and policies.
2. **Middle-Level Management**: It is the second and most important level in the corporate ladder, as it creates a link between the top and lower-level management. It includes **departmental and division heads and managers** who are responsible for implementing and controlling plans and strategies which are formulated by the top executives.
3. **Lower Level Management**: Otherwise called as functional or operational level management. It includes **first-line managers, foreman, supervisors**. As lower-level management directly interacts with the workers, it plays a crucial role in the organization because it helps in reducing wastage and idle time of the workers, improving the quality and quantity of output.

   The three management levels form the management hierarchy, that represents the position and rank of executives and managers in the chart.

Functions of Management

- **Planning**: It is the first and foremost function of management, i.e. to decide beforehand what is to be done in future. It encompasses formulating policies, establishing targets, scheduling actions and so forth.
- **Organizing**: Once the plans are formulated, the next step is to organise the activities and resources, as in identifying the tasks, classifying them, assigning duties to subordinates and allocating the resources.
- **Staffing**: It involves hiring personnel for carrying out various activities of the organization. It is to ensure that the right person is appointed to the right job.
- **Directing**: It is the task of the manager to guide, supervise, lead and motivate the subordinates, to ensure that they work in the right direction, so far as the objectives of the organization are concerned.
- **Controlling**: The controlling function of management involves a number of steps to be taken to make sure that the performance of the employees is as per the plans. It involves establishing performance standards and comparing them with the actual performance. In case of any variations, necessary steps are to be taken for its correction.

Administrative v/s Management



Management v/s Administration

Both management and administration are crucial to the growth of an organization.

Management relates to conducting, controlling and taking charge of the course of action. The word "management" comes from the word "manes" which means "to control by hand". It is a middle level activity.

Management involves the achievement of results for which the responsibility pays the manager. Management also includes involving organization to achieving objectives with maximum efficiency and responsibility for the result.

Management is the act or function of putting into practice the policies and plans decided upon by the administration.

Management is inferior to administration, and is focused on motivating and controlling functions as well as technical abilities and human resources abilities. It deals with employees.

Administration relates to managing of different things.The word "administration" comes from word "*minor*" and "*ministrare*" which means " to serve" and " to govern" accordingly. It is a top level activity, above the management. It deals with executive and strategic work. Thus, it must incorporate both leadership and vision

Administrating means directing, superintending the execution, using or conducting of various things. It means, that administration involves setting and following instructions and service. Which relates to setting up objectives and crucial policies of every organization.

The administration is focused on the planning and organizing of functions as well as administrative qualities.

So, in summary:

Both administration and management are key managerial activities in the company. Administration sets up plans and strategy which are executed in the management process. Administration is a decision-making function, while management is an executive function. Management is focused on "doing" because managers get work done under their supervision, while the administration is focused on "thinking" because it is determining the plans and policies.

Henry Fayol, also known as the ‘father of modern management theory’ gave a new perception of the concept of management. He introduced a general theory that can be applied to all levels of management and every department. The Fayol theory is practiced by the managers to organize and regulate the internal activities of an organization. He concentrated on accomplishing managerial efficiency.

The fourteen principles of management created by Henri Fayol are as follows

1. Division of Work-

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

2. Authority and Responsibility-

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

3. Discipline-

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

4. Unity of Command-

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

5. Unity of Direction-

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

6. Subordination of Individual Interest-

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

7. Remuneration-

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual’s efforts they have made.

8. Centralization-

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

9. Scalar Chain-

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

10. Order-

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

11. Equity-

All employees should be treated equally and respectfully. It’s the responsibility of a manager that no employees face discrimination.

12. Stability-

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

13. Initiative-

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make then worth.

14. Esprit de Corps-

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	**Advanced Accounting**
Name of the Topic	Accounting for Non-Profit Organisations
Hours Required	8 Hours
Learning Objectives	➢ To understand the difference between Profit and Non Profit Organizations. ➢ To understand the terminology of nonprofit organizations ➢ To understand the different nonprofit organizations ➢ To understand the different accounts
Previous Knowledge to be reminded	Yes, Reminded
Topic Synopsis	➢ Nonprofit Organization- Definition ➢ Types of Nonprofit organizations ➢ Terminology of Nonprofit organizations ➢ Receipt and Payment account ➢ Income and Expenditure account ➢ Opening Balance Sheet ➢ Balance Sheet ➢ Capital Fund
Examples / Illustrations	Text Book Illustrations
Additional inputs	
Teaching Aids used	Black Board
References cited	PC.Tulsian,SP Jain KL Narang
Student Activity Planned after the teaching	Practice the Text Book Problems Solving the problems in classroom
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature Obtained in hard copy

Accounting for Non-Profit Organizations

Not-for-Profit Organizations are organizations which are set up for the welfare of the society or for the promotion of art and culture in the society. These are usually set up as a charitable institution with the service motive. The trustees manage these organizations. The members of the organization elect the trustees. The Not-for-Profit Organizations raise funds from its members as well as from the general public for meeting their objectives.

The main motive of these organizations is to provide service. However, they may earn profits in the due course. Generally, these organizations do not manufacture, purchase or sell goods or provide services. Thus, they do not need to prepare Trading and Profit and Loss A/c. They credit the funds received to the Capital Fund or General Fund A/c.

Characteristics of Not-for-Profit Organizations

Service Motive: These organisations have a motive to provide service to its members or a specific group or to the general public. They provide services free of cost or at a bare minimum price as their aim is not to earn the profit. They do not discriminate among people on the basis of their caste, creed or colour. Examples of services provided by them are education, food, health care, recreation, sports facility, clothing, shelter, etc.

Members: These organizations are formed as charitable trusts or societies. The subscribers to these organizations are their members.

Management: The managing committee or the executive committee manages these organizations. The members elect the committee.

Source of Income: The major sources of income of not-for-profit organizations are subscriptions, donations, government grants, legacies, income from investments, etc.

Surplus: The surplus generated in the due course is distributed among its members.

Reputation: These organisations earn their reputation or goodwill on the basis of the good work done for the welfare of the public.

Users of accounting information: The users of the accounting information of these organisations are present and potential contributors as well as the statutory bodies.

Definition of Section 8 Company

The Companies Act defines a Section 8 company as one whose objectives is to promote fields of arts, commerce, science, research, education, sports, charity, social welfare, religion, environment protection, or other similar objectives. These companies also apply their profits towards the furtherance of their cause and do not pay any dividend to their members.

These companies were previously defined under Section 25 of Companies Act, 1956 with more or less the same provisions. The new Act has, however, prescribed more objectives that Section 8 companies can have.

Famous examples of Section 8 companies include Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industries (CII). The objective of these companies is facilitating the growth of trade and commerce and India.

Features of a Section 8 Company

A Section 8 company comprises of the following distinct features that most other kinds of companies do not have:

Charitable objectives: Section 8 companies do not aim to make profits. Their objectives are purely charitable in nature. They aim to further causes like science, culture, research, sports, religion, etc.

No minimum share capital: Section 8 companies, unlike all other companies, do not require a prescribed minimum paid-up share capital.

Limited liability: Members of these companies can only have limited liability. Their liabilities cannot be unlimited in any case.

Government license: Such companies can function only if they have the Central Government's license. The Government can revoke this license as well.

Privileges: Since these companies possess charitable objectives, the Companies Act has accorded several benefits and exemptions to them.

Firms as members: Apart from individuals and associations of persons, Section 8 also allows firms to be members of these companies.

Formation of Section 8 Company

A person or an association of persons can make an application to the Registrar of Companies using requisite forms to form a company with charitable objectives under Section 8 of Companies Act. The Central Government, if satisfied, can accept such an application upon any terms and conditions imposed under the license granted by it. Once accepted, the Registrar of Companies will register the company after the applicants pay all requisite fees.

It is important to note that such companies can only be limited companies. All privileges and obligations of limited companies apply in this case. Further, these companies also do not need to include the words "Limited" or "Private Limited" in their names, as all other companies have to.

Since the existence of such companies is based on the license granted to them, they cannot even alter their memorandum or articles of association without the Central Government's permission. They also cannot do anything that the license disallows.

Advantages/Privileges

People generally prefer to conduct charitable activities by forming Section 8 companies instead of regular NGOs and associations. This is because they have limited liability, so their personal assets will not be used in paying debts of the company. Here are some advantages that these companies enjoy:

Members have limited liability.

No minimum capital requirements.

They get several tax exemptions.

Stamp duties and high fees are not payable for registration.

They have perpetual existence and separate legal status.

Exemptions from carrying out several procedural compliances.

More credibility than compared to NGOs, societies, and trusts because they are recognized by the Central Government's license.

Disadvantages

Despite numerous merits, these companies also have the following drawbacks:

Members of the company cannot get any dividend.

Officers and directors do not get benefits and allowances.

Can only use the profits for furthering charitable aims and objectives.

Amendment of memorandum and articles requires Central Government's permission.

The license is revocable on several grounds.

Accounting for Non-Profit Organizations

As we know that the not-for-profit organizations do not trade in goods or provide services with a profit motive. But, they also require to keep proper records of incomes, expenses, assets, and liabilities. Their major source of income is donations, subscriptions, grants, etc. Therefore, most of their transactions are in cash or through the bank account.

They need to keep proper books firstly because they are accountable to the members and the contributors and secondly because the law requires them to maintain proper books so that the government can keep proper control over the grants. Also, proper accounting reduces the risk of fraud and embezzlement. In addition to the ledgers and cash book, they are also required to maintain a stock register. Also, in a Stock register, a complete record of all fixed assets and consumables is maintained.

In accounting for non-profit organizations, instead of maintaining a Capital A/c, these organizations maintain Capital Fund or General Fund A/c. They credit this account with the surplus, life membership fees, donations, legacies, etc.

The not-for-profit organizations also require to prepare the final accounts or the financial statements at the end of the accounting year as per the accounting principles. The final accounts of these organizations consist of:

Receipt and Payment Account

Receipt and payment account functions as a summary of cash payments and receipts of an organization during an accounting period. It provides a picture of the cash position of a Not-for-Profit organization. It does not differentiate between the receipts and payments, whether they are of capital or revenue in nature and records all cash and bank transactions of both capital and revenue nature.

Receipt and payment account does not include any non-cash transactions such as depreciation. The Receipt and payment account is prepared at the end of an accounting period.

Characteristics of Receipt and Payment Account

We record all the cash receipts during the whole year on its debit side. Whereas, we write all the cash payments for the whole year on its credit side.
We include both receipts and payments in cash whether they are of capital and revenue nature.
We record only cash transactions in receipt and payment account.
It generally shows a debit balance. In the case of overdraft balance, its net balance may be credit.
Its closing balance shows closing cash in hand and closing cash at the bank.
Non-cash items such as depreciation, outstanding expenses, accrued incomes are also shown in this account.

Method of Preparation

As we know, we prepare Receipts and payment account with all the cash receipts and cash payments for the whole year. We determine the net result of cash receipts and cash payments of a fixed time through this account.

The left-hand side of this account is known as “Receipts” and right-hand side of this account is known as “Payments”. All cash receipts are recorded on the left-hand side, while all cash payments are recorded on the right-hand side and are arranged in a classified form.

We start with taking opening balances of cash in hand and cash at bank and enter them on the debit side. (if there is bank overdraft at the beginning, we enter the same on credit side).
Now, we enter the total amounts of all receipts on the debit side and total amount of all payments on credit side (whether capital or revenue) and whether they are of past, current and future periods.
We do not include the incomes or expenses that do not involve the inflow or outflow of cash.
Now, we will find the difference between the total of the debit side and the total of the credit side of the account, the amount so found will be the closing balance of cash or bank.

In case, if the credit side is more than the debit side, the amount will be debited as bank overdraft and we will close the account.

Format of Receipts and Payment Account

Dr. Receipts and Payments Account of ……… for the year ending …….. Cr.

Receipts	₹	₹	Payments	₹	₹
To Balance b/d			By Balance b/d		
Cash in hand	xxx		Bank overdraft		xxx
Cash at bank	xxx	xxx			
Revenue receipts:			**Revenue payments:**		
To Subscription		xxx	By Salaries		xxx
To Entrance fees		xxx	By Rent paid		xxx
To General donations		xxx	By Electricity charges		xxx
To Grant-in-aid		xxx	By Postage		xxx
To Sale of old newspapers		xxx	By Rent and taxes		xxx
To Interest on investment		xxx	By Insurance		xxx
To Dividend		xxx	By Advertisement		xxx
To Locker rent received		xxx	By Telephone charges		xxx
To Rent received		xxx	By Entertainment expenses		xxx
To Sundry receipts		xxx	By Audit fees		xxx
			By Repairs		xxx
Capital receipts:			By Upkeep of ground		xxx
To Life membership fees		xxx	By Conveyance charges		xxx
To Donation for			By Newspapers and		
specific purpose		xxx	periodicals		xxx
To Legacies		xxx	By Office expenses		xxx
To Endowment fund		xxx	By Gardening expenses		xxx
To Sale of fixed assets		xxx	By Sundry expenses		xxx
To Sale of investments		xxx			
To Receipt for specific			**Capital Payments:**		
purpose or fund		xxx	By Fixed assets		xxx
To Interest on specific			By Investments		xxx
fund investments		xxx	By Repayment of loan		xxx
To Balance c/d		xxx	By Balance c/d		
(Bank overdraft)			Cash in hand	xxx	
			Cash at bank	xxx	xxx
		xxx			xxx

Income and Expenditure Account

The income and expenditure account is prepared by the non-trading entities to determine surplus or deficit of income over expenditures for a particular time frame. The accumulated or accrual concept of accounting is rigidly pursued while preparing income and expenditure a/c of non-trading concerns. It is prepared as a portion of final accounts of non-trading entities and is equal to the profit and loss account outlined by for-profit business entities.

Features of Income and Expenditure Account

- Below mentioned are the characteristic features of Income and Expenditure Account :
- Income and expenditure account presented by non-trading entities are much like the profit and loss a/c presented by trading entities.
- It is prepared by stringently following the fundamentals of the double-entry system of bookkeeping or accounting.
- It is always prepared during the end of the period which normally comprises of 1 year.
- It decides the surplus or deficit of income over expends of the non-trading entities for the particular year.
- The surplus or deficit from the income and expenditure account is moved to the capital fund a/c.
- The Income and expenditure account of only revenue nature are incorporated in this account. Any income and expenditure of capital nature are not comprehended.
- It is prepared by accountants chosen by the enterprise’s management and is audited by an independent auditor.
- It does not begin with the opening balance, and it follows back the incomes received and expenditures incurred by the non-trading entities during the financial year.
- The accumulated or accrual concept of accounting is rigidly pursued when it is prepared.

Name of the club / Institution

Dr. **Income and Expenditure Account for the year ended ....** **Cr.**

Expenditure	₹	Income	₹
To Salaries	xxx	By Subscription	xxx
To Charities	xxx	By Donation received	xxx
To Rent	xxx	By Admission fee received	xxx
To Donation paid	xxx	By Grant received	xxx
To Stationery	xxx	By Rent received	xxx
To Loss on sale of asset	xxx	By Interest received	xxx
To Depreciation	xxx	By Profit on sale of asset	xxx
To Surplus*	xxx	By Deficit*	xxx
(Excess of income over expenditure)		(Excess of expenditure over income)	
	xxx		xxx

* Note: The balancing figure may be either surplus or deficit.

Balance Sheet

Preparation of balance in the case of non-trading or non-profit making concern and preparation of balance sheet in the case of a trading firm is same. It has all liabilities and assets as on the date of the preparation of the balance sheet by the organization. The excess of assets over the liabilities is termed as Capital Fund or the General Fund.

Preparation of Balance Sheet for Non-Profit Organization

In the case of non-profit organizations, the Capital Fund is accumulated along with capital Receipts and receipts that are capitalized by further increasing the surplus or decreased by the deficit, during the year. At the beginning of a non-trading concern, there will be no formal capital Fund and in such case, the Surplus, if any, earned during the year constitute the Capital Fund at the end of the year.

The balance sheet of a non-profit organization is prepared in the same manner as in the case of a business enterprise. The assets of the organization are recorded on the Right side and liabilities on the Left side. The Non-profit organizations do not use the term Capital. Instead, General Fund or Accumulated Fund appears on the Balance Sheet.

The NPO might also create a special fund, such as prize fund or match fund. The purpose of which is to meet the expenses related to the purpose for which it is created. The incomes on the amount which is invested from these funds accrue to the fund alone and not the income and expenditure account.

Accounting Treatment of General Fund and Preparation of Balance Sheet

Preparation of a balance sheet starts with the general fund. You have to add the respective surplus or deficit in the amount.

Further, add life membership fees or legacies at this stage.

Put all fixed assets on the asset side of the balance sheet.

Showcase the amounts paid in advance and amount due on the assets and liabilities side.

Post the closing balances of the assets and liabilities on the respective side of the balance sheet.

To calculate the amount of the fund, deduct the value of total liabilities from the value of assets.

NAME OF THE ORGANIZATION
BALANCE SHEET
-----Date-----

Liabilities		$	Assets		$
Capital fund	XXXX		Building	XXXX	
Add: Surplus	XXXX	XXXX	Less: Depreciation	XXXX	XXXX
Subscription received in advance		XXXX	Furniture	XXXX	
Outstanding wages		XXXX	Less: Depreciation	XXXX	XXXX
Outstanding salaries		XXXX			
			Sports equipment	XXXX	
			Less: Depreciation	XXXX	XXXX
			Subscription receivable		XXXX
			Prepaid rent		XXXX
			Cash		XXXX
Total liabilities		XXXX	Total assets		XXXX

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	**Advanced Accounting**
Name of the Topic	Single Entry system
Hours Required	8 Hours
Learning Objectives	Features of Single Entry system Advantages and Disadvantages of Single entry system Difference between Single entry system and Double entry system Preparation of statement of Affairs Ascertainment of Profit
Previous Knowledge to be reminded	Yes, Reminded
Topic Synopsis	Features of Single Entry system Advantages and Disadvantages of Single entry system Difference between Single entry system and Double entry system Preparation of statement of Affairs Ascertainment of Profit
Examples / Illustrations	Text book illustrations
Additional inputs	Previously asked questions in various University exams
Teaching Aids used	Green Board
References cited	PC.Tulsian,SP Jain KL Narang
Student Activity Planned after the teaching	Preparation of charts
Activity planned outside the Class room ,if any	Student Assignments

Signature Obtained in hard copy

Single Entry system:

A single entry system of bookkeeping is where the transactions of the business affect only one account, i.e. only one account's value will decrease or increase based on the transaction amount. Under this system, a cash book is prepared that shows the payment and receipts of the cash transactions.

Under the single entry system of bookkeeping, the cash book and personal accounts of creditors and debtors are maintained, and no other ledger is maintained. Every transaction of the business is recorded in the cash book without applying the principles of the double-entry system of bookkeeping. The nominal accounts and real accounts are not recognised under this system.

Under this system, the records related to taxes paid, account payable, cash, receivables and few other accounts are maintained. Usually, small businesses prefer the single-entry bookkeeping system as it is easy to maintain and has minimum requirements.

Features of Single Entry System of Bookkeeping

The following are the features of the single entry system:

Original Vouchers

The original vouchers play an essential role under this system. They help gather information such as amount, date of transaction, discount (if any), parties, etc.

Cash Book

Under the single entry system of bookkeeping, the cash book is maintained for recording the cash receipts and payments of the business during a given period. Only one cash book is maintained in which both the private and business transactions are included.

Personal Account

The single entry system maintains the personal accounts of all the creditors and debtors to determine the amount of credit purchases and sales during a given period. The personal accounts are recorded, whereas the real and nominal accounts are ignored under this system.

No Fixed Rules

The single entry system of bookkeeping has no fixed set of rules or principles for determining the profit and preparing the different financial statements. Thus, it is easy to maintain. However, there may be variations in its application from one business to another since there are no fixed rules.

Estimation of Profit or Loss

The profit or loss of the business is estimated out of the information available at hand. Thus, the exact profits or losses are not ascertained. The profit or loss are estimates. Thus, the financial position as a whole of the business cannot be ascertained.

Final Accounts

It is tough to prepare the final accounts in the single entry system of bookkeeping as the real and nominal accounts information are not available. The figures of liabilities and assets are calculated from the information at hand, but they are estimates. Hence, the Statement of Affairs is prepared instead of the Balance Sheet.

Advantages of Single Entry System of Bookkeeping

The single entry system of bookkeeping is a very simple and economical method of bookkeeping. The advantages of this system are as follows:

Simple and Easy

The single entry system of bookkeeping is easy to maintain and simple to understand. It does not have a fixed set of principles and rules to follow while recording financial transactions. Since this system is simple, anyone can maintain it as it does not require adequate accounting knowledge.

Economical

The single entry system of bookkeeping is an economic system of recording and maintaining financial transactions. Skilled accounting personnel or professionals are not required to be hired for recording financial transactions of the business. It also does not require a large number of books to record as there are a limited number of financial transactions.

Easy to Calculate Profit

The amount of profit can be calculated easily under the single entry system of bookkeeping. As it is based on the income statement, it is easy to find out the profit and loss of the business at any given time.

Disadvantages of Single Entry System of Bookkeeping

Although the single entry system is simple and economical, it has several drawbacks also. The disadvantages of the single entry system are as follows:

Unscientific and Unsystematic

The single entry system is an unscientific and unsystematic system of recording and maintaining financial transactions as it does not follow any fixed principles or rules for recording financial transactions.

Incomplete System

The single entry system is considered an incomplete bookkeeping system because it does not record two aspects of the financial transactions of a business. It maintains only a cash account and does not maintain transactions relating to the real and nominal account. Since it records only one aspect of all financial transactions, it fails to present the complete information required by the management of the business.

Lack of Arithmetical Accuracy

Since the single entry system is not based on the principles of Debit and Credit, it fails to give arithmetical accuracy of the books of accounts. Under this system, a trial balance cannot be prepared to check the arithmetical accuracy of the books of accounts. As there is no arithmetical accuracy, the possibility of committing manipulation, error or fraud is higher than the double-entry system of bookkeeping.

Does Not Reflect True Financial Position

The accurate sum of profit or loss cannot be ascertained under the single-entry bookkeeping system as it does not maintain nominal accounts. This system also does not maintain and record real accounts except cash books. Therefore, it cannot reflect the proper financial position of a business.

The balance sheet cannot be prepared because the real accounts are not maintained. Thus, the correct financial position of the business cannot be ascertained at the end of the accounting period.

Unacceptable For Tax Purpose

The single entry system has incomplete and inaccurate records of the financial transactions of a business. Hence, the tax authorities do not accept the accounts maintained and recorded under this system for the purpose of tax assessment.

Difference between Single Entry and Double Entry System

Single Entry System	Double Entry System
A single Entry System is a bookkeeping system in which only one part of a transaction is recorded, such as debit or credit.	A double entry system is a method of recording transactions in which both sides of a transaction are recorded.
This sort of bookkeeping is not for tax purposes. To put it another way, it is not accepted by the tax authorities.	This method of bookkeeping is acceptable for tax purposes. To put it another way, this method is accepted by the tax authorities.
If you use a single-entry bookkeeping system, you won't be able to prepare a trial balance.	In the case of a double-entry bookkeeping system, a trial balance can be prepared.
We can't accurately determine the company's financial status using the Single Entry System of Bookkeeping.	We accurately determine the company's financial status using the Double Entry System of Bookkeeping.
The single entry bookkeeping system is an inadequate accounting system since it does not record all financial transactions. Instead, it only tracks personal accounts such as debtors, creditors, and cash.	The double entry bookkeeping system is a full accounting system since it records all financial activities and categorize them into personal, real, and nominal accounts.
While keeping books of account under it, there is a considerable chance of workers committing frauds and errors.	While keeping books of account under it, there is a reduced danger of workers making frauds and errors.
Because it is not maintained to a specific standard, only the business owner can utilize it.	Because all books are kept in standard formats, this system can be used by any involved parties.
This system is only appropriate for small businesses.	It's appropriate for any business.

How to Determine Profit and Loss Under Single Entry System

There are two approaches used to determine the profit or loss under the single entry system:

1. Balance sheet approach (or net worth method)
2. Transaction approach (or conversion method)

1. The Balance Sheet Approach (Net Worth Approach)

If the books of a business are maintained under the single entry system, then profit or loss cannot be calculated using the trading account and profit and loss account.

The reason for this is that the records kept under the single entry system are incomplete. To calculate the profit or loss under the single entry system, the following fundamental equation for the balance sheet can be used:

Capital (Net Worth) = Assets — Liabilities

This method is also known as the **statement of affairs method**. This is because, using this method, two balance sheets (statements of affairs) are prepared.

The first statement of affairs prepared at the start of the year will show "Opening Capital," whereas the second statement prepared at the end of the year will give "Closing Capital."

By comparing "Opening Capital" and "Closing Capital," we can calculate the profit or loss. If closing capital is greater than opening capital, this indicates an increase in capital (i.e., "Profit").

On the other hand, if "Closing Capital" is less than "Opening Capital," it indicates a decrease in the capital, corresponding to a loss for the period.

STATEMENT OF AFFAIRS

Statement of Affairs is a statement of Assets and Liabilities prepared to find out the financial position (or Capital) of a business where accounts are not maintained on the double entry syste

Liabilities	₹	Assets	₹
Sundry creditors	xxx	Cash in hand	xxx
Bills payable	xxx	Cash at bank	xxx
Outstanding expenses	xxx	Sundry debtors	xxx
Bank overdraft	xxx	Bills receivable	xxx
Capital (Balancing figure)	xxx	Stock-in-trade	xxx
		Prepaid expenses	xxx
		Fixed assets	xxx
	xxx		xxx

Statement of Profit and Loss

Particulars	₹
Capital at the end of the year	xxx
Add: Drawings during the year	xxx
	xxx
Less: Additional capital introduced during the year	xxx
Adjusted closing capital	xxx
Less: Opening Capital	xxx
Profit or loss for the year	xxx

Differences between Statement of Affairs and Balance Sheet

Basis of Difference	Statement of Affairs	Balance Sheet
Objective	It is prepared to determine the amount of capital at a particular date.	It is prepared to ascertain the true financial position.
Reliability	It is based on estimates; hence, it is less reliable.	It is based on sophisticated and well developed principles; hence, it is more reliable.
Accounting Method	It is prepared from incomplete records of business transactions under single entry system.	It is prepared when accounts are maintained under double entry system.
Omission	Omission of assets and liabilities **cannot** be easily identified.	Omission of assets and liabilities can be easily identified, as omission will lead to mismatch of either sides of the balance sheet.

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	**Advanced Accounting**
Name of the Topic	Hire purchase System
Hours Required	8 Hours
Learning Objectives	➢ Meaning and Definition of Hire purchase ➢ Importance of Hire purchase ➢ Difference Between Hire purchase and Instalment Purchase. ➢ Process of Preparing Hire purchaser and Hire vendor
Previous Knowledge to be reminded	Yes ape auto sellers
Topic Synopsis	➢ Meaning of hire purchase system ➢ Importance of Hire purchase ➢ Difference Between Hire purchase and Instalment Purchase. ➢ Accounting treatment in the books of Hire purchaser and vendor ➢ Illustrations
Examples / Illustrations	Text book, Illustrations
Additional inputs	Previous Question papers
Teaching Aids used	Black Board
References cited	PC Tulsian ,SP Jain KL Narang
Student Activity Planned after the teaching	Preparation of charts
Activity planned outside the Class room ,if any	Student Assignments

Signature Obtained in hard copy

Hire Purchase System:

Hire purchase is an arrangement for buying expensive consumer goods, where the buyer makes an initial down payment and pays the balance plus interest in installments. The term hire purchase is commonly used in the United Kingdom and it's more commonly known as an installment plan in the United States. However, there can be a difference between the two: With some installment plans, the buyer gets the ownership rights as soon as the contract is signed with the seller. With hire purchase agreements, the ownership of the merchandise is not officially transferred to the buyer until all the payments have been made.

Hire Purchase Agreement [Section 2]:

Hire purchase agreement means an agreement under the which goods are let on hire and under which the hire has an option to purchase them in accordance with the terms of the agreement and includes the agreement under which:

Possession of goods is delivered by the owner thereof to a person or condition that such person pays the agreed amount in periodical installments.

The property in the goods is to pass to such a person on the payment of the last installment and

Such a person has a right to terminate the agreement at any time before the property so passes. Every Hire Purchase Agreement shall be in writing and signed by all the parties thereto.

Characteristics of Hire Purchase System

Goods are delivered by the seller to the buyer.

Buyer agrees to pay hire purchase price (i.e., cash price + interest) in

Instalments paid are treated as hire charges till the payment of the last instalment.

After the payment of the last instalment, ownership is transferred in the name of the buyer.

In the case of default, in the payment by the buyer, the seller has got a right to repossess the goods, as ownership lies with the seller, till the payment of last installment.

Advantages of Hire Purchase Agreements

Like leasing, hire purchase agreements allow companies with inefficient working capital to deploy assets. It can also be more tax efficient than standard loans because the payments are booked as expenses—though any savings will be offset by any tax benefits from depreciation.

Businesses that require expensive machinery—such as construction, manufacturing, plant hire, printing, road freight, transport and engineering—may use hire purchase agreements, as could startups that have little collateral to establish lines of credit.

A hire purchase agreement can flatter a company's return on capital employed (ROCE) and return on assets (ROA). This is because the company doesn't need to use as much debt to pay for assets.

Disadvantages of Hire Purchase Agreements

Hire purchase agreements usually prove to be more expensive in the long run than making a full payment on an asset purchase. That's because they can have much higher interest costs. For businesses, they can also mean more administrative complexity.

In addition, hire purchase and installment systems may tempt individuals and companies to buy goods that are beyond their means. They may also end up paying a very high interest rate, which does not have to be explicitly stated.

Rent-to-own arrangements are also exempt from the Truth in Lending Act because they are seen as rental agreements instead of an extension of credit.

Hire purchase buyers can return the goods, rendering the original agreement void as long as they have made the required minimum payments. However, purchasers suffer a huge loss on returned or repossessed goods, because they lose the amount they have paid towards the purchase up to that point.

Terms Used in Hire Purchase agreement

1. **Hire Purchaser:** He is buyer in hire purchase agreement.
2. **Hire Vendor:** He is seller in a hire purchase agreement.
3. **Cash Price:** It is the amount to be paid for outright purchase in cash.
4. **Down Payment:** It is the of initial payment payable by the hire purchaser at the time of entering into a hire purchase agreement.
5. **Hire Purchase Price:** It is the total amount payable by the hire purchaseres to the hire vendor of goods are purchased under the hire purchase system.

Installment purchase system

An installment purchase system is a credit sale in which payments are made in installments over a period of time. In this system, the buyer gets the possession as well as ownership of the goods right at the time of signing the agreement. During the course of paying the installment, if the buyer makes default in paying the installment, the vendor cannot responses the goods. In that case, the vendor can sue the buyer for recovery of dues. Like in hire purchase even the paid installments also can not be forfeited in case of default in paying installment.

Thus, it can be said that installment system is a kind of credit sale where installments are entertained over the period and default in such payment cannot responses the goods and in that case, the vendor can only sue the buyer for the recovery of amount due.

Features of Instalment Purchase System

- Instalment purchase system is just like an outright credit sale of goods.
- The buyer makes the payment in different instalment over a period of time as agrees upon in the agreement.

- Under instalment purchase system, the buyer gets the immediate possession as well as the ownership of goods.
- The seller cannot responses the good if the buyer made default in the payment of instalment but he/she can sue against the buyer for the recovery of amount due.
- In case of default in the payment of instalment, the total amount of instalments already paid by the buyer cannot be forfeited.
- Under instalment system, the buyer can sell or mortgage the goods even before clearing all the instalments.
- Risk of goods/assets are to be borne by the buyer just after signing the agreement.
- The buyer of the goods under instalment purchase system has no right to return the goods to the seller.

Difference between Hire Purchase and Instalment Purchase

Base of Difference	Hire purchase System	Installment System
1. **Ownership**	Ownership of the goods or assets is transferred only after the payments of last installment.	Ownership of the goods or assets is transferred immediately after the agreement.
2. **Nature of Contact**	It is like an agreement of hiring of goods.	It is an agreement of sale of goods.
3. **Return of goods**	The Hire purchase may return assets without further payment except for the installment already due.	The assets cannot be returned because the purchaser is liable to pay the installment due.
4. **Forfeiture of installment paid**	In the case of default, the total amount of installment paid is forfeited and treated as hire charges.	In the default, the total amount of installment paid cannot be forfeited.
5. **Rights of Purchaser**	No right to hire out, sell, transfer, destroy pledge the assets to the purchaser.	The purchases can hire out, sell, transfer, destroy and pledge the assets.
6. **Risk**	All the risk related to the goods should be taken over by the vendor till the payment of last installment.	All the risks of assets are immediately transferred to the purchaser.
7. **Repair**	Vender is responsible for repair and maintenance of goods upto the last installment.	Vender s not responsible for repair and maintenance of goods.
8. **Status of purchaser**	Under this system hire purchaser is treated as a hirer.	Under this system, purchaser is the owner of the assets.
9. **Rights of return**	Purchaser can return goods or assets to the hire vendor before the payment of last installment.	Purchaser cannot return goods or assets to the seller.

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	**Advanced Accounting**
Name of the Topic	Partnership Accounts-I
Hours Required	8 Hours
Learning Objectives	Understanding the Meaning and definition of Partnership Meaning Partnership Deed Methods of maintaining Capital Partners capital Accounts Fixed capital and Fluctuating Capital Treatment of Goodwill Admission of New Partner Calculation of new profit sharing ratio, Sacrificing ratio Retirement of partner Gaining ratio
Previous Knowledge to be reminded	*Yes, Reminded*
Topic Synopsis	Understanding the Meaning and definition of Partnership Meaning Partnership Deed Methods of maintaining Capital Partners capital Accounts Fixed capital and Fluctuating Capital Treatment of Goodwill Admission of New Partner Calculation of new profit sharing ratio, Sacrificing ratio Retirement of partner Gaining ratio
Examples / Illustrations	Text book illustrations
Additional inputs	Previously asked questions in various University exams
Teaching Aids used	Black Board
References cited	PC.Tulsian,SP Jain KL Narang
Student Activity Planned after the teaching	Preparation of charts
Activity planned outside the Class room ,if any	Student Assignments

Signature Obtained in hard copy

Meaning of Partnership

When two or more persons join hands to set up a business and share its profits and losses it is called Partnership. Section 4 of the Indian Partnership Act 1932 defines partnership as the 'relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all'.

Partners are the persons who have entered into partnership individually with one another. Partners collectively are called 'firm'. The essential features of the partnership are as follows.

Features of Partnership

Two or More Persons

There should be at least two persons coming together to form the partnership for a common goal. In other words, the minimum number of partners in a partnership firm can be two.

Indian Partnership Act, 1932 has put no limitations on maximum numbers of partners in a firm. But however, Indian Companies Act, 2013 puts a limit on a number of the partners in a firm as follow:

- For Banking Business, Partners must be less than or equal to 10.
- For Any Other Business, Partners must be less than or equal to 20.
- If the number of partners exceeds the limits, the partnership becomes illegal.

Agreement

The partnership is an agreement between two or more persons who decided to do business and share its profits and losses. To have a legal relationship between the partners, the partnership agreement becomes the basis. The agreement can be in written form or oral form. An oral agreement is equally valid. But, preferably the partners should have a written agreement, in order to avoid disputes in future.

Business

To carry on some business there should be an agreement. Mere co-ownership of a property does not amount to the partnership. The business must also be legal in nature, a partnership to carry out illegal business is not valid.

Mutual Agency

The business of a partnership firm may be carried on by all the partners or any of them acting for all. This statement has two important implications. First, to participate in the conduct of the affairs of its business, every partner is entitled. Second that a relationship of mutual agency between all the partners exists.

For all the other partners, each partner carrying on the business is the principal as well as the agent. He can bind other partners by his acts. And also is bound by the acts of other partners with regard to the business of the firm.

Sharing of Profit

The agreement between partners must be to share profits and losses of a business. Sharing of profits and losses is important. The partnership is not for the purpose of some charitable activity.

Liability of Partnership

Each partner is liable jointly with all the other partners. And also when is a partner, severally liable to the third party for all the acts done by the firm. Liability of the partner is not limited. This implies that for paying off the firm's debts, his private assets can also be used.

Partnership Deed

Agreement to carry on a business between the partners, partnership comes into existence. The partnership agreement can be either oral or written. The Partnership Act does not require that the agreement must be in writing. But when the agreement is in written form, it is called 'Partnership Deed'. Partnership deed should be duly signed by the partners, stamped & registered.

Partnership deed generally contains the following details:

- Names and Addresses of the firm and its main business;
- Names and Addresses of all partners;
- A contribution of the amount of capital by each partner;
- The accounting period of the firm;
- The date of commencement of partnership;
- Rules regarding an operation of Bank Accounts;
- Profit and loss sharing ratio;
- The rate of interest on capital, loan, drawings, etc;
- Mode of auditor's appointment, if any;
- Salaries, commission, etc, if payable to any partner;
- The rights, duties, and liabilities of each partner;

- Treatment of loss arising out of insolvency of one or more partners;
- Settlement of accounts on the dissolution of the firm;
- Method of a settlement of disputes among the partners;
- Rules to be followed in case of admission, retirement, a death of a partner; and
- Any other matter relating to the conduct of business. Normally, all the matters affecting the relationship of partners amongst themselves are covered in partnership deed.

Maintenance of Partner's Capital Accounts

Most of the transactions relating to the partners of the firm are recorded in the books of the firm through their capital accounts. This includes various transactions like money brought in by the partner, withdrawal of the capital, the share of profit, interest on drawings, interest on capital, etc.

There are two methods by which the capital of the partners is maintained. These special aspects accounts are : (a) Fixed Capital Method and (b) Fluctuating Capital Method.

Fixed Capital Account Method

Under this method, the firm prepares two accounts which show different transactions related to the capitals of the partners.

1.Partners Capital Account

A firm prepares Fixed Account with very basic capital related transactions. Unlike the Capital account, under these repetitive capital related transactions does not affect the Capital balance. Like, Salary of employees, commission for employees, interest on capital, interest on drawings, etc.

The firm opens the account in the name of "Fixed Capital Account". Initial Investment will appear on the credit side as the starting entry. Only two kinds of Capital related transactions can affect its balance :

(1) Addition of Capital

(2) Permanent Withdrawal of Capital

[Note: Sometimes even the Non-Permanent Withdrawals or Drawings are also included on the debit side of this account.]

2.Partners Current Account

It includes all the capital related transactions other than the initial investment of capital, addition of capital and withdrawal of capital. Hence, It mainly includes items such as :

1. Interest on Capital

2. Interest on Drawings

3. Salaries and other remuneration to employees

4. Commission to employees and even more.

Hence, by preparing this account, we can let the main capital of the business "fixed". As a result of which there is no fluctuation at all. Hence, the firm will be able to find out the exact reasons behind the change.

Fluctuating Capital Account Method

Firstly, fluctuate means anything having unpredictable ups and downs. Hence, under this method, the Capital of each Partner keeps on changing from time to time.

In a firm, there is a single account under the name "Capital" which shows all the necessary information about the different transactions related to the capital. It mostly starts with a credit amount of the capital invested by the partner in the initial time of the business.

All the adjustments leading to a decrease in the Capital are shown on the Debit side of the Capital Account. For example, Drawings by Partners and interest comes on the debit side of the Capital account. All the adjustments leading to an increase in the Capital are shown on the Credit side.

Concept of Goodwill

Goodwill is nothing but the reputation of a partnership firm. It is computed on the basis of expected profits in excess of normal profits. It denotes the firm's capacity to earn a greater profit in the future based on its track record.

All firms functioning in a geographical area and working in the same business can expect to earn similar profits. If one firm earns excess profits than it expects, this is due to its goodwill. This can happen because of various factors. For example, it offers better customer service or its partners have a greater market reputation.

Nature of Goodwill

We have to treat goodwill in accounting terms as an asset. It is not a physical asset because we cannot see or touch it. Despite this, we treat it as an intangible asset because we derive some value from it.

According to Accounting Standards, an intangible asset must contain the following features. Since goodwill contains all these characteristics, we can conclude that it is an intangible asset.

It must have characteristics of assets. This means that it must have some clearly identifiable value.

The asset must have future economic benefits. The firm must be able to expect and predict what value they will get from it.

Its value must be measurable. It is not an asset if we cannot measure its value in monetary terms.

Valuation of Goodwill

According to Accounting Standards, partners have to compute their firm's goodwill for the following purposes:

Partners change their profit sharing ratio

A new partner joins a firm

An existing partner retires or dies

Partners want to dissolve the firm

In all these cases, partners have to first calculate and distribute existing goodwill before taking further steps.

Factors Affecting Goodwill

There is no exhaustive list of factors affecting goodwill. The following factors, however, commonly affect a firm's goodwill:

Partners' ability to attract customers due to their reputation

Quality of goods or services

Customer satisfaction

Location of business

Possession of intellectual property rights like trademarks

Monopoly rights like exclusive license to sell the product

Possession of special contracts to make goods available easily

Good managerial skills

How much the company has spent on R&D

Principles of Treatment of Goodwill

Now that we understand the concept of goodwill, let's take a look at the treatment of goodwill. According to Accounting Standards, we have to follow these basic principles while treating goodwill.

Firstly, goodwill can be recorded only when some consideration is paid in money or money's worth. Hence, we can record only purchased goodwill.

Secondly, Accounting Standards prohibit internal goodwill. In other words, this means that we cannot record goodwill for which money has not been paid. For example, partners may decide to record goodwill without any purpose necessary. They cannot do this.

Finally, partners must write off goodwill over a period of time. In the case of reconstitution of the firm, they must first write off goodwill immediately and then proceed ahead.

Goodwill Valuation

A well-established firm earns a good name in the market, builds trust with the customers and also has more business connections as compared to a newly set up business. Thus, the monetary value of this advantage that a buyer is ready to pay is termed as Goodwill. The buyer who pays for Goodwill expects that he will be able to earn super profits as compared to the profits earned by the other firms. Thus, goodwill exists only in the case of firms making super profits and not in the case of firms earning normal profits or losses.

Goodwill is recorded in the books only when some consideration in money or money's worth is paid for it. Thus, in the context of a partnership firm, the need for valuation of goodwill arises at the time of:

Change in the profit sharing ratio amongst the existing partners

Admission of a new partner

The retirement of a partner

Death of a partner

Dissolution of a firm where business is sold as going concern.

Amalgamation of partnership firms

Methods of Valuation of Goodwill

The choice of the method of goodwill valuation depends entirely on the partners or the partnership deed when they have made it.

1. **Average Profits Method**

i**] Simple Average**: Under this method, the goodwill is valued at the agreed number of years' of purchase of the average profits of the past years. Goodwill = Average Profit x No. of years' of purchase

ii**] Weighted Average**: Under this method, the goodwill is valued at an agreed number of years' of purchase of the weighted average profits of the past years. We use the weighted average when there exists an increasing or decreasing trend in the profits giving the highest weight to the current year's profit.

Goodwill = Weighted Average Profit x No. of years' of purchase

Weighted Average Profit = Sum of Profits multiplied by weights/ Sum of weights

2. **Super Profits Method**

(i) The Number of Years Purchase Method: Under this method, the goodwill is valued at the agreed number of years' of purchase of the super profits of the firm.

Goodwill = Super Profit x No. of years' of purchase

Super Profit = Actual or Average profit – Normal Profit

Normal Profit = Capital Employed x (Normal Rate of Return/100)

(ii) **Annuity Method**: This method considers the time value of money. Here, we consider the discounted value of the super profit.

Goodwill = Super Profit x Discounting Factor

3. **Capitalization Method**

(i) Capitalization of Average Profits: Under this method, the value of goodwill is calculated by deducting the actual capital employed from the capitalized value of the average profits on the basis of the normal rate of return.

Goodwill = Normal Capital – Actual Capital Employed

Normal Capital or Capitalized Average profits = Average Profits x (100/Normal Rate of Return)

Actual Capital Employed = Total Assets (excluding goodwill) – Outside Liabilities

(ii) Capitalization of Super Profits: Under this method, Goodwill is calculated by capitalizing the super profits directly.

Goodwill = Super Profits x (100/ Normal Rate of Return)

Accounting treatment Goodwill in case of the change in Profit Sharing Ratio (PSR)

When there is any change in the profit sharing ratio of partners, Goodwill is valued. One partner may gain a share of profit and others may sacrifice.

So, we adjust Goodwill through capital accounts of partners. Debit the Gaining partner's capital account and credit the sacrificing partner's capital account. The basis of this adjustment is the profit sacrificing ratio.

If partners decide to change the profit-sharing ratio in the future, the gaining partner shall compensate the losing partner in the agreed ratio. The compensation will be the value of goodwill represented by the gain.

The change in profit-sharing ratio represents that one partner is purchasing the share of profit from another partner. Suppose, X and Y, are partners sharing profits in the ratio of 3: 1 respectively. It is decided that in the future they will be equal partners; it means that X is selling to Y 1/4th share of profits.

Accounting Treatment of Goodwill in case of Admission of Partner

The incoming partner brings in some amount as his share of Goodwill or Premium to compensate the existing partners for the loss of their share in the future profits of the firm. Thus, at the time of admission of a partner, there are following two ways to treat goodwill.

1] Premium Method

Under this method, when the incoming partner brings his share of goodwill in cash, the existing partners share it in the sacrificing ratio. However, when the amount of goodwill is paid privately by the new partner to old partners privately in cash, no entry is passed in the books of the firm.

A. Goodwill does not appear in the books:

Date	Particulars		Amount (Dr.)	Amount (Cr.)
1. The new partner brings goodwill in cash	Cash A/c	Dr.		
	To Goodwill A/c	Cr.		
	(Being share of goodwill of new partner brought in cash)			
2. Old partners distribute Goodwill	Goodwill A/c	Dr.		
	To Old Partners Capital A/c (Individually)	Cr.		
	(Being goodwill distributed among the old partners in their sacrificing ratio)			

Alternatively, we can credit the share of goodwill that the new partner brings in cash to the new partner's capital account and then adjust existing partners' capital accounts in their sacrificing ratio.

The following are the Journal Entries:

Date	**Particulars**		**Amount (Dr.)**	**Amount (Cr.)**
1. The new partner brings goodwill in cash	Cash A/c	Dr.	XXX	
	To New Partner's Capital A/c	Cr,		XXX
	(Being amount brought by new partner for his share of goodwill)			
2. Old partners distribute Goodwill	New Partner's Capital A/c	Dr.	XXX	
	To Existing Partner's Capital A/c (Individually)	Cr,		XXX
	(Being goodwill brought by new partner distributed among the existing partners in their sacrificing ratio)			
3. Old partners withdraw goodwill	Existing Partner's Capital A/c (Individually)	Dr.	XXX	

	To Cash A/c	Cr,		XXX Being

B. When Goodwill already exists in the books:

(a) Goodwill not to appear in books in the future:

Date	Particulars		Amount (Dr.)	Amount (Cr.)
1. Write off old goodwill	Old Partners Capital A/c (Individually in the old ratio)	Dr.	XXX	
	To Goodwill A/c (old)	Cr.		XXX
	(Being old goodwill written off)			
2. New Partner brings goodwill in cash	Cash A/c	Dr.	XXX	
	To Goodwill A/c	Cr.		XXX
	(Being share of the goodwill of new partner brought in cash)			

3. Old partners distribute goodwill	Goodwill A/c	Dr.	XXX	
	To Old Partners Capital A/c (Individually)	Cr.		XXX
	(Being old partners distribute goodwill)			

(b) Goodwill continues to appear in the books:

When the partners decide that goodwill continues to appear in the books, the new partner will bring his proportionate share of goodwill only in respect of the difference between the new value and the book value. All the journal entries in this respect are the same.

2] Revaluation Method

We use this method when the new partner decides not to bring his share of goodwill in cash. Thus, we need to raise the goodwill account in the books by debiting Goodwill account and crediting old partners' capital accounts in the old profit-sharing ratio.

A. Goodwill does not appear in the books:

Date	Particulars		Amount (Dr.)	Amount (Cr.)
1. Raising Goodwill A/c	Goodwill A/c (full value)	Dr.	XXX	
	To Old Partners' Capital A/c (Individually in old ratio)	Cr.		XXX

	(Being Goodwill raised at full value in the old ratio)			

B. When Goodwill already exists in the books:

Date	Particulars		Amount (Dr.)	Amount (Cr.)
1. Agreed value of goodwill is more	Goodwill A/c	Dr.	XXX	
	To Old Partners Capital A/c (Individually in old ratio)	Cr.		XXX
	(Being goodwill raised to its agreed value)			
2. Agreed value of goodwill is less	Old Partners Capital A/c (Individually in old ratio)	Dr.	XXX	
	To Goodwill A/c	Cr.		XXX
	(Being goodwill reduced to the agreed value)			

3. Writing off goodwill	All Partners' Capital A/c (individually in new ratio)	Dr.	XXX	
	To Goodwill A/c	Cr.		XXX
	(Being goodwill written off)			

Accounting treatment of Goodwill in case of death of a partner

The retiring or deceased partner is entitled to his share of goodwill at the time of retirement or death because the goodwill earned by the firm is the result of the efforts of all the partners in the past. Since in future profits will arise because of the present goodwill.

The retiring or the deceased partner will not be sharing future profits. Therefore all continuing partners pay to retiring partner the share of Goodwill in gaining ratio. It is fair to compensate the retiring or deceased partner for the same. At the time of retirement or death of a partner, we value the goodwill on the basis of agreement among the partners.

After Goodwill valuation, The adjustment for goodwill will be made through the partner's capital accounts.

Following is the journal entry:

Continuing Partner's capital A/c Dr.

To Retiring /Deceased Partner's capital A/c

(Being goodwill adjusted through partner's capital account)

Note:- On the death of a partner; the amount payable to him is to be paid to his legal representatives.

Although retirement and death of a partner are two totally different events, in accounting most of the treatment is similar in nature. A partner may decide to retire or withdraw from the firm due to reasons such as his age, his bad health, change in firm's nature of a business, etc.

In case of Partnership at Will, a partner may retire at any time. Death or insolvency of a partner also results in the reconstitution of the firm when the remaining partners wish to continue the firm. In case of death of a partner, the firm pays the due amount to the partner's legal heir.

Reconstitution of a Partnership Firm

The partnership is an agreement between two or more persons for sharing the profits of a business carried on by all or any one of them acting for all. Any change in the existing agreement is known as reconstitution of the partnership firm. Thus, the existing agreement ends and a new agreement is formed with the changed relationship among the members of the partnership firm and its composition.

Reconstitution of a partnership firm takes place whenever there is a change in the profit sharing ratio among the partners, admission of a new partner, retirement of a partner and death or insolvency of a partner.

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	**Advanced Accounting**
Name of the Topic	Partnership Accounts-II
Hours Required	8 Hours
Learning Objectives	Dissolution of a Partnership Firm Application of Garner v/s Murray Rule in India Insolvency of one or more Partners
Previous Knowledge to be reminded	Yes, Reminded
Topic Synopsis	Dissolution of a Partnership Firm Application of Garner v/s Murray Rule in India Insolvency of one or more Partners
Examples / Illustrations	Text book illustrations
Additional inputs	Previously asked questions in various University exams
Teaching Aids used	Black Board
References cited	PC.Tulsian,SP Jain KL Narang
Student Activity Planned after the teaching	Preparation of charts
Activity planned outside the Class room ,if any	Student Assignments

Signature Obtained in hard copy

Dissolution of Partnership Firm

Dissolving a partnership firm means discontinuing the business under the name of the said partnership firm. In this case, all liabilities are finally settled by selling off assets or transferring them to a particular partner, settling all accounts that existed with the partnership firm.Any profit/ loss is transferred to partners in their profit sharing ratio as agreed by them in the partnership deed.

Dissolving a partnership firm is different from dissolving a partnership. In the former case, the firm ends its name and hence cannot do business in the future. But in case of dissolving a partnership, the existing partnership is dissolved by consent or on happening of a certain event, but the firm can retain its existence if remaining partners enter into a new partnership agreement.

Section 39 of the Indian Partnership Act 1932 states that the dissolution of partnership firm among all the partners of the partnership firm is the Dissolution of the Partnership Firm. The dissolution of partnership firm ceases the existence of the organization.

Difference between the Dissolution of Partnership and Dissolution of Firm

Basis	**Dissolution of Partnership**	**Dissolution of Firm**
1. Closure of business	The business of the firm continues there is no closure.	The business of the firm gets discontinued.
2. Settling of assets and liabilities	There is a revaluation of assets and liabilities. Hence, they are shown at revalued figures in the Balance Sheet.	The liabilities are paid-off and assets are realized.
3. Intervention by court	In this case, there is no intervention by the court as the dissolution of partnership takes place by the mutual consent of all the partners.	The court may or may not intervene in this case.
4. Relationship	The relationship between the partners continues to exist though it may change its form.	The relationship between the partners ceases to exist.

5. The closing of Books of accounts	There is no closure of books as the business continues.	The books need closure as the business ceases to continue.

Ways of Dissolving a Partnership Firm

There are different ways in which a partnership firm may get dissolved. They are –

When partners mutually agreed

It is the easiest way to dissolve a partnership firm since all partners have mutually agreed upon closing the partnership firm. Partners can give a mutual consent or may enter into an agreement for the dissolve.

Compulsory dissolution

A firm may need to be dissolved compulsorily if:

All partners or all partners except one partner are declared insolvent.

The firm is carrying unlawful activities like dealing in drugs or other illegal products or doing business with alien countries or other countries that may harm the interest of India or doing other such activities.

Dissolution depending on certain contingent events

Upon happening of certain events, a firm may be required to get dissolved:

Expiry of fixed-term– Partnership formed for a fixed term will get dissolved once the term gets over.

Completion of a task– Sometimes, a partnership is formed for a certain task or objective. Once the task is completed, the partnership will automatically get dissolved.

Death of the partner– If there are only two partners, and one of the partner dies, the partnership firm will automatically dissolve. If there are more than two partners, other partners may continue to run the firm. In such case, only the partnership will get dissolved, and other partners will enter into a new agreement.

Dissolution by notice

If a partnership business is at will, any partner can dissolve the partnership by giving advance notice. Notice will contain a date from which dissolution will be effective.

Dissolution by Court

If any of the partners become mentally unstable or misbehaves with the other partner(s) or doesn't abide by the clauses of the agreement, the other partner(s) may file a case in the court to dissolve the firm. But a court can dissolve the firm only if it is registered with the Registrar of Firms. Hence an unregistered partnership firm can't be dissolved by the court.

Transfer of interest or equity to the third party

If any partner transfers control in the form of interest or equity to a third party without consulting other partners, the partner(s) may dissolve the firm.

Partners still liable to third parties

Until a public notice of dissolution is given, the partners remain liable for any act done by any of the partners which would have been an act of the firm, if such act was done before resolution.

If a partner has been declared insolvent or has retired from the firm, he will not be liable for any acts done after his insolvency or retirement. The legal heirs of any deceased partner are also not liable for any acts done by other partners after the partner has died.

Settlement of Accounts

Accounts of the firm are settled in the following order–

Losses of the firm will be paid out of the profits, next out of the capital of the partners, and even then if losses aren't paid off, losses will be divided among the partners in profit sharing ratios.

Assets of the firm and the capital contributed by the partners to set-off losses of the firm will be applied in the following order–

Third party debts will be paid first.

Next, the loan amount taken by the firm from any partner will be repaid to that partner.

Capital contributed by each partner will be repaid to him in the capital contribution ratio.

The Balance amount will be shared among the partners in their profit sharing ratios.

Upon realization, all assets will be sold off in the market, and the cash realizing out of such a sale will be used for paying the liabilities. Assets or liabilities may also be taken over by the partner(s) for which the respective partner capital accounts will be adjusted by such amount.

Accounting Treatment

On dissolution, the books of the firm are to be closed. Dissolution process starts by opening the following accounts in the firm's books:

Realization Account,

Partner's Loan Account,

Partners' Capital Accounts,

Bank or Cash Account.

1] Realization Account

The object of preparing Realization account is to close the books of accounts of the dissolved firm and to determine profit or loss on the Realization of assets and payment of liabilities. It is prepared by:

Transferring all the assets except Cash or Bank Account to the debit side of the account.

Transferring all the liabilities except Partner's Loan Account and Partners' Capital Accounts to the credit side of the account.

Crediting the Receipt on the sale of assets to the account.

Debiting the payment of Liabilities to the account.

Debiting the dissolution expenses of the firm.

The balance in the account may be either profit or loss. We transfer this balance to the Capital Accounts of the Partners in their profit-sharing ratio.

2] Partner's Loan Account

We do not transfer the loan by a partner to firm to Realization account, it remains in its account itself. At the time of settlement, i.e., payment of liabilities, we pay partner's loan after paying the outside liabilities but before payment of capital.

3] Partners' Capital Accounts

If partners take over firm's assets, we debit it to their Capital Accounts at the agreed value being payment against their capital. If a partner takes over the liability of the firm, we credit it to their Capital Accounts. In addition, we also transfer undistributed profits/losses, reserves and Realization profit/loss to capital accounts in their profit-sharing ratio.

4] Bank or Cash Account

On the debit side, we show opening balance, the amount received from the sale of assets and amount brought by partners. And on the credit side, we show payment of liabilities, expenses and amount paid to partners.

Garner Vs Murray: Loss by Insolvent Partner (Dissolution of Partnership Firm)

If, at the time of dissolution, a partner owes a sum of money to the firm, he has to pay it to the firm. But if he is insolvent, he will not be able to do so, at least lot fully. The sum which is irrecoverable from an insolvent partner is, therefore, a loss. The question arises whether this loss is an ordinary loss to be shared by the solvent partners in the profit sharing ratio or whether it is an extraordinary loss. Before the decision in Garner vs. Murray was made, such a loss was treated as an ordinary loss.

The judgment in this case was that:

(a) First, the solvent partners should bring in cash equal to their respective shares of the loss on realization; and

(b) Second, the loss due to the insolvency of a partner should be divided among the other partners in the ratio of capitals then standing (i.e., after partners have brought in cash equal to their shares of loss on realization).

The practical effect of this is that the loss due to the insolvency of a partner has to be borne by the solvent partners in the ratio of their capitals standing just prior to dissolution.

Fixed and Fluctuating Capitals:
If the ratio in which an insolvent partner's loss is to be written off is the ratio of capitals just prior to dissolution or as last agreed upon, the fact of capitals being fixed or fluctuating is important. If the capitals are fixed, then that will be the ratio in which an insolvent partner's loss will be borne. But if the capitals are fluctuating, all necessary adjustments in respect of reserves or profit and loss account, etc., should first be made (but without adjusting the loss on realization). The ratio in which the insolvent partner's loss will be divided will be the ratio of the resultant capitals.

The student will note, however, that if there are any balances lying in the Profit and Loss Account or the General Reserve, these must in any case be transferred to all partners' capital accounts in the profit-sharing ratio. The above paragraph merely discusses the ratio in which the insolvent partner's loss will be divided. Suppose, A's capital is Rs 1, 00,000 and B's capital is Rs 60,000, C's capital shows a debit balance of Rs 40,000. There is a reserve of Rs 60,000. Dividing the reserve among A, B and C, each partner will be credited with Rs 20,000. C is insolvent.

(a) If the capitals are fixed, the loss on C's Capital Account will be borne by A and B in the ratio of 10 : 6, i.e., capitals without adjustment for reserve; and

(b) If the capitals are fluctuating, the deficiency in C's Capital Account will be borne by A and B in the ratio of 12 : 8 respectively, i.e., capitals after adjustment for reserve.

Equity:
It must not be supposed that the decision in Gamer vs. Murray always works equitably; it considers only the capitals standing in the books and not the private estates of solvent partners. It is possible that a partner who has contributed a large capital is made to bear a large proportion of an insolvent partner's loss as compared to a partner who is richer but has not contributed so much capital. If a partner is lucky to Rave drawn all his money away before the dissolution, so that his capital account does not show a credit balance, he will bear no part of the loss due to a partner's insolvency.

It is, therefore, quite common to find clauses in the partnership deed laying down how a loss in an insolvent partner's capital account will be shared by the solvent partners. If such a clause exists, it must be followed because the decision in Garner vs. Murray applies only where there is no agreement on this point.

Application in India:

Some people believe that in India the decision in Garner vs. Murray does not apply. But there is nothing in Indian Partnership Act which goes against the rule laid down in the case and it would be safe to follow it till an Indian Court definitely rules against it. According to section 48, partners are required to make up their shares of losses and then assets, remaining after satisfaction of claims of outsiders and after repayment of the advances of partners over and above capitals contributed by them, have to be distributed ratably amongst the partners. A partner is required to make up his share of the realization loss but not that of other partners.

The effect of this would be that assets remaining after paying off creditors' claims and partners' loans, as increased by the share of loss contributed by solvent partners, would be distributed amongst solvent partners in the ratio of their capitals minus their shares of loss plus cash brought in by them for it or, in other words, capitals just before dissolution. This is precisely the decision in Garner vs. Murray. In practice, only entries are made and no cash is brought actually; notional adjustment is sufficient.

The whole position, when a partner is insolvent, may be summed up as follows:

(a) Make a Realization Account in the ordinary way and transfer its profit or loss to the capital accounts of all the partners in the profit-sharing ratio.
(b) If anything is received from the estate of the insolvent partner, it should be credited to his capital account.
(c) The debit balance in the capital account of the insolvent partner should be transferred to the capital accounts of solvent partners in the ratio of capitals as they stand just before dissolution (or in the ratio of fixed capitals, if capitals are fixed).
(d) The solvent partners will then draw out cash according to their claims.

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	Business Economics
Name of the Topic	Introduction to Business Economics
Hours Required	8
Learning Objectives	➢ Describe the nature of economics in dealing with the issues of scarcity of resources. ➢ Analyze supply and demand analysis and its impact on consumer behaviour. ➢ Evaluate the factors,such as production and costs affecting firmsbehaviour. ➢ Recognize market failure and the role of government in dealing with those failures. ➢ Use economic analysis to evaluate controversial issues and policies. ➢ Apply economic models for managerial problems, identify their relationships, and formulate the decision making tools to be applied for business.
Examples / Illustrations	Text Book Examples
Additional inputs	
Teaching Aids used	Green Board
References cited	Pc Tulsian
Student Activity Planned after the teaching	Student Seminar
Activity planned outside the Class room ,if any	Class Room Assignment

Signature Obtained in hard copy

Unit-I Introduction to Economics:

The Word Economics has Greek Origin. Oikos Plus Nomos Meaning House hold Management.

The word economics has something to do with economizing on the use of means to attain ends out of scarce resources.

Positive Economics: Deals with scientific issues and questions, Solves economics central problems without value judgment.

Normative Economics: Deals with ethical issues, questions and problems. Solves economic problems bringing in value judgment.

Micro Economics Analysis of any single unit of economics.

Macro Economics Analysis of all units of economics studied together.

- An economy exists because of two facts, i.e. Human wants are limited and resources are scarce.
- The basic problem of scarcity gives rise to many of the economic problems.
- The subject matter and scope of economics are given by various economists:
  - Wealth aspect by Adam Smith
  - Welfare aspect by Alfred Marshall
  - Scarcity and Choice aspect by Lionel Robinson
  - Development and Growth aspect by Paul Samuelson
- Nature of economics may be classified into as science or art or both and if it is a science whether it is a positive science or a normative science or both.
- Scope of economics has a varied arena as following:
- Micro Economics & Macro Economics
- The problem of scarcity of resources leads to three central problems of economy as following: – Which goods should be produced and in how much quantity?
- What technique should be adopted for production?
- For whom goods should be produced?
- The concept of the production possibility curve is used by economists to explain the economic problem of a society. A production possibility curve is the locus of all such combinations of two commodities which can be produced in a country with its given resources and technology.

There are three types of economic systems:

a. Capitalist Economy
b. Socialist Economy
c. Mixed Economy

- The economic problems of the system are solved differently under each economic system. Capitalist economy uses tool of price mechanism, whereas; socialist economy uses tool of central planning as against the mixed economy which employs a mix of both.
- The economy worldwide suffers from fluctuations in economic activities which are known as business cycles. A business cycle is composed of periods of rising prices and low unemployment percentages, shifting to periods falling prices and high unemployment percentages besides other leading characteristics.

Ends: The objectives pursued by human beings while engaged in economic activities.

Means :The instruments or resources used in attaining the perceived objectives.

Scarcity: The imbalance between ends and means.

Laissez Faire: Free market economics with a minimum of government intervention.

Production Possibility Curve: The locus of output combinations which an economy can produce using technically most efficient methods of production and allocating resources in an economically efficient manner.

- Demand means a desire or a wish to buy and consume a commodity or service provided consumer has adequate ability and is willing to buy.
- The consumer's decisions are guided by several elements, such as income, tastes and preferences etc and an assumption is established that these factors remain constant.
- Law of demand states that "the amount demanded increases with a fall in price and diminishes with a rise in price".
- Demand for a good by an individual or the market as a whole is conventionally expressed in three alternative forms, namely;
    a. a demand function
    b. a demand schedule
    c. a demand curve
- Utility of a good is its expected capacity to satisfy a human want. To a consumer, the utility of a good is the satisfaction which he expects from its consumption.
- Utility can be measured in two ways:
    a. Cardinal Approach
    b. Ordinal Approach
- When a consumer buys a good, the utility derived from it varies with its quantity, and generates three concepts; namely
    a) Total Utility(TU)
    b) Average Utility(AU)
    c) Marginal Utility(MU)
- Law of diminishing marginal utility states that "the additional benefit which a person derives from a given increase in his stock of a thing diminishes with every increase in the stock that he already has".
- The law of equi-marginal utility states that consumer distributes his expenditure between different goods in such a way that the marginal utility derived from the last rupee spent on each good is the same.

Demand for a good can change in two ways:

- A consumer moves from one point to another on the same demand curve (Movement along demand curve)

- When the entire demand curve shifts its position (Movement from one demand curve to the other)

There are two types of elasticities:

• Elasticity of Demand

• Elasticity of Supply

Elasticity Demand:

Factors affecting the elasticity of demand:

- Price level;
- Availability of substitutes;
- Time period;
- Proportion of total expenditure spent on the product;
- Habits;
- Nature of the commodities;
- Various uses and Postponing consumption.

Types of elasticity demand

a) Price elasticity of demand

b) Income elasticity of demand.

c) Cross price elasticity of demand

Five Types of Price elasticity of demand:

a) Perfectly elastic demand;

b) Perfectly inelastic demand;

c) Relatively elastic demand;

d) Relatively inelastic demand and

e) Unitary elastic demand

Methods of measuring price elasticity of demand:

a) Percentage method or Arithmetic;

b) Total expenditure method

c) Graphic method or Point method.

- Supply means the quantity of goods offered for sale at pre determined price at a certain point of time.
- Law of Supply states that a firm will produce and offer to sell greater quantity of a product or service as the price of that product or services rises, other things being equal.
- Other things include cost of production, change of technology, price of related goods (substitutes and complements), prices of inputs, level of competition and size of industry, government policy and non economic factors.
- Supply of a good by an individual producer/firm or the market/industry as a whole is conventionally expressed in three alternative forms, namely;

- a supply function
- a supply schedule
- a supply curve
- Supply for a good can change in two ways
- a producer moves from one point to another on the same supply curve (Movement along supply curve)
- when the entire supply curve shifts its position (Movement from one supply curve to the other)

Elasticity Supply: Five cases of elasticity of supply:

- Perfectly elastic supply;
- Perfectly inelastic supply;
- Relatively elastic supply;
- Relatively inelastic supply and Unitary elastic supply

Determinants of price elasticity of supply:

- Time period;
- Ability to store output;
- Factor mobility;

Cost relationships and Excess supply – The market price, or equilibrium price, is determined by the interaction of demand and supply at a given time with given conditions of demand and supply.

Elasticity refers to the ratio of the relative change in a dependent to the relative change in an independent variable.

– The consumer behaviour can be studied from two approaches;

• Marshallian Approach

• Indifference Curve Approach

- In the Marshallian approach, the consumer tries to maximize the utility that he derives keeping in view the money income he has in hand available to be spent on that good.
- In indifference curve approach, the preferences are ordered than to measure them in terms of money. This approach, is, therefore an ordinal concept based on ordering of preferences.

Ceteris Paribus : Ceteris paribus or caeteris paribus is a Latin phrase, literally translated as "with other things the same" or "all other things being equal or held constant".

Demand Curve: A demand curve is the curve showing the relationship between the quantities of a good which consumers would be willing to purchase at alternative prices.

Law of Demand: Other things being constant, the quantities demanded of a good and its own prices are inversely related.

Supply Curve: A supply curve is the curve showing relationship between the quantities supplied of a commodity by the producer at alternative prices.

Law of Supply: Other things being constant, the quantities supplied of a good and its own prices are positively related.

Theory of Demand and Supply Utility It is defined as a want satisfying power of a commodity. It is the sensation which an individual derives from consuming a commodity. It can be measured on numerical scale as well as ordinal.

Cardinal Utility: Cardinal utility is a view of utility measurement based on the presumption that the satisfaction of wants and needs is a quantifiable characteristic of human activity.

In other words, utility can be measured with numerical values (1, 2, 3, etc.) along a scale. If so, then the utility generated from consumption can be evaluated against an objective standard, which then makes it possible to compare utility among different goods and among different people.

Ordinal Utility Ordinal utility is a view of utility measurement based on the presumption that the satisfaction of wants and needs is not a quantifiable characteristic of human activity and that preferences are subjective. Preferences among goods can be ranked (first, second, third, etc.) but not measured according to a scale. In this regard, consumers need only specify whether one good is more or less preferred than another. How much more or less a good is preferred is not important.

Marginal Utility Marginal utility is the extra satisfaction generated from consuming one more unit of a good.

Marginal Utility = Change in total utility

Change in quantity Law of Diminishing

The law of diminishing marginal utility means that the value of a good, the extra Marginal Utility utility derived from good declines as more of the good is consumed. If the satisfaction obtained from a good declines, then buyers are willing to pay a lower price, hence demand price is inversely related to quantity demanded, which is the law of demand.

Consumers' Equilibrium: Consumer equilibrium exists when a consumer selects or buys the combination of goods that maximizes utility. This is achieved by equating the marginal utility-price ratio for each good consumed or by equating the ratio of prices and the ratio of marginal utilities. In other words, buyers are willing to pay relatively higher prices for goods that generate relatively more marginal utility.

Indifference Curve: An indifference curve is a curve which represents all those combinations of goods which give same satisfaction to the consumer. Since all the combinations on an indifference curve give equal satisfaction to the consumer, the consumer is indifferent among them.

MRS The rate at which an individual must give up "good A" in order to obtain one more unit of "good B", while keeping their overall utility (satisfaction) constant. The marginal rate of substitution is calculated between two goods placed on an indifference curve, which displays a frontier of equal utility for each combination of "good A" and "good B".

Price Elasticity of Demand: The relative response of a change in quantity demanded to a change in price. More specifically the price elasticity of demand is the percentage change in quantity demanded due to a percentage change in price.

Cross Elasticity The relative response of a change in the demand for one good to a change in the price of another good. More specifically the cross elasticity of demand is percentage change in the demand for one good due to a percentage change in the price of another good.

Income Elasticity: The relative response of a change in demand to a change in income. More specifically the income elasticity of demand is the percentage change in demand due to a percentage change in buyers' income.

Price Elasticity of Supply: The relative response of a change in quantity supplied to a change in price. More specifically the price elasticity of supply is the percentage change in quantity supplied due to a percentage change in price.

Normal Goods: A normal good is a good that reacts positively to changes in buyers' income. If buyers have more income, then they purchase more of a normal good. If they have less income, then they reduce purchases of a normal good.

Inferior Goods: An inferior good is one that reacts negatively to changes in buyers' income. If buyers have more income, then they purchase less of an inferior good. If they have less income, then they increase purchases of an inferior good.

Giffen Goods: A consumer good for which demand rises when the price increases, and demand falls when the price decreases. Such goods are exceptions to the law of demand.

Superior Goods: Goods for which income elasticity of demand is greater than unity. For such goods the proportion of money spent on the goods tends to increase as the income increases.

Unit-III Theory of Production and cost

- Production is an important economic activity. Satisfaction of human wants is the objective of production using factors of production namely; Land, Labour, Capital and Entrepreneurship.
- Theory of production basically determines, how the producer, given the state of technology combines various inputs economically to produce a definite amount of output in an efficient manner
- The functional relationship between input and output is known as Production Function.
- The law of variable proportion shows the production function with one input factor variable while keeping the other input factors constant. It is a short run concept. The law of variable proportion is the modern approach to the 'Law of Diminishing Returns (or The Laws of Returns).
- Law of Returns to Scale is a long run concept. In the long run, all factors of production become variable as the firm is able to alter its stock of inputs. When all factors are changed in some proportion, the behaviour of output is analyzed with the help of laws of returns to scale. A return to scale is the rate at which the output increases with the increase in all inputs proportionately.
- Costs are nothing but input prices. The relationship between cost and output is called cost function.

There are two types of cost functions:

Short Run Costs

Long Run Costs

- In short run, since some of the factors of production are fixed and other may vary; similarly, there are two categories of costs in short run: Fixed cost and Variable cost.
- The term long run is defined as that length of time over which the firm gets an opportunity to vary if need be the quantities of all its inputs. In other words, there are no fixed factors in the long run and therefore there are no fixed costs.
- Revenue or receipts of a firm are derived from the sale of its output. There are three concepts of revenue theory namely;
    - Total Revenue
    - Average Revenue

- Marginal Revenue

Producer's equilibrium refers to the level of output of a commodity that gives the maximum profit to the producer of that commodity.

There are two approaches to arrive at producer's equilibrium.

TR-TC Approach

MR-MC Approach

- There are economies of scale to production process which is saving in cost of production with an increase in the scale of output or the size of the plant.
- The term diseconomies refer to an increase in average cost of output when the plant size is increased.
- The sources of economies and diseconomies are obviously the causes on account of which they come into existence.

Production: The activity which adapts natural resources to make goods and services.

Land All free gifts of nature and natural resources are includes in land as factor of production.
Labour All human resource whether involved physically or in mental capacities.

Capital All man made; non labour and non natural resources are considered as capital in production process. this is the part of the resources that are not consumed currently and are set aside for investment.

Short Run The period in which firm is unable to alter its factors of production. Thus, some of the inputs are fixed.

Long Run The period in which firm is able to alter its factors of production. Thus, all the inputs in long run are variable.

Total Fixed Costs The cost incurred on the fixed factors. That portion of total cost which is invariant with respect to variation in output levels.

Total Variable Costs The cost incurred on the variable factors, raw materials, etc. this cost varies as the level of output produced varies.

Average Fixed costs Total fixed cost divided by output. Average Variable Costs Total variable cost divided by output.

Total Cost The sum total of total fixed and total variable costs.

Average Cost The sum total of average fixed and average variable costs.

Short Run Marginal Cost Addition to total cost divided by the addition to total output. This may also be given by the addition to total variable cost divided by the addition to total output.

Unit-IV Market Structure:

- The concept of a market is central to the understanding of the determination of price and quantity of output of a commodity under consideration.
- Market means the general field within which, the force determining the price of particular product operate.

The market consists of two components:

a) A Firm
b) An Industry

There are various kinds of markets prevailing in the economy.

Perfect Competition has following characteristics:

- Large Number of Sellers and Buyers
- Homogeneous Product
- Free Entry and Exit
- Firm is a price taker
- Full Knowledge of Market
- Economic Rationality
- No Transportation Cost
- The perfect competition firm is in equilibrium when MC= MR and MC cuts the Mr curve from below.

Monopoly:

- Monopoly means a single seller and large number of buyers
- No close substitute
- A single firm industry
- Monopolist is free to fix a price of his choice.
- Firm is price maker.
- Irrespective of the profit income of the existing producer firm, new firms cannot enter the industry
- A buyer will buy it only if its price does not exceed its marginal utility to him

- The equilibrium for monopolist is at a point where MR= MC.
- One of the important features of the monopolist is price discrimination, where he charges different prices for homogeneous product to different consumers.

Monopolistic Competition:

- Monopolistic Competition means large number of sellers and buyers
- Close substitutes
- All firms are monopolists of their differentiated product
- The main feature is product differentiation and selling expenses comprising of marketing costs.

Profit Maximizing Conditions: The necessary condition is marginal revenue equals to marginal cost. The sufficient condition is marginal cost curve is intersecting the marginal revenue curve from below.

Economic Profits: Difference between total revenue and total cost incurred on inputs.

Normal Profits: When total revenue and total costs equals.

Normal Profits = Zero Economic Profits

Homogeneous: Two or more products that are identical in every possible respect.

Short Run A competitive firm attains short run equilibrium when MR= SMC with SMC rising. Equilibrium Long Run A competitive firm attains long run equilibrium when MR= LMC with LMC rising and Equilibrium P=AR=LAC.

Break Even When total sale proceeds covers total costs of production.

Condition Shut Down When price of the good falls below the average variable costs. If the price of the firm is Condition such that it is not even able to cover its variable costs, the firm should shut down.

Degree of Monopoly power is the degree of power held by the monopolist to set the price for a Monopoly good.

Price When the product is sold to different consumers at different prices.

Discrimination Product Slight differences that exist between two or more goods that are essentially the same Differentiation and which satisfy the same basic want or need. This is generally pursued in monopolistic competition.

Selling Costs: All expenditures pertaining to selling activities after the product has been produced. An important component is advertising and other sales promotion expenditures including giving free gifts and other promotional activities.

Unit-V National Income

National income is the total income earned by a country's residents or citizens, including both individuals and businesses, in a given period of time, typically a year. It refers to the total value of goods and services produced by a country's economy in a given period, usually one year.

Concepts used to measure national income, including:

Gross Domestic Product (GDP): GDP is the most widely used measure of national income. It refers to the total value of all goods and services produced within a country's borders in a given period. It includes consumer spending, government spending, investment, and net exports.

Gross National Product (GNP): GNP is similar to GDP, but it includes the value of goods and services produced by a country's citizens, regardless of their location. It also includes income earned by a country's citizens from overseas investments.

Net National Product (NNP): NNP is equal to GNP minus depreciation. Depreciation refers to the wear and tear on capital goods like machinery and equipment.

National Income (NI): NI is equal to NNP minus indirect taxes (such as sales taxes) plus subsidies. Indirect taxes are taxes that are levied on goods and services rather than on individuals or companies.

Personal Income (PI): PI is the income received by individuals in a country. It includes wages, salaries, and other forms of income like interest and dividends.

Disposable Income (DI): DI is equal to PI minus personal income taxes. It is the income that individuals have available to spend or save after paying taxes.

Methods of measuring national income:

Output Method: This method measures national income by calculating the value of all goods and services produced within a country during a given period of time. It includes the Gross Domestic Product (GDP), which is the total value of all goods and services produced within a country's borders.

Income Method: This method measures national income by adding up all the income earned by households and firms in a country during a given period of time. This includes wages, salaries, profits, interest, and rent.

Expenditure Method: This method measures national income by adding up all the spending on goods and services by households, firms, and the government during a given period of time. This includes consumption, investment, government spending, and net exports (exports minus imports).

Value Added Method: This method measures national income by calculating the value added at each stage of production. It involves adding up the value of inputs used in production and subtracting them from the value of the final product.

Productivity Method: This method measures national income by dividing the total output by the total inputs used in production, such as labor, capital, and materials.

These methods are used to provide a comprehensive understanding of a country's economic performance and are often used by governments, policymakers, and economists to make decisions related to economic growth and development.

The components of national income:

Wages and salaries: This refers to the income earned by individuals from their employment. It includes regular wages, overtime pay, bonuses, and other forms of compensation.

Rent: This refers to the income earned by individuals or businesses from the use of property. It includes rent from residential properties, commercial properties, and land.

Interest: This refers to the income earned from lending money. It includes interest on savings accounts, bonds, and other types of investments.

Profits: This refers to the income earned by businesses from their operations. It includes revenue from sales, minus expenses such as salaries, rent, and materials.

Taxes: This refers to the income earned by the government from taxes on income, sales, property, and other sources.

Transfer payments: This refers to payments made by the government to individuals or businesses, such as social security benefits, unemployment insurance, and subsidies.

These components are used to calculate a country's gross domestic product (GDP), which is a measure of the total economic output of a country.

Problems in Measuring National Income:

Non-Monetary Transactions: The national income calculation is based on monetary transactions. However, there are several non-monetary transactions such as barter exchanges, household production, and volunteer work that are not included in the calculation.

Informal Sector: In many countries, a significant portion of economic activity takes place in the informal sector. This sector is not included in the calculation of national income as it is difficult to estimate the value of goods and services produced.

Transfer Payments: Transfer payments such as social security benefits and unemployment compensation are not included in the calculation of national income as they are not considered as production.

Quality of Goods and Services: The quality of goods and services produced is not reflected in the national income calculation. As a result, the calculation may not accurately reflect changes in the standard of living.

Time Periods: National income is calculated for a specific time period, usually a year. However, economic activity may not be evenly distributed throughout the year. For example, agricultural production may be concentrated in a particular season.

Inflation: National income is usually calculated at current market prices. Inflation can distort the value of goods and services produced, making it difficult to compare national income figures from different years.

Income Distribution: National income figures do not provide information about the distribution of income within a country. This can make it difficult to assess the well-being of different sections of the population.

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	Business Laws
Name of the Topics	Contract: Offer, Acceptance and Consideration:
Hours Required	08
Learning Objectives	➢ Understand the legal environment of business and laws of business. ➢ Highlight the security aspects in the present cyber-crime scenario. ➢ Apply basic legal knowledge to business transactions. ➢ Understand the various provisions of Company Law. ➢ Engage critical thinking to predict outcomes and recommend appropriate action on issues relating to business associations and legal issues. ➢ Integrate concept of business law with foreign trade.
Previous Knowledge to be reminded	
Examples / Illustrations	Text Book Examples
Additional inputs	
Teaching Aids used	Black Board
References cited	PC Tulsain
Student Activity Planned after the teaching	Student Seminar
Activity planned outside the Class room ,if any	Class Room Assignment

Signature obtained in hard copy

Unit-I

A contract is a legally binding agreement between two or more parties who agree to perform certain actions or provide goods or services in exchange for something of value. It can be written or verbal and can be entered into between individuals, businesses, or even governments.

Essential elements of a valid contract include:

Offer: There must be a clear and definite offer made by one party to another.

Acceptance: The offer must be accepted by the other party in the same terms as offered.

Consideration: There must be something of value exchanged between the parties, such as money, goods, or services.

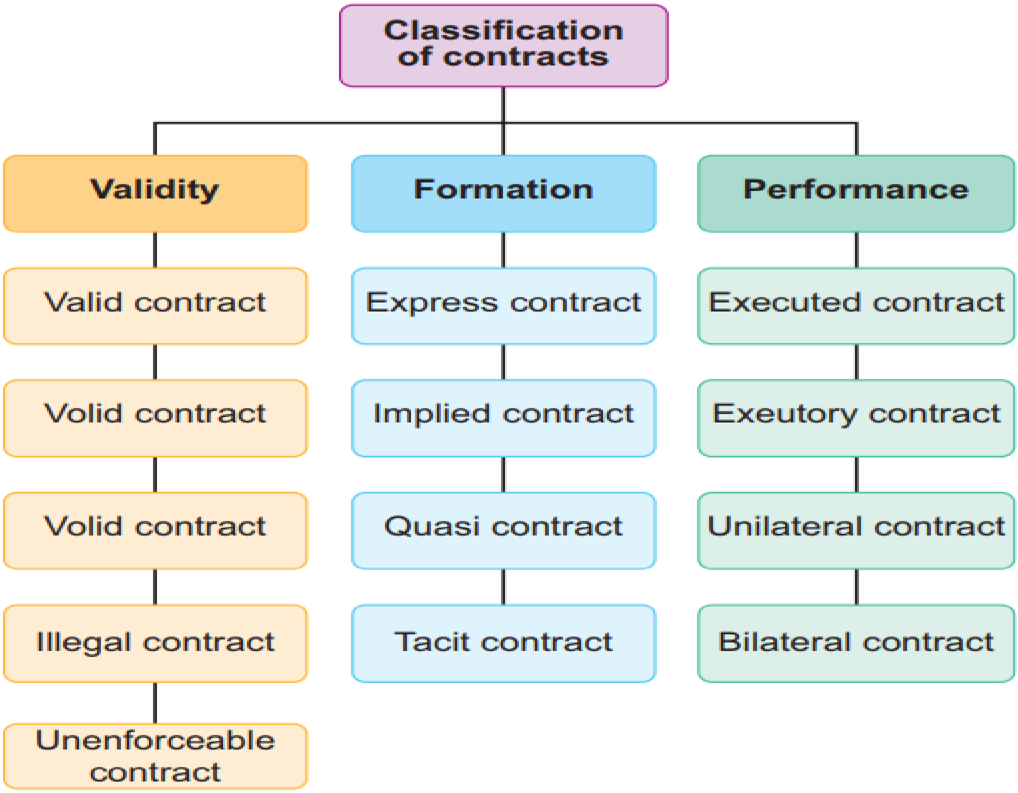
Capacity: Both parties must have the legal capacity to enter into a contract, which means they must be of legal age and have the mental ability to understand the terms of the agreement.

Intent: Both parties must have the intention to be legally bound by the terms of the contract.

Legal Object: The subject matter of the contract must be legal and not against public policy.

Free Consent: Both parties must enter into the contract voluntarily and without any coercion, undue influence, fraud, or misrepresentation.

Types of Contracts:



1.Valid Contract

An agreement which fulfils all the essentials prescribed by law on the basis of its creation. For example S offers to sell his car for Rs.2,00,000 to T. T agrees to buy it. It is a Valid Contract.

2. Void Contract (2(j))

A contract which ceases to be enforceable by law. A contract which does not satisfy any of the essential elements of a valid contract is said to be Void. For example A contract between drug dealers to buy and sell drugs is a void contract.

3. Voidable Contract 2(i)

An agreement which is enforceable by law at the option of one or more parties but not at the option of the other or others is a voidable contract. This is the result of coercion, undue influence, fraud and misrepresentation.

4. Illegal Contract

It is a contract which is forbidden by law. All illegal agreements are Void but all void agreements or contracts are not necessarily illegal. Contract that is immoral or opposed to public policy are illegal in nature.

Unlike illegal agreements there is no punishment to the parties to a void agreement.

Voidable contract: A voidable contract is one that is valid and enforceable at the option of one of the parties, but not at the option of the other party. For example, a contract entered into by a minor is voidable at the option of the minor, but not at the option of the other party.

Void contract: A void contract is one that is not enforceable by law and has no legal effect. For example, a contract to commit a crime is void.

Express contract: An express contract is created when the parties to the contract explicitly express their intentions through words, either orally or in writing.

Implied contract: An implied contract is created when the conduct of the parties indicates that they have mutually agreed to the terms of the contract, even though they may not have explicitly discussed it.

Executed contract: An executed contract is one in which all the terms have been performed by the parties.

Executory contract: An executory contract is one in which some or all of the terms have not been performed by the parties.

Unilateral contract: A unilateral contract is one in which one party makes a promise in exchange for the performance of an act by the other party.

Bilateral contract: A bilateral contract is one in which both parties exchange promises to perform certain acts.

Contingent contract: A contingent contract is one in which the performance of the contract depends upon the occurrence of a future uncertain event.

Wagering contract: A wagering contract is a contract in which two parties agree that one will win and the other will lose based on the outcome of an uncertain future event. Wagering contracts are generally considered void.

Unit-II: Offer, Acceptance and Consideration:

Offer and Types of Offer:

An offer is a proposal or expression of willingness made by one party to another with the intention of forming a legally binding agreement. In other words, it is a promise to do or not to do something, provided the other party accepts the offer.

There are several types of offers they are as follows:

Express Offer: An express offer is a direct and specific offer made by one party to another, either verbally or in writing. For example, an advertisement for the sale of goods or services is an express offer.

Implied Offer: An implied offer is one that is inferred from the conduct of the parties, rather than being explicitly stated. For example, if you go to a restaurant and order a meal, you are making an implied offer to pay for it.

Specific Offer: A specific offer is one that is made to a particular person or group of people. For example, an employer may make a specific offer of employment to a particular candidate.

General Offer: A general offer is one that is made to the public at large, inviting anyone who meets the stated conditions to accept it. For example, a reward offered for the return of a lost item is a general offer.

Cross Offer: A cross offer occurs when both parties make identical offers to each other simultaneously. Since the offers cancel each other out, no contract is formed.

Counter Offer: A counter offer is a response to an initial offer that proposes different terms or conditions. A counter offer terminates the original offer and creates a new offer that can be accepted or rejected.

Standing Offer: A standing offer is an offer that remains open for a specified period or until it is revoked. For example, a supplier may make a standing offer to a customer to provide goods or services at a certain price for a specified period.

Essentials of a valid offer:

Intention to create legal relations: The offeror must intend to create a legally binding contract, and the terms of the offer must be clear and unambiguous.

Definite and certain terms: The offer must contain definite and certain terms, including the subject matter of the contract, the price, and the time and place of performance.

Communication to the offeree: The offer must be communicated to the offeree, either directly or through an agent. The offeree must be aware of the terms of the offer and must have the opportunity to accept or reject it.

Revocability: The offer must not have been revoked by the offeror before the offeree accepts it. However, an offer can be revoked if the offeror communicates the revocation to the offeree before acceptance.

Capacity to contract: The parties to the contract must have the legal capacity to enter into a contract. This means that they must be of legal age, have mental capacity, and not be under duress or undue influence.

Unconditional: The offer must be unconditional and not contain any conditions that are not in the control of the offeror. For example, an offer cannot be conditional on a third party's approval.

In summary, a valid offer must contain definite and certain terms, be communicated to the offeree, not have been revoked, and be unconditional. Additionally, the parties to the contract must have the legal capacity to enter into the contract, and the offeror must intend to create a legally binding agreement.

Acceptance and Essentials of Valid Acceptance:

Acceptance is a key concept in contract law, and it refers to the act of agreeing to the terms of a contract. In order for a contract to be legally binding, there must be a valid acceptance of the offer made by one party to another. The following are the essentials of a valid acceptance:

Meeting of the minds: There must be a mutual understanding of the terms of the contract between the parties. This means that both parties must have the same understanding of the offer and the acceptance.

Communication: The acceptance must be communicated to the offeror. In other words, the offeror must be informed of the acceptance, either orally or in writing.

Unconditional: The acceptance must be unconditional. This means that it must be an unqualified acceptance of all the terms of the offer.

Timeliness: The acceptance must be made within a reasonable time, and before the offer expires.

Proper mode: The acceptance must be made in the manner specified in the offer. If the offer specifies a particular mode of acceptance, such as by email or in writing, the acceptance must be made in that manner.

It is important to note that silence or inaction cannot be construed as acceptance. In addition, any attempt to change the terms of the offer in the acceptance will be considered a counteroffer, and the original offer will be terminated. Therefore, it is essential to ensure that the acceptance is valid and meets all the requirements for a binding contract to be formed.

Consideration and Essentials of Valid consideration:

Consideration is an essential element in the formation of a contract. It is the benefit or detriment that a party receives in exchange for their promise or performance. In other words, consideration is the value that each party brings to the contract.

Here are some key considerations and essentials of consideration:

Value: Consideration must have some value or benefit to the party receiving it. This can be money, goods, services, or anything else of value.

Mutuality: Both parties must provide consideration. The consideration given by one party must be the basis for the other party's promise or performance.

Adequacy: The law generally does not concern itself with the adequacy of consideration. That is, the consideration need not be equal in value to what is promised in return.

Legality: Consideration must be legal. Contracts that involve illegal activities, such as drug trafficking or prostitution, are not enforceable.

Existence: Consideration must exist at the time of contract formation. Past consideration is generally not valid consideration.

Intention: The parties must intend for the consideration to be exchanged for the promises or performances in the contract. If one party provides consideration without the expectation of receiving anything in return, it is considered a gift and not a contract.

Overall, consideration is an essential element of a contract because it shows that each party has given something of value and makes the contract legally enforceable.

Unit-IV: Sale of Goods Act 1930 and Consumer Protection Act 2019:

Contract of Sale:

A contract of sale is a legally binding agreement between a buyer and a seller that outlines the terms and conditions of a transaction in which the seller agrees to transfer ownership of goods or services to the buyer in exchange for payment.

The contract of sale typically includes information about the parties involved in the transaction, such as their names and contact information. It also specifies the details of the goods or services being sold, such as the quantity, quality, and price. Other terms and conditions that may be included in a contract of sale include the delivery method, payment terms, warranties, and any other relevant details that both parties need to agree on.

In general, a contract of sale serves to protect the interests of both the buyer and the seller by ensuring that each party understands the terms of the transaction and agrees to abide by them. In the event of a dispute, a contract of sale can be used as evidence in court to resolve the issue.

Sale and Agreement to Sell:

Sale and Agreement to Sell are two terms that are commonly used in business transactions. They refer to two different legal concepts, and it is important to understand the difference between them.

Sale refers to the transfer of ownership of goods from one party to another in exchange for money. It is a completed transaction where the ownership of the goods has been transferred from the seller to the buyer. In a sale, the buyer acquires the right to use and dispose of the goods as they see fit.

An Agreement to Sell, on the other hand, is a contract where the seller agrees to transfer ownership of the goods to the buyer at a future date, subject to certain conditions. An Agreement to Sell is not a completed transaction, and ownership of the goods remains with the seller until the conditions are met.

The key difference between a Sale and an Agreement to Sell is that in a Sale, ownership of the goods is immediately transferred to the buyer, whereas in an Agreement to Sell, ownership is transferred at a future date. An Agreement to Sell is often used in situations where the goods are not yet available or where certain conditions need to be met before the sale can be completed.

Implied Conditions and Warranties:

Implied conditions and warranties are terms that are implied into a contract by law or by the nature of the transaction. They are not expressly stated in the contract, but are instead implied to ensure fairness and reasonableness in the agreement.

Implied conditions are terms that are deemed to be so essential to the contract that they are implied by law without the need for the parties to expressly include them in the contract. For example, in a contract for the sale of goods, it is implied that the goods being sold are of satisfactory quality and fit for their intended purpose.

Implied warranties, on the other hand, are terms that are implied by the nature of the transaction or by custom and usage in the relevant industry. For example, in a contract for the sale of a car, it is implied that the car will be roadworthy and fit for use on the road.

Both implied conditions and warranties are important because they provide a level of protection to the parties involved in the contract. If a term is breached, the party who has suffered a loss may be able to claim damages or seek other remedies.

It is important to note that the exact terms and extent of implied conditions and warranties can vary depending on the jurisdiction and the specific contract in question. It is always advisable to seek legal advice if there is any uncertainty about the implied terms of a contract.

Rights of Unpaid Seller:

An unpaid vendor is someone who has provided goods or services to a customer but has not received payment for those goods or services. In such a situation, the unpaid vendor may have certain rights depending on the circumstances.

Here are some potential rights of an unpaid vendor:

Right to place a lien on property: In some jurisdictions, an unpaid vendor may have the right to place a lien on the property that was the subject of the transaction. This means that the vendor can legally claim an interest in the property until the debt is paid.

Right to pursue legal action: If the debt remains unpaid, the unpaid vendor may have the right to pursue legal action against the customer. This may involve filing a lawsuit to recover the debt or seeking mediation or arbitration to resolve the dispute.

Right to stop further work or deliveries: In some cases, an unpaid vendor may have the right to stop providing further goods or services to the customer until payment is made. However, this right may be subject to certain contractual or legal limitations.

Right to charge interest: Depending on the terms of the agreement between the vendor and customer, the vendor may have the right to charge interest on the unpaid debt.

Right to seek collection services: If the debt remains unpaid, the unpaid vendor may have the right to seek the assistance of a collection agency to recover the debt on their behalf.

It's important to note that the specific rights of an unpaid vendor may vary depending on the applicable laws and the terms of the agreement between the vendor and customer. If you are an unpaid vendor, you should seek legal advice to understand your rights and options for recovering the debt.

Introduction

Consumer protection is the practice of safeguarding buyers of goods and services against unfair practices in the market. It refers to the steps adopted for the protection of consumers from corrupt and unscrupulous malpractices by the sellers, manufacturers, service providers, etc. and to provide remedies in case their rights as a consumer have been violated.

History of Consumer Protection

"Consumer" constitutes the starting point of economic activities and its role has always been valued by the development of market and to work through constitutional right to the citizen. The quality of goods they purchased and only in case of gross negligence the seller was held liable. In 1950, there was revolution in European countries. The first consumer organization was born in Denmark in 1947 and in Great Britain in 1953. **In 1962 former USA President, John F.Kennedy for the first time recognized four basic consumer rights.**

In India Consumer Movement was facilitated and that is why erstwhile Consumer Protection Act, 1986 was legislated. Since the earlier Act was not enough to protect the interest of the consumers, the new Consumer Protection Act, 2019 took birth and it became enforceable on 20th July, 2020.

In India, the protection of the rights of the consumers is administered by the Consumer Protection Act, 2019. The Consumer Protection Act, 2019 was introduced to replace the Consumer Protection Act, 1986. The new Act contains various provisions which incorporate the challenges faced by modern and technology-dependent consumers. The Act also contains various provisions for the protection and promoting the rights of the consumers.

Meaning of the word 'consumer'

A consumer is an individual or group of individuals who purchase goods and services for their own personal use and not for the purpose of manufacturing or resale. Section 2(7) of the Consumer Protection Act, 2019 defines a consumer as any person who buys goods or services in exchange for consideration and utilises such goods and services for personal use and for the purpose of resale or commercial use. In the explanation of the definition of consumer, it has been distinctly stated that the term 'buys any goods' and 'hires or avails any services' also includes all online transactions conducted through electronic means or direct selling or teleshopping or multi-level marketing.

Need for the Consumer Protection Act, 2019

The Consumer Protection Act, 2019 was enacted by the Indian legislature to deal with matters relating to violation of consumer's rights, unfair trade practices, misleading advertisements, and all those circumstances which are prejudicial to the consumer's rights. The intention of the Parliament behind enacting the Act was to include provisions for e-consumers due to the development of technology, buying and selling of goods and services online have considerably increased during the last few years.

The Act seeks to provide better protection of the rights and interests of the consumers by establishing Consumer Protection Councils to settle disputes in case any dispute arises and to provide adequate compensation to the consumers in case their rights have been infringed. It further provides speedy and effective disposal of consumer complaints through alternate dispute resolution mechanisms. The Act also promotes consumer education in order to educate the consumer about their rights, responsibilities and also redressing their grievances.

Objective of the Consumer Protection Act, 2019

The main objective of the Act is to protect the interests of the consumers and to establish a stable and strong mechanism for the settlement of consumer disputes. The Act aims to:

1. Protect against the marketing of products that are hazardous to life and property.
2. Inform about the quality, potency, quantity, standard, purity, and price of goods to safeguard the consumers against unfair trade practices.
3. Establish Consumer Protection Councils for protecting the rights and interests of the consumers.
4. Assure, wherever possible, access to an authority of goods at competitive prices.
5. Seek redressal against unfair trade practices or unscrupulous exploitation of consumers.
6. Protect the consumers by appointing authorities for timely and sufficient administration and settlement of consumers' disputes.
7. Lay down the penalties for offences committed under the Act.
8. Hear and ensure that consumers' welfare will receive due consideration at appropriate forums in case any problem or dispute arises.
9. Provide consumer education, so that the consumers are able to be aware of their rights.
10. Provide speedy and effective disposal of consumer complaints through alternate dispute resolution mechanisms.

Consumer rights under Consumer Protection Act, 2019

There exist six rights of a consumer under the Consumer Protection Act, 2019. The rights of the consumers are mentioned under Section 2(9) of the Act, which are as follows:

1. The right of a consumer to be protected from the marketing of goods and services that are hazardous and detrimental to life and property.
2. The right of a consumer to be protected against unfair trade practices by being aware of the quality, quantity, potency, purity, standard and price of goods, products or services.
3. The right of a consumer to have access to a variety of goods, services and products at competitive prices.

4. The right to seek redressal at respective forums against unfair and restrictive trade practices.
5. The right to receive adequate compensation or consideration from respective consumer forums in case they have been wronged by the seller.
6. The right to receive consumer education.

Unfair trade practices under Consumer Protection Act, 2019

Section 2(7) of the Consumer Protection Act, 2019 defines the term 'unfair trade practices' which include:

1. Manufacturing spurious goods or providing defective services.
2. Not issuing cash memos or bills for the goods purchased or services rendered.
3. Refusing to take back or withdraw the goods or services and not refunding the consideration taken for the purchase of the goods or services.
4. Disclosing the personal information of the consumer.

Changes incorporated in Consumer Protection Act, 2019

The changes that were incorporated with the enactment of the Consumer Protection Act, 2019 are:

1. The District Commissions will have the jurisdiction to entertain complaints where the value of the goods, services or products paid as consideration to the seller does not exceed 50 lakh rupees.
2. State Commissions will have the jurisdiction to entertain complaints where the value of the goods, services or products paid as consideration to the seller exceeds 50 lakh rupees but does not exceed two crore rupees.
3. The National Commission will have the jurisdiction to entertain complaints where the value of the goods, services or products paid as consideration to the seller exceeds two crore rupees.
4. The Act further states that every complaint concerning consumer dispute shall be disposed of as expeditiously as possible. A complaint filed under this Act shall be decided within the period of three months from the date of receipt of notice by the opposite party in the cases the complaint does not require analysis or testing of the goods and services and within a period of 5 months, if it requires analysis or testing of the goods and services.
5. The Consumer Protection Act, 2019 also facilitates the consumers to file complaints online. In this regard, the Central Government has set up the E-Daakhil Portal, which provides a convenient, speedy and inexpensive facility to the consumers all over

India so that they are able to approach the relevant consumer forums in case of any dispute arises.

6. The Act lays down the scope for e-commerce and direct selling.
7. The Consumer Protection Act, 2019 lays down provisions for mediation and alternative dispute resolution so that the parties are able to dispose of the case conveniently without going through the trouble of litigation.
8. The Consumer Protection Act, 2019 contains provisions for product liability, unfair contracts and it also includes three new unfair trade practices. In contrast, the old Act just stated six types of unfair trade practices.
9. The Act of 2019 acts as the advisory body for the promotion and protection of consumer rights.
10. Under the Consumer Protection Act, 2019 there is no scope for selection committees, the Act authorises the Central Government to appoint the members.

Therefore, with the changes in the digital era, the Indian Parliament enacted and brought the Consumer Protection Act, 2019 in force to include the provisions for e-commerce as digitalization has facilitated convenient payment mechanisms, variety of choices, improved services, etc.

Essential provisions of Consumer Protection Act, 2019

The essential provisions of the Consumer Protection Act, 2019 are:

Consumer Protection Councils

The Act establishes consumer protection councils to protect the rights of the consumers at both the national and state levels.

Central Consumer Protection Council

Under Chapter 2 Section 3 of the Consumer Protection Act, 2019 the Central Government shall establish the Central Consumer Protection Council which is known as the Central Council. It is an advisory body and the Central Council must consist of the following members;

1. The Minister-in-charge of the Department of Consumer Affairs in the Central Government will be appointed as the chairperson of the council, and
2. Any number of official or non-official members representing necessary interests under the Act.

The Central Council may meet as and when necessary, however, they must hold at least one meeting every year. The purpose of the Central Council is to protect and promote the interests of the consumers under the Act.

State Consumer Protection Councils

Every state government shall establish a State Consumer Protection Council known as the State Council having jurisdiction over that particular state. The State Council acts as an advisory body. The members of the State Council are:

1. The Minister-in-charge of the Consumer Affairs in the State Government will be appointed as the chairperson of the council,
2. Any number of official or non-official members representing necessary interests under the Act, and
3. The Central Government may also appoint not less than ten members for the purposes of this Act.

The State Councils must hold at least two meetings every year.

District Consumer Protection Council

Under Section 8 of the Act, the state government shall establish a District Consumer Protection Council for every district known as the District Council. The members of the District Council are:

1. The collector of that district will be appointed as the Chairperson of the District Council, and
2. Any other members representing necessary interests under the Act.

Central Consumer Protection Authority

The Central Government shall establish a Central Consumer Protection Authority which is known as the Central Authority under Section 10 of the Consumer Protection Act, 2019, to regulate matters relating to violation of the rights of consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of the public and consumers and to promote, protect and enforce the rights of consumers. The Central Government will appoint the Chief Commissioner and the other Commissioners of the Central Authority as required under the Act.

The Central Authority must have an ‘Investigative Wing’ under Section 15 of the Act to conduct an inquiry or investigation. The investigative wing must comprise of the Director-General and the required number of Additional Director-General, Director, Joint Director, Deputy Director and Assistant Director possessing the required experience and qualifications to carry out the functions under this Act.

Functions and duties of the Central Authority

The functions and responsibilities of the Central Authority are laid down in Section 18 of the Act which includes;

1. To protect and promote the rights of the consumers as a class and to prevent violation of consumer rights,
2. To prevent unfair trade practices,
3. To ensure no false or misleading advertisements regarding any goods or services are promoted,
4. To ensure no person takes part in false or misleading advertisements,
5. Inquire or investigate in cases of violation of consumer rights or unfair trade practices.
6. File complaints before the National, State or District Commission as the case may be,
7. To review matters relating to the factors hindering the enjoyment of consumer rights.
8. To recommend the adoption of international covenants and best international practices concerning consumer rights
9. Promote research and awareness of consumer rights.
10. Lay down necessary guidelines to prevent unfair trade practices and protect the interests of the consumers.

Furthermore, the Central Authority also has the power to investigate after receiving any complaint or directions from the Central Government or of its own motion in cases where there is an infringement of consumer rights or unfair trade practices are carried out. And if the Central Authority is satisfied that infringement of consumer rights or unfair trade practices has occurred then it may:

- Recall the goods or services which are hazardous and detrimental to the consumers,
- Reimburse the prices of the goods and services to the consumers, and
- Discontinue the practices that are prejudicial and harmful to the consumers.

Under Section 21 of the Act, the Central Authority is authorised to issue directions to false and misleading advertisements which may extend to ten lakh rupees. While determining the penalty of the offence the Central Authority must keep in mind factors such as; the population affected by the offence, frequency of the offence and gross revenue from the sales of such product. The Central Authority can also direct search and seizure for the purposes of this Act and in that case the provisions of the Criminal Procedure Code ,1973 will apply.

Consumer disputes redressal commission

The state government shall establish a District Consumer Disputes Redressal Commission, known as the District Commission in each district of the state under the Consumer Protection Act, 2019. The District Commission shall comprise of a President and not less than two members prescribed by the Central Government.

Section 34 of the Act authorises the District Commission to entertain complaints where the value of the goods or services paid as consideration does not exceed one crore rupees. The complaint relating to goods and services can be filed to the District Commission by the consumer, recognized consumer association, Central Government, Central Authority, State Government, etc.

Section 36 states that all the proceedings before the District Commission shall be conducted by the President and at least one member of the commission.

Mediation

Chapter 5 Section 74 of the Consumer Protection Act, 2019 states that a Consumer Mediation Cell shall be established by the Central Government at the national level and every state government shall establish Consumer Mediation Cell exercising within the jurisdiction of that state. The mediator nominated to carry out the mediation shall conduct it within such time and in such manner as may be specified by regulations.

Section 75 of the Act talks about the empanelment of the mediators. It states the qualifications, terms and conditions of service, the procedure for appointing, and the fee payable to the empanelled mediators.

It is the duty of the mediator to disclose certain facts such as; any personal, financial or professional in the result of the consumer dispute, the circumstances giving rise to their independence or impartiality and any other necessary information for the protection of consumer rights.

Product liability

Under Section 83 of the Act, a product liability action may be brought by a complainant against a product manufacturer, product service provider or product seller.

Liability of product manufacturer

A product manufacturer will be held liable in a product liability action under the following circumstances:

- The product contains manufacturing defects.
- The product is defective.
- There is a deviation from manufacturing specifications.
- The product does not conform to the express warranty.
- The product fails to contain adequate information for proper usage.

Liability of product service provider

A product service provider will be held liable in a product liability action under the following circumstances:

- The service provider will be responsible when the service provided by them is faulty or imperfect.
- There was an act of negligence on their part.
- The service provider failed to issue adequate instructions and warnings for the services.
- The service provider failed to conform to the express warranty or terms and conditions of the contract.

Liability of product seller

A product seller will be held liable in a product liability action under the following circumstances:

- They altered or modified the product which resulted in being detrimental to the consumer.
- They failed to exercise reasonable care in assembling, inspecting or maintaining such product

- They exercised substantial control over the product which resulted in causing harm to the consumer.

Exceptions to product liability

There are certain exceptions to product liability action mentioned in Section 87 of the Act, such as;

- The product was altered, modified or misused by the consumer,
- A consumer cannot bring product liability action when the manufacturer has given adequate warnings and instructions for the use of the product,
- The manufacturer would not be liable in case of a product liability action for not warning about any danger that is commonly known to the general public.

Offences and penalties under Consumer Protection Act, 2019

The offences and penalties listed under this Act are mentioned as follows.

1. **Punishment for false and misleading advertisements:** Under Section 89 of the Act any manufacturer or service provider who promotes false or misleading advertisements will be punished with imprisonment for a term that may extend to two years and with fine that may extend to ten lakh rupees.
2. **Punishment for manufacturing, selling, distributing products containing adulterants:** Under Section 90 of the Consumer Protection Act, 2019 any person who sells, manufactures, distributes products containing adulterants shall be penalised in case of the following circumstances;

- If the adulterated product does not cause any injury to the consumer then the term for imprisonment will extend to a period of six months and fine which may extend to one lakh rupees,
- If the product containing adulterant causes injury not amounting to grievous hurt then the term for imprisonment will extend to a period of one year and fine which may extend to three lakh rupees,
- If the product containing adulterant causes injury amounting to grievous hurt then the term for imprisonment will extend to a period of seven years and fine which may extend to five lakh rupees,
- If the product results in causing death to the consumer then the term for imprisonment will be for a period of seven years which may extend to life imprisonment and fine not less than ten lakh rupees.

3. **Punishment for manufacturing, selling, and distributing spurious products:** Section 91 states that any person who sells, manufactures, or distributes spurious products shall be punished for such acts.

How do consumers benefit from Consumer Protection Act, 2019

The Consumer Protection Act, 2019 is a significant piece of legislation brought as it is beneficial for the consumers. The Act widens the scope of protection regarding the rights and interests of consumers.

1. **Unfair contracts:** The Act introduced ‘unfair contract’ under section 2(46) of the Act, which includes contracts requiring excessive security deposits to be given by the consumer for the performance of contractual obligations. However, the inclusion of unfair contracts in the Act would enable the consumer to file complaints in such cases and would also keep the fraudulent businesses in check.
2. **Territorial jurisdiction:** The Act enables the consumers to file complaints where the complainant resides or personally works for gain thus it would benefit the consumers in seeking redressal for their grievances when their rights have been violated.
3. **False and misleading advertisements:** The Act defines the term ‘false and misleading advertisements’ and also lays down strict penalties for such acts or omissions.
4. **Product liability:** The term ‘product liability’ has been defined by this Act, which states that it is the duty of the product manufacturer, service provider or seller to compensate for any harm caused to a consumer by such defective product manufactured or service provided to the consumer.
5. **Mediation and alternative dispute resolution:** The Act enables the consumer to opt for mediation and alternative dispute resolution mechanisms for speedy and effective settlement of consumer disputes.
6. **E-filing of complaints:** The Act also facilitates e-filling of the complaints and seeking video conference hearings by the Commission. Thus, providing convenient means for the consumers to voice their grievances.

The basic aim of the Consumer Protection Act 2019 is to protect and promote the interest of consumers through inexpensive and quick redressal of their grievances. The Act is applicable in India and to all business types, whether they are traders or manufacturers or whether they are supplying goods or providing services (also including e-commerce firms).

Act. applies to both online and offline transactions through electronic means of teleshopping or direct selling, or multilevel marketing.

Proposed benefits of the New Act

- Definition of the consumer to include e-commerce
- Enhancement of pecuniary jurisdiction
- A complaint can be filed where the consumer is located and not the opposite party
- Penalties enhanced
- Alternate Dispute Resolution (Mediation)
- E-filing of complaints (Rules to be framed)

Consumer Protection Act, 2019 was passed on 9th August, 2019. It is a repealing statute, thereby repealing more than three decade old law of Consumer Protection Act, 1986.

Objectives of the New Act

- Establishment of the Central Consumer Protection Authority (CCPA)
- Product Liability Option
- Establishment of the Mediation Centre
- Introduce Filling by Video Conferencing
- The imposition of higher penalties.
- E-commerce included within the ambit of Consumer Protection.

Basis	**Consumer Protection Act.1986**	**Consumer Protection Act.2019**
MRP/Purchase Price	Under this Act, MRP was a criterion for deciding the jurisdiction.	Under this Act, the discounted price or actual purchase price is used to decide jurisdiction.
E-Commerce	Under this Act, there was no mention of E-Commerce.	Under this Act, every provision applicable to the direct seller is also applicable to the E-Commerce seller.
Mediation	No such provision was there under this Act.	Under this Act, the court can refer to a settlement through mediation.
Unfair Terms and Conditions	No such provision was there under this Act.	Under this Act, the State Commission and the National Commission have the power to

		declare a contract null and void if it is unfair.
Authority	Under this Act, there were three authorities; viz., District Forum, State Commission, and National Commission.	Under this Act, there are three authorities; viz., District Commission, State Commission, and National Consumer Dispute Redressal Commission.
Composition of State Commission	Under Consumer Protection Act 1986, the State Commission was composed of one president and two other members.	Under Consumer Protection Act 2019, the State Commission is composed of one president and four other members.

Comparative Analysis: Consumer protection act, 1986 (Old act) v. Consumer protection act, 2019 (New act)

KEY POINTS	**OLD ACT**	**NEW ACT**
PECUNIARY JURISDICTION	District forum (up to 20 lacs) State commission (from 20 lacs to 1 crore)National commission (from 1 crore and above)	District forum (up to 1 crore)State commission (from 1 crore to 10 crore)National commission (from 10 crore and above)
MRP/PURCHASE PRICE	Earlier MRP was a criteria to decide pecuniary jurisdiction	Now discounted price/ actual purchase price is criteria
TERRITORIAL JURISDICTION	Where seller has office	Where complainant resides or works
REGULATOR	No such provision	Central Consumer protection authority to be formed

MEDIATION	No such provision	Court can refer for settlement through mediation (Section 80)
APPEAL	Earlier 30 days period for appeal against the order of District forum (Section 15)Earlier 50% or 25,000 whichever is less is to be deposited	Now it is 45 days (Section 41)Now 50% of award amount
E-COMMERCE	Earlier no specific mention	Now all provision applicable to direct seller has been extended to e-commerce
REVIEW	Earlier DCF did not have the power to review	Now DCF has power to review
UNFAIR TERMS AND CONDITIONS	No such provision	Section 49(2) and 59(2) of the new act gives power to the State Commission and NCDRC respectively to declare any terms of contract, which is unfair to any consumer, to be null and void
AUTHORITY	District consumer forum State consumer forum National Consumer Dispute Redressal Commission	District commission State commission National Consumer Dispute Redressal Commission
COMPOSITION OF STATE COMMISSION	President and 2 other members	President and 4 other members

Unit-V: Cyber Law:

Overview and Need for Cyber Law:

Cyber law, also known as cybercrime law, is a branch of law that deals with the legal issues related to the use of the internet, computers, and other digital technologies. With the rapid growth of the internet and the increasing reliance on technology in our daily lives, cyber law has become a crucial area of law in the 21st century.

The need for cyber law arises due to the following reasons:

Cybercrime: The internet has created new opportunities for criminal activities such as hacking, identity theft, cyberbullying, and cyberstalking. Cyber law helps to prevent and prosecute these types of crimes.

Data Protection: With the increase in online transactions, there is a need to protect personal data and privacy. Cyber law provides legal protection for personal data and regulates how businesses collect, use, and share data.

Intellectual Property: The internet has made it easier to infringe on intellectual property rights such as copyright, trademark, and patents. Cyber law provides legal protection for intellectual property and regulates online content.

E-commerce: The internet has transformed the way businesses operate, with e-commerce becoming increasingly popular. Cyber law regulates online transactions and protects consumers from fraud and unfair business practices.

National Security: Cyberattacks on critical infrastructure, government systems, and military networks are a growing concern. Cyber law provides legal frameworks to address national security issues related to cyber threats.

Contract Procedures:

Contract procedures refer to the steps and processes involved in creating, negotiating, executing, and managing contracts. These procedures are essential to ensure that contracts are legally binding, clear, and enforceable.

Here are the general steps involved in contract procedures:

Planning: This involves determining the purpose, scope, and requirements of the contract.

Negotiation: This involves discussions between the parties to reach agreement on the terms of the contract. Negotiations may involve multiple rounds and revisions to reach a final agreement.

Drafting: The terms agreed upon during negotiations are put into writing in a contract. The contract should be clear, concise, and free of ambiguity.

Review: The contract should be reviewed by both parties to ensure that it accurately reflects their agreement and that there are no errors or omissions.

Approval: Once both parties have reviewed and approved the contract, it is signed and becomes legally binding.

Implementation: The parties to the contract must carry out their obligations under the contract as agreed upon.

Monitoring and Evaluation: The contract should be monitored and evaluated to ensure that both parties are fulfilling their obligations and that any issues or disputes are addressed promptly.

Renewal or Termination: At the end of the contract term, the parties may choose to renew the contract or terminate it. Termination may be due to completion of the project, breach of contract, or other reasons.

It is important to follow these contract procedures to ensure that contracts are legally binding and enforceable. Failure to follow proper procedures can result in disputes, legal challenges, and financial losses.

Digital Signature:

A digital signature is a cryptographic technique used to verify the authenticity and integrity of a digital document or message. It is a mathematical scheme for demonstrating the authenticity of a digital message or document.

In the context of digital signatures, the signer uses a private key to generate a unique digital signature for a document or message, and the recipient uses the signer's public key to verify the signature. The digital signature includes information about the document or message that has been signed and a unique digital code that can be used to verify the authenticity and integrity of the signed document.

Digital signatures are used to ensure the authenticity and integrity of important documents and messages, such as contracts, financial transactions, and legal agreements. They provide a way to prove that a document or message was created by a specific person or organization and that it has not been altered or tampered with since it was signed. Digital signatures are widely used in e-commerce, online banking, and other digital transactions where security and trust are essential.

Safety Mechanisms:

A digital signature is a mathematical scheme used to verify the authenticity and integrity of digital documents or messages. It ensures that the message or document has not been tampered with or altered during transmission and that it has been sent by the intended sender.

There are several safety mechanisms associated with digital signatures:

Authentication: Digital signatures provide authentication of the sender's identity. It ensures that the sender is who they claim to be and that the message has not been sent by an imposter.

Integrity: Digital signatures ensure the integrity of the message. It ensures that the message has not been tampered with or altered during transmission.

Non-repudiation: Digital signatures provide non-repudiation, meaning that the sender cannot deny having sent the message. This is because the digital signature is uniquely tied to the sender and cannot be forged.

Key Management: Digital signatures rely on public-key cryptography, which requires the use of a public key and a private key. The private key should be kept secure by the sender, while the public key can be shared with others. Key management ensures that the private key is kept safe and that the public key is distributed to the appropriate parties.

Hashing: Digital signatures use hashing algorithms to generate a unique message digest or hash value for the document or message being signed. This hash value is then encrypted using the sender's private key, and the resulting digital signature is attached to the message. The recipient can then verify the digital signature by decrypting it using the sender's public key and comparing the resulting hash value with a newly calculated hash value of the received message.

TEACHING SYNOPSIS

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	CORPORATE ACCOUNTING
Name of the Topic	Accounting for Share Capital
Hours Required	10 Hours
Learning Objectives	• To Understand types of share capital • Issue of Shares • Forfeiture of shares • Re-issue of Forfeited shares
Previous Knowledge to be reminded	Knowledge of Ist year B.Com., Financing for Business firms.
Topic Synopsis	
Examples / Illustrations	Text Book Examples and Illustration
Additional inputs	Recent IPOs
Teaching Aids used	Block Board, PPTs Presentation, ICT Class for major companies Financial Statements
References cited	
Student Activity Planned after the teaching	Student Seminar, Debate, Group Discussion
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Accounting for Share capital:

Share capital means the capital of a company divided into "shares". These shares are of a fixed amount and are generally in multiples of 5 or 10. So share capital is basically the contributions made by all the shareholders of a firm. Since a capital account cannot be opened for every single shareholder, we club this amount in the share capital account.

Types of Shares:

Equity Shares : According to Section 43 of The Companies Act, 2013, an equity share is a share which is not a preference share. In other words, shares which do not enjoy any preferential right in the payment of dividend or repayment of capital, are termed as equity/ordinary shares. The equity shareholders are entitled to share the distributable profits of the company after satisfying the dividend rights of the preference share holders. The dividend on equity shares is not fixed and it may vary from year to year depending upon the amount of profits available for distribution. The equity share capital may be (i) with voting rights; or (ii) with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed in the Articles of Association of the company.

Preference Shares: According to Section 43 of The Companies Act, 2013, a preference share is one, which fulfils the following conditions : (a) That it carries a preferential right to dividend to be paid either as a fixed amount payable to preference shareholders or an amount calculated by a fixed rate of the nominal value of each share before any dividend is paid to the equity shareholders. (b) That with respect to capital it carries or will carry, on the winding up of the company, the preferential right to the repayment of capital before anything is paid to equity shareholders. However, notwithstanding the above two conditions, a holder of the preference share may have a right to participate fully or to a limited extent in the surpluses of the company as specified in the Memorandum or Articles of the company. Thus, the preference shares can be participating and nonparticipating. Similarly, these shares can be cumulative or non-cumulative, and redeemable or irredeemable.

Types of Preference Shares:

Convertible Preference Shares

Convertible preference shares are those shares that can be easily converted into equity shares.

Non-Convertible Preference Shares

Non-Convertible preference shares are those shares that cannot be converted into equity shares.

Redeemable Preference Shares

Redeemable preference shares are those shares that can be repurchased or redeemed by the issuing company at a fixed rate and date. These types of shares help the company by providing a cushion during times of inflation.

Non-Redeemable Preference Shares

Non-redeemable preference shares are those shares that cannot be redeemed or repurchased by the issuing company at a fixed date. Non-redeemable preference shares help companies by acting as a lifesaver during times of inflation.

Participating Preference Shares

Participating preference shares help shareholders demand a part in the company's surplus profit at the time of the company's liquidation after the dividends have been paid to other shareholders. However, these shareholders receive fixed dividends and get part of the surplus profit of the company along with equity shareholders.

Non-Participating Preference Shares

These shares do not benefit the shareholders the additional option of earning dividends from the surplus profits earned by the company, but they receive fixed dividends offered by the company.

Cumulative Preference Shares

Cumulative preference shares are those type of shares that gives shareholders the right to enjoy cumulative dividend pay out by the company even if they are not making any profit. These dividends will be counted as arrears in years when the company is not earning profit and will be paid on a cumulative basis the next year when the business generates profits.

Non - Cumulative Preference Shares

Non - Cumulative Preference Shares do not collect dividends in the form of arrears. In the case of these types of shares, the dividend pay out takes place from the profits made by the company in t So if a company does not make any profit in a single year, then the shareholders will not receive any dividends for that year. Also, they cannot claim dividends in any future profit or year.

Kinds of Share Capital:

1] Authorized Share Capital

Also known as Nominal or Registered Share Capital. It is the sum of money stated in the Memorandum of Association as the share capital of the company. It is the maximum amount of capital the company can raise by issuing shares.

2] Issued Capital

This is the portion of the nominal capital which the company has issued for a subscription. This amount of capital is either less than or equal to the nominal capital, it can never be more.

3] Subscribed Capital

This is the part of the issued capital that has been subscribed by the shareholders. It's not necessary that the whole of the issued capital will receive subscriptions, but at least 90% of issued capital should be subscribed generally.

4] Called-up Capital

The company may not always call up the full amount of the nominal value of shares. The amount of the subscribed capital called up from the shareholders is the called up capital, which is less or equal to the subscribed capital.

5] Paid-up Capital

This is the amount paid for the shares subscribed. If the shareholder does not pay on call, it will fall under "calls of arrears". When all shareholders pay their full amounts paid up capital and subscribed capital will be equal.

6] Reserve Capital

A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called 'Reserve Capital' of the company. It is available only for the creditors on winding up of the company.

Issue of Shares:

A salient characteristic of the capital of a company is that the amount on its shares can be gradually collected in easy instalments spread over a period of time depending upon its growing financial requirement. The first instalment is collected along with application and is thus, known as application money, the second on allotment (termed as allotment money), and the remaining instalments are termed as first call, second call and so on. The word final is suffixed to the last instalment. However, this in no way which prevents a company from calling the full amount on shares right at the time of application.

Shares are to be issued at par:

Shares are to be issued at par when their issue price is exactly equal to their nominal value according to the terms and conditions of issue it is called issue of shares at par when a share of the nominal value of Rs. 100 is issued at Rs. 100, it is said to have been issued at a par.

Issue of Shares at a Premium:

It is quite common for the shares of financially strong and well-managed companies to be issued at a premium, i.e. at an amount more than the nominal or par value of shares. Thus, when a share of the nominal value of Rs. 100 is issued at Rs. 105, it is said to have been issued at a premium of 5 per cent. When the issue of shares is at a premium, the amount of premium may technically be called at any stage of the issue of shares. However, premium is generally called with the amount due on allotment, sometimes with the application money and rarely with the call money. The premium amount is credited to a separate account called 'Securities Premium Account' and is shown under the title 'Equity and Liabilities' of the company's balance sheet under the head 'Reserves and Surpluses'.

It can be used only for the following five purposes:

(1) to issue fully paid bonus shares to the extent not exceeding unissued share capital of the company;
(2) to write-off preliminary expenses of the company;

(3) to write-off the expenses of, or commission paid, or discount allowed on any securities of the company; and

(4) to pay premium on the redemption of preference shares or debentures of the company.

(5) Purchase of its own shares (i.e., buy back of shares).

Issue of Shares at a Discount :

There are instances when the shares of a company are issued at a discount, i.e. at an amount less than the nominal or par value of shares, the difference between the nominal value and issue price representing discount on the issue of shares. For example, when a share of the nominal value of Rs. 100 is issued at Rs. 98, it is said to have been issued at a discount of two per cent. As a general rule, a company cannot ordinarily issue shares at a discount. It can do so only in cases such as 'reissue of forfeited shares' (to be discussed later) and issue of sweat equity shares.

Over Subscription: There are instances when applications for more shares of a company are received than the number offered to the public for subscription. This usually happens in respect of shares issue of well-managed and financially strong companies and is said to be a case of 'Over Subscription'. In such a condition, three alternatives are available to the directors to deal with the situation: (1) they can accept some applications in full and totally reject the others; (2) they can make a pro-rata allotment to all; and (3) they can adopt a combination of the above two alternatives which happens to be the most common course adopted in practice. The problem of over subscription is resolved with the allotment of shares.

Therefore, from the accounting point of view, it is better to place the situation of over subscription within the total frame of application and allotment, i.e. receipt of application amount, amount due on allotment and its receipt from the shareholders, and the same has been observed in the pattern of entries. First Alternative : When the directors decide to fully accept some applications and totally reject the others, the application money received on rejected applications is fully refunded. For example, a company invited applications for 20,000 shares and received the applications for 25,000 shares. The directors rejected the applications for 5,000 shares which are in excess of the required number and refunded their application money in full.

Calls in Arrears: It may happen that shareholders do not pay the call amount on due date. When any shareholder fails to pay the amount due on allotment or on any of the calls, such amount is known as 'Calls in Arrears'/'Unpaid Calls'. Calls in Arrears represent the debit balance of all the calls account. Such amount shall appear as 'Note to Accounts.

Calls in Advance:

Sometimes shareholders pay a part or the whole of the amount of the calls not yet made. The amount so received from the shareholders is known as "Calls in Advance". The amount received in advance is a liability of the company and should be credited to 'Call in Advance Account." The amount received will be adjusted towards the payment of calls as and when they becomes due. Table F of the Companies Act provides for the payment of interest on calls in advance at a rate not exceeding 12% per annum.

Forfeiture of Shares:

It may happen that some shareholders fail to pay one or more instalments, viz. allotment money and/or call money. In such circumstances, the company can forfeit their shares, i.e. cancel their allotment and treat the amount already received thereon as forfeited to the company within the framework of the provisions in its articles. These provisions are usually based on Table F which authorize the directors to forfeit the shares for non-payment of calls made. For this purpose, they have to strictly follow the procedure laid down in this regard. Following is the accounting treatment of shares issued at par, premium or at a discount. When shares are forfeited all entries relating to the shares forfeited except those relating to premium, already recorded in the accounting records must be reversed. Accordingly, share capital account is debited with the amount called-up in respect of shares are forfeited and crediting the respective unpaid calls accounts's or calls in arrears account with the amount already received.

Reissue of Forfeited Shares :

The directors can either cancel or re-issue the forfeited shares. In most cases, they reissue such shares which may be at par, at premium or at a discount. Forfeited shares may be reissued as fully paid at a par, premium, discount. In this context, it may be noted that the amount of discount allowed cannot exceed the amount that had been received on forfeited shares at the time of initial issue, and that the discount allowed on reissue of forfeited shares should be debited to the 'Forfeited Share Account'. The balance, if any, left in the Share-Forfeited Account relating to reissued Shares, should be treated as capital profit and transferred to Capital Reserve Account.

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	MALYALA JAGADEESH
Course/Group	II B.Com
Paper	Corporate Accounting
Name of the Topic	Company Final Accounts
Hours Required	8
Learning Objectives	➢ Capacity of parties to enter into contract. ➢ Effects of minor's agreement. ➢ Person disqualified to enter into contract. ➢ Consideration and its rules. ➢ Valid contracts without consideration.
Previous Knowledge to be reminded	
Topic Synopsis	
Examples / Illustrations	Text Book Examples
Additional inputs	
Teaching Aids used	Green Board
References cited	Pc Tulsian
Student Activity Planned after the teaching	Student Seminar
Activity planned outside the Class room ,if any	Class Room Assignment
Any other activity	

- Final accounts of a company consist of balance sheet as at the end of the accounting period, and profit and loss account for that period.
- Section 129 of the Companies Act, 2013 prescribes the form and contents of balance sheet, and profit and loss account of a company.
- Balance sheet of a company shall be prepared according to Schedule III of the Companies Act, 2013.
- The Schedule III sets out minimum requirements for disclosure on the face of the Balance Sheet, and the Statement of Profit and Loss (hereinafter referred to as "Financial Statements") and Notes.
- Statement of Profit & Loss of a company shall be prepared according to Part II of Schedule III of the Companies Act, 2013.
- Section 129(1) of the Companies Act 2013, states that the financial statements shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 and shall be in the form provided for different class or classes of companies in Schedule III.

- Share represents a singular unit into which the total share capital of a company is divided.
- Share capital includes majorly the following two types of shares under the Companies Act, 2013:

a. preference shares and
b. equity shares.

- An equity share is the one which is not a preference share. Equity shares are also known for their riskbearing. Preference shares are the shares that hold preferential rights as to the payment of dividend at a fixed rate; and the return of capital on winding up of the company.
- Shares may be issued for cash or for a consideration other than cash. When a company allots fully paid shares to promoters or to creditors or to any other party for the services rendered by them, it is known as issue of shares for consideration other than cash.
- Shares of a company may be issued at : a. Par – When shares are issued on a price equivalent to its face value. b. Premium – When shares are issued at a price higher than the face value. c. Discount – When shares are issued at a price lower than the face value.

- Restrictions on the usage of the Securities premium money received has been laid under section 52 (2) of Companies Act 2013
- When the number of shares applied for exceeds the number of shares issued, the shares are said to be oversubscribed. In such a case, some applications may be rejected; some applications are accepted in full; and allotment is made to the remaining applicants on pro-rata basis.
- Forfeiture of shares is considered as the compulsory termination of membership by way of penalty for non-payment of allotment and/or any call money.
- The forfeited shares may be reissued at: a. Par b. Premium c. Discount
- In case of reissue of forfeited shares at a premium, the entire amount standing to the credit of Shares Forfeited Account would be treated as net gain and transferred to Capital Reserve Account.
- In case the forfeited shares are reissued at a discount, the amount of discount can, in no case, exceed the amount credited to Shares Forfeited Account.
- As per Section 68, 69, 70 of the Companies Act, 2013, a company may purchase its own shares or other specified securities out of its free reserves and this is known as buy-back.
- A company is under a legal obligation to first offer the subsequent issue of shares to its existing equity shareholders. This right is called rights issue.
- Company may issue fully paid up bonus shares to its members, in any manner out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account.
- Sweat equity shares refers to equity shares given to the company's employees/ directors on favourable terms in recognition of their work at a discount or consideration other than cash.
- Underwriting is known as a guarantee given by the underwriters to the company that the shares or debentures offered to the public will be subscribed for in full. An underwriting agreement may be: a. Complete Underwriting b. Partial Underwriting. Firm Underwriting.

- When a company has substantial cash resources, it may like to buy its own shares from the market particularly when the prevailing rate of its shares in the market is much lower than the book value or what the company perceives to be its true value.

- As per Section 68, 69, 70 of the Companies Act, 2013 states that a company may purchase its own shares or other specified securities out of its free reserves, and the proceeds of any other shares or other specified securities.
- Buy-back is permissible: (a) from the existing security holders on a proportionate basis through the tender offer; or (b) from the open market.
- Regulation 10(1) of the Securities and Exchange Board of India provides that a company shall, as and by way of security for performance of its obligations on or before the opening of the offer of re- purchase, deposit in an escrow account such sum as is specified in 10(2).
- A company, other than a listed company, which is not required to comply with Securities and Exchange Board of India Employee Stock Option Scheme Guidelines shall not offer shares to its employees under a scheme of employees' stock option (hereinafter referred to as "Employees Stock Option Scheme")
- ESOP means a scheme under which the company grants option (a right but not an obligation) to an employee to apply for shares of the company at a predetermined price. This right is exercisable by the employee, during the specified period.
- Section 2(37) of the Companies Act, 2013 states that the "employee stock option" means the option given to the whole time director, officers or employees of a company which gives such directors, officers of employees the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a predetermined price
- According to Section 43 of the Companies Act, 2013, Equity share capital may be Equity Share Capital
- with the voting right or Equity Share Capital with differential right as to dividend, voting or otherwise.
- Rule 4 of the Companies (Share Capital and Debentures) Rules 2014 deals with equity shares with differential rights.
- The company shall not convert its existing equity share capital with voting rights into equity share
- capital carrying differential voting rights and vice versa.
- The holders of the equity shares with differential rights shall enjoy all other rights, such as bonus shares, rights shares etc., which the holders of equity shares are entitled to, subject to the differential rights with which such shares have been issued

- Where a company issues equity shares with differential rights, the Register of Members maintained under section 88 shall contain all the relevant particulars of the shares so issued along with details of the shareholders.
- Underwriting is an undertaking or guarantee given by the underwriters to the company that the shares or debentures offered to the public will be subscribed for in full.
- An underwriting agreement may be: Complete Underwriting, Partial Underwriting and Firm Underwriting.
- Applications bearing the stamp of the respective underwriters are called marked applications and the applications received directly by the company which do not bear any stamp of the underwriters are known as unmarked applications.
- Debentures may be issued at par, or at a premium, or at a discount.
- Debentures may be issued by a company for cash, for consideration other than cash, and as collateral security.
- The issue of debentures to vendors is known as issue of debentures for consideration other than cash.
- The term 'Collateral Security' implies additional security given for a loan. When a company takes a loan from bank or insurance company, it may issue its own debentures to the lender as collateral security against the loan in addition to any other security that may be offered such an issue of debentures is known as "Debentures Issued as Collateral Security.
- A company may issue debentures on any specific condition as to its redemption, such as: issued at par and redeemable at par, issued at a discount redeemable at par, issued at a premium redeemable at par, issued at par redeemable at a premium, issued at discount, but redeemable at premium.
- When a company issues debentures it undertakes to pay interest thereon at a fixed percentage. The payment of interest on the debt is obligatory on the part of the company issuing them irrespective of the fact whether the company earns profit or not and the interest payable on debentures is a charge against the profits of the company.
- Discount on issue of debentures is a capital loss to the company and it is required to be shown on the assets side of the Balance Sheet under the heading "Other Current or Non-Current Asset" until it is written off.
- When a company issues debentures at par or at a discount which are redeemable at a premium, the premium payable on redemption of the debentures is treated as capital loss.

- Redemption of debentures refers to the discharge of the liability in respect of the debentures issued by a company. Debentures can be redeemed at any time either at par or at a premium or at a discount.
- Debentures may be redeemed by way of: annual drawings, payment in one lump sum at the expiry of a specified period or at the option of the company at a date within such specified period, purchase of debentures in the open market and conversion into shares.
- Interest on debentures is generally paid half-yearly to the holders on certain specified dates. If the purchase price for the debentures includes interest for the expired period, the quotation is said to be "Cum-interest", on the other hand, the purchase price for the debentures excludes the interest for the expired period, the quotation is said to be "Ex-interest".

- Financial Statements represent a formal record of the financial activities of an entity.

- Financial statements are reports prepared and issued by company management to give investors and creditors additional information about their company's performance and financial standings.

- The four general purpose financial statements include: Income Statement, Balance Sheet, Statement of Stockholders Equity, Statement of Cash flow.

- Financial statements are prepared by transferring the account balances on the adjusted trial balance to a set of financial statement templates.

- Both public and private companies issue at least 4 financial statements to attract new investors and raise funding for expansions.

- Financial statements that are issued for time periods smaller than one year are called interim statements.

- The annual financial statement form is prepared once a year and cover a 12-month period of financial performance.

- The listed entity shall submit a compliance certificate to the exchange duly signed by both that is by the compliance officer of the listed entity and the authorized representative of the share transfer agent, wherever applicable, within one month of the end of each half of the financial year.

- Depreciation may be defined as the gradual reduction in the value of an asset due to wear and tear as in the case of physical assets like building, machinery, etc., or by mere passing of time as in the case of lease, patent and copyright.

- If depreciation is not provided, the value of assets shown in Balance Sheet will not present the true and fair value of assets.

- Two methods to calculate depreciation: straight line method and written down value method.

- Provisions is to be made in respect of a liability which is certain to be incurred, but its accurate amount is not known.

- Reserves are the amount set aside out of profits. It is an appropriation of profits and not a charge on the profits.

- The managerial remuneration shall be payable to a person appointed within the meaning of section 196 of the Companies Act, 2013.

- In accordance with Section 135(5) of the Companies Act, 2013, the Board of each company covered under the CSR requirement needs to ensure that the company spends, in every fi year, at least 2% of its average net profi made during the three immediately preceding fi years in pursuance of CSR policy.

- Segment reporting is the reporting of the operating segments of a company in the disclosures accompanying its financial statements.

- Audit queries are questions asked by an auditor during an investigation. These may be used to gather information to come to a conclusion in the audit.

- Interpreting the financial health of a corporation requires an understanding of its financial statements.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	I B.Com I Sem
Paper	**Business Environment**
Name of the Topic	Unit-1 Overview of Business Environment
Hours Required	8 Hours
Learning Objectives	• *Understand the concept of business environment.* • *Define Internal and Externa elements affecting business environment.* • *Explain the economic trends and its effect on Government policies.* • *Critically examine the recent developments in economic and business policies.* • *Evaluate and judge the best business policies in Indian business environment.* • *Develop the new ideas for creating goods business environment.*
Previous Knowledge to be reminded	*No*
Topic Synopsis	• *Introduction to Business Environment* • *Meaning of Business Environment* • *Characteristics of Business Environment* • Scope of Business Environment • *Types of Business Environment* • Environment Analysis
Examples / Illustrations	*YouTube video*
Additional inputs	*Other business environment analysis*
Teaching Aids used	*PPT*
References cited	*Kalyani Himalaya publishing*
Student Activity Planned after the teaching	*Student Assignment*
Activity planned outside the Class room ,if	*Student Assignment*
Any other activity	Student Seminar

Unit – I

Introduction:

A business units' decisions and performance are influenced by a wide variety of factors, which are called Business Environment.

Business Environment refers to all the external forces which have a bearing on the functioning of business. The literary meaning of Business Environment means the surroundings, external objects influence etc., Business Environment is the aggregate of all conditions, events and influences that surrounds and affects a business unit. Business Environment poses certain threats to a business unit. Business Environment gives immense opportunities for market exploitation.

Definition:

According to **William F. Glucck and Lawrance R. Jauch**, " The Business Environment includes factors outside the firm, which can lead to opportunities for or threats to the firms.Although there are many factors, the most important of the factors are socio-economic,technological, suppliers, competitors, and government.

Meaning of business Environment:

The term business environment is composed of two words Business and Environment. In simple terms, the state in which a person remains busy is known as business. On the other hand, the word Environment refers to the aspects of Surroundings.

Business environment refers to all the external and internal factors that affect the operations, decision-making processes, and overall success of a business. The external factors include economic, social, political, technological, legal, and environmental conditions, while the internal factors include the company's culture, management structure, and resources.

Characteristics of business environment:

- Environment is inseparable part of business
- Environment is dynamic
- Business lacks control over environment
- Internal and external factors
- Environment is complex
- Environment is multifaceted
- Opportunities and obstacles
- Regulates the scope of business

Scope:

- Complex
- Dynamic
- Interdependence
- Uncertain
- Relativity
- System Approach
- Social Responsibility Approach

Types of Business of Environment:

The business environment refers to all the external and internal factors that affect a company's operations and performance. There are several types of business environment.

- Internal Environment
- External Environment

Internal Environment:

The internal environment of a business refers to the factors and conditions that exist within the organization, including its resources, structure, culture, and management practices.

These internal factors can include:

- Value system:
- Vision-mission-objectives:
- Management structure and nature:
- Internal power relationship:
- Human resources

External Environment:

The external environment refers to all the factors and conditions outside an organization that can potentially affect its operations, performance, and overall success.

- Micro Environment
- Macro Environment

Micro Environment:

The micro environment refers to the immediate environment that directly affects an organization or a business. It includes factors that are within the control of the organization and can be influenced or manipulated to some extent.

The following are the factors in micro environment.

- Suppliers:
- Customers:
- Competitors:
- Marketing intermediaries:
- Financiers:
- Publics:

➢ **Macro Environment:**

The macro environment refers to the external factors that affect an organization or industry, but which the organization has no control over.

Factors:

- Sociological and cultural environment:
- Technological environment:
- Economic environment:
- Politica environment l:
- Global environment:
- Demographic environment:
- Natural environment

Need of Business Environment:

- Effective Management:
- Innovation:
- Long-term planning:
- Effective Decision:
- Success and progress of business:
- Survival of Firm:
- Coordination with environment:
- Getting resources:

Objectives of Business Environment:

- Identify business opportunities:
- Improving performance:
- Basis of decisions:
- Survive in the business:
- Making of policies:
- Assistance in planning:

Importance of Business Environment:

- Successful conduct of business:
- Opening of new avenues:
- Dynamism in approach:
- Chances for growth:
- Control over environment:
- Understanding future problems and prospects:
- Making business socially acceptable

Environmental Analysis:

Business environment refers to all the external and internal factors that affect the operations, decision-making processes, and overall success of a business. The external factors include economic, social, political, technological, legal, and environmental conditions, while the internal factors include the company's culture, management structure, and resources.

Need / Importance of environment Analysis:

- Effective Utilization of Resources:
- Constant monitoring of the environment:
- Strategy formulation:
- Identification of threats and opportunities;
- Useful for the managers:

Factors of Environment Analysis:

- Events:
- Trends:
- Issues:
- Expectations of people:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	I B.Com
Paper	**Business Environment**
Name of the Topic	Unit-2 Economic Environment
Hours Required	8 Hours
Learning Objectives	• *Understand the concept of business environment.* • *Define Internal and Externa elements affecting business environment.* • *Explain the economic trends and its effect on Government policies.* • *Critically examine the recent developments in economic and business policies.* • *Evaluate and judge the best business policies in Indian business environment.* • *Develop the new ideas for creating goods business environment.*
Previous Knowledge to be reminded	*Already learnt about Economic Environment*
Topic Synopsis	• *Economic Environment* • *Nature of the Economy* • *Structure of Economy* • *Economic Policies &Planning the Economic Condition* • *NITI Ayog* • *NDC* • *Five Year Plan*
Examples / Illustrations	*Economic Analysis*
Additional inputs	*Old GDP new GDP different*
Teaching Aids used	*Block Board, PPTs*
References cited	*Kalyani Himalaya publishing*
Student Activity Planned after the teaching	*Student Assignment*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	Students Seminar

O

Economic Environment:

The economic environment refers to the overall economic conditions in which businesses operate, including the level of economic activity, growth, inflation, unemployment, and other factors that affect the demand and supply of goods and services. The economic environment can be influenced by a variety of factors, such as government policies, international trade, financial markets, and technological advancements.

Economic environment

- Employment/unemployment.
- Income.
- Inflation.
- Interest rates.
- Tax rates.
- Currency exchange rate.
- Saving rates.
- Consumer confidence levels.

Elements of Economic Environment:

- Economic conditions:
- Economics system:
- Economics policies:
- International Economics Environment:
- Economic legislation;

Meaning of economy:

The economy refers to the system of production, distribution, and consumption of goods and services within a society or country. It encompasses all the activities and transactions involved in the production, trade, and consumption of goods and services, including factors such as resources, markets, industries, and governments.

Structure of Economy:

- Primary Sector:
- Secondary Sector:
- Tertiary Sector:

Economic Planning:

The economy refers to the system of production, distribution, and consumption of goods and services within a society or country. It encompasses all the activities and transactions involved in the production, trade, and consumption of goods and services, including factors such as resources, markets, industries, and governments.

- Promoting economic growth:
- Ensuring stability:
- Allocating resources:
- Reducing inequality:
- Promoting sustainability:

History of Economic Planning:

The history of economic planning can be traced back to the early 20th century, when the Soviet Union introduced a centrally planned economy based on state ownership of the means of production. This model was later adopted by other socialist countries, including China and Cuba.In Indian the first systematic attempt at economic planning was made in 1934, when M.Visvesvarya published book Planned Economy for Indian. In the 1950s and 1960s, economic planning became a key component of development strategies in many newly independent countries.

Features of Planning:

- Goal-orientation:
- Flexibility:
- Resource allocation:
- Risk management:
- Collaboration:
- Measurable outcomes:

Need of Planning:

- Goal achievement:
- Resource allocation:
- Risk management:
- Control:
- Coordination:

Types of Planning:

- Perspective Plans
- Five Year Plans
- Annual Plans
- Rolling Plans

Five-year plan:

- First Plan(1956-1956)
- Second Plan(1956-1961)
- Third Plan(1961-1966)
- Fourth Plan(1969-1974)
- Fifth Plan(1974-1978)
- Sixth Plan(1980-1985)
- Seven Plan(1985-1990)
- Eight Plan(1992-1997)
- Nineth Plan(1997-2002)
- Tenth Plan(2002-2007)
- Eleventh Plan(2007-2012)
- Twelfth Plan(2012-2017)

NITI AAYOG:

- To foster cooperative federalism by involving states in the policy-making process.
- To provide strategic and technical advice to the central and state governments on policy issues.
- To facilitate the implementation of policies and programs at the national and state levels.
- To promote innovation and entrepreneurship in various sectors of the economy.
- To monitor and evaluate the implementation of policies and programs.
- To provide a platform for knowledge-sharing and capacity-building among stakeholders.

The primary functions of Niti Aayog include:

1. Formulating strategic and long-term policies and programs for economic and social development of India.
2. Conducting research and analysis on various issues related to sustainable development, poverty reduction, and job creation.
3. Providing guidance and support to the state governments in policy formulation and implementation.
4. Monitoring and evaluating the implementation of various government programs and schemes.
5. Identifying and addressing the emerging challenges and opportunities in various sectors of the economy.

The main functions of an NDC may include:

- Policy Formulation: Resource Allocation: Monitoring and Evaluation:
- Planning and Coordination: International Cooperation:

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	I B.Com
Paper	**Business Environment**
Name of the Topic	Economic Policies -Unit-3
Hours Required	8 Hours
Learning Objectives	• *Understand the concept of business environment.* • *Define Internal and Externa elements affecting business environment.* • *Explain the economic trends and its effect on Government policies.* • *Critically examine the recent developments in economic and business policies.* • *Evaluate and judge the best business policies in Indian business environment.* • *Develop the new ideas for creating goods business environment.*
Previous Knowledge to be reminded	
Topic Synopsis	▪ *New Economic Policy* ▪ *Economic Reforms* ▪ *New Industrial policy* ▪ *Competition Law* ▪ *Fiscal Policy* ▪ *Monetary policy and RBI*
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Kalyani Himalaya publishing*
Student Activity Planned after the teaching	*Student Assignment*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	Student Seminar

Introduction:

Economic Policy refers to the actions that governments take in the economic field. It covers the systems for setting levels of taxation, government budgets, the money supply and interest rates as well as the labor market National ownership and many other areas of government intervention into the economy Most factors of economic policy can be divided into either fiscal policy, which deals with government action regarding taxation and spending or monetary policy which deals with central banking actions regarding the money supply and interest rates.

Meaning of Economic Policy:

The New Economic Policy refers to various policy measures undertaken since July 1991 with a view to increase productivity and efficiency of the economy by creating an atmosphere of competition.

Definition of New Economic policy:

C. Rangarajan was a prominent economist who served as the Governor of the Reserve Bank of India from 1992 to 1997. He played a significant role in the formulation and implementation of India's New Economic Policy, which was launched in 1991.

The New Economic Policy, also known as the LPG (Liberalization, Privatization, and Globalization) policy, aimed to liberalize and modernize the Indian economy and make it more competitive globally

Factors of New Economic Policy:

- New Industrials Policy of 1991
- New Trade Policy (Globalization)
- New Fiscal Policy
- New Monetary Policy

Components of New Economic Policy:

- Liberalisation:
- Privatisation:
- Globalisation:

New Industrial Policy:

The Industrial Policy announced on July 24, 1991. Which precede the economic reforms in Indian has hugely expanded the scope of the private sector by opening most of the industries for the private sector and substantially dismantling the entry and growth restrictions. The extent and pattern of industrialisation in a country is highly influenced by its industrial policy. Before independence, the policy of British rulers was of Laissez-faire policy of non-interference and leaving all things to private enterprises. It was only after India attained independence in 1947 that an effort was made to begin the era of planned industrial development.

Meaning of Industrial Policy:

Industrial Policy is a comprehensive concept which covers all those procedures principles policies rules and regulations that control and shapes the pattern of industrialisation. It consists of fiscal policy monetary policy tariff policy and labour policy. It prescribes the role of the public private joint and co-operative sector for the development of industries.

Objectives of Industrial Policy:

- Achieving industrial development and economic growth
- Achieving a socialistic pattern of society.
- Reducing disparities in regional development.

- Developing heavy and capital good industry.
- Creating a favourable investment climate for the private sector.

Industrial Policy After Independence:

- Industrial Policy Resolution, 1948
- Industrial Policy Resolution, 1956
- Industrial Policy Resolution, 1977
- Industrial Policy Resolution, 1980
- New Industrial policy. 1991

New Industrial policy Features:

- De-Licensing
- Foreign Investment policy
- MRTP Act
- Public Sector policy
- Foreign Technology Agreements

Competition Law or Competition Act, 2002:

The Competition Act, enacted in December 2002, following the recommendation of the high-level committee headed by S.V.S Raghavan on competition policy and law is landmark legislation that aims at promoting competition through prohibition of anti-competition practices abuse of dominance and regulation of combinations beyond a certain size. With the coming into effect of the Competition Act 2002, the Monopolies and Restrictive Trade Practices (MRTP) Act 1969 was replaced and the monopolies and restrictive trade practices commission was dissolved.

Overall Scheme:

- Prohibition of anti-competitive agreements
- Prohibition of abuse of dominant position
- Regulation of combinations

Fiscal Policy:

The word fiscal is derived from the word fiscal which means treasury therefore fiscal policy deals with the matters of treasury or public finance. Fiscal policy is that part of government policy which is concerned with raising revenue through taxation and other means and deciding on the level and pattern of expenditure fiscal policy plus an important role in determining the stability of an economy because it affects the level of income and employment in a country.

Features of Fiscal Policy:

- Desirable price level
- Desirable level of consumption
- Desirable level of employment
- Desirable level of income distribution
- Economic Growth and development
- Equilibrium in the Balance of payments

There are two main types of fiscal policy:

- Expansionary Fiscal Policy:
- Contractionary Fiscal Policy:

Meaning of Monetary policy:

Monetary policy refers to the actions taken by a central bank, such as the Federal Reserve in the United States or the European Central Bank in the European Union, to control the supply and demand of money in an economy. The primary goal of monetary policy is to promote price stability and maintain full employment.

Monetary policy involves setting and adjusting interest rates, managing the money supply, and using various tools to influence financial markets and the broader economy.

There are two main types of monetary policy:

- Expansionary Monetary Policy:
- Contractionary Monetary Policy:

RBI:

RBI stands for Reserve Bank of India, which is the central bank of India. The Reserve Bank of India was established on April 1, 1935, in accordance with the Reserve Bank of India Act, 1934. The bank serves as the regulator of the banking sector in India and is responsible for maintaining financial stability in the country.

The primary functions of the Reserve Bank of India include regulating the money supply and credit in the economy, managing foreign exchange reserves, supervising and regulating the banking sector, and issuing and regulating the country's currency. The bank also acts as the banker to the government and manages the government's debt and securities. The Reserve Bank of India is governed by a central board of directors, headed by the governor of the bank.

Functions of the RBI are:

- Monetary Policy:
- Regulation and Supervision of Banks:
- Issuance and Management of Currency:
- Management of Foreign Exchange Reserves:
- Developmental Functions:
- Banker to the Government:

Features of the RBI are:

- Independent:
- Regulator of Banks:
- Monetary Policy Formulation:
- Management of Foreign Exchange Reserves:
- Developmental Functions:
- Banker to the Government:

Types of RBI:

- Reserve Bank of India:
- Risk-Based Inspection:
- Run Batted In:
- Reportable Business Items:
- Rate-Based Index:
- Risk-Based Capital:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	I B.Com
Paper	**Business Environment**
Name of the Topic	Social, Political and Legal Environment -Unit-4
Hours Required	8 Hours
Learning Objectives	• *Understand the concept of business environment.* • *Define Internal and Externa elements affecting business environment.* • *Explain the economic trends and its effect on Government policies.* • *Critically examine the recent developments in economic and business policies.* • *Evaluate and judge the best business policies in Indian business environment.* • *Develop the new ideas for creating goods business environment.*
Previous Knowledge to be reminded	*NO*
Topic Synopsis	*1.Concept of Social Responsibly* *2.Demonetisation GST* *3.Political Stability* *4.Legal Changes*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Kalyani Himalaya publishing*
Student Activity Planned after the teaching	*Students seminar*
Any other activity	Students Assignment

Introduction to Social Environment:

The social environment refers to the various social and cultural factors that shape an individual's experience and impact their behavior and attitudes. It includes the people, institutions, and organizations with whom they interact, as well as the cultural values, beliefs, and norms that influence their behavior.

Meaning of Social Environment:

The social environment refers to the cultural, economic, and social conditions and circumstances that surround an individual or group of individuals. This includes the people, institutions, and organizations with whom they interact, as well as the cultural values, beliefs, and norms that shape their behavior and attitudes.

Definition of Social Environment:

The social environment refers to the set of cultural, economic, political, and social conditions and factors that shape the lives and interactions of individuals and communities. It includes the people, institutions, and systems that influence how we think, behave, and interact with others. The social environment can have a significant impact on a person's physical and mental health, as well as their opportunities for education, work, and social mobility. Examples of social environmental factors include social norms, values, beliefs, traditions, laws, policies, and economic systems.

Main elements of Social and its effect on Business:

- Family
- Educational Institution
- Religion

Features of Social environment:

- Social norms:
- Social institutions:
- Socioeconomic status:
- Socioeconomic status:
- Cultural diversity:
- Political Systems:

Types of social environment:

- Family Environment:
- Educational Environment:
- Work Environment
- Online Environment:
- Cultural Environment:
- Political Environment:

Concept of Social Responsibility of Business towards Stakeholders:

The concept of social responsibility of business towards stakeholders refers to the idea that businesses have a responsibility to consider the interests and well-being of all those who are impacted by their operations, including employees, customers, suppliers, shareholders, and the broader community.

A socially responsible business may:

- Provide fair wages and working conditions for employees
- Ensure the safety and quality of its products and services
- Respect the rights of its suppliers and partners
- Invest in environmentally sustainable practices
- Give back to the community through philanthropic initiatives or volunteer work

Impact Demonetisation GST:

Demonetization and GST (Goods and Services Tax) are two major economic policies implemented by the Indian government in recent years.

Demonetization was a move to eliminate black money and counterfeit currency from the economy by withdrawing the high denomination currency notes of Rs. 500 and Rs. 1000 from circulation. This move had both positive and negative impacts on the economy. On the positive side, it led to an increase in digital transactions, reduction in corruption, and an increase in tax compliance. On the negative side, it caused a temporary slowdown in economic activity, particularly in the informal sector, which relies heavily on cash transactions.

Demonetization and GST are two significant economic policy changes that were implemented in India in recent years. Both these policies have had a significant impact on the Indian economy.

1. **Demonetization:**

In November 2016, the Government of India announced the demonetization of the Rs. 500 and Rs. 1000 currency notes. The primary objective of this policy was to curb the flow of black money and counterfeit currency in the economy.

Impact:

- Short-term impact: Demonetization resulted in a cash crunch as people rushed to exchange their old currency notes for new ones. This had a significant impact on the informal sector, which primarily operates on cash transactions. Small businesses were particularly hard-hit, as they struggled to make ends meet without access to cash.
- Long-term impact: Demonetization had a positive impact on the formalization of the economy, as it encouraged people to move towards digital payments. It also helped the government identify people who were not paying taxes on their income.

Political Stability:

Political stability refers to the condition of a government or political system in which there is a consistent and predictable environment for political and economic activity. It involves the ability of a government to maintain its authority and legitimacy over a period of time, without facing major internal or external threats.

Features of Political Stability:

Political stability refers to a state or government's ability to maintain a relatively consistent and predictable political environment without significant disruptions, conflicts, or changes in leadership. Some key features of political stability include:

- Consistent Leadership
- Rule of Law:
- Institutional Robustness
- Consensus Building and Political Inclusiveness
- Economic Prosperity
- Social Cohesion:
- International Relations:

Characteristics of Political Stability:

- Consistency and Continuity:
- Legitimacy and Acceptance
- Social Cohesion and Inclusiveness:
- Economic Prosperity:
- Responsive Governance:

Social, and cultural Environment:

Sociological and cultural environment refers to the influence of the sociological factors. Thesefactors are beyond the capacity of the company. People’s attitude towards the role of family, marriage; role of women in the society; cultural aspects in the society; the education level of people;the ethical issues involved; social responsiveness are some of the components of sociological and cultural environment. Every business unit is a social organization functioning within a society.

Components:

- Social norms:
- Gender roles:
- Family structure:
- Material aspects:
- Spiritual aspects of life:
- Religion:
- Technology:
- Aesthetics:
- Education:

Cultural environment:

Features, nature and characteristic of culture:

★ Culture is the human product of social interaction.

★ Culture provides socially acceptable norms and patterns for meeting biological and social needs.

★ Culture is cumulative. It is handed down to generation from generation.

★ Culture is meaningful to human beings due to symbolic qualities.

★ Culture is learned by each person in the course of his/her development in a society.

★ Culture is a basic determinant of personality.

★ Culture is dependent on society. It is independent of an individual.

Components:

- Customs:
- Knowledge and beliefs:
- language:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	I B.Com
Paper	**Business Environment**
Name of the Topic	Global Environment -Unit-5
Hours Required	8 Hours
Learning Objectives	• *Understand the concept of business environment.* • *Define Internal and Externa elements affecting business environment.* • *Explain the economic trends and its effect on Government policies.* • *Critically examine the recent developments in economic and business policies.* • *Evaluate and judge the best business policies in Indian business environment.* • *Develop the new ideas for creating goods business environment.*
Previous Knowledge to be reminded	*NO*
Topic Synopsis	• *Globalization- meaning* • *.Role of WTO* • *WTO Functions* • *IBRD* • *Trade Blocks* • *BRICS* • *SAARC* • *ASEAN*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Kalyani, Himalaya publishing*
Student Activity Planned after the teaching	*Student seminar*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	Student seminar

Globalization:

Globalization is called internationalization. It means integration with the worldeconomy. Globalization refers to the process of integration of the world into one huge market. - **Philip Kotler**

Such unification calls for the removal of trade barriers among countries.

The growing economic interdependence of countries worldwide through a)increasing volume and variety of cross-border transactions in goods and services and

b) of international capital inflows and c) also through the more rapid and widespreaddiffusion of technology." - **IMF definition on Globalisation.**

Levels of globalization:

Macro level (i.e., globalization of world economy) and micro level (i.e.,globalization of the business and the firm).

Nature Globalization of world economy:

Globalization is a process of development of the world into a single integratedeconomic unit. Nature of globalization of world economy is characterized by:

a. International trade (lower trade barriers and more competition)
b. Financial flows (FDI, technology transfers, portfolio investment)
c. Communications (traditional media and internet)
d. Technological advances in transportation, electronics, bioengineering and related fields
e. Population mobility especially of labor.

Characteristic features of globalization:

- Operating and planning to expand the business through the world.
- Erasing the differences between the domestic market and foreign market.
- Buying and selling products and services from any country to any country in the world.
- Establishing manufacturing and distribution facilities in any part of the world based onthe feasibility and viability rather than national considerations.
- Sources of factors of production and inputs like raw materials, human resources,finance, technology, managerial skills are drawn from the entire world.

W T O:

The signing of the Final Act of the Uruguay Round by member nations of GATT in April 1994 paved the way for the setting up of the World Trade Organisation (WTO). An agreement tothis effect was signed by 104 members. The WTO agreement came into force from January 1, 1995 and India has become a founder member of the World Trade Organisation by ratifying the WTO agreement on December 30,1994. The former GATT was not really an Organisation. It was merely a legal arrangement. On the other hand, the WTO is a new international organization setup as a permanent body and is designed to play the role of a watch dog in the spheres of trade in goods, trade in services, foreign investment, intellectual property rights etc.

Objectives:

- Promotion of liberalization and removal of tariff barriers.
- Monitoring trade policies and developing good trade relations and trade practices.
- Removal of quantitative restrictions.
- Handling trade disputes.
- Helping the producers of goods and services, exporters and importers.

Features:

WTO is legal entity

- It is not an agent of the United Nations
- All the members of WTO have equal rights.
- The agreements under the WTO are permanent and binding to the member countries.
- WTO approach is rule based and time bound.
- WTO has a wider coverage. It covers trade in goods as well as services and trade related aspects ofIPRs.
- WTO is a huge organization and a powerful body.

Functions of WTO:

The WTO has the following five specific functions:

- The WTO shall facilitate the implementation, administration, and operation and further the objectives of the Multilateral Trade Agreements and shall also provide theframework for the implementation, administration and operation of plurilateral TradeAgreements.
- Controls the entire trade functions in world.
- Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.
- WTO another function is building trade capacity

ASEAN:

A group of six countries, viz., Singapore, Brunei, Malaysia, Philippines, Thailand and Indonesia, agreed in January 1992 to establish a Common Effective Preferential Tariffs (CEPT) plan. This plan helped to create an Association of South-East Asian Nations

ASEAN) free trade area in 15 years with effect from January 1993. The CEPT allows fortariffs cut ranging from 0.50 percent to 20.00 percent beginning with 15 products.

The emergence and successful operation of EEC and NAFTA gave impetus for the forming of ASEAN. The ASEAN member countries have developed economically at a fast ratein the globe. Their strength is well educated and skilled human resources. This strength enabled them to achieve faster industrialization. Further the ASEAN member countries are rich in oil, mineral resources, agricultural goods and modern industrial products. These countries invite and allow the free-flow of foreign capital.

The formation of ASEAN enables the member countries to have close cohesiveness,share their economic and human resources and achieve synergy in the development of their agricultural sectors, industrial sectors and service sectors.

The common historical and cultural background made the member countries to maintain their unity and solidarity by establishing a trade block. ASEAN countries have the determination to develop south-east Asia a nuclear weapons free area and a zone ofpeace, freedom and neutrality.

ASEAN Free Trade Area (AFTA):

The ASEAN countries are vigilant of the developments in the international environmentlike the formation NAFTA, SAARC and the introduction of Euro. In view of these developments, the ASEAN countries formed the ASEAN Free Trade Area (AFTA) in September 1994. The AFTA initially set to function for 10 years in order to develop inter ASEAN trade.

The objectives of the AFTA are:

- To encourage inflow of foreign investment into this region.
- To establish free trade area in the member countries.
- To reduce tariff of the products produced in ASEAN countries. 40% value addition in theASEAN countries to the product value is treated as manufactured in ASEAN countries.

SAARC:

The successful performance of EEC, NAFTA and other trade blocks in the economic development of the member countries and in improving the employment opportunities, incomes and living standards of the people of the region gave impetus for the formationof South Asian Association for Regional Cooperation(SAARC).
India, Bangladesh, Bhutan, Pakistan an Nepal. The Maldives and Sri Lanka adopted a declaration on SAARC in August 1983. The charter of the SAARC was formally adopted in December 1985 by the heads of the member countries.

Objectives:

- To improve the quality of life and welfare of the people of the SAARC member countries.
- To develop the region economically, socially and cultural
- To encourage and reinforce south Asian countries 'collective self-reliance.
- To faster understanding, trust, and respect for one another's concerns.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	**CH. VIJAYA KALPANA**
Course/Group	II B.Com III Sem
Paper	**Business Statistics**
Name of the Topic	Unit:I, Introduction to Statistics
Hours Required	8 Hours
Learning Objectives	• Understand the importance of Statistics in real life. • Formulate complete, concise, and correct mathematical proofs. • Frame problems using multiple mathematical and statistical tools, measuring relationships by using standard techniques. • Build and assess data-based models • Learn and apply the statistical tools in day life
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning and Definitions • Importance of Statistics • Limitations of Statistics • Types of Data and Data Sources • Collection of Data • Schedule and Questionnaire • Frequency Distribution • `Presentation of Statical Data
Examples / Illustrations	*Population analysis*
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Jai Bharathi, Kalyani*
Any other activity	Solving problem

Signature of the Lecture

Introduction:

Business Statistics is the science of a good decision making in the face of uncertainty and is used in many disciplines, such as financial analysis, econometrics, auditing, production and operations, and marketing research. It provides knowledge and skills to interpret and use statical techniques in a variety of business applications. A typical Business Statistics course is intended for business majors, and covers statistical study, descriptive statistics course is intended for business majors, and covers statistical study, descriptive statistics (collection, description, analysis, and summary of data), probability, and the binomial and normal distributions, test of hypotheses and confidence intervals, linear regression, and correlation.

Statistics is a fast-growing subject. These days, there is hardly any subject or branch of study deals with large numbers or data, but does not use the methodology of statistics in one or the other form. Therefore, we can say that statistics constitutes an integral part of every scientific and economic inquiry. Social and economic studies without statistics are inconceivable. Spheres of human activity and knowledge. Statistics thus plays a multifarious role and as Tippet has rightly pointed out it affects everybody and touches life at many points.

History of Statistics:

The Word statistics have been derived from Latin word" Status" or the Italian word" Statista meaning of these words is" political State" or a Government. In the past, the statistics was used by rulers. The application of statistics was very limited but rulers and kings needed information about lands, agriculture, commerce, population of their states to assess their military potential, their wealth, taxation, and other aspects of government.

Meaning and Definitions of Business Statistics:

Business statistics is the science of data assisting to make decisions under uncertainties based on some numerical and measurable scales. It involves colleting, classifying, summarizing organizing, analyzing, and interpreting the data.

Statistics is Defined as the science of:

- Collecting
- Organizing
- Presenting
- Analyzing
- Interpreting numerical data to efficiently help the process of making decisions

Characteristics of Statistics:

- Statistics are the aggregates of facts
- Statistics are affected by a number of factors
- Statistics must be reasonably accurate
- Statistics must be collected in a systematic manner
- Collected in a systematic manner for a pre-determined purpose
- Statistics should be placed in relation to each other
- Numerically expressed

Importance of Statistics:

- Business
- In State Management (Administration)
- In Accounting and Auditing
- In Natural and Social Sciences
- In Economics
- In Mathematics
- In Banking
- In Astronomy

Functions of Statistics

- It prevents facts in a definite numerical form
- It simplifies the complexity of the data
- It provides a technique of comparison
- It helps in formulation and testing hypothesis
- It helps in forecasting of future trends and tendencies
- It studies relationship
- It helps the government

Limitation of statistics

- Statistics cannot be applied to individual term
- Statistical study qualitative phenomena in indirect form
- Statistical law is not exact
- Statistical results are uncertain
- Statistics are not simple
- Statistical data may be incomparable
- Statistics is liable to be misused

Types of Data and Sources :

Data sources could be seen as of two types 1.Primary Data 2.Secondary Data

1.Primary Data:

Advantages:

- Relevance and Suitability:
- Control over Data Collection:
- Accuracy and Reliability:
- Data Authenticity:
- Specific to Research Needs:
- Timeliness:

Disadvantages:

- Cost and time-consuming:
- Limited sample size:
- Difficulty in data analysis:
- Generalizability:

2.Secondary data:

Advantages:

- Time and cost efficiency:
- Large sample size:
- Data validity and reliability:
- Replication and verification:

Collection of Data:

Collection of Data:

1. Methods of collecting primary data;
   - Personal observation
   - Oral interviews
   - Mailed Questionnaire method
   - Schedule Method

2.Methods of Collecting Secondary Data:

- Published sources
- Unpublished sources

Schedule :

The term "schedule" in the context of business statistics typically refers to a planned timetable or agenda for conducting statistical analyses or tasks related to a business project or operation. It outlines the sequence of activities and the specific timeframes within which these activities should be performed.

In the context of business statistics, a schedule may involve various activities such as data collection, data analysis, hypothesis testing, regression modelling, forecasting, and reporting results. The purpose of creating a schedule is to organize and manage the statistical work efficiently, ensuring that the necessary steps are completed in a logical order and within the allocated time.

Types of Schedules:

- Village or community schedule:
- Family or Household schedule
- Opinion or attitude schedule

Questionnaire:

A questionnaire in the context of business statistics is a data collection tool used to gather information from individuals or entities (such as businesses, customers, employees, or stakeholders) about various aspects related to a specific business or market research study. The purpose of a questionnaire is to obtain quantitative and qualitative data to analyze and make informed decisions in the business context.

Here are some key points about questionnaires in business statistics:

- Data Collection:
- Structured Format:
- Standardization:
- Surveys:
- Research and Decision-making:
- Data Validation:
- Anonymity and Confidentiality:

Frequency Distribution:

The way of tabulating a poll of data of a variable and their respective frequencies side by side is called a frequency distribution of those data.

Croxton and Cowden: Frequency distribution is a statistical table which shows the sets oof all distinct values of the variable arranged in order of magnitude, either individually or in groups, with their corresponding frequencies side by side.

Frequency distribution of ungrouped and grouped data is discussed below with examples.

Individual series:

Table are arranged in either ascending or descending order

Discrete series:

Discrete series is generated by counting. Each observation is exact. When an observation is repeated, it is counted the number for which the observation is repeated is called frequency of that observation. The class limits in discrete data are true class limit there are no class boundaries in discrete data.

Let us now represent the data in Table as simple (ungrouped) frequency distribution.

Continuous series:

The series dealing with the continuous variable is called continuous series. Class-intervals is called **Grouped** frequency distribution.

Presentation of Statistical, Data:

- Textual presentation
- Tabular presentation
- Graphical presentation

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com
Paper	**Business Statistics**
Name of the Topic	Unit:2 , Measures of Central Tendency
Hours Required	8 Hours
Learning Objectives	• *Understand the importance of Statistics in real life.* • *Formulate complete, concise, and correct mathematical proofs.* • *Frame problems using multiple mathematical and statistical tools, measuring relationships by using standard techniques.* • *Build and assess data-based models* • *Learn and apply the statistical tools in day life.*
Previous Knowledge to be reminded	*No*
Topic Synopsis	• *Introduction* • *Meaning and Definition* • *Characteristics/Features/Requisites of good Average/Measures of Central Tendency* • *Types of Averages*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Jai Bharathi, Kalyani*
Student Activity Planned after the teaching	*Solving problems*
Any other activity	*Solving problems*

Introduction:

In business statistics, the concept of average plays a crucial role in summarizing and analyzing numerical data. The average, also known as the arithmetic mean, is a fundamental measure of central tendency that represents the typical value or the average value of a set of numbers. It is widely used to make sense of large datasets, draw meaningful conclusions, and support decision-making processes in various business contexts.

Meaning and Definition:

One of the main objects of statistical analysis is to get one single value that describes the characteristics of the entire data, such a value is called as central value or average. In other words, the systematically collected mass data is classified, tabulated and presented in a Sigle figure. Such figure is called as average.

The average is calculated by summing up all the individual values in a dataset and dividing that sum by the total number of data points. Mathematically, it is represented as:

Average = (Sum of all values) / (Total number of values)

Definition:

AL Bowley – "Averages are statistical constants which enable us to comprehend in a single effort the significance of the whole".

Characteristics of Average:

- It should e rigidly define
- It should be simple
- It should be based on all the observations
- It should be suitable for algebraic treatment
- It should not be affected much by extreme values
- It should have sampling stability

Types of Averages:

Averages two types 1. Mathematical Measures 2. Positional Measures

1.Mathematical Measures:

- Arithmetic mean
- Harmonic Mean
- Geometric Mean

2.Positional Measures:

- Median
- Mode

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com
Paper	**Business Statistics**
Name of the Topic	Unit:3 **MEASURES OF DISPERSION**
Hours Required	8 Hours
Learning Objectives	➢ *Understand the importance of Statistics in real life.* ➢ *Formulate complete, concise, and correct mathematical proofs.* ➢ *Frame problems using multiple mathematical and statistical tools, measuring relationships by using standard techniques.* ➢ *Build and assess data-based models* ➢ *Learn and apply the statistical tools in day life.*
Previous Knowledge to be reminded	
Topic Synopsis	• *Introduction* • *Meaning and Definition of Dispersion* • *Properties of Dispersion* • *Measures of Dispersion*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Jai Bharathi, Kalyani*
Student Activity Planned after the teaching	*Solving problems*
Any other activity	*Solving problems*

Introduction:

In statistics, measures of dispersion, also known as measures of variability or spread, provide important insights into the degree of variability or scattering of data points in a dataset. While measures of central tendency (like mean, median, and mode) give us a sense of the "typical" or "average" value in a dataset, measures of dispersion complement this by telling us how the data points are distributed around that central value.

Meaning and Definition:

"Dispersion" refers to the extent to which data points in a dataset are spread out or scattered from a central value. It is a statistical concept commonly used to describe the variability or spread of data points around a measure of central tendency, such as the mean, median, or mode.

A.L. Bowley: "Dispersion is the measure of the variation of the items.

Properties of Measure of Dispersion

- Rigidly Defined
- Easy to Calculate
- Based on all observation
- Easy to Understand
- Least Affected by the Sampling Fluctuations
- Unaffected by Extreme Values
- Suitable for Further Treatment

Methods Measures of Dispersion:

Methods Measures of Dispersion two types 1. Mathematical methods 2. Graphical methods

1.**Mathematical Methods**

- Range
- Inter-quartile range or Quartile Deviation
- Mean deviation
- Standard deviation

2**.Graphical Method**

- Lorenz curve

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com
Paper	**Business Statistics**
Name of the Topic	Unit:4 , Skewness and Kurtosis
Hours Required	8 Hours
Learning Objectives	➢ *Understand the importance of Statistics in real life.* ➢ *Formulate complete, concise, and correct mathematical proofs.* ➢ *Frame problems using multiple mathematical and statistical tools, measuring relationships by using standard techniques.* ➢ *Build and assess data-based models* ➢ *Learn and apply the statistical tools in day life*
Previous Knowledge to be reminded	
Topic Synopsis	• *Introduction* • *Meaning of Skewness* • *Types of Skewness* • *Method of Skewness*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Jai Bharathi, Kalyani*
Student Activity Planned after the teaching	*Solving problems*
Activity planned outside the Class room ,if any	*Student Assignment*
Any other activity	*Solving problems*

Introduction:

Skewness is a statistical measure used to describe the asymmetry or lack of symmetry in the probability distribution of a dataset. In other words, it quantifies the extent to which the values in the dataset are concentrated on one side of the mean compared to the other side. A dataset is said to be skewed if its distribution is not symmetrical.

Meaning of Skewness:

Skewness is a statistical measure that helps to describe the asymmetry or lack of symmetry in the probability distribution of a dataset. In other words, it measures the extent to which the data points are distributed asymmetrically around the average or mean value.

Skewness can have three possible outcomes:

- Positive Skewness (Right-skewed
- Negative Skewness (Left-skewed
- Zero Skewness:

.

Tests of Skewness:

Skewness is a statistical measure that quantifies the asymmetry of the probability distribution of a random variable. In simpler terms, it helps to identify whether the data is skewed to the left (negatively skewed), skewed to the right (positively skewed), or symmetrically distributed (zero skewness).

There are several tests that can be used to assess the skewness of a dataset. Some commonly used tests are:

- Graphical Methods:
- Moments and Coefficients:
- Shapiro-Wilk Test:
- D'Agostino and Pearson's Test:
- Jarque-Bera Test:
- Quantile-Quantile (Q-Q) Plot:
- Moments of the data:

Measures of Skewness:

1. Pearson's First Coefficient of Skewness :
2. Bowley's Skewness Coefficient:
3. Yule's Coefficient of Skewness:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com
Paper	**Business Statistics**
Name of the Topic	Unit:5 Correlation
Hours Required	8 Hours
Learning Objectives	➢ *Understand the importance of Statistics in real life.* ➢ *Formulate complete, concise, and correct mathematical proofs.* ➢ *Frame problems using multiple mathematical and statistical tools, measuring relationships by using standard techniques.* ➢ *Build and assess data-based models* ➢ *Learn and apply the statistical tools in day life.*
Previous Knowledge to be reminded	*Already learnt about correlation*
Topic Synopsis	• *Introduction* • *.Meaning of Correlation* • *Types of Correlation* • *Methods of Correlation*
Examples / Illustrations	
Additional inputs	
Teaching Aids used	*Block Board, PPTs*
References cited	*Jai Bharathi, Kalyani*
Student Activity Planned after the teaching	*Solving problems*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	*Solving problems*

Introduction:

Correlation analysis is a statistical technique used to measure and understand the relationship between two or more variables. It helps us determine whether and how two variables are related to each other. Correlation analysis examines whether changes in one variable are associated with changes in another variable.

Correlation is a key concept in various fields such as statistics, economics, finance, social sciences, and many others. It allows researchers and analysts to identify patterns, make predictions, and gain insights into the data.

The result of a correlation analysis is a correlation coefficient, which quantifies the strength and direction of the relationship between variables. The correlation coefficient ranges from -1 to +1:

- A correlation coefficient of +1 indicates a perfect positive correlation, meaning that as one variable increases, the other also increases proportionally.
- A correlation coefficient of -1 indicates a perfect negative correlation, meaning that as one variable increases, the other decreases proportionally.
- A correlation coefficient close to 0 suggests a weak or no correlation, meaning that the variables are not related or have a very weak association.

There are several methods to calculate correlation coefficients, with the most common being the Pearson correlation coefficient, also known as Pearson's r. This method is suitable for continuous variables that follow a roughly linear relationship. For other types of data, such as ordinal or non-linear relationships, other correlation measures like Spearman's rank correlation or Kendall's tau are used.

It is important to remember that correlation does not imply causation. Just because two variables are correlated, it does not necessarily mean that one variable causes changes in the other. There may be underlying factors or coincidental relationships affecting the correlation.

Correlation analysis is a powerful tool for understanding data patterns and relationships, but it should be used in conjunction with other statistical methods and domain knowledge to draw meaningful conclusions and make informed decisions.

Meaning of Correlation:

Correlation refers to a statistical relationship or association between two or more variables. When two variables are correlated, changes in one variable tend to be accompanied by corresponding changes in the other variable. The relationship can be positive or negative, and it is quantified by the correlation coefficient, which ranges between -1 and +1.

1. Positive correlation: When two variables have a positive correlation, it means that as one variable increases, the other variable tends to increase as well. A correlation coefficient close to +1 indicates a strong positive correlation.
2. Negative correlation: In contrast, negative correlation occurs when one variable increases, and the other variable tends to decrease. A correlation coefficient close to -1 indicates a strong negative correlation.
3. No correlation: If there is no consistent relationship between the variables, they are considered to have no correlation. In this case, the correlation coefficient is close to 0.

It is important to note that correlation does not imply causation. Just because two variables are correlated does not mean that one causes the other to change. Correlation merely indicates that there is a statistical relationship between the variables. Further research and experiments are needed to establish causation.

Types of Correlation:

Types of Correlation 3 types

- Nature of Relationship 1. positive correlation 2. Negative correlation
- Number of Variables 1. Simple correlation 2. Multiple correlation
- Rate of change 1. Liner 2. Non-Linear (cure linear)

Methods of Correlation:

Methods of Correlation 2 types

- Graphical methods 1. Scatter diagram 2. Simple graph
- Mathematical methods 1. Karl Pearsons 2. Spearman’s 3. Concurrent

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com I V Sem
Paper	**Corporate Accounting**
Name of the Topic	UNIT -I, Accounting for Shares Capital
Hours Required	8 Hours
Learning Objectives	• Understand the Accounting treatment of share capital and aware of process of book building. • Demonstratheprocedure for issue of bonus shares and buyback of shares. • Comprehend the important provisions of companies Act,2013 and prepare final accounts of a company with adjustments. • Participate in the preparation of consolidated accounts for a corporate. • Understand analysis of complex issues, formulation of well-reasoned arguments and reaching better conclusions. • Communicate accounting policy choice with reference to relevant laws and accounting standards.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction, Definitions, Meaning of shares • Kinds of Shares • Types of preference Shares • Issue of shares • Forfeiture and Reissue of Shares
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, Ppt
References cited	Himalaya Publishing
Student Activity Planned after the teaching	Solving problems
Activity planned outside the Class room ,if an	Student Assignment
Any other activity	Solving problems

Introduction:

A Joint Stock Company is a very important form of business organisation. A company, in common parlance, means a group of persons associated together for the attainment of a common end, social or economic. However, in law any associated of persons for any common object can be registered can be formed for purposes such as charity, research act. In Indian, Joint stock companies are soverred by Companies Act2013.

Definitions:

Section 2(20) of the Indian Companies Act 2013 defines a company as "a company incorporated under this Act or under any previous law".

According to Marshal:

A company is person artificial, intangible, and existing only in the eyes of law. Being a creature of law, it possesses only those properties which the charter of its creation confers on it either expressly or incidental to its very existence. It has no physical existence but exists only in contemplation of law.

Meaning of Share:

Capital of a company is divided into units or parts of equal amount. Ever unit/part is called a share.

According to section 2(84) of the Companies Act, a share means a share in the share capital of a company and includes stock. It is an ownership security.

Characteristics of a company:

- Voluntary association
- Separate legal entity
- Perpetual existence
- Common seal
- Limited liability
- Transferability of shares
- Management
- Statutory regulations

Kinds of Company:

- Incorporation
- Liability
- Interest of general Public

Kinds of Capital:

- Authorised Capital
- Issued Capital
- Subscribed capital
- Called up capital
- Paid up capital
- Uncalled share capital
- Reserve capital

Kinds of Shares:

- Preference Shares
- Equity Shares

Types of Preference Shares:

- Cumulative preference shares
- Non-cumulative preference shares
- Participating preference shares
- Non-participating preference shares
- Redeemable preference shares

Issue of Shares:

- Issue of shares at par
- Issue of Discount
- Shares Issue at premium

Forfeiture and Reissue of shares:

- Forfeiture and reissue of shares are two actions that can be taken regarding shares in a company. Let us look at each of these concepts separately:
- Forfeiture of Shares:
- Reissue of Shares:

Name of the Department/Subject		**COMMERCE**
Name of the Lecturer		CH. VIJAYA KALPANA
Course/Group		II B.Com I V Sem
Paper		**CORPORATE ACCOUNTING**
Name of the Topic		UNIT -2, Issue and Redemption of Debentures and Issue of Bonus Shares
Hours Required		8 Hours
Learning Objectives	• Understand the Accounting treatment of share capital and aware of process of book building. • Demonstratheprocedure for issue of bonus shares and buyback of shares. • Comprehend the important provisions of companies Act,2013 and prepare final accounts of a company with adjustments. • Participate in the preparation of consolidated accounts for a corporate. • Understand analysis of complex issues, formulation of well-reasoned arguments and reaching better conclusions. • Communicate accounting policy choice with reference to relevant laws and accounting standards.	
Previous Knowledge to be reminded		No
Topic Synopsis	• Introduction to Debenture • Characteristics of Debenture • Kinds of Debenture • Differences between shares and Debentures • Accounting Treatment • Redemption of Debentures • Meaning of Bonus Shares • Types of Bonus Shares • Buyback of Shares	
Examples / Illustrations		
Additional inputs		
Teaching Aids used		Block Board, PPTs
References cited		Himalaya Publishing
Student Activity Planned after the teaching		Soving of problems
Activity planned outside the Class room ,iany		Student Assignment
Any other activity		

Introduction to Debentures:

The most usual form of borrowing by a company is by issue of debentures. Debenture refers to the borrowed capital from the public and is popularly known as loan capital. Generally, companies which need funds for their development and expansion for long periods, issue debentures to the public. A debenture is nothing but the acknowledgment of the borrowing made by the company from the public. It is a certificate issued by the company under its common seal; It contains various terms regarding the loan such as the rate of interest, period of the loan, the rights of the holders etc. Debentures are issued for a fixed period and are repayable after the expiry of the period.

Definition:

Debenture has been defined under section 2 (30) of the companies Act 2013 as follows. Debenture includes debenture stock bonus or any other instrument of a company evidencing a debt whether constituting charge on the assets of the company or not.

In simple words 'debenture' means a document which creates a debt or acknowledge it.

Issue of Debentures:

Debentures are commonly issue in a manner similar to the issue of shares through prospectus. The company may be issue collect the cost of debenture in one lumpsum or in instalments on application, allotment, and calls.

Debentures according to the provisions of the Company Act does not carry any voting rights. Debentures may be 1. Issued at par 2. Issued at premium 3.Issued at Discount

No restrictions in this regard have been imposed by the Company Act. Debenture may also be described as security for loan. The repayment of loan is generally secured by a charge on all or any part of the company's assets or undertaking.

Characteristics of Debenture;

- It is issued by a company to the public contribution.
- It is documentary evidence acknowledging a debt.
- It is issued under the common seal of the company.
- It contains a contract for the repayment of the principal sum at a specified data.
- Interest is payable at a fixed rate until the principal amount is repaid.
- It includes a mortgage issued to a single person.

- It may or may not create a charge on the assets of the assets of the company as security.
- It carries no voting rights.

Kinds of Debentures:

- Registered debentures
- Bearer debentures
- Secured or Mortgage debentures
- Simple or naked debentures
- Redeemable debentures and
- Irredeemable debentures

Differences between shares and debentures:

1. **Shares:** Shares represent ownership in a company and are also known as stocks or equity. When you purchase shares of a company, you become a partial owner or shareholder. The main features of shares include:

- Ownership:
- Dividends:
- Capital appreciation
- Risk and liability

2.Debentures:

- No ownership rights:
- Priority in repayment
- Fixed-term investment In

Accounting Treatment:

- Issue of Debentures at Par:
- Issue of Debentures at premium:
- Issue of Debentures Discount:

Redemption of Debentures:

When a company decides to redeem its debentures, it means that it wants to repay the principal amount of the debentures to the debenture holders, along with any accrued interest up to the redemption date. Redemption can occur either at maturity, when the debentures reach their specified maturity date, or before maturity through early redemption.

Generally, companies issue Redeemable debentures contain the provisions regarding the way debentures are to be redeemed. Debentures may be redeemed in the following way.

- Redemption of debentures after fixed period
- Redemption of debentures by periodical drawings
- Redemption of debentures by purchasing in open market
- Redemption of debentures by conversion
- Redemption out of profits

Meaning of Bonus Shares:

Bonus Shares are an additional number of shares given by the company to its existing shareholders as BONUS when they are not in the position to pay a dividend to its shareholders despite earning decent profits for that quarter.

Only a company has the right to issue bonus shares to their shareholders which has earned massive profit of large free reserves that cannot be utilized for any particular purpose and can be distributed as dividends.

However, these bonus shares are given to the shareholders according to their existing stake in the company.

For example:

If a company declares one for two bonus shares, it would mean that an existing shareholder would get two additional shares for one existing share.

Suppose a shareholder holds 2,000 shares of the company. When the company issues bonus shares, he will receive 1000 bonus shares, i.e. (2000*1\2)

When the company issue bonus shares to its shareholders, the term record date and ex-date are also mentioned. Let us learnt about the term record date and ex-date given below.

What is the Record Date

The record date is the cut-off date decided by the company to eligible for bonus shares. All shareholders who have shares in their Demat account on the record date will be eligible to receive bonus shares from the company.

What is EX-Date: The ex-date is one day before the record date. Here an investor has to buy the shares at least one day before the ex-date to become eligible for the bonus shares.

Who is Eligible for Bonus Shares

Shareholders who own the company's shares before the ex-date and record date are eligible to receive bonus shares from the company. In Indian, the T+2 rolling system is set for the delivery of the shares wherein the record date is two days behind the ex-date.

Shareholders must purchase shares before the ex-date, the company will not give the ownership of shares, and therefore, they will not be eligible to receive bonus shares. Once a new ISIN(International Securities identification Number) is allotted for the bonus shares. The bonus shares will be credited to the shareholder's account within 15 days of time.

Advantages of Bonus Shares:

From Investor's point of view:

- **Inve**stors do not have to pay any tax while receiving bonus shares from the company.
- Bonus shares are considered beneficial for long-term shares of the company looking to multiply their investment.
- Bonus shares are free of cost to shareholders as they are issued by the company, which increases the outstanding shares of an investor in the company and enhances the liquidity of the stock.

From Company's Point of View:

- The issues of bonus shares enhance the company's values and increases positions and image in the market gaining the trust of existing shareholders and attracting several small investors to be a part of the stock market.
- The companies have more free-floating shares with the issue of bonus shares in the market.
- Issue of Bonus shares benefits companies to get themselves out of the situation where they are not able to or simply not prefer to pay cash dividends to their shareholders.

Disadvantages of Bonus Shares:

From Investor's Point of View

- There is no much of a disadvantage of owning the bonus shares from an investor's point of view. However, they should know about receiving bonus shares because the profit will remain the same. But the number of shares will be increased as the earning per share will fall

From Company's Point of View

- The company do not receive any cash while issuing bonus shares. As a result, the ability to raise money by following an offering is minimized.
- When a company keep on issuing bonus shares instead of paying dividends, the cost of the bonus issued keeps adding up over the year.

TYPES OF BONUS SHARES:

- Fully Paid Bonus Shares:
- Partly-Paid up Bonus Shares:

A buy-back of shares:

A buy-back of shares, also known as a share repurchase or stock buyback, refers to a company's decision to purchase its own outstanding shares from existing shareholders. This process typically involves the company using its available cash reserves or raising debt to finance the buyback.

Here are some key points to understand about buy-backs of shares:

- Reasons for buy-backs:
- Methods of buy-backs:
- Impact on shareholders:
- Legal and regulatory considerations:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com I V Sem
Paper	**Corporate Accounting**
Name of the Topic	UNIT -3, Valuation of Good Will
Hours Required	8 Hours
Learning Objectives	• Understand the Accounting treatment of share capital and aware of process of book building. • Demonstratheprocedure for issue of bonus shares and buyback of shares. • Comprehend the important provisions of companies Act,2013 and prepare final accounts of a company with adjustments. • Participate in the preparation of consolidated accounts for a corporate. • Understand analysis of complex issues, formulation of well-reasoned arguments and reaching better conclusions. • Communicate accounting policy choice with reference to relevant laws and accounting standards.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction to Goodwill • Features of Goodwill • Types of Goodwill • Factors influencing the value of goodwill • Need for valuation of Goodwill • Methods of Valuation of Goodwill
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	Sovling problems
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	Solving problems

Introduction to Goodwill:

Goodwill in ordinary language means good name or fame or reputation earned by the business concern. A concern doing business for some time acquires reputation and builds up circle of customers.

On account of its reputatation,there is the like hood or even the certainty of the business continuing to make profits. Thus, the goodwill is the value of the reputation of a firm in respect of profits expected in future over and above normal rate of profits. The business reputation is also an asset of the concern.

Meaning of Goodwill:

Goodwill is an intangible asset liked to and established business built over time, as business gains favourable reputation for maintaining good customers-supplier relationship and effective branding as it is expected to make profit year after year.

Concept of Goodwill:

When one company buys another company, the purchasing company may pay more for the acquires

company than the fair market value of its net identifiable assets (tangible assets plus identifiable

intangibles, net of any liabilities assumed by the purchaser). The amount by which the purchase price exceeds the fair value of the net identifiable assets is recorded as an asset of the acquiring company. Although sometimes reported on the balance sheet with a descriptive title such as excess of acquisition cost over net assets acquired the amount is customarily called goodwill.

Features of Goodwill:

- Intangible nature:
- Reputation and brand value:
- Customer relationships:
- Market position and competitive advantage:
- Business synergies:
- Non-contractual rights:
- Financial valuation:
- Long-term asset:

Type of Goodwill:

- Purchased Goodwill:
- Inherent Goodwill:

Factors influencing the value of goodwill:

- Nature of the business
- Favourable location of the business
- Ideal window dressing
- Personality of the people conducting business
- Efficiency of Management
- Efficiency of employees
- Possession of large number of profitable contracts
- Monopoly in Trade
- Competition for the goods produced in the market

Need for valuation of Goodwill:

- In the case of sole proprietorship
- In the case of partnership firm
- In case of a company

Methods of Valuation of Goodwill

- Average Profits method
- Super profits method
- Capitalisation method
- Annuity method

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com I V Sem
Paper	**Corporate Accounting**
Name of the Topic	UNIT -4, Valuation Shares
Hours Required	8 Hours
Learning Objectives	• Understand the Accounting treatment of share capital and aware of process of book building. • Demonstratheprocedure for issue of bonus shares and buyback of shares. • Comprehend the important provisions of companies Act,2013 and prepare final accounts of a company with adjustments. • Participate in the preparation of consolidated accounts for a corporate. • Understand analysis of complex issues, formulation of well-reasoned arguments and reaching better conclusions. • Communicate accounting policy choice with reference to relevant laws and accounting standards.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Need for Valuation if Shares • Factors Affecting the Value of Shares • Methods of Valuation of Shares
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	Solving problem
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	Solving problems

Introduction:

Shares of Public Limited Company: Shares of public companies are freely transferable. Hence their valuation is necessary for buying and selling. Generally, the shares of public limited companies are quoted in the stock exchange. The prices quoted in stock exchange, usually serve as a basis of value of shares. This holds good only for ordinary transactions in respect of small lots. This may not hold good in respect of large lot. Further all the shares are not quoted in the stock exchange. Therefore, valuation is needed for unquoted shares for transferring from one person to another.

Shares of Private Limited Companies:

Shares of private limited companies are not freely purchased and sold to the public. Even though they are not freely transferable their valuation is required when the private company is to be sold or purchased. Further, to assess the amount due to the member of the private company the valuation of shares is to be taken up.

Need for Valuation if Shares:

- When unquoted shares are to be purchased and sold.
- For formulating schemes of Amalgamation and Absorption.
- When a block of shares is purchased to acquire controlling interest merger or take-over.
- When shareholder dies – for the purchased not so much as to acquire the controlling interest.
- When the company is nationalised and the shareholders are to be compensated by the government.
- For conversion of one class of class of shares into another class of shares.
- When shares are to be taken as a security against loan.

Factors Affecting the Value of Shares:

- Profitability of the concern.
- Demand and supply of shares
- Yield expected by the investors
- Political, economic, and social condition prevailing within and outside the country
- Government policies
- Nature of business
- Reserves of the company
- Availability of sufficient fixed assts over outside liabilities
- Book value of shares

Methods of Valuation of Shares:

- Net Assets Method or Intrinsic Value Method.
- Yield Method or Market Value Method
- Earning Capacity Method.
- Dual or Fair Value Method
- Exchange Ration Method
- Simultaneous Equation Method

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	II B.Com I V Sem
Paper	
Name of the Topic	UNIT -5, Company Final Accounting
Hours Required	8 Hours
Learning Objectives	• Understand the Accounting treatment of share capital and aware of process of book building. • Demonstratheprocedure for issue of bonus shares and buyback of shares. • Comprehend the important provisions of companies Act,2013 and prepare final accounts of a company with adjustments. • Participate in the preparation of consolidated accounts for a corporate. • Understand analysis of complex issues, formulation of well-reasoned arguments and reaching better conclusions. • Communicate accounting policy choice with reference to relevant laws and accounting standards.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Statutory books to be maintained by a company • Form and contents of Profit and Loss Account • Form and contents of Balance Sheet
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	Solving problems
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	Solving problems

Introduction:

The Companies Act 2013 is an important legislation governing companies in India. It replaced the Companies Act 1956 and brought significant changes to corporate governance, accountability, and transparency. Here are some key provisions of the Companies Act 2013:

- Incorporation and Types of Companies:
- Directors and Board of Directors
- Share Capital and Shareholders:
- Corporate Social Responsibility (CSR):
- Auditors and Audit:
- Related Party Transactions:
- Corporate Governance:
- Insolvency and Bankruptcy:
- Mergers and Acquisitions
- Investor Protection:

Statutory Books to be maintained by a company:

- Register of charges (Section 85)
- Register of members (Section88)
- Index of members (Section88)
- Minute books (to record the proceedings of general meetings of the board of directors and its committees) (Section88)
- Register if contracts with companies and firms in which directors are interested (Section189)
- Register of Debenture holders with index (Section88)
- Copies of annual returns (Section94)
- Register of directors, manager, and secretary (Section 170)
- Register of investments
- Register of directors' shareholding (Section170)
- Directors' attendance book

Form and contents of Profit and Loss Account:

A profit and loss account, also known as an income statement or statement of earnings, is a financial statement that summarizes the revenues, expenses, and resulting net profit or loss of a company for a specific period. It provides valuable information about a company's financial performance and helps stakeholders understand its profitability.

- Revenue:
- Cost of Goods Sold (COGS) or Cost of Services:
- Gross Profit:
- Operating Expenses:
- Operating Income or Operating Profit:
- Non-operating Income and Expenses:
- Net Income or Net Profit:
- Taxes:
- Net Profit After Tax:

Form and contents of Balance Sheet:

A balance sheet is a financial statement that provides a snapshot of a company's financial position at a specific point in time. It presents a summary of a company's assets, liabilities, and shareholders' equity. The balance sheet follows a specific format and includes various components.

Here is the typical format of a balance sheet:

Company Name Balance Sheet As of [Date]

Assets

- Current Assets
  - Cash and Cash Equivalents
  - Short-term Investments
  - Accounts Receivable
  - Inventory
  - Prepaid Expenses
  - Other Current Assets
- Non-current Assets
  - Long-term Investments
  - Property, Plant, and Equipment
  - Intangible Assets
  -
  - Goodwill
  - Other Non-current Assets
- Total Assets

Liabilities

- Current Liabilities
  - Accounts Payable
  - Short-term Borrowings
  - Accrued Expenses
  - Income Taxes Payable
  - Current Portion of Long-term Debt
  - Other Current Liabilities
- Non-current Liabilities
  - Long-term Debt
  - Deferred Tax Liabilities
  - Pension Liabilities
  - Other Non-current Liabilities
- Total Liabilities

Shareholders' Equity

- Common Stock
- Preferred Stock
- Additional Paid-in Capital
- Retained Earnings
- Treasury Stock
- Accumulated Other Comprehensive Income
- Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

Teaching plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Export Import Procedure&Practice**
Name of the Topic	UNIT -I, Introduction of Exim policies and Procedures
Hours Required	8 Hours
Learning Objectives	• Understand the significance of Export and import Management and its role in Economy. • Acquire knowledge on procedures of export and import. • Involve in pre and post EXIM activities. • Enhance their skills by practicing in foreign trade.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction to EXIM • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	Student Seminar

Introduction to export import

Exporting and importing are two crucial activities that drive international trade and commerce. Exporting refers to selling goods or services produced in one country to buyers located in another country. On the other hand, importing refers to buying goods or services produced in another country for use or resale in one's own country.

Exporting and importing are essential for businesses to expand their customer base, increase sales, and grow their profits. It also allows countries to access goods and services that may not be available domestically and provides opportunities for international cooperation and exchange. Exporters need to comply with various regulations and documentation requirements to ensure that their goods or services are delivered to their destination on time and in good condition. Importers also need to comply with regulations and documentation requirements, such as obtaining import permits and paying customs duties and taxes.

Globalization has made exporting and importing easier and more accessible than ever before. With the rise of e-commerce platforms and digital marketplaces, businesses can reach international customers with just a few clicks. However, this also means that competition is fiercer, and businesses must continuously adapt to remain competitive in the global market

Meaning of export and import:

Import and export refer to the international trade of goods and services between countries.

Import refers to the process of bringing goods and services from one country into another country for sale or use. These goods and services can be raw materials, finished products, or even intangible goods like intellectual property.

Export, on the other hand, refers to the process of sending goods and services from one country to another country for sale or use. These goods and services can be any product or service that a country can produce and can be sold to other countries.

The import and export of goods and services are important aspects of the global economy as they help to create jobs, generate income, and foster economic growth

Objectives;

- Promote economic growth:
- Protect domestic industries:
- Reduce trade deficits:
- Ensure food and energy security:
- Promote environmental and social standards:

Role of Export houses in the development of Economy:

- Increased revenue:
- Increased employment:
- Economic diversification:
- Knowledge transfer:

State Trading Corporations and SEZs:

The State Trading Corporation (STC) and Special Economic Zones (SEZs) are both related to the promotion of international trade, but they play different roles.

The State Trading Corporation (STC) is a government-owned enterprise that operates in many countries and engages in various international trading activities. It was established to promote the development of foreign trade, especially in commodities that are important for the economic growth of the country. The STC works to ensure the efficient and effective distribution of goods and commodities, both imports and exports, in a manner that maximizes economic benefits for the country.

On the other hand, Special Economic Zones (SEZs) are designated geographical areas within a country that offer special incentives, such as tax breaks and other benefits, to attract foreign investment and promote exports. SEZs are designed to create a conducive environment for export-oriented production and to provide a range of services and facilities to promote international trade. SEZs typically offer advantages such as streamlined customs procedures, tax holidays, and relaxed regulations to facilitate international trade.

In terms of their relationship, STCs often play a role in facilitating the export and import activities of firms operating within SEZs. STCs can provide logistical support and help with the distribution of goods and commodities, while SEZs provide the necessary infrastructure and incentives to encourage international trade. Together, STCs and SEZs can help boost a country's export competitiveness and attract foreign investment.

Process of Export and Import:

Export and import are two related processes that involve moving data or information from one system or location to another. The process of export involves transferring data or information from one system or location to another, typically for backup or sharing purposes. The process of import, on the other hand, involves bringing data or information from an external source into a system or location.

Export Process:

- Identify the data or information that needs to be exported.
- Choose the format for exporting the data, such as CSV, XML, or JSON.
- Export the data from the source system or location into the chosen format.
- Transfer the exported data to the target system or location, using a secure method such as FTP, SFTP, or HTTPS.

Import Process:

- Identify the data or information that needs to be imported.
- Choose the format for importing the data, such as CSV, XML, or JSON.
- Transfer the data from the external source into the target system or location, using a secure method such as FTP, SFTP, or HTTPS.
- Import the data into the target system or location, using a tool or process that can read and process the data in the chosen format.

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Export Import Procedure&Practice**
Name of the Topic	UNIT -2, Product Planning and for Import and Export
Hours Required	8 Hours
Learning Objectives	➢ Understand the significance of Export and import Management and its role in Economy. ➢ Acquire knowledge on procedures of export and import. ➢ Involve in pre and post EXIM activities. ➢ Enhance their skills by practicing in foreign trade.
Previous Knowledge to be reminded	NO
Topic Synopsis	• Introduction to Product Planning and Import and Export • Meaning of Product Planning • Export Promotion Councils • Function product planning • Role of Product planning • Registration of Export Credit
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Introduction:

Product planning is a crucial process that involves identifying and defining a product, determining its target market, and creating a strategy to bring it to market. Import and export product planning involves additional considerations, such as understanding international trade regulations, customs procedures, and tariffs.

Import product planning involves identifying products that can be sourced from foreign markets, evaluating potential suppliers, and negotiating contracts. The planning process also includes identifying the target market, setting pricing, and determining the logistics and transportation requirements for importing the product.

Export product planning involves identifying products that have potential markets in foreign countries, researching the demand and competition in those markets, and creating a marketing strategy to promote the product. The planning process also includes understanding the export regulations and requirements of the target market, arranging transportation, and ensuring compliance with international trade laws.

In both import and export product planning, it is essential to have a deep understanding of the product, its potential markets, and the trade regulations that govern the import and export of goods. A well-executed product planning process can help businesses minimize risk, optimize profitability, and gain a competitive advantage in the global market.

- **Meaning of Product Planning and Import and Export ;**

Product planning refers to the process of developing and strategizing a product from its conception to its launch in the market. It involves identifying market opportunities, understanding customer needs, conducting market research, setting product goals and objectives, defining product features, determining product pricing, developing marketing strategies, and creating a roadmap for product development and launch.

Export Promotion Councils in India and Commodities Board of India:

- Agricultural and Processed Food Products Export Development Authority (APEDA):
- Marine Products Export Development Authority (MPEDA):
- Tea Board of India:
- Coffee Board of India:
- Spices Board of India:
- Cashew Export Promotion Council of India (CEPCI):
- Pharmaceuticals Export Promotion Council of India (Pharmacal):
- Gem and Jeweler Export Promotion Council (GJEPC):

Function product planning:

- Market Research:
- Idea Generation:
- Product Development:
- Market Testing:
- Launch and Marketing:

ROLE OF PRODUCT PLANNING:

- Market research:
- Defining product strategy:
- Product requirements:
- Product positioning:
- Product launch:
- Product lifecycle management:
- Customer feedback:

Registration cum Membership Certificate and Registration:

A registration cum membership certificate is a document that confirms an individual's membership in a particular organization or association. It serves as proof that the individual has completed the necessary registration process and has been accepted as a member of the organization.

The certificate typically includes the individual's name, membership number, and the date of registration. It may also include the organization's name and logo, as well as the signature of the organization's authorized representative.

The registration cum membership certificate is often required to avail certain benefits offered by the organization, such as access to events, discounts on products or services, and participation in member-only activities. It can also serve as a valuable record of the individual's involvement in the organization over time.

- **Registration of Export Credit:**
- Application for export credit registration, which may include details of the exporter, importer, and the goods or services being exported.
- Evidence of compliance with applicable laws and regulations, such as export control regulations, anti-corruption laws, and sanctions regulations.
- Supporting documentation for the export credit financing, such as loan agreements, credit insurance policies, or guarantees.
- Proof of payment of any fees or charges related to the registration process.

Once the registration process is completed, the relevant authorities or agencies may issue a registration certificate or other documentation as proof of compliance with applicable regulations. The exporter or ECA may then use this documentation to secure financing or insurance for the export transaction, as well as to demonstrate compliance with regul

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Export Import Procedure&Practice**
Name of the Topic	UNIT -3, Documentation at the time of EXIM goods
Hours Required	8 Hours
Learning Objectives	➢ Understand the significance of Export and import Management and its role in Economy. ➢ Acquire knowledge on procedures of export and import. ➢ Involve in pre and post EXIM activities. ➢ Enhance their skills by practicing in foreign trade.
Previous Knowledge to be reminded	NO
Topic Synopsis	• Commercial Documents • Principal and Auxiliary Documents: • Regulatory Documents
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Commercial Documents:

There are various types of commercial documents, each serving a unique purpose in the business world. Some of the most common commercial documents include:

1. Purchase Order: A purchase order is a document issued by a buyer to a seller, requesting goods or services to be provided. It outlines the quantity, quality, and price of the goods or services.
2. Invoice: An invoice is a document issued by a seller to a buyer, requesting payment for goods or services provided. It includes details such as the date of the transaction, the quantity and price of the goods or services, and the payment terms.
3. Bill of Lading: A bill of lading is a document that provides evidence of the shipment of goods. It is issued by a carrier to a shipper and includes information such as the names of the parties involved, the goods being shipped, and the destination.
4. Delivery Note: A delivery note is a document issued by a seller to a buyer, providing details of the goods delivered. It includes information such as the date of delivery, the quantity and description of the goods, and the condition of the goods upon delivery.
5. Receipt: A receipt is a document issued by a seller to a buyer, acknowledging that payment has been received for goods or services provided. It includes details such as the date of the transaction, the amount paid, and the method of payment.

Commercial documents play a crucial role in ensuring that business transactions are conducted smoothly and efficiently. They provide a clear record of the terms and conditions of the transaction, which can help to resolve disputes and misunderstandings.

Principal and Auxiliary Documents:

Principal documents are documents that contain primary information about a particular transaction or event. These documents are considered to be the most important and authoritative source of information related to the transaction or event.

Examples of principal documents include:

1. Purchase orders
2. Sales contracts
3. Invoices
4. Bills of lading
5. Loan agreements
6. Lease agreements
7. Employment contracts
8. Partnership agreements
9. Articles of incorporation
10. Minutes of meetings

On the other hand, auxiliary documents are supporting documents that provide additional information to supplement the principal documents. These documents are not considered to be as important as the principal documents, but they are necessary for proper record-keeping and to provide a complete picture of the transaction or event.

Examples of auxiliary documents include:

1. Receipts
2. Packing slips
3. Shipping documents
4. Payment vouchers
5. Bank statements
6. Credit memos
7. Debit memos
8. Time sheets
9. Expense reports
10. Memos and email correspondence

Both principal and auxiliary documents are important in business and accounting to ensure accurate record-keeping and to provide a complete history of transactions and events.

Regulatory Documents:

It seems like you have listed a few terms that are related to international trade and regulations. Here is some information on each term:

1. Regulatory documents: These are documents required by government agencies and other regulatory bodies to ensure compliance with applicable laws and regulations. Examples include import/export licenses, certificates of origin, and customs declarations.
2. Goods: This refers to physical products or commodities that are being bought, sold, or transported. Examples include clothing, electronics, and food.
3. Shipment: This refers to the process of sending goods from one location to another. It includes packaging, labeling, and transportation.
4. Payment: This refers to the transfer of money from one party to another in exchange for goods or services. Payment methods can include cash, credit card, bank transfer, or other electronic payment methods.
5. Inspection: This refers to the process of checking goods to ensure they meet certain standards, such as quality or safety. Inspections may be carried out by government agencies or private inspection companies.
6. Payment excusable: This term is not clear to me. Can you please provide more context or clarify the term?
7. FERA: FERA stands for the Foreign Exchange Regulation Act. It was an Indian law that regulated foreign exchange transactions and restricted the movement of foreign currency. The law was repealed in 1999 and replaced with the Foreign Exchange Management Act (FEMA).

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Export Import Procedure&Practice**
Name of the Topic	UNIT -4, Payment Procedures in Foreign trade
Hours Required	8 Hours
Learning Objectives	➢ Understand the significance of Export and import Management and its role in Economy. ➢ Acquire knowledge on procedures of export and import. ➢ Involve in pre and post EXIM activities. ➢ Enhance their skills by practicing in foreign trade.
Previous Knowledge to be reminded	NO
Topic Synopsis	• Introduction to Payment Procedures in foreign trade • Factors determines for payment • Methods of Receiving Amount • Payment in Advance • Documentary Bills • Documentary credit under Letter of Credit • Different types of Letters of Credit • Open account with periodical settlement
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Introduction to Payment Procedures in Foreign Trade:

Payment procedures in foreign trade refer to the various methods of transferring funds between the buyer and seller across international borders. These procedures are essential in ensuring that both parties in a transaction receive and transfer payments securely and efficiently.

There are several payment methods used in international trade, and each method has its advantages and disadvantages. The most commonly used payment methods include:

1. Cash in advance: This is where the buyer pays for the goods before shipment is made. This method provides the seller with maximum security but may be risky for the buyer.
2. Letter of credit (LC): A letter of credit is a document issued by a bank, guaranteeing that the seller will receive payment for the goods shipped, as long as the seller meets the terms and conditions specified in the LC.
3. Documentary collection: This method involves the use of banks to facilitate the payment process. The seller sends the shipping documents to their bank, which then forwards them to the buyer's bank, who releases them to the buyer once payment has been made.
4. Open account: This is where the buyer pays for the goods at a later date, usually after they have received the goods. This method is advantageous for the buyer but may be risky for the seller.

It is essential to choose the right payment method based on factors such as the size of the transaction, the level of trust between the buyer and seller, the availability of financing, and the level of risk involved. Additionally, the use of proper documentation and compliance with relevant laws and regulations is crucial in ensuring a smooth payment process in foreign trade.

Factors Determines for Payment:

The factors that determine payment and method can vary depending on the context, but here are some common considerations:

1. Type of transaction: The type of transaction being conducted can affect the payment method and terms. For example, a business-to-business transaction may involve different payment terms than a business-to-consumer transaction.
2. Customer preferences: The payment method may depend on the customer's preferences. Some customers may prefer to pay with a credit card, while others may prefer to pay with cash or a check.
3. Security: Security is an important factor when it comes to payments. Both the business and the customer want to ensure that the transaction is secure and that their personal and financial information is protected.
4. Costs: The costs associated with each payment method can also be a factor. For example, credit card processing fees may be higher than the fees associated with a bank transfer.
5. Availability: The availability of payment methods can also be a factor. For example, if a business only accepts cash, then customers who prefer to pay with a credit card may be deterred from making a purchase.
6. Geographic location: The geographic location of the business and its customers can also be a factor in determining payment methods. For example, in some countries, certain payment methods may be more popular than others.
7. Time frame: The time frame for receiving payment can also be a factor. Some payment methods may allow for immediate payment, while others may require a longer processing time.

Ultimately, the payment method and terms should be agreed upon by both parties and be convenient, secure, and mutually beneficial.

Methods of Receiving Amount:

There are several methods for receiving an amount of money, including:

1. Cash: This is the most traditional and straightforward method of receiving money. The money can be handed over in person or deposited into a bank account.
2. Check: A check is a written order to a bank to pay a specific amount of money to the person named on the check. The recipient can deposit the check into their bank account or cash it at a bank or check cashing store.
3. Direct Deposit: This is an electronic transfer of money from one bank account to another. The recipient provides their bank account information to the person or company sending the money, and the funds are transferred directly into their account.
4. PayPal: PayPal is an online payment system that allows users to send and receive money. The recipient must have a PayPal account to receive the money.
5. Mobile Payment Apps: There are various mobile payment apps such as Venmo, Cash App, and Zella that allow users to send and receive money using their mobile devices. The recipient must also have the same mobile payment app installed on their device to receive the money.
6. Wire Transfer: A wire transfer is an electronic transfer of funds from one bank account to another. The transfer can be initiated at a bank or online, and the funds are usually available within a few hours.

Payment in Advance:

Payment in advance" refers to a payment arrangement where the buyer pays the full amount for a product or service before receiving it. This is also commonly referred to as prepayment or upfront payment.

This type of payment can be beneficial for the seller or service provider because it ensures that they will receive payment for their product or service before providing it, which reduces the risk of non-payment. However, for the buyer, it can be risky because they are paying for something before, they receive it, and if the seller fails to deliver, they may lose their money.

Payment in advance is common in many industries, such as online shopping, travel, and professional services. It is important to exercise caution when making advance payments, especially when dealing with unfamiliar vendors or service providers. It is also important to ensure that there are clear terms and conditions in place to protect both parties in case of any issues or disputes.

Documentary Bills:

Documentary bills, also known as documentary credits or letters of credit, are a type of financial instrument used in international trade transactions. They are a written commitment by a bank on behalf of the importer to pay the exporter a certain amount of money, provided that the exporter meets certain conditions specified in the letter of credit.

The purpose of a documentary bill is to provide a level of assurance to both the exporter and importer that the payment for goods or services will be made in a secure and timely manner. The exporter can be confident that they will be paid as long as they fulfill the conditions of the letter of credit, such as providing the necessary documents to prove that the goods have been shipped, while the importer can be sure that they will only pay once they have received the correct goods and documentation.

The process typically involves several parties, including the importer, exporter, banks, and shipping companies, and can be complex and time-consuming. However, documentary bills are a common way to facilitate international trade and can help to mitigate some of the risks associated with cross-border transactions.

Documentary credit under Letter of Credit:

A documentary credit, also known as a letter of credit, is a financial instrument that is commonly used in international trade transactions. It is issued by a bank at the request of an importer (buyer) to guarantee payment to an exporter (seller) for the goods or services they provide.

Under a letter of credit, the bank acts as an intermediary between the buyer and seller, providing a level of security to both parties. The seller is guaranteed payment as long as they can meet the requirements specified in the letter of credit, which typically include the presentation of certain documents (e.g., shipping documents, invoices, certificates of origin) that confirm the shipment of the goods or provision of services.

The bank reviews these documents to ensure they comply with the terms and conditions of the letter of credit, and if everything is in order, the bank will release payment to the seller. This provides assurance to the buyer that the goods or services have been delivered as agreed, while protecting the seller from the risk of non-payment.

Overall, a documentary credit can help facilitate international trade by providing a trusted mechanism for payment and reducing the risks associated with cross-border transactions.

Different types of Letters of Credit:

A Letter of Credit (LC) is a financial instrument that is widely used in international trade transactions to guarantee payment to the seller by the buyer's bank. There are several types of Letters of Credit, including:

1. Commercial Letter of Credit: This is the most common type of LC, used in commercial transactions where the buyer and seller are not in the same country.
2. Standby Letter of Credit: A Standby LC is a type of guarantee issued by a bank to ensure that the seller will receive payment if the buyer fails to make payment. This type of LC is commonly used in international transactions where there is a risk of default by the buyer.
3. Revocable Letter of Credit: A Revocable LC can be cancelled or modified by the buyer at any time without the seller's consent.
4. Irrevocable Letter of Credit: An Irrevocable LC cannot be cancelled or modified by the buyer without the seller's consent. This type of LC provides more security to the seller than a revocable LC.
5. Confirmed Letter of Credit: A Confirmed LC is a type of LC where the seller's bank has received confirmation from the buyer's bank that payment will be made. This provides additional security to the seller.
6. Unconfirmed Letter of Credit: An Unconfirmed LC is a type of LC where the seller's bank has not received confirmation from the buyer's bank. The seller must rely on the buyer's

Open account with periodical settlement:

open an account with periodical settlement, you will likely want to look for a financial institution or service that offers automated recurring payments or scheduled transfers. This type of account can be helpful if you have regular bills or payments that need to be made on a set schedule.

Here are some steps you can take to open an account with periodical settlement:

1. Research financial institutions that offer automated recurring payments or scheduled transfers. You may want to consider banks, credit unions, or online payment services.
2. Compare the fees, interest rates, and other features of each option to determine which one best fits your needs.
3. Once you've chosen a financial institution or service, follow their instructions for opening an account. This may involve providing personal information and documentation, such as your name, address, and identification.
4. Set up your periodical settlements. This may involve providing the details of the payments or transfers you need to make, such as the recipient's account information and the frequency of the payments.
5. Monitor your account to ensure that your periodical settlements are being made on schedule and that you have sufficient funds to cover them.

Remember to read the terms and conditions of your account carefully, and to contact the financial institution or service if you have any questions or concerns.

Teaching Plan

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Export Import Procedure&Practice**
Name of the Topic	UNIT -5, Insurance and Shipment of Goods
Hours Required	8 Hours
Learning Objectives	➢ Understand the significance of Export and import Management and its role in Economy. ➢ Acquire knowledge on procedures of export and import. ➢ Involve in pre and post EXIM activities. ➢ Enhance their skills by practicing in foreign trade.
Previous Knowledge to be reminded	NO
Topic Synopsis	• Cargo Insurance (Marine) • Types of Marine insurance policies • Kinds of losses • Shipment of goods • Clearing and forwarding agents • Role of Marian Insurance • Significance of Marian Insurance • Classification of services Essential &Clearance procedures for export of goods
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Cargo Insurance:

Cargo insurance is a type of insurance that covers the loss or damage to goods and merchandise being transported by land, sea, or air. It provides protection for the owner of the cargo against various risks such as theft, damage, loss, or destruction of the goods while they are in transit.

Cargo insurance is important for both the sender and the receiver of the goods, as it ensures that they are protected financially in case of any unforeseen events that could cause damage or loss to the cargo. The insurance policy typically covers the full value of the cargo being transported, as well as any associated costs such as freight charges and customs duties.

Cargo insurance policies can be customized to suit the specific needs of the cargo being transported, the mode of transportation, and the destination. Some common types of cargo insurance include marine insurance, inland marine insurance, and air cargo insurance.

Marine insurance provides coverage for goods being transported by sea, while inland marine insurance covers goods being transported over land, including by rail or truck. Air cargo insurance provides coverage for goods being transported by air.

Overall, cargo insurance is an essential tool for businesses involved in international trade, as it helps to minimize the financial risks associated with transporting goods across different modes of transportation and through different countries.

Types of Marine insurance policies:

There are several types of marine insurance policies, some of the most common ones includs

1. **Hull Insurance:** This type of insurance covers damage or loss to the vessel itself, including the ship's machinery and equipment.
2. **Cargo Insurance:** This type of insurance covers loss or damage to the cargo being transported by the ship.
3. **Freight Insurance:** This type of insurance covers loss of freight revenue due to damage or loss of the cargo being transported.
4. **Protection and Indemnity (P&I) Insurance:** This type of insurance covers the shipowner's liabilities arising from their vessel's operation, such as injury to crew or third parties, pollution, and collision damage.
5. **War Risk Insurance:** This type of insurance covers the risks associated with operating a vessel in a war zone, including damage or loss caused by acts of war, terrorism, or piracy.
6. **Liability Insurance:** This type of insurance covers the shipowner's liabilities arising from damage or loss caused by the vessel, including damage to other vessels, property, or the environment.
7. **Builders Risk Insurance:** This type of insurance covers the risks associated with building a new vessel, including damage or loss during the construction process.

Types of losses Marine Insurance:

Marine insurance policies cover a wide range of losses and risks associated with maritime transport and shipping. Some of the most common types of losses covered by marine insurance policies include:

1. **Total Loss:** This refers to the complete destruction or loss of a vessel, cargo or equipment. It may result from sinking, collision, fire, or other hazards.
2. **Partial Loss:** This refers to the damage or loss of a part of the insured property. It may include damage to the vessel's hull, cargo or equipment, and can result from storms, collisions, or other incidents.
3. **General Average:** This refers to a loss or expense that is shared among all parties involved in a maritime adventure. It may include damage to cargo or the vessel, and expenses incurred to prevent or mitigate losses.
4. **Salvage:** This refers to the compensation paid to those who assist in rescuing or recovering a ship or its cargo.
5. **Liability:** This refers to losses resulting from a shipowner's legal liability for damage to third parties or their property. It may include damages arising from collisions, pollution, or other accidents.
6. **Piracy:** This refers to the loss or damage resulting from acts of piracy, including theft, hijacking, or ransom demands.

Role of Marine Insurance:

Marine insurance plays a crucial role in protecting the interests of individuals and businesses involved in marine activities. Marine insurance provides financial protection against various risks associated with marine operations, such as the loss or damage of ships, cargo, and any other property or liability arising from marine activities.

Some of the key roles of marine insurance are:

1. **Protecting assets:** Marine insurance provides protection against the loss or damage of ships, cargo, and other property involved in marine activities. This protects the assets of individuals and businesses engaged in marine activities.
2. **Managing risks:** Marine insurance helps to manage the risks associated with marine activities by providing financial compensation for losses incurred due to accidents, thefts, natural disasters, and other unforeseen events.
3. **Encouraging trade:** Marine insurance helps to facilitate international trade by providing financial security to shipping companies and cargo owners. This encourages the movement of goods and services across borders and supports economic growth.
4. **Supporting lenders:** Marine insurance supports lenders by providing a level of protection for their investments in marine operations. This makes it easier for lenders to provide financing for marine activities.

5. **Legal requirements:** Marine insurance is often a legal requirement for individuals and businesses involved in marine activities. For example, many countries require ships to have insurance coverage before they can enter their ports.

Overall, marine insurance plays a crucial role in protecting the interests of individuals and businesses involved in marine activities, managing risks, supporting trade and economic growth, and meeting legal requirements.

Significance of Marine Insurance:

Marine insurance is a type of insurance that provides coverage for ships, cargo, and related transport and activities. Its significance lies in the protection it offers to various parties involved in maritime activities, including shipowners, cargo owners, and financiers.

Here are some of the key significances of marine insurance:

1. **Risk Management:** Marine insurance helps manage the risks associated with maritime activities, which can be quite significant. It provides protection against losses due to accidents, damage, theft, piracy, and other perils that can occur during shipping operations.
2. **Protection for Shipowners:** Marine insurance protects shipowners from financial losses due to damage or loss of their vessels. It can cover hull and machinery, liability, and other types of risks associated with ship ownership.
3. **Protection for Cargo Owners:** Marine insurance provides coverage for cargo owners against damage or loss of their goods during transportation by sea. It covers risks such as fire, collision, and theft.
4. **Financing:** Marine insurance is often required by banks and other financial institutions that provide financing for maritime activities. This is because it provides assurance that the investment is protected against risks.
5. **Legal Requirements:** In many cases, marine insurance is a legal requirement for ships to operate in certain areas or to transport certain types of cargo.

Overall, marine insurance plays a critical role in the global economy by facilitating maritime trade and protecting the interests of various parties involved in shipping operations.

Classification of Services Essential:

The classification of essential services may vary depending on the country, region, or context. However, generally speaking, essential services are those that are critical to the health, safety, and well-being of individuals and the community. Some common examples of essential services include:

1. Healthcare services, including hospitals, clinics, pharmacies, and emergency medical services.
2. Public safety services, such as police, fire, and emergency response services.
3. Utilities, including electricity, water, and gas, which are necessary for basic living needs.
4. Food and agriculture, including grocery stores, food production, and distribution services.
5. Transportation services, including public transportation, delivery services, and logistics services.
6. Financial services, including banks, insurance companies, and other financial institutions.
7. Government services, including services provided by public officials and government agencies.
8. Communication services, including telephone, internet, and media services.
9. Construction and maintenance services, including those related to infrastructure, housing, and building maintenance.

Clearance procedures for export of goods:

Export clearance procedures can vary depending on the country of export, the type of goods being exported, and the destination country. However, here are some general steps that are typically involved in the export clearance process:

1. **Obtain necessary export licenses:** Certain products may require export licenses or permits, especially if they are restricted or controlled by the government. Check with your local export control agency to see if your product requires any special licenses or permits.
2. **Determine the correct classification and valuation of the goods:** You need to determine the correct classification and value of your goods to ensure that you comply with all applicable laws and regulations.
3. **File an export declaration:** This is a mandatory requirement for most countries, and it is used to provide information about the goods being exported. The declaration includes details such as the exporter's name and address, the destination country, and the value and description of the goods.
4. **Complete any necessary documentation:** You may need to complete additional documentation such as a commercial invoice, packing list, or certificate of origin.
5. **Obtain any necessary certifications:** Some products require certifications such as sanitary or phytosanitary certificates, which are issued by government agencies to confirm that the products meet certain standards.
6. **Arrange for transportation and insurance:** You will need to arrange for the transportation of your goods and obtain insurance to protect them during transit.

7. **Present the goods for inspection:** Depending on the destination country, your goods may need to undergo inspection by customs officials to ensure that they meet all applicable standards and regulations.
8. **Obtain clearance from customs:** Once all of the necessary steps have been completed and the goods have been inspected and approved, customs will issue a clearance to allow the goods to be exported.

It is important to work closely with your freight forwarder, customs broker, or logistics provider to ensure that all of the necessary steps are completed correctly and on time to avoid delays or penalties.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Logistics Services & Practice**
Name of the Topic	UNIT -I, Introduction
Hours Required	8 Hours
Learning Objectives	• Appraise the principles of Logistics and its informatics • Examine the Financial Issues Logistics sector performance • Describe basic EOQ model and ABC analysis • Determine warehouse safety rules, concepts of Retail Logistics and strategies of supply chain Management.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

INTRODUCTION TO LOGISTICS:

Logistics is a crucial aspect of business operations that involves the planning, implementation, and control of the efficient and effective flow of goods, services, and information from the point of origin to the point of consumption. It plays a vital role in ensuring the smooth and timely movement of resources, materials, and products throughout the supply chain.

Meaning of Logistics:

Logistics refers to the process of planning, implementing, and controlling the efficient and effective flow of goods, services, and information from the point of origin to the point of consumption. It involves the management of various activities, including transportation, warehousing, inventory management, packaging, and distribution.

The primary goal of logistics is to ensure that the right products or services are delivered to the right place, at the right time, and in the right condition, while minimizing costs and maximizing customer satisfaction. It plays a crucial role in supply chain management, which encompasses the entire network of organizations involved in the production, distribution, and delivery of goods or services.

Logistics involves activities such as:

- Transportation:
- Warehousing:
- Inventory Management:
- Packaging:
- Order Processing:
- Information Management:

Principles of Logistics:

- Customer Focus:
- Efficiency:
- Integration:
- Flexibility and Adaptability Continuous Improvement:
- Sustainability
- Risk Management:
- Collaboration and Partnerships

Characteristics of logistics:

- Integration:
- Inventory Management
- Information Flow
- Risk Management Continuous Improvement:

Features of Logistics:

- Transportation:
- Warehousing:
- Packaging and Libelling:
- Order Processing:

- Reverse Logistics Supply Chain Integration:
- Risk Management

Types of Logistics:

- Supply Chain Logistics Transportation Logistics:
- Warehouse Logistics
- Reverse Logistics
- E-commerce Logistics.
- Military Logistics:

Different of Technology and Logistics:

- Transportation Technology:
- Warehouse Management Systems (WMS):
- Internet of Things (IoT):
- Artificial Intelligence (AI) and Machine Learning (ML:
- Blockchain:
- Last-Mile Delivery Innovations:
- Cloud Computing:
- Robotics and Automation:
- Predictive Analytics:
- Augmented Reality (AR) and Virtual Reality (VR):

Introduction to ware house:

A warehouse is a large commercial building or facility designed for the storage and management of goods or products. It serves as a central location where goods are stored before they are distributed to retailers, wholesalers, or directly to customers. Warehouses play a crucial role in the supply chain and are an essential component of logistics and distribution networks.

The primary purpose of a warehouse is to provide a secure and organized space for storing inventory. This allows businesses to maintain an adequate stock of products to meet customer demands and ensure smooth operations. Warehouses can accommodate a wide range of items, including raw materials, finished goods, spare parts, equipment, and more.

Here are some key aspects and functions of a typical warehouse:

- Storage:
- Inventory Management:
- Order Fulfillment:
- Distribution and Logistics:
- Security and Safety:
- Value-Added Services:
- Inventory Optimization:

Types of Warehouses:

- **Public Warehouses:**
- **Private Warehouses:**
- **Distribution Centres:**
- **Fulfillment Centres**
- **Cold Storage Warehouses:**
- **Cross-Docking Facilities:**
- **Railway Warehouses:**

Advantages of Warehousing

- Inventory Management:
- Seasonal and Fluctuating Demand:
- Economies of Scale:
- Risk Management:
- Value-Added Services:
- Market Expansion:
- Reverse Logistics:

Disadvantages of Warehousing:

- Cost:
- Inventory Holding Costs:
- Inventory Management Challenges:
- Transportation Costs: Moving goods from the warehouse to the end customers or b
- Potential for Stockouts or Overstocking;
- Time Delays:
- Technology and Infrastructure Requirements:
- Environmental Impact:
- Security Risks:
- Limited Flexibility:

Introduction to Transportation:

Transportation is an essential aspect of modern human civilization that enables the movement of people, goods, and services from one location to another. It plays a crucial role in connecting individuals, communities, and nations, facilitating trade, economic growth, and social interactions. Throughout history, transportation has evolved significantly, driven by advancements in technology, infrastructure, and societal needs.

The primary purpose of transportation is to overcome the limitations of distance and time, allowing people and goods to reach their desired destinations efficiently. It encompasses various modes, including land, water, air, and even space, each offering distinct characteristics and capabilities.

Meaning of Transportation:

Transportation refers to the movement of people, goods, or animals from one location to another. It involves the use of various modes such as vehicles, vessels, aircraft, or infrastructure like roads, railways, waterways, and air routes. The primary purpose of transportation is to facilitate the transfer of people or goods efficiently and safely.

Transportation can be classified into different modes:

- Road transportation:
- Rail transportation:
- Air transportation:
- Pipeline transportation:
- Other modes:

Advantages of Transportation:

- Accessibility:
- Economic growth:
- Globalization:
- Mobility and freedom:
- Efficiency and productivity:
- Regional development:
- Emergency response and disaster management:
- Environmental benefits:

Disadvantages of Transportation:

- Transportation:
- Environmental Impact:
- Congestion and Traffic:
- Accidents and Safety Risks:
- Infrastructure Costs:
- Dependence on Fossil Fuels:
- Land Use and Displacement:

Types of Transportation:

- There are various types of transportation available for traveling and moving goods from one place to another. Here are some common types of transportation:
- Cars and Trucks:
- Bicycles:
- Motorcycles and Scooters:
- Trains:

- Subways and Light Rail:
- Buses:
- Airplanes:
- Ferries and Boats:
- Ships and Cargo Vessels:
- Trams and Streetcars:
- Cable Cars:
- Helicopters:

Meaning of Courier/Express:

Courier/express refers to a type of service that specializes in fast and efficient delivery of packages, documents, or goods. It is commonly used for time-sensitive shipments that require expedited delivery, often within a specific timeframe or on a specified date. Courier/express services prioritize speed and reliability, aiming to transport items quickly and securely from the sender to the recipient.

These services typically offer features such as real-time tracking, signature confirmation upon delivery, and various delivery options to meet specific requirements, such as same-day or next-day delivery. Courier/express companies often operate a comprehensive network of distribution centres, hubs, and transportation methods (including ground, air, and sometimes sea) to ensure swift and reliable transportation.

Overall, courier/express services are designed to provide efficient and expedited delivery solutions for businesses and individuals, allowing them to send and receive items quickly, securely, and with peace of mind.

Courier Guidelines:

- Courier guidelines can vary depending on the specific courier service and country you're referring to. However, here are some general guidelines that are commonly followed by courier services:
- Packaging:
- Labelling:
- Weight and Size Restrictions:
- Prohibited and Restricted Items:
- Documentation:
- Insurance:
- Tracking:
- Timeliness:
- Delivery Confirmation:
- Customer Support

Courier Pricing:

- Weight and Dimensions:
- Distance:
- Speed of Delivery services. Faster.
- Additional Services:
- International Shipping:

Shipping Sectors:

1. International Shipping:
2. Domestic Shipping:

E-Commerce Sector:

- Returns Management:
- Return Authorization:
- Transportation and Logistics:
- Sorting and Inspection:
- Inventory Management:
- Refurbishment and Repair:
- Disposition and Disposal:
- Cost Management:
- Data Analytics and Continuous Improvement:

- **Strategic Issues in Global Logistics:**
- Supply chain visibility:
- Transportation and infrastructure:
- Inventory management:
- Global trade regulations:
- Risk management:
- Information technology and data integration:
- Sustainability and environmental concerns:

Factors Globalization:

- **some key factors that drive globalization:**
- Technological Advancements:
- Liberalization of Trade and Investment:
- Global Supply Chains:
- Economic Interdependence:
- Market Liberalization:
- Cultural Exchange and Information Flow:
- Political Factors:
- Consumer Demand:

Modes of Transportation Global Logistics:

Here are some common modes of transportation used in global logistics:

- Ships:
- Airplanes:
- Trucks:
- Trains:
- Pipelines
- Intermodal transportation:
- **Barriers to Global Logistics:**
- Trade Barriers:
- Customs and Border Regulations:
- Infrastructure Limitations:
- Language and Cultural Differences:
- Legal and Regulatory Compliance:
- Security and Risk Management:

Markets and Competition:

Markets and competition are key elements of the business landscape. Here's some information to help you understand these concepts:

- Markets: A market refers to the interaction between buyers and sellers who engage in the exchange of goods, services, or resources. Markets can be physical locations, such as a local farmers' market, or virtual spaces, such as online marketplaces. Markets are characterized by supply and demand dynamics, where buyers' preferences and purchasing power interact with sellers' offerings and pricing strategies. Markets can be segmented based on various factors, including geography, demographics, psychographics, and product attributes.
- Competition: Competition is the rivalry among businesses operating in the same market or industry, seeking to attract customers and gain a competitive advantage. Competition can take different forms, including price competition, where businesses compete on the basis of lower prices, and non-price competition, where businesses differentiate themselves based on factors like product quality, features, customer service, branding, and innovation. Competition drives businesses to improve their offerings, increase efficiency, and deliver better value to customers.

- Market Structure: Market structure refers to the characteristics and organization of a specific market. The four primary market structures are:

  1. Perfect Competition: In this market structure, many small firms compete with each other, offering similar products with no individual firm having significant market power. Prices are determined by market forces, and entry and exit into the market are easy. Examples include local agricultural markets.
  2. Monopoly: A monopoly exists when a single firm dominates the market, having exclusive control over the supply of a particular product or service. In a monopoly, the firm faces no competition and has significant market power. Examples include local utilities with no competitors.
  3. Oligopoly: An oligopoly is characterized by a small number of large firms dominating the market. These firms may compete with each other, and their actions significantly impact the market. Oligopolistic markets often involve strategic interactions between firms, and pricing decisions can have ripple effects across the industry. Examples include the automobile or airline industries.

Financial Issues in Logistics Performance:

- Cost Management:
- Transportation Costs:
- Inventory Holding Costs:
- Technology and Infrastructure Investments:
- Supplier and Customer Payment Delays:
- Seasonal Fluctuations:
- International Trade and Customs Duties:
- Capital Investment for Expansion:
- Risk Management:
- Pricing Pressure and Competition:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Logistics Services & Practice**
Name of the Topic	UNIT -2, Global Logistics
Hours Required	8 Hours
Learning Objectives	• Appraise the principles of Logistics and its informatics • Examine the Financial Issues Logistics sector performance • Describe basic EOQ model and ABC analysis • Determine warehouse safety rules, concepts of Retail Logistics and strategies of supply chain Management.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Introduction to Global Logistics:

Global logistics refers to the management and coordination of the flow of goods, information, and resources across international borders to ensure the efficient and timely delivery of products from their point of origin to their final destination. It involves a complex network of transportation, storage, and distribution activities that span various countries, regions, and continents.

The key elements of global logistics include:

- Supply Chain Management:
- Transportation:
- Warehousing and Inventory Management:
- Customs and Trade Compliance:
- Risk Management:
- Information Technology:

Meaning of Global Logistics:

Global logistics refers to the management and coordination of the flow of goods, information, and resources across international borders. It involves the planning, implementation, and control of the movement and storage of goods and services from the point of origin to the point of consumption. Global logistics encompasses various activities, including transportation, warehousing, inventory management, packaging, customs clearance, documentation, and information exchange.

Global Supply:

The global supply chain refers to the interconnected network of organizations, resources, activities, information, and technologies involved in the production, distribution, and delivery of goods and services worldwide. It encompasses the entire process from sourcing raw materials to delivering finished products to the end consumers.

Key Components of the Global Supply Chain:

- Suppliers:
- Manufacturers:

- Distributors and Wholesalers:
- Retailers:
- Logistics and Transportation:
- Information Systems:

Challenges in the Global Supply Chain:

- Complexity:
- Risk Management:
- Sustainability and Ethics:
- Technology Integration:
- Resilience and Agility:

Meaning of Global Logistics Organizing:

Organizing for global logistics requires careful planning, coordination, and efficient management of the flow of goods and information across international borders. Here are

some key steps and considerations for organizing global logistics:

- Define your logistics strategy:
- Conduct market research:
- Establish strong partnerships:
- Develop a robust supply chain:
- Optimize transportation:
- Manage customs and trade compliance:
- Leverage technology:
- Mitigate risks:
- Optimize inventory management:
- Continuous improvement:

Strategic Issues in Global Logistics:

- Supply chain visibility:
- Transportation and infrastructure:
- Inventory management:
- Global trade regulations:
- Risk management:
- Information technology and data integration:
- Sustainability and environmental concerns:

Factors Globalization:

- Technological Advancements:
- Liberalization of Trade and Investment:
- Global Supply Chains:
- Economic Interdependence:
- Market Liberalization:
- Cultural Exchange and Information Flow:

- Political Factors:
- Consumer Demand

Modes of Transportation in Global Logistics:

- Ships:
- Airplanes:
- Trucks:
- Trains:
- Pipelines:
- Intermodal transportation

Barriers to Global Logistics:

- Trade Barriers:
- Customs and Border Regulations:
- Infrastructure Limitations:
- Language and Cultural Differences:
- Legal and Regulatory Compliance:
- Security and Risk Management:
- Political Instability and Geopolitical Factors:
- Supply Chain Complexity:
- Cost and Financial Consideration

Markets and Competition:

- Markets and competition are key elements of the business landscape. Here's some information to help you understand these concepts:
- **Markets:** A market refers to the interaction between buyers and sellers who engage in the exchange of goods, services, or resources. Markets can be physical locations, such as a local farmers' market, or virtual spaces, such as online marketplaces. Markets are characterized by supply and demand dynamics, where buyers' preferences and purchasing power interact with sellers' offerings and pricing strategies. Markets can be segmented based on various factors, including geography, demographics, psychographics, and product attributes.
- **Competition:** Competition is the rivalry among businesses operating in the same market or industry, seeking to attract customers and gain a competitive advantage. Competition can take different forms, including price competition, where businesses compete on the basis of lower prices, and non-price competition, where businesses differentiate themselves based on factors like product quality, features, customer service, branding, and innovation. Competition drives businesses to improve their offerings, increase efficiency, and deliver better value to customers.

Financial Issues in logistics Performance:

- Cost Management:
- Transportation Costs:
- Inventory Holding Costs:
- Technology and Infrastructure Investments:
- Supplier and Customer Payment Delays:
- Seasonal Fluctuations:
- International Trade and Customs Duties:
- Capital Investment for Expansion:
- Risk Management:
- Pricing Pressure and Competition

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Logistics Services & Practice**
Name of the Topic	UNIT -3, Introduction
Hours Required	8 Hours
Learning Objectives	• Appraise the principles of Logistics and its informatics • Examine the Financial Issues Logistics sector performance • Describe basic EOQ model and ABC analysis • Determine warehouse safety rules, concepts of Retail Logistics and strategies of supply chain Management.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Introduction to Inventory:

Inventory refers to the assortment of goods, materials, or assets held by a business for the purpose of production, distribution, or sale. It represents the stock or supply of items that a company has on hand to meet customer demand and fulfill its operational objectives.

Sophisticated inventory management systems and software are often employed to streamline and automate inventory-related tasks. These systems utilize various techniques and methodologies, such as economic order quantity (EOQ), just-in-time (JIT) inventory, and ABC analysis, to help businesses make informed decisions and optimize their inventory levels.

Meaning of Inventory:

Inventory typically refers to a detailed list or record of items, goods, or materials held by a person, business, or organization. It is a systematic way of tracking and managing assets, products, or supplies. The purpose of inventory is to provide accurate information about the quantity, location, and condition of items in stock.

Inventory can have different meanings depending on the context:

- Business Inventory:
- Retail Inventory:
- Financial Inventory:
- Warehouse Inventory

Features of Inventory:

- Stocked Goods:
- Quantity:
- Valuation:
- Storage:
- Tracking and Control:
- Demand Fluctuations:
- Reorder Point:
- Just-in-Time (JIT):
- Perpetual or Periodic Inventory Systems:
- Cost of Carrying Inventory

Types of Inventories:

- Raw Materials:
- Work-in-Progress (WIP):
- Finished Goods:
- Maintenance, Repair, and Operations (MRO) Inventory:
- Goods in Transit:
- Consignment Inventory:
- Seasonal Inventory:
- Safety Stock:
- Obsolete Inventory:
- Pipeline Inventory

Need of Inventory:

- Meeting customer demands:
- Avoiding stockouts:
- Managing lead times:
- Economies of scale:
- Seasonal demand and fluctuations:
- Supplier disruptions:
- Production efficiency:
- Cost optimization

Basic EOQ:

EOQ stands for Economic Order Quantity, which is a formula used in inventory management to determine the optimal order quantity that minimizes total inventory costs. The EOQ model takes into account various factors such as demand, ordering costs, and holding costs.

The basic EOQ formula is as follows:

$EOQ = \sqrt{(2 * D * S) / H}$

Where:

- EOQ: Economic Order Quantity (the optimal order quantity)
- D: Annual demand (number of units sold or used in a year)
- S: Ordering cost per order (the cost incurred to place an order, such as administrative expenses, processing fees, or shipping costs)
- H: Holding cost per unit per year (the cost to hold or carry one unit of inventory for a year, which includes storage costs, insurance, depreciation, etc.)

Classification of EOQ:

- Independent Demand Items:
- Dependent Demand Items
- MRO Items (Maintenance, Repair, and Operations):

ABC Analysis:

- Category A:
- Category B:
- Category C:

Introduction of MRP:

Material Requirement Planning (MRP) is a systematic approach to managing the procurement, production, and inventory control of materials needed for manufacturing or production processes. MRP helps organizations ensure that they have the right quantity of materials at the right time to meet customer demand while minimizing inventory costs.

Here are the key steps involved in material requirement planning:

- Bill of Materials (BOM):
- Master Production Schedule (MPS):
- Gross Requirements Calculation:
- Net Requirements Calculation:
- Time Phasing:
- Order Generation:

Meaning and Advantages:

MRP stands for Material Requirements Planning. It is a system used by businesses to manage and plan their manufacturing processes and inventory. MRP helps in determining what materials are needed, when they are needed, and in what quantities to fulfill customer demand and maintain optimal inventory levels.

Advantages of using MRP include:

- Improved inventory management:
- Enhanced production planning:
- Cost savings:
- Streamlined procurement:
- Improved customer service:
- Reduced lead times:

Meaning of Material Handling:

- Materials handling refers to the movement, storage, control, and protection of materials within a facility or along a supply chain. It involves the physical tasks and processes of transporting, storing, and managing materials to ensure they are available at the right time, in the right quantity, and in the right condition.

Features of Material Handling:

- Material Movement:
- Storage and Warehousing:
- Inventory Control:
- Equipment and Machinery:
- Safety and Ergonomics:
- System Integration:
- Cost Optimization:
- Environmental Considerations:
- Automation and Technology

Principles of Materials Handling:

- Planning:
- Standardization:
- Ergonomics:
- Equipment selection:
- Proper training:
- Space utilization:
- Inventory management:
- Safety:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Logistics Services & Practice**
Name of the Topic	UNIT -4, Introduction
Hours Required	8 Hours
Learning Objectives	• Appraise the principles of Logistics and its informatics • Examine the Financial Issues Logistics sector performance • Describe basic EOQ model and ABC analysis • Determine warehouse safety rules, concepts of Retail Logistics and strategies of supply chain Management.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Meaning of Warehousing and Distribution:

A warehouse is a large building or facility used for the storage of goods or merchandise. It serves as a central location where products are stored before they are distributed to retailers, wholesalers, or directly to customers. Warehouses are typically equipped with storage racks, shelves, and other organizational systems to maximize space utilization and facilitate efficient inventory management.

Distribution operations, on the other hand, refer to the processes and activities involved in moving goods from the warehouse to their final destination. These operations encompass various tasks such as order processing, picking and packing of products, transportation management, and logistics coordination. The goal of distribution operations is to ensure that the right products are delivered to the right locations at the right time, while minimizing costs and maximizing customer satisfaction.

Overall, warehouses and distribution operations play crucial roles in the supply chain of businesses. They help facilitate the movement and storage of goods, enable efficient inventory management, and contribute to timely delivery of products to end customers.

Need for warehouses:

- Storage:
- Inventory Management:
- Order Fulfillment:
- Transportation and Logistics:
- Buffer Stock:
- Value-Added Services:
- Reverse Logistics:

Importance of Warehouses:

- Storage and Inventory Management:
- Order Fulfillment:
- Seasonal Demand and Inventory Fluctuations:
- Cost Savings:
- Value-Added Services
- Risk Mitigation:
- Flexibility and Scalability

The stages involved in the receipt of goods typically include the following steps:

- Receiving Notice:
- Inspection and Verification:
- Unloading and Checking Quantity:
- Quality Inspection:
- Documentation and Record-Keeping:
- Reconciliation with Purchase Orders
- Storage or Distribution:

Advanced Shipment Notice:(ASN)

- Content:
- Electronic Format:
- Integration with Supply Chain Systems:
- Verification and Reconciliation

Warehouse Activities:

- Receiving:
- Storing:
- Inventory management:
- Order picking:
- Packing and packaging:
- Shipping:
- Replenishment:
- Returns processing:
- Maintenance and housekeeping:
- Reporting and documentation:

Receiving ,Sorting,Loading,Unloading,Picking:

- Receiving:
- Sorting:
- Loading:
- Unloading:
- Picking:

Packing and Dispatch:

- Packing:
- Dispatch:

Warehouse Safety rules:

- Personal Protective Equipment (PPE):
- Training and Education:
- Housekeeping:
- Material Handling:
- Machinery and Equipment:
- Fire Safety:

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	CH. VIJAYA KALPANA
Course/Group	III B.Com V I Sem
Paper	**Logistics Services & Practice**
Name of the Topic	UNIT -5, Introduction
Hours Required	8 Hours
Learning Objectives	• Appraise the principles of Logistics and its informatics • Examine the Financial Issues Logistics sector performance • Describe basic EOQ model and ABC analysis • Determine warehouse safety rules, concepts of Retail Logistics and strategies of supply chain Management.
Previous Knowledge to be reminded	No
Topic Synopsis	• Introduction • Meaning of EXIM • Definition to EXIM • Objectives of EXIM policies • Role of export houses in the development of Economy • State Trading Corporations and SEZs • Flow of procedure for export and import process
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Block Board, PPTs
References cited	Himalaya Publishing
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignment
Any other activity	

Retail Logistics and Supply Chain:

- Retail logistics and supply chain management refer to the processes and activities involved in getting products from manufacturers or suppliers to the end consumers in the retail industry. It encompasses the planning, implementation, and control of various activities that are critical for the efficient and effective flow of goods and information within the retail supply chain.
- Supply chain management in the retail context focuses on the broader coordination and integration of various stakeholders involved in the supply chain, including manufacturers, suppliers, distributors, retailers, and customers. It involves the strategic planning and management of all activities from sourcing raw materials to delivering the final products to the end consumers. This includes demand forecasting, procurement, production planning, inventory management, order processing, and customer service.

Concept of Retail Logistics:

- Procurement:
- Warehousing:
- Inventory Management:

Concepts Supply Chain:

- Supply Chain Management (SCM):
- Demand Planning
- Inventory Management
- Logistics and Transportation:

Fundamentals of supply chain:

- Supply chain network design:
- Demand planning and forecasting:
- Inventory management:
- Supplier management

Importance of supply Chain:

- Customer Satisfaction:
- Cost Efficiency:
- Competitive Advantage:
- Collaboration and Coordination:

Supply Chain Strategy:

- Network Design:
- Supplier Management:

- Demand Forecasting
- Inventory Management:
- Transportation and Logistics:
- Technology Integration

:

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Fundamentals of Accounting**
Name of the Topic	**Introduction to Accounting**
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	*Yes, Reminded*
Topic Synopsis	➢ Definition and Importance of Accounting, ➢ Need for Accounting, ➢ Objectives of Accounting, ➢ GAAP Principles ➢ Accounting Cycle ➢ Classification of Accounts and its Rules ➢ Book keeping and Accounting
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	PC.Tulasian SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

ACCOUNTING:

Meaning:

Accounting is the process of **recording, classifying, summarizing**, and interpreting financial transactions to provide financial information that is useful in making business decisions. It involves identifying, measuring, and communicating financial information about economic entities such as businesses, organizations, or individuals.

Definitions:

- *According to the Committee of Terminology of American Institute of Certified Public Account:*" Accounting is the art of recording, classifying summarising in a significant manner and in terms of money, transaction, and events which are, in part at least of a financial character and interpreting the results thereof."
- *According to Bierman and Drebin:*" Accounting may be defined as identifying, measuring, recording and communicating of financial information."

Importance of Accounting:

- Keeps a record of business transactions
- Facilitates decision-making for management
- Communicates results
- Meets legal requirements

Need For Accounting:

Accounting is the process of recording, classifying, summarizing, and interpreting financial transactions to provide useful information to different stakeholders such as business owners, investors, creditors, and government regulators. Accounting is essential for several reasons:

- ➢ Facilitates decision making
- ➢ Regulatory Compliance
- ➢ Assessing the financial health of a business
- ➢ Tax compliance
- ➢ Strategic planning

Objectives of Accounting:

The primary objectives of accounting are to provide useful and relevant financial information to various stakeholders for decision making and to ensure the financial transparency of an entity. Some of the specific objectives of accounting are:

- Recording financial transactions
- Measuring profitability
- Facilitating decision making
- Monitoring cash flow
- Ensuring regulatory compliance
- Providing financial transparency

GAAP Principles:

GAAP stands for Generally Accepted Accounting Principles. It is a set of accounting standards, principles, and procedures that companies use to prepare and present their financial statements. The principles are designed to ensure that financial reporting is accurate, consistent, and transparent.

Concepts of Accounting:

- Business Entity Concept
- Going Concern Concept
- Money Measurement Concept
- Time Period Concept
- Accrual Concept
- Cost Concept
- Matching Concept

Conventions of Accounting:

- Conservatism Convention
- Consistency Convention
- Materiality Convention
- Disclosure Convention

Accounting Cycle:

The accounting cycle is the process of recording, classifying, summarizing, and reporting financial transactions of a business. It involves a series of steps that begin with the recording of transactions and end with the preparation of financial statements. Here are the steps in the accounting cycle:

- Analysis of transactions
- Journal entries
- Posting to ledgers
- Trial balance
- Adjusting entries
- Adjusted trial balance.
- Financial statements
- Closing Entries
- Post-closing trial balance:

Classification of Accounts and its Rules:

i) Personal Accounts:

- Natural personal account
- Artificial personal account
- Representative personal account

  - **Personal Accounts Rules:** Debit the Receiver and Credit the giver.

ii) Real Accounts:

- Tangible Accounts
- Intangible Accounts

  - **Real Accounts Rules:** Debit what comes in and Credit what goes out.

iii) Nominal Accounts:

- Expenses and Losses
- Incomes And Gains

  - **Nominal Accounts Rules**: Debit all expenses and losses and credit all income, revenue and gains.

Book Keeping and Accounting:

Book Keeping:

Bookkeeping is the process of recording, organizing, and managing financial transactions of a business or an individual. It involves maintaining accurate and up-to-date records of all financial transactions, including sales, purchases, payments, receipts, and other transactions.

The main purpose of bookkeeping is to keep track of a business's financial transactions and to provide accurate and timely financial information to stakeholders, such as owners, managers, investors, and creditors. This information is essential for making informed business decisions, preparing financial statements, and complying with tax and regulatory requirements.

Accounting:

Accounting is the process of recording, classifying, summarizing, analysing, and interpreting financial transactions of a business or an individual. It involves the preparation and presentation of financial statements, including the income statement, balance sheet, and cash flow statement, which provide a clear picture of a company's financial performance and position.

The main purpose of accounting is to provide relevant financial information to stakeholders, such as investors, creditors, and management, to help them make informed business decisions. Accounting is also essential for complying with tax and regulatory requirements and for measuring the financial performance and position of a business.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	Fundamentals of Accounting
Name of the Topic	Journal-Ledger Accounts
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	Yes, in intermediate.
Topic Synopsis	➢ Concept of Journal ➢ Journal Proforma of ➢ Recording of Transactions in Journal (Journalizing) ➢ Ledger ➢ Transfer from Journal to Ledger (Posting) ➢ Balancing of Ledgers
Examples / Illustrations	Journal entries problems
Additional inputs	
Teaching Aids used	Green Board,
References cited	PC TULASIAN SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Meaning of Journal

Journal is the book of prime entry also called the book of original entry. That is, transactions are first entered here and are the most important book of accounts. The transactions are recorded systemically and in chronological order.

They are entered to show which accounts should be debited or credited. Recording of transactions in "Journal" is called as **"Journalizing the entries"**

Proforma of Journal:

Journal Entry Format			
Date	Account Name	Debit	Credit
January 1			
	Debited Account	xxxx	
	-Credited Account		xxxx
	Description of the Journal Entry		

Journalizing Process:

Journalizing refers to recording business transactions systematically and in a summarized form in the journal. It means a process of entering the twofold effects of transactions in the form of debt and credit in the journal

Significance and explanation of columns in the Journal

- Date Column
- Particulars Column
- Ledger Folio No. Column (L.F.)
- Debit Amount Column
- Credit Amount Column

Ledger:

A ledger in accounting refers to a book that contains different accounts where records of transactions pertaining to a specific account are stored. It is also known as the book of final entry or principal book of accounts. It is a book where all transactions either debited or credited are stored.

Ledger Format

The ledger consists of two columns prepared in a T format. The two sides of debit and credit contain date, particulars, folio number and amount columns. The ledger format is as follows.

Name of the Account

Dr. **Cr.**

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹

Ledger Posting:

After the transactions are recorded in the journal, it is then posted in the principal book called as 'Ledger'. The process of transferring the entries from journal to respective ledger accounts is called ledger posting. Balancing of ledgers is carried to find out differences at the end of the year.

Balancing of Ledger

At the end of every accounting year all the accounts which are operated in the ledger book are closed, totalled and balanced. Balancing of ledgers means finding the difference between the debit and credit amounts of a particular account i.e. heavier total and lighter total difference and recording that difference amount on the lighter total side.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Fundamentals of Accounting**
Name of the Topic	Journal-Ledger Accounts
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	Yes, in intermediate.
Topic Synopsis	➢ *Types of Subsidiary Book* ➢ *Single Cash Book* ➢ *Double column cash Book* ➢ *Three column Cash Book* ➢ *Petty Cash Book*
Examples / Illustrations	Subsidiary books and Cash Book Problems
Additional inputs	
Teaching Aids used	Green Board, PPT
References cited	PC TULASIAN SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Subsidiary Books

Subsidiary books are books of original entry. In the normal course of business, a majority of transactions are either relate to sales, purchases or cash. So we record transactions of the same or similar nature in one place, i.e. the subsidiary book. And we record these transactions in chronological order.

Types of Subsidiary Books:

- Purchase Book
- Purchase Returns Book
- Sales Book
- Sales Returns Book
- Cash Book
- Bills receivable Book
- Bills Payable Book
- Journal Proper

Cash Book:

It is a book which records the receipts and payment of cash transaction It is a book of original entry as we record transactions in it for the first time from the source documents such as vouchers, invoices, etc. A cash book has a debit and a credit side both. Thus, it is similar to a ledger account. Hence, it acts as a subsidiary book as well as a ledger account.

- Single Column cash book
- Double column cash book
- Three column cash book
- Petty cash book

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Fundamentals of Accounting**
Name of the Topic	Journal-Ledger Accounts
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	Yes, in intermediate.
Topic Synopsis	➢ *Trail Balance* ➢ *Preparation of Trail Balance* ➢ *Rectification of Errors* ➢ *Types of Errors* ➢ *Suspense Account*
Examples / Illustrations	Trail Balance and Rectification of Errors Problems
Additional inputs	
Teaching Aids used	Green Board,PPT
References cited	PC TULASIAN SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Trail Balance:

A Trial Balance is a statement that shows the total debit and total credit balances of accounts. The total of debit amounts shall be equal to the credit amounts. It verifies the arithmetical accuracy of the postings in the ledger accounts.

Objectives of Trail Balance:

- To know the Arithmetical Accuracy
- To Detecting Clerical Errors
- help in the preparation of the final accounts

Methods of Preparing Trail Balance:

1. Totals Method
2. Balances Method

Rectification of Errors:

Definition:

Rectification of errors is a **procedure of revising mistakes in the entries.** These errors can be of two types, i.e, the errors committed on both sides in an entry that does not influence the trial balance and can be rectified by making a journal entry.

Kinds of Errors:

1. Error of Principle
2. Clerical Errors
    i. Error of Omission
        a) Error of complete omission
        b) Error of partial omission

    ii. Error of Commission:
    iii. Error of recording:
    iv. Error of posting:
    v. Error of casting
    vi. Error of carrying forward:
3. Compensating Error

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Fundamentals of Accounting**
Name of the Topic	BRS Problems
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	Yes, in intermediate.
Topic Synopsis	➢ Bank Reconciliation statement ➢ Need for Bank Reconciliation Statement ➢ Reasons for Deference between cash book and pass book Balances ➢ Preparation of Bank Reconciliation Statement
Examples / Illustrations	Journal entries problems
Additional inputs	
Teaching Aids used	Green Board, PPT
References cited	PC TULASIAN SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Bank Reconciliation Statement Meaning:

Bank Reconciliation Statement is a record book of the transactions of a bank account. This statement helps the account holders to check and keep track of their funds and update the transaction record that they have made. Bank Reconciliation statement is also known as bank passbook. The balance mentioned in the bank passbook of the statement must tally with the balance mentioned in the cash book. In the statement, all the deposit will be shown in the credit column and withdrawals will be shown in the debit column. However, if the withdrawal exceeds deposit it will show a debit balance (overdraft).

Need For Bank Reconciliation Statement:

Bank reconciliation statement is a document that reconciles the differences between the bank statement balance and the company's book balance for a specific period. It is important for the following reasons:

- Identify errors and discrepancies:
- Ensure accuracy of financial statements:
- Detect fraudulent activities:
- Manage cash flow:

Causes for the Difference Between cash book and the bank passbook Balances

- The difference in timing recording the transactions: The difference in timing can be caused by many factors which are:
    - Bank-issued cheque but not yet deposited for payment
    - Paid cheque in the bank but yet not cleared
    - Bank made direct debit from the customer's side
    - Cheque/ amount deposited directly to the bank account
    - Dividends and Interest collected by the bank
    - Bank made direct payment from the customer's side
    - Cheques deposited/bills discounted dishonoured

- Errors made by the company or by the bank: In a few occasions, the error in two balances can be made from the bank side or in the company's cash book. Few errors are as follows:
    - Errors made while registering the transaction by the company
    - Errors made while registering the transaction by the bank

How to prepare a BRS:

- The first step is to compare opening balances of both the bank column of the cash book as well as bank statement; these could be different due to un-credited or un-presented cheques from a previous period.
- Now, compare the credit side of the bank statement with the debit side of the bank column of the cash book and the debit side of the bank statement with the credit side of the bank column of the cash book. Place a tick against all the items appearing in both the records.

- Analyse the entries both in the bank column of the cash book as well as the passbook and look for entries that have been missed to be posted in the bank column of the cash book. Make a list of such entries and make the necessary adjustments in the cash book.
- Correct if any mistakes or errors appear in the cash book.
- Calculate the corrected and revised balance of the cash book's bank column.
- Now, start the bank reconciliation statement with an updated cash book balance.
- Add the un-presented cheques (cheques which are issued by the business firm to its creditors or suppliers but not presented for payment – Expense) and deduct un-credited cheques (Cheques paid into the bank but not yet collected – Income).
- Make all the necessary adjustments for the bank errors. In case the bank reconciliation statement begins with the debit balance as per the bank column of the cash book, add all the amounts erroneously credited by the bank and deduct all the amounts erroneously credited by the bank. Do vice-versa in case its start with the credit balance.
- The resultant figure must be equal to the balance as per the bank statement.

BRS-Format

		Particulars	Amount Rs.	Amount Rs.
A		Balance as per Cash Book		* *
B	Add:	Cheques issued but not presented for payment	* *	
		Interest credited by bank but not recorded in cash book	* *	
		Debtors directly paid into bank but not recorded in cash book	* *	
		Wrong credit by banker	* *	
		Collections by banker as per customer standing instructions	* *	
		Total (B)		**
C		(Total A + B)		* *
D	Less:	Cheques deposited but not credited by the bank	* *	
		Dishonoured cheques appeared in the pass book but not entered in the cash book	* *	
		Bank charges as per pass book	* *	
		Wrong debit by banker	* *	
		Payments as per standing instructions	* *	
		Total (D)		* *
E		Balance as per pass book (C- D)		* *

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Fundamentals of Accounting**
Name of the Topic	Final Accounts
Hours Required	8 Hours
Learning Objectives	➢ Identify transactions and events that need to be recorded in the books of accounts. ➢ Equip with the knowledge of accounting process and preparation of final accounts of sole trader. ➢ Develop the skill of recording financial transactions and preparation of reports in accordance with GAAP. ➢ Analyze the difference between cash book and pass book in terms of balance and make reconciliation.
Previous Knowledge to be reminded	Yes, in intermediate.
Topic Synopsis	➢ Final Accounts Meaning ➢ Objectives of Preparing Final Accounts ➢ Capital and Revenue Expenditure ➢ Trading &Profit and Loss Accounting ➢ Balance Sheet ➢ Adjustments
Examples / Illustrations	Final Accounts Problems
Additional inputs	
Teaching Aids used	Green Board,
References cited	PC TULASIAN SP Jain KL Narang
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Final Accounts-Meaning:

Final accounts refer to the financial statements that summarize a company's financial performance and position over a specific period, typically a fiscal year. These statements are prepared at the end of the accounting period to provide stakeholders with an overview of the company's financial health and performance.

Objectives of Preparing Final Accounts:

- Providing an overview of financial performance
- Meeting legal requirements
- Facilitating management decision-making
- Facilitating investment decisions
- Facilitating credit decisions

Capital and Revenue Expenditure

Capital and revenue expenditure are two types of expenses that businesses incur in their operations. The main differences between these two types of expenses are:

- **Capital Expenditure:** Capital expenditures refer to expenses incurred by a business for acquiring or improving fixed assets such as land, buildings, machinery, and equipment. These expenses are usually long-term investments that benefit the company over several years. Capital expenditures are not charged against the income statement as an expense in the period they are incurred, but instead, they are recorded on the balance sheet and gradually depreciated over their useful life.

- ✓ **Examples of capital expenditure include**:
- ✓ Purchase of land or building
- ✓ Purchase of machinery or equipment
- ✓ Construction of a new building
- ✓ Major renovation or upgrade of existing assets

- **Revenue Expenditure:** Revenue expenditures refer to expenses incurred by a business for operating activities such as wages, salaries, rent, utilities, and supplies. These expenses are short-term in nature and are incurred for maintaining the day-to-day operations of the business. Revenue expenditures are charged against the income statement as an expense in the period they are incurred and reduce the profit for that period.

- ✓ **Examples of revenue expenditure include:**
- ✓ Wages and salaries
- ✓ Rent and utilities
- ✓ Supplies and inventory
- ✓ Advertising and marketing expenses

Types of Assets

Assets are economic resources owned by a business that have the potential to provide future economic benefits. There are various types of assets that a business may own. Some of the common types of assets are:

1. Current Assets
2. Fixed Assets.
3. Intangible Assets
4. Financial Assets
5. Natural Resources
6. Other Assets

Types of Liabilities

Liabilities are obligations of a business to pay back debts or provide goods or services in the future. There are various types of liabilities that a business may have. Some of the common types of liabilities are:

1. Current Liabilities
2. Long-term Liabilities
3. Operating Liabilities
4. Financial Liabilities
5. Contingent Liabilities
6. Deferred Liabilities

Trading Account:

The trading account is a financial statement that shows the gross profit earned by a business from its trading activities over a specific period, typically a fiscal year. The trading account is the first part of the profit and loss account, which also includes the profit and loss statement and the appropriation account.

The formula for calculating the gross profit from the trading account is:

Gross Profit = Sales - Cost of Goods Sold

Profit and Loss Account:

The profit and loss account, also known as the income statement or P&L statement, is a financial statement that shows the revenues and expenses of a business over a specific period, typically a fiscal year. The profit and loss account is the second part of the profit and loss statement, which also includes the trading account and the appropriation account.

The formula for calculating the net profit from the profit and loss account is:

Net Profit = Gross Profit - Operating Expenses - Other Expenses

Balance Sheet:

The balance sheet is a financial statement that shows the financial position of a business at a specific point in time, typically the end of a fiscal year. The balance sheet provides a snapshot of the company's assets, liabilities, and equity, and helps to understand the financial health of the business.

The balance sheet follows the accounting equation: Assets = Liabilities + Equity. This means that the total value of a company's assets is equal to the sum of its liabilities and equity.

The balance sheet is divided into two sections: the assets section and the liabilities and equity section.

Adjustments:

Adjustments are accounting entries made to update the accounts at the end of an accounting period. These entries ensure that the financial statements accurately reflect the financial position and performance of the business for the period under review. Adjustments are typically made at the end of a period to account for transactions that have occurred but have not yet been recorded in the accounts.

Common types of adjustments include:

- Closing Stock
- Outstanding Expenses
- Prepaid or Unexpired Expenses
- Accrued or Outstanding Income
- Income Received In Advance or Unearned Income
- Depreciation
- Bad Debts
- Provision for Doubtful Debts
- Provision for Discount on Debtors
- Manager’s Commission
- Interest on Capital
- Goods Distributed among Staff Members for Staff Welfare
- Drawing of Goods for Personal Use
- Abnormal or Accidental Losses

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	I B.Com
Paper	**Financial Accounting**
Name of the Topic	**Depreciation**
Hours Required	8 Hours
Learning Objectives	➢ Understand the concept of depreciation in accounting and finance. ➢ Recognize the types of assets that are subject to depreciation, including tangible and intangible assets. ➢ Explain why depreciation is important in financial reporting and how it reflects the true value of assets. ➢ Compare and contrast various depreciation methods, such as straight-line depreciation, declining balance, and units-of-production. ➢ Demonstrate the ability to calculate depreciation using the straight-line method, including the formula and relevant factors.. ➢ Analyze different depreciation policies and their impact on a company's financial performance and tax liability.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Meaning and Features of Depreciation ➢ Causes of Depreciation ➢ Methods of Depreciation ➢ Straight line Method ➢ Written Down Value Method ➢ Annuity Method and Depletion Methods
Examples / Illustrations	*Caluculation of Striaght line method and WDV method.*
Additional inputs	Real-Life Scenarios:
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	Exercises
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Depreciation Introduction

The term depreciation is derived from the Latin word depretium. Split into “de” and “pretium” de means decline and pretium means price. So, the literal meaning of depreciation is decrease in the value of an asset. True profit can be calculated only after charging depreciation on assets.

Definitions of Depreciation

Some important definitions of depreciation are given below.

Depreciation may be defined as a gradual deterioration in value due to use.

— R.G William

Depreciation may be defined as the measure of the exhaustion of the effective life of on asset from any cause during the given period.

— Spicer and Pegler

Characteristics/Features of Depreciation

A careful examination of various definitions of depreciation reveals the following characteristics.

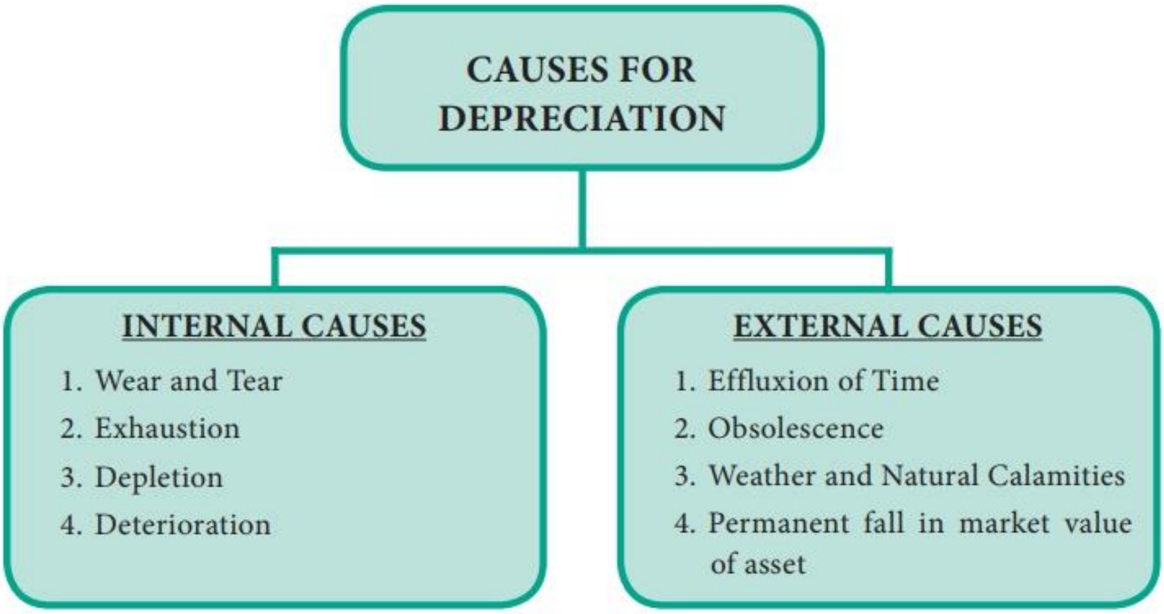
1. Depreciation is calculated on the value of the depreciable assets like building, plant, machinery, furniture loose tools etc.

2. It is a permanent and continuous decreases in the value of an asset.

3. Depreciation is caused due to use, efflux of time, obsolescence etc.

4. Depreciation is charged to spread the cost of an asset over its useful life.

Causes of Depreciation



Internal Causes of Depreciation

Wear and tear, exhaustion, depletion, deterioration etc.. causes depreciation of assets which are internal in nature.

- Wear and tear
- Exhaustion
- Depletion
- Deterioration

External Causes of Depreciation

Factors external to causes of depreciation include passage of time, obsolescence, permanent fall in market value and weather and accidental elements. These factors are not connected to the asset. Even then they cause depreciation.

- Passage of time
- Obsolescence
- Permanent fall in the market value
- Weather and accidental elements

Objects of Providing Depreciation

Occurrence of depreciation is unavoidable. For true and fair view of accounts, assets are restated at the balance sheet date. Investment decisions rest on depreciation. The objects and necessity of providing for depreciation are briefly described.

1. True cost of production
2. Correct income
3. True and fair view of financial position
4. Compliance procedures
5. Assets replacement
6. Keeping capital intact
7. Tax planning

Methods of Depreciation

Depreciation is a process of allocating the cost of a long-term asset over its useful life. There are various methods of depreciation, including:

- **Straight-line depreciation:** This method involves depreciating the asset by an equal amount each year over its useful life. The formula for straight-line depreciation is: (Cost of asset - Salvage value) / Useful life.
- **Declining balance depreciation:** This method involves applying a fixed depreciation rate to the asset's book value each year. The depreciation rate is typically double the straight-line rate, and it declines as the asset ages. The formula for declining balance depreciation is: Book value of asset x Depreciation rate.
- **Units of production depreciation:** This method involves depreciating the asset based on the number of units it produces or the number of hours it operates. The formula for units of production depreciation is: (Cost of asset - Salvage value) / Estimated units of production or estimated hours of operation.

- **Sum-of-years digits depreciation:** This method involves depreciating the asset by a decreasing amount each year over its useful life. The depreciation expense is calculated by multiplying the asset's depreciable cost by a fraction based on the sum of the years of its useful life. The formula for sum-of-years digits depreciation is: (Remaining useful life / Sum of the years digits) x (Cost of asset - Salvage value).
- **Double-declining balance depreciation:** This method is similar to declining balance depreciation but applies a depreciation rate that is twice the straight-line rate. This results in higher depreciation expenses in the early years of the asset's life and lower expenses in later years.

.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA.KOTESWARA RAO
Course/Group	I B.Com
Paper	**Financial Accounting**
Name of the Topic	**Provisions & Reserves**
Hours Required	8 Hours
Learning Objectives	➢ To understand the meaning of Reserve & Provision ➢ To understand different types of reserves ➢ To understand the difference between reserve & Provision ➢ To understand the accounting treatment ➢ To know the preparation of accounts
Previous Knowledge to be reminded	Provision of Reserve for Bad Debts in Final Accounts
Topic Synopsis	➢ Provision ➢ Reserve ➢ Provision v/s Reserve ➢ Types of Reserves ➢ Bad debts ➢ Preparation of Bad debts Account ➢ Provision for Bad and Doubtful debts ➢ Provision for discount on Debtors ➢ Provision for discount on creditors ➢ Repairs and Renewals Reserve Account
Examples / Illustrations	Text Book Illustrations
Additional inputs	
Teaching Aids used	Green Board,PPT
References cited	Kalyani Publishers
Student Activity Planned after the teaching	Student Seminar on Theory Part Practice of Text Book Problems in the Class
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Meaning of Provisions

"Any amount written off or retained by the way of providing depreciation or diminution in the value of assets or for providing any known liability of which the amount cannot be determined with substantial accuracy."

- The Institute of Chartered Accountants of India

"Liabilities which can be measured only by using a substantial degree of estimation."

- AS-29 issued by Institute of Chartered Accountants of India

Meaning of Reserve

Reserve is an appropriation of profits; on the other hand, Provision is a charge against profit. Reserves are not meant to meet out contingencies or liabilities of a business. Reserve increases working capital of a company to strengthen the financial position.

There are two **types of reserves** −

- **Capital Reserve** − Capital reserve is not readily available for distribution as the dividends among the shareholders of the company, and it creates only out of capital profit of the company. It is like Premium on issue of shares or debentures and Profit prior to incorporation.
- **Revenue Reserve** − Revenue reserves are readily available for the distribution of profit as dividend to the shareholders of the company. Some of the examples of this are general reserve, staff welfare fund, dividend equalization reserve, debenture redemption reserve, contingency reserve, and investment fluctuation reserves.

Distinction between Provisions and Reserves

- Reserve can be made only out of profit and provisions are the charge to profit.
- Reserves reduce divisible profits and provisions reduce the profit.
- Reserves, if remain un-utilized for some period can be distributed as dividends, but provisions cannot be transferred to General Reserve for the distribution.
- Purpose of provision is very specific, but reserve is created to meet out any probable future liabilities or losses.
- Creation of provisions is legally necessary, but reserves are created to save a concern from the future losses and liabilities.

Types of Reserves

In accounting, reserves are funds set aside for specific purposes or contingencies. Here are some examples of types of reserves in accounting:

i. General Reserve
ii. Capital Reserve
iii. Secret Reserve
iv. Revenue Reserve
v. Specific Reserve
vi. Reserve Fund vii. Sinking Fund

Bad Debts

Bad debts are debts that are unlikely to be repaid by a debtor. They are typically the result of a debtor's inability or unwillingness to pay back money that they owe. Bad debts can arise from a variety of sources, including unpaid loans, credit card balances, and other unpaid bills.

Bad debts can be a significant problem for businesses, as they can reduce the profitability of the company and can also lead to cash flow problems. Businesses that offer credit to their customers are particularly susceptible to bad debts, as some customers may be unable to pay their bills.

Preparation of Bad debts Account

The preparation of a bad debts account is a necessary step in the accounting process for any business that offers credit to its customers. This account is used to record the amount of money that the business is unlikely to receive from its customers due to non-payment.

Here are the steps to prepare a bad debts account

- Determine the bad debts
- Create the bad debts account
- Record the bad debts
- Adjust the allowance for doubtful accounts
- Report the bad debts

Provision for bad and doubtful debts

Provision for bad and doubtful debts is an accounting concept that refers to the estimated amount of money that a business expects to lose as a result of non-payment by its customers. The provision for bad and doubtful debts is created to account for the possibility of customers not paying their debts in full.

Here are the steps to prepare a provision for bad and doubtful debts:

- Estimate the bad and doubtful debts
- Record the provision for bad and doubtful debts
- Adjust the provision for bad and doubtful debts
- Report the provision for bad and doubtful debts

Provision for Discount on Debtors

Provision for discount on debtors is an accounting concept that refers to the estimated amount of money that a business expects to lose due to offering discounts to its customers for early payment of their debts. This provision is created to account for the possibility that some customers may not take advantage of the discounts offered or may pay late despite the discounts.

Here are the steps to prepare a provision for discount on debtors:

- Determine the discount policy
- Estimate the discount amount
- Create the provision for discount on debtors account
- Record the provision for discount on debtors

- Adjust the provision for discount on debtors
- Report the provision for discount on debtors

Provision for discount on creditors

Provision for discount on creditors is an accounting concept that refers to the estimated amount of money that a business expects to save as a result of taking advantage of discounts offered by its suppliers for early payment of their bills. This provision is created to account for the possibility that some suppliers may not offer discounts or may not receive payments within the discount period.

Here are the steps to prepare a provision for discount on creditors:

- Determine the discount policy
- Estimate the discount amount
- Create the provision for discount on creditors account
- Record the provision for discount on creditors
- Adjust the provision for discount on creditors
- Report the provision for discount on creditors

Repairs and Renewals Reserve Account

Most of the fixed assets used by a business enterprise with the possible exception of land require regular expenses for the purpose of repairs and maintenance. Sometimes some of the parts may have to be replaced because of wear and tear. In the initial stages the amount required for repair maintenance is normal but towards the end of the useful life of the assets, it is very heavy. A business enterprise may follow the practice of charging the actual amount spent on repairs to the profit and loss account. It would mean that, other factors remaining same, the profit would be higher when the asset is new and lower in the later years of an asset's life. Although written down value method is suitable to tackle this problem yet it may fail in its objectives if the expenses on repairs etc. are exceptionally large. In order to ensure a smooth measurement of income, many business establishments create a special reserve called provision for repairs and renewals also known as Repairs and Renewals Reserves. The purpose is to ensure a uniform charge against revenues until the useful life of the assets. A fixed amount is added every year to this provision by debiting profit and loss account. The amount is determined by estimating the total amount to be spent on repairs and renewals during the useful life of the asset and dividing it by the numbers of years of its useful life. The accounting entry is:

Profit and Loss Account Dr.

To Provision for Repairs and Renewals Account

The amount actually spent on repairs and renewals is charged to the provision account with the help of the following entry:

Provision for Repairs and Renewals Account Dr.

To Repairs an Renewals Account

The balance in the 'Provision for Repairs and Renewals Account' will appear in the balance sheet on the liabilities side (if the balance is in credit). Any balance in the Provisions for Repairs and Renewals Account is transferred to profit and loss account on disposal or sale of the asset.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWA RAO
Course/Group	I B.Com
Paper	**Financial Accounting**
Name of the Topic	Introduction and Concepts of Business
Hours Required	8 Hours
Learning Objectives	➢ To understand the meaning of a Bill ➢ To understand different types Parties in a Bill ➢ To understand the Days of Grace ➢ To understand the Discounting of a Bill ➢ To Understand the Entries made in the Boos of Drawer and Drawee
Previous Knowledge to be reminded	*Yes in Intermediate Level*
Topic Synopsis	➢ *Meaning and features of a Bill* ➢ *Parties in the Bill* ➢ *Discounting of a Bill* ➢ *Renewal of a Bill* ➢ *Entries in the books of Drawer and Drawee*
Examples / Illustrations	*Illustrations*
Additional inputs	*Real-Life Examples*
Teaching Aids used	*Green Board, PPTs*
References cited	*Kalyani Publishers*
Student Activity Planned after the teaching	*Problems Practicing*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning of bill

According to the Negotiable Instruments Act 1881, a bill of exchange is defined as "an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument".

Features of Bill

It is important to have a bill of exchange in writing

- It must contain a confirm order to make a payment and not just the request
- The order should not have any condition
- The bill of exchange amount should be definite
- Fixed date for the amount to be paid
- The bill must be signed by both the drawee and the drawer
- The amount stated on the bill should be paid on-demand or on the expiry of a fixed time
- The amount is paid to the beneficiary of the bill, specific person, or against a definite order

Parties in the Bill

Parties of Bill
A bill of exchange has three parties:
(1) **Drawer:**

- The drawer is the maker of a bill of exchange.
- The bill is signed by Drawer.
- A creditor who is entitled to receive payment from the debtor can draw a bill of exchange.

(2) **Drawee:**

- Drawee is the person upon whom the bill of exchange is drawn.
- Drawee is the debtor who has to pay the money to the drawer.
- He is also known as 'Acceptor'.

(3) **Payee:**

- The payee is the person to whom payment has to be made.
- The payee may be the drawer himself or a third party.

Discounting/Endorsement/Sent for Collection/Renewal of a Bill

a) Discounting of Bill	• It means encashment of bill before the date of its maturity. • The bank deducts its charges from the bill.
(B) Endorsement of Bill	• Endorsement means the transfer of bill or promissory note to another person. • It is transferred on account of the settlement of debts and dues.
(C) Bill Sent for Collection	• When a bill is sent to the bank for collection with instruction, that it will be retained till the maturity date. • Bill will be realised on its due date. It is known as 'Bill sent for collection'.

Renewal of a Bill

- When the holder of a bill is not in a position to meet the bill on its due date, Drawee approaches the Drawer with a request of extension of time for payment.
- If Drawer agrees, the old bill is cancelled, and a fresh bill with the new terms of payment is drawn and duly accepted and delivered. This is called Renewal of the Bill.

Entries in the books of the Drawer:

When a bill is drawn and accepted:

Bills Receivable A/c Dr. (increase)
    To Drawee's A/c Cr. (increase)
(Being bill was drawn and accepted)

In case of a dishonor by the drawee:
Drawee's A/c Dr. (increase)
    To Bills Receivable A/c Cr. (decrease)
(Being bill retained till maturity and dishonored)

Entries in the books of the Drawee:

When a bill is accepted:

Drawer's A/c Dr. (increase)
    To Bills Payable A/c Cr. (increase)
(Being bill was drawn and accepted)

In case of a dishonor of the bill:

Bills Payable A/c Dr. (increase)
    To Drawer's A/c Cr. (decrease)
(Being bill dishonored)

When payment is made against the bill:
Bills Payable A/c Dr. (decrease)
    To Cash/Bank A/c Cr. (decrease)
(Being payment made against the bill)

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWA RAO
Course/Group	I B.Com
Paper	**Financial Accounting**
Name of the Topic	Consignment
Hours Required	8 Hours
Learning Objectives	➢ To understand the Consignor and Consignee. ➢ To understand different types of Commissions. ➢ To understand the Proforma Invoice and Account Sales. ➢ To understand the Difference between Sales and Consignment. ➢ To Understand the maintaining the Books of Accounts.
Previous Knowledge to be reminded	*Yes in Intermediate Level*
Topic Synopsis	➢ *Meaning and features of Consignment* ➢ *Proforma Invoice* ➢ *Account Sales* ➢ *Del-credere Commission* ➢ *Accounting Treatment in the books o Consignor and Consignee* ➢ *Valuation of Closing Stock*
Examples / Illustrations	*Illustrations*
Additional inputs	
Teaching Aids used	*Green Board, PPTs*
References cited	
Student Activity Planned after the teaching	*Problems Practicing*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning of Consignment:

The act of consigning means to send. Since this word is used in the context of goods, consigning means sending of goods. Consignment refers to handing over of goods belonging to one person to another person without transferring ownership. People indulge in this while undertaking shipping or transport of goods.

Consignment, in simple words, means one person/firm sending goods to another person/firm for selling them on behalf of the former. The owner of the goods only transfers possession of the goods, he retains ownership over them.

Features of Consignment

- Two Parties.
- Transfer of Procession
- Agreement
- No Transfer of Ownership.
- Re-Conciliation
- Separate Accounting

Proforma Invoice

Pro Forma Invoice is a document issued before a tax invoice by supplier/seller to buyer containing details about particulars of goods/services to be delivered to buyer including goods/services price, any other charges applicable such as delivery charges, applicable taxes, and quantity details or the total weight of the shipment.

The seller issued a non-binding document providing an estimated price of the goods/services yet to be provided. This invoice is issued before the tax invoice is issued. However, the following features of it will explain it better:

- Non-Binding
- Negotiable Price
- Issued before the Actual Sale
- Validity
- No Tax liability

Account Sales

An **account sales** is a frequently used document in consignment business. This document is very important for consignor because it provides him all the information about consignment related activities and transactions occurred at consignee's end. Account sales is periodically prepared by consignee and forwarded to the consignor so that he can update his business and accounting records related to that particular consignment.

Expenses

Non- Recurring Expenses: Expenses that are incurred by the consignor to dispatch the goods from his place to place of the consignee are called non-recurring expenses. These expenses are added to the cost of goods.

Recurring Expenses: The consignee incurs these expenses after the goods reached his place. These expenses are of maintenance of goods type's expenses

Parties to a Consignment

Now that we know the meaning of consignment, it is now noteworthy to understand that there are two parties to a consignment transaction:

- **Consignor or Principal:** This is the party that sends the goods. He is the actual owner of the goods.
- **Consignee or Agent:** This is the party that receives the goods. He does not own the goods but just keeps control over them. As the names suggest, the consignor and consignee have a principal-agent relationship between them. The consignor is principal for the consignee, who becomes his agent.

Consignment vs. Sale

A consignment transaction might seem to be similar to a sale, but it is actually different on the following grounds:

Consignment	Sale
Ownership of goods remains with the consignor until the consignee sells them to a third party.	Ownership of goods is transferred from the buyer to the seller immediately upon sale.
The consignor and consignee have a principal-agent relationship.	The buyer and seller have a creditor-debtor relationship.
The consignee can return all unsold goods to the consignor.	Ownership gets transferred upon sale, so the buyer cannot return goods unless the seller agrees.
Expenses incurred by the consignee are borne by the consignor unless they agree otherwise.	Goods once sold become the buyer's responsibility and the seller is not responsible for any further expenses.

Types of Commissions

- General Commission
- Del-Credere Commission
- Over-riding Commission

Valuation of unsold Stock

A consignor may have some incomplete consignments at the end of his accounting year. An incomplete consignment means that there are some unsold units of goods with the consignee when the accounting period of the consignor comes to an end. These unsold units are termed as closing stock on consignment (or just stock on consignment for short) and need to be properly valued. After valuation, the stock on consignment must be brought into the books and credited to the consignment account so that the profit earned on consignment during the period can be computed correctly. The journal entry for this purpose is given below:

Stock on consignment A/C [Dr]
    Consignment A/C [Cr]

The stock on consignment is an asset and is, therefore, shown on the year end balance sheet. In the next accounting period when consignment account is prepared, this stock appears as the first item on the debit side of this account. The following journal entry is made for this purpose:

Consignment A/C [Dr]
    Stock on consignment A/C [Cr]

Accounting Treatment in the books o Consignor and Consignee:

- Consignment Account
- Consignee Account
- Goods sent on Consignment Account

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWA RAO
Course/Group	I B.Com
Paper	**Financial Accounting**
Name of the Topic	Joint Venture Accounts
Hours Required	8 Hours
Learning Objectives	➢ To understand the Joint Venture Business. ➢ To understand the Difference between Joint Venture and Partnership. ➢ To understand the Difference between Joint Venture and Consignment ➢ To understand the Methods of Keeping Records
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ *Meaning and features of Joint Venture.* ➢ *Difference between Joint venture and Consignment.* ➢ *Accounting Procedures*
Examples / Illustrations	*Illustrations*
Additional inputs	
Teaching Aids used	*Green Board, PPTs*
References cited	
Student Activity Planned after the teaching	*Problems Practicing*
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning of Joint Venture

Joint Venture is a business preparation in which more than two organizations or parties share the ownership, expense, return of investments, profit, governance, etc. To gain a positive synergy from their competitors, various organizations expand either by infusing more capital or by the medium of Joint Ventures with organizations.

Features of Joint Venture

- Specific Purposes
- Agreement
- Specific Duration
- Structure of the Venture
- Profit Sharing

Difference between Joint Venture and Consignment

Difference Between Joint Venture And Consignment

Joint Venture	Consignment
1. Business Activity Carried On By Two Or More Parties To Accomplish A Project	1. Business Activity Where Consignee Agrees To Pay A Consigner After The Sale Of Goods
2. No Special Governing Act	2. Governed By Contract Act
3. Profit Is Shared Among The Co-ventures	3. No Sharing Of Profit
4. All Members Bear Risk	4. Risk Is Borne By Consignor
5. Co-ventures Are Owners	5. Consignor Is The Owner
6. Two More Members	6. Only two parties

maindifferences.blogspot.com

Accounting Records

To keep a record of the joint venture transactions, there are three following types of accounting methods −

- When one of the Vendor keeps Accounts,

When one of the Venturers keeps Accounts

If one of the co-venturers is appointed to manage the joint venture, he is awarded an extra commission or remuneration out of the profit for his services.

Journal Entries

When share of investment received from other co-venturers	Cash/Bank A/cDr To Co-venturers A/c
When goods are purchased	Joint Venture A/cDr To Cash A/c (in case of cash purchase) Or To Creditors A/c (for credit purchase)
When expenses incurred	Joint Venture A/cDr To Cash A/c
When goods are sold	Cash A/cDr Or Debtors A/cDr To Joint Venture A/c
When commission allowed to working co-venturer	Joint Venture A/cDr To Commission A/c
In case of Profit balance of joint venture, account will be transferred to profit & Loss (own share of working co-venturer) and other co-venture's personal accounts	Joint Venture A/cDr To Profit & Loss A/c To Co-venturers personal A/c
In case of Loss	Profit & Loss A/cDr To Joint Venture A/c
On settlement of accounts	All Co-venturer A/cDr To Cash/Bank A/c

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Marketing**
Name of the Topic	**Introduction to Marketing**
Hours Required	8 Hours
Learning Objectives	➢ Develop an idea about marketing and marketing environment. ➢ Understand the consumer behavior and market segmentation process. ➢ Comprehend the product life cycle and product line decisions. ➢ Know the process of packaging and labeling to attract the customers. ➢ Formulate new marketing strategies for a specific new product. ➢ Develop new product line and sales promotion techniques for a given product.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Concepts of Marketing-Need, Wants and Demand ➢ Marketing Concepts ➢ Marketing Mix-4ps of Marketing ➢ Marketing Environment
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Philip Kotler
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning and Definitions of Marketing:

The term 'market' is derived from Latin word called 'markets' which means trade, merchandise, traffic or place of business.
In ordinary language, the term market refers to a certain place where buyersand sellers personally meet each other and make their purchases and sales.

According to Cornet, "Market is meant not any particular place in which things are bought and sold, but the whole of any region in which the buyersand sellers are in such free intercourse with one another, that the price of the same goods tends to equality easily and quickly".
According to Chapman, the term market refers "not to a place but to a commodity or commodities and buyers and sellers who are in direct competition with one another".

Needs, Wants and Demands:

Needs, wants, and demands are three fundamental concepts in marketing that refer to the desires and requirements of customers.

Needs: Needs are basic requirements for survival, such as food, water, shelter, and clothing. They are considered to be the most fundamental aspect of human motivation and drive consumer behaviour. Needs are not created by marketers; they are innate and exist independently of marketing efforts.

Wants: Wants are desires for specific products or services that satisfy a need. For example, a person may need food to survive, but they want a particular type of food, such as pizza or sushi. Wants are shaped by social, cultural, and individual factors and are often influenced by marketing efforts.

Demands: Demands are wants that are backed by the ability and willingness to pay for a product or service. Customers may want a particular product or service, but they will only demand it if they have the financial means to buy it and are willing to make the purchase. Thus, demands are influenced not only by customer needs and wants but also by their purchasing power.

Concepts of Marketing:

There are several key marketing concepts that are essential to understanding the principles of marketing. These include:

- Production Concept
- Product Concept
- Sales Concept
- Market Concept
- Social Concept
- Holistic Concept

Marketing Mix:

Marketing mix means blending or combining of the four elements of marketing, viz., the product, the price, promotion and place into a marketing plan by a business firm toinfluence the desired buyers' response by satisfying their needs and wants in the most effective and economical manner.

According to Philip Kotler, marketing mix defined as "the set of controllable marketing variables that the firm blends to produce the response it wants in the target market."

- Product
- Price
- Promotion
- Place

Marketing Environment:

✓ Marketing does not exist in vacuum. It exists in a world of concrete places and things, natural resources, important abstractions, and living persons. It has tointeract and transact with its environment.

✓ The term Marketing Environment refers to the forces and factors that affect the organization ability to build and maintain good relationship with its customers.

✓ In other words, marketing environment refers to "all those internal and external factors which impact the performance of a product or firm for its decision- making."

Marketing Environment

Internal environment

External environment

Ethical Force

Human Resource

Financial Resource

Production Resource

Research & Development

MICRO

Competitor

Customer

Supplier

Intermediaries

Public

Workers & Union

MACRO

Demographic

Economic

Cultural

Political & Legal

Technological

Natural

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Marketing**
Name of the Topic	**Consumer Behaviour and Market Segmentation**
Hours Required	8 Hours
Learning Objectives	➢ Develop an idea about marketing and marketing environment. ➢ Understand the consumer behavior and market segmentation process. ➢ Comprehend the product life cycle and product line decisions. ➢ Know the process of packaging and labeling to attract the customers. ➢ Formulate new marketing strategies for a specific new product. ➢ Develop new product line and sales promotion techniques for a given product.
Previous Knowledge to be reminded	No
Topic Synopsis	➢ Buying Decision Process -Stages ➢ Buying Behaviour ➢ Market Segmentation –Bases of Segmentation ➢ Selecting Segments ➢ Advantages of Segmentation
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Philip Kotler
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Buying Decision Process-Stages

The buying decision process refers to the series of steps that a consumer goes through when making a purchase. There are typically five stages of the buying decision process:

- Problem Recognition
- Information Search
- Evaluation of Alternatives
- Purchase Decision
- Post-Purchase Evaluation

Buying Behaviour:

Buying behaviour refers to the actions and decisions that consumers take when purchasing a product or service. It can be influenced by a variety of factors, including personal, psychological, and environmental factors. Some key factors that can impact buying behaviour include:

- Personal Factors
- Psychological Factors
- Environmental Factors

Market Segmentation Meaning and Definitions:

- ✓ Market Segmentation is the strategy of ***'divide'*** and '***conquer.'*** i.e. dividing the market in order to conquer them. So, it is refers to the division of total market into a sub-market is called as market segmentation.
- ✓ ***According to Philip Kotler***, Market Segmentation refers to "the process of classifying customers into groups with different needs, characteristics, age, sex or behaviour etc."
- ✓ ***According to W J Stanton***, Market Segmentation consists of "taking the total heterogeneous market for a product and dividing it into several sub-markets or segments each of which tends to be homogeneous in all significant aspects."

Bases of Segmentation:

Market Segmentation being the key input in firm's marketing planning process. Managers are expected to examine a variety of segmentation criterion so as to identify those that will be most effective in defining their markets. There are two basic approaches to identify the market segments and are explained in the following chart:-

Market Segmentation

Based on consumer personal characteristics

1) Geographic
2) Demographic
3) Socio-economic
4) Psychographic

Based on consumer responses (behavioural)

1) Benefits
2) User Status
3) Loyal Status
4) Attitude

Selecting Segments:

Selecting segments involves identifying and targeting specific groups of consumers who are most likely to be interested in and purchase a product or service. This process typically involves the following steps:

- Conduct Market Research
- Identify Segments
- Evaluate Segments
- Develop Marketing Strategies
- Test and Refine

Advantages of Segmentation:

There are several advantages to segmentation, including:

- Better Targeting
- Increased Efficiency
- Improved Customer Satisfaction
- Increased Revenue
- Competitive Advantage

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Marketing**
Name of the Topic	**Product Management**
Hours Required	8 Hours
Learning Objectives	➢ Develop an idea about marketing and marketing environment. ➢ Understand the consumer behavior and market segmentation process. ➢ Comprehend the product life cycle and product line decisions. ➢ Know the process of packaging and labeling to attract the customers. ➢ Formulate new marketing strategies for a specific new product. ➢ Develop new product line and sales promotion techniques for a given product.
Previous Knowledge to be reminded	No
Topic Synopsis	➢ Product Classification ➢ Levels of Product ➢ Product Life Cycle ➢ New Products ➢ Product Mix and Product Line Decisions ➢ Design, Branding, Packaging and Labelling.
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Philip Kotler
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Product Meaning:

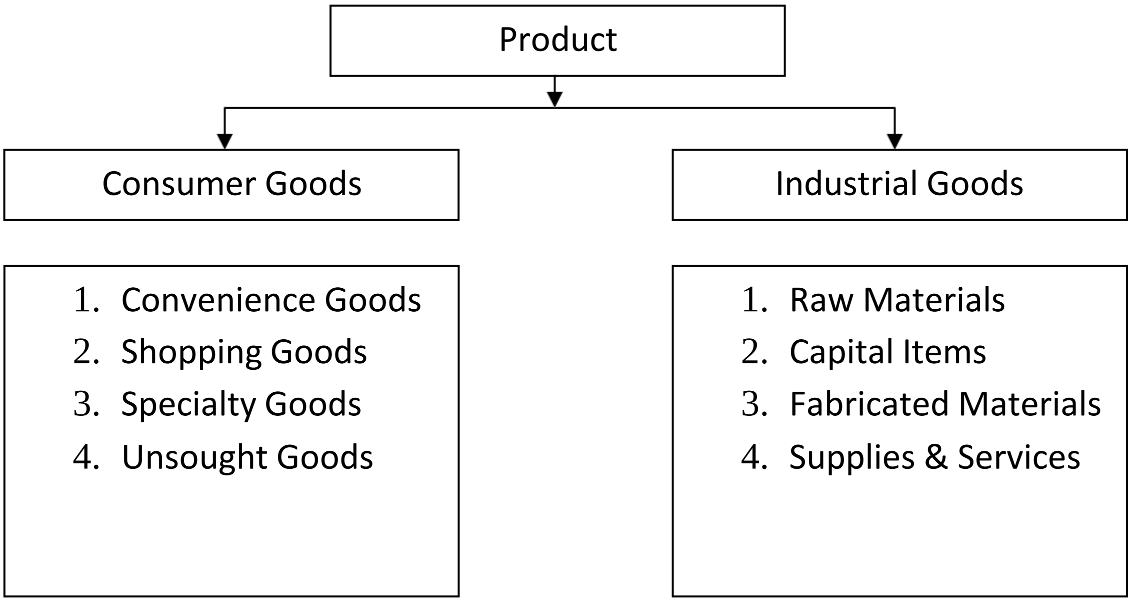
Product meaning refers to the significance or value that a product holds for its consumers beyond its functional or physical attributes. It encompasses the emotional, social, and cultural associations that a product elicits from its users and the way it affects their self-image and identity.

Product Definitions:

Philip Kotler: "A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organizations and ideas."

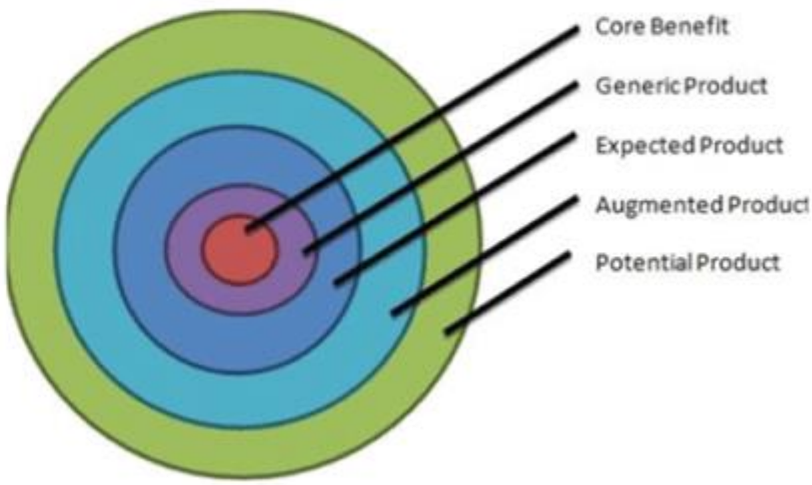
Alderson: "A product is a bundle of utilities consisting of various features and accompanying services."

CLASSIFICATION OF PRODUCTS



Levels of Product

A product has many dimensions beside its physical appearance. In fact, a product is like an 'onion' with several layers and each layer contributes to the total product image. ***According to Philip Kotler, "The consumers will favour those products that offer most quality, performance and features."***. Philip Kotler has described the five levels of products.

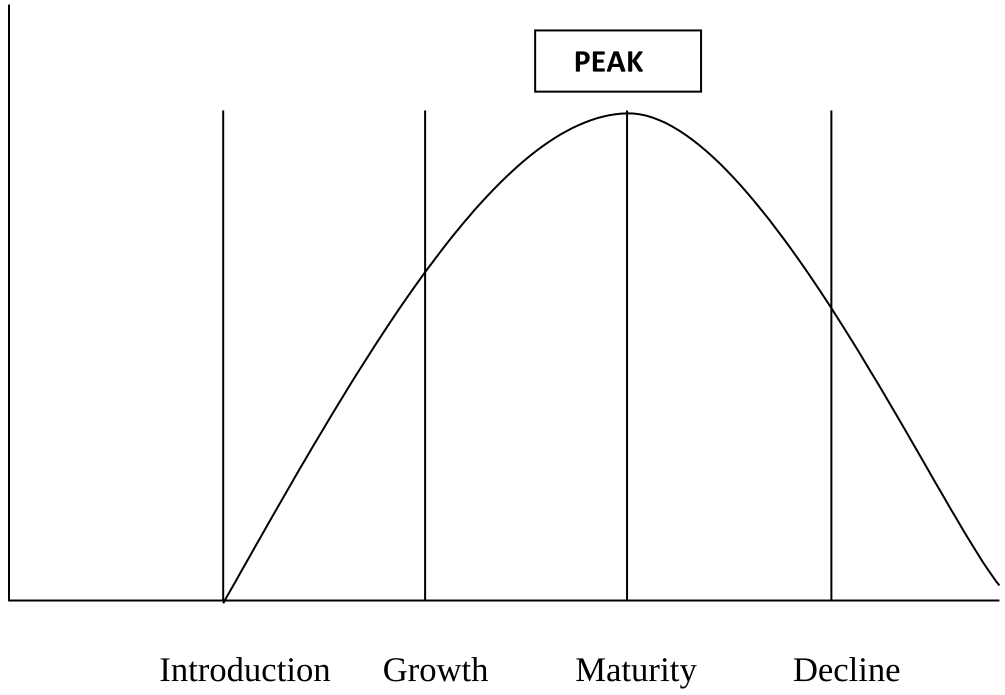


Product Life Cycle:

The Product Life Cycle (PLC) School is a marketing theory that describes the stages a product goes through from its introduction to the market to its decline and eventual phase-out. This theory was first introduced by Raymond Vernon in 1966 and has since been widely adopted by marketing professionals as a framework for understanding the sales and profitability trends of a product over its life span.

The product life cycle consists of four stages: introduction, growth, maturity, and decline.

- Introduction
- Growth:
- Maturity:
- Decline:



New Product Development:

New product development (NPD) is the process of conceptualizing, designing, and bringing new products or services to the market. It involves the identification of a need or an opportunity, the development of an idea, the testing and validation of the idea, and the launch of the product.

The process of NPD typically involves the following stages:

- Idea generation:
- Concept development and testing:
- Product design and development:
- Testing and validation:
- Launch

Product Mix

Product mix refers to the set of all products and product lines that a company offers to its customers. It includes all the different products, brands, and variations that a company offers in a particular product category or industry. The product mix is an essential component of a company's marketing strategy, and it helps the company to meet the diverse needs and preferences of its customers.

The product mix can be categorized into four main dimensions:

- Width
- Length
- Depth:
- Consistency

Designing

Designing is the process of creating a plan or blueprint for the development of a product, service, or system. The goal of designing is to develop a solution that meets the needs and requirements of its intended users or customers.

Designing involves several key steps, including:

- Research
- Ideation
- Prototyping
- Testing
- Implementation

Branding

Branding is the process of creating a unique name, design, symbol, or image that identifies and differentiates a product, service, or company from its competitors. The goal of branding is to create a strong and memorable identity that resonates with customers and helps to establish a positive reputation and loyalty.

Branding involves several key elements, including:

- Brand identity
- Brand messaging
- Brand positioning:
- Brand awareness
- Brand loyalty

Packaging

Packaging refers to the design and production of the physical container or wrapper for a product. The goal of packaging is to protect the product during transportation and storage, while also promoting the product to customers and enhancing the overall user experience.

Packaging can take many different forms, including boxes, bags, bottles, cans, jars, and more. It can also include additional materials, such as labels, inserts, and protective materials.

Effective packaging serves several key functions, including:

- Protection
- Convenience
- Branding
- Information
- Sustainability

Labelling

Labelling refers to the process of attaching or printing information onto a product or package for the purpose of identification, promotion, or regulatory compliance. Labels can take many different forms, including stickers, tags, printed materials, and digital displays.

Effective labelling serves several key functions, including:

- Identification:
- Promotion:
- Safety
- Regulation
- Sustainability

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Marketing**
Name of the Topic	**Pricing Decisions**
Hours Required	8 Hours
Learning Objectives	➢ Develop an idea about marketing and marketing environment. ➢ Understand the consumer behavior and market segmentation process. ➢ Comprehend the product life cycle and product line decisions. ➢ Know the process of packaging and labeling to attract the customers. ➢ Formulate new marketing strategies for a specific new product. ➢ Develop new product line and sales promotion techniques for a given product.
Previous Knowledge to be reminded	No
Topic Synopsis	➢ Factors Influencing Price ➢ Determination of Price ➢ Pricing Strategies ➢ Skimming Price ➢ Penetration Price
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Black Board&PPT
References cited	Philip Kotler
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Student

Meaning and Definitions of Pricing

Pricing is one of the four elements of the marketing mix, along with product, placeand promotion. Pricing strategy is important for companies who wish to achieve

Definitions

- ✓ ***According to W J Stanton***, "Price is the amount of money which is needed to acquire in exchange of some combined assortment of a product and its accompanying services."
- ✓ ***According to Adam Smith***, "the price of everything, what everything really costs, in the toil and trouble of acquiring it."

Factors Influencing Pricing

There are several factors that can influence the pricing of a product or service, including:

- Cost of production:
- Competition:
- Demand:
- Branding and reputation:
- Marketing and distribution:
- Economic factors:
- Government regulations:

Pricing Strategies

There are several pricing strategies that businesses can use to set prices for their products or services. Some common pricing strategies include:

- Cost-plus pricing:
- Value-based pricing
- Penetration pricing
- Skimming pricing
- Psychological pricing
- Dynamic pricing
- Bundle pricing

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Marketing**
Name of the Topic	**Promotion and Distribution**
Hours Required	8 Hours
Learning Objectives	➢ Develop an idea about marketing and marketing environment. ➢ Understand the consumer behavior and market segmentation process. ➢ Comprehend the product life cycle and product line decisions. ➢ Know the process of packaging and labeling to attract the customers. ➢ Formulate new marketing strategies for a specific new product. ➢ Develop new product line and sales promotion techniques for a given product.
Previous Knowledge to be reminded	No
Topic Synopsis	➢ Promotion Mix ➢ Advertising ➢ Sales Promotion ➢ Publicity-Public relations ➢ Personal Selling ➢ Direct Marketing ➢ Distribution Channels-Online Marketing
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Gren Board&PPT
References cited	Philip Kotler
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	Student Assignments
Any other activity	

Signature of the Lecturer

Promotion Mix

The promotion mix refers to the set of communication tools that businesses use to promote their products or services to their target customers. The promotion mix typically includes five elements:

- Advertising
- Sales promotion
- Public relations
- Personal selling
- Direct marketing

Advertising

Advertising is a form of marketing communication that involves promoting a product or service to a target audience through various media channels such as TV, radio, newspapers, magazines, billboards, and digital media. The primary goal of advertising is to create awareness, generate interest, and persuade potential customers to buy the product or service being advertised.

There are several types of advertising, including:

- TV advertising
- Radio advertising
- Print advertising
- Outdoor advertising
- Digital advertising

Sales Promotion

Sales promotion is a marketing strategy used to stimulate consumer interest and boost sales of a product or service. It involves a variety of techniques that are designed to encourage customers to make a purchase or take some other desired action.

Some common types of sales promotions include:

1. Coupons
2. Discounts
3. Contests and sweepstakes
4. Free samples
5. Buy-one-get-one-free (BOGO) promotions
6. Loyalty programs
7. Rebates

Publicity

Publicity refers to the act of getting media coverage or attention for a product, service, organization, or individual through unpaid, earned media. Publicity can help to build brand awareness, enhance reputation, and increase visibility.

Publicity is often achieved through media relations efforts such as press releases, media pitches, and interviews with journalists. Publicists may work with media outlets to generate coverage or may pitch stories to journalists directly. Social media can also be an important tool for generating publicity, as individuals and organizations can share news and updates with their followers and fans.

Public Relations

According to British Institute of Public Relations, "Public relations practice is the planned and sustained efforts to establish and maintain goodwill and mutual understanding between an organization and its publics."

In other words, it is a planned and purposeful activity undertaken by an organization to develop better mutual relationship with its public.

Personal Selling

Personal selling is where businesses use people to sell the product after meetingface-to-face with the customer.

According to Herbert N Casson, personal selling "is the art of understanding, appreciating and influencing other people for mutual benefits."

In other words, it is a process of persuading and assisting a prospective customer tobuy a commodity or service.

Importance of personal selling

- Selling complex products
- Focus on prospective customers
- Channel of communication
- Social relations
- It provides feedback

Direct Marketing

Direct marketing is a form of advertising that involves communicating directly with potential customers to promote a product or service. This type of marketing allows businesses to target specific individuals or groups and deliver a personalized message that is tailored to their needs and interests.

There are several channels that businesses can use for direct marketing, including email marketing, direct mail, telemarketing, and SMS marketing. Each channel has its advantages and disadvantages, and businesses should choose the channel(s) that best suit their target audience and marketing goals.

Online Marketing

Online marketing, also known as digital marketing, refers to the promotion of products or services through digital channels such as the internet, social media, search engines, email, and mobile apps. It involves a range of techniques to attract, engage, and retain customers online, and is becoming increasingly important as more and more people use the internet to research products and make purchases.

Some common techniques used in online marketing include search engine optimization (SEO), pay-per-click (PPC) advertising, social media marketing, email marketing, content marketing, and affiliate marketing. Each of these techniques can be used to target specific audiences and achieve specific goals, such as driving

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Cost and Management Accounting**
Name of the Topic	**Introduction**
Hours Required	8 Hours
Learning Objectives	➢ Understand various costing methods and management techniques. ➢ Apply Cost and Management accounting methods for both manufacturing and service industry. ➢ Prepare cost sheet, quotations, and tenders to organization for different works. ➢ Analyze cost-volume-profit techniques to determine optimal managerial decisions. ➢ Compare and contrast the financial statements of firms and interpret the results.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Definition and Features of Cost Accounting, ➢ Objectives of Cost Accounting ➢ Advantages and Disadvantages of Cost Accounting ➢ Functions and Scope of Cost Accounting ➢ Management Accounting Features and Functions ➢ Objectives of Management Accounting ➢ Elements of Cost, Cost Sheet ➢ Items Excluded From Cost Sheet
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning and Definitions of Cost Accounting

Cost accounting is the process of ascertaining and accumulating the cost of product or activity. It is a process of accounting for the classification, analysis, interpretation, and control of cost.

So it is a system of accounting, which provides information about the ascertainment, and control of costs of products, or services. It measures the operating efficiency of the enterprise. It is an inner aspect of the enterprise.

Cost accounting is the process of accounting from the point at which expenditure is incurred or committed to the establishment of its ultimate relationship with cost centres and cost units.

Definitions

According to I.C.M.A. London – "Cost Accounting is the technique and process of ascertainment of cost."

Walter W. Bigg has defined cost accounting as follows: - "Cost Accounting is the provision of. such analysis and classification of expenditure as will enable the total cost of any particular unit.

Features of Cost Accounting

Cost accounting is a branch of accounting that deals with the recording, analysis, and reporting of the costs of products or services. It helps businesses make informed decisions about pricing, budgeting, and resource allocation. Some of the features of cost accounting are:

- Costing methods
- Cost classification
- Cost control
- Budgeting
- Decision-making
- Performance evaluation
- Inventory valuation

Objectives of Cost Accounting

- Ascertainment of cost
- Controlling cost
- Ascertainment of Profitability
- Classification of Cost
- Facilitating preparation of financial and other statements

Advantages of Cost Accounting

Below are a few advantages of Cost Accounting. Let's discuss the advantages briefly

- Assistance to the management
- Helps in reducing costs
- Helps in forecasting
- Helps in preparation of financial accounts
- Fraud can be reduced
- Helps the government

Disadvantages of Cost Accounting

Let's discuss the disadvantages of cost accounting briefly.

- Only past performance can be recorded
- Costs keep on changing every year
- Proper maintenance is required
- Expertise is required to record
- Complex system
- Costly to maintain

Scope of Cost Accounting

The scope of cost accounting is actually quite wide. It mainly consists of three main aspects. Let us take a brief look at them.

- Cost Ascertainment
- Cost Accounting
- Cost Control

Functions of Cost Accounting

To understand the entire cost structure of a firm, cost accounting is crucial. It ascertains the costs of various products, processes etc.

So we can compare them to the sales and arrive at the true profitability of the firm. This is one of the main objectives or functions of cost accounting. To achieve this the actual functions of cost accounting change daily. Let us take a look,

- ascertain the cost per unit of every product that the company manufactures

- To identify any wastages whether in material, expense, time, tools and spares etc. Also, suggest ways to minimize this wastage

- also, provide data that helps in the process of price fixing

- Calculate with accuracy the profitability of each of the company's products. And figure out ways to maximize these profits

- Cost accounting is also responsible for the control of raw material and raw material ordering. So it must ensure that we are not over ordering which leads to capital being locked-up unnecessarily. And under ordering will lead to inefficiency in the manufacturing process,

Management Accounting Meaning and Definitions

Management accounting is the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information that assists executives in fulfilling organizational objectives.

It helps the management to perform all its functions, including planning, organizing, staffing, direction, and control. In other words, the field of accounting that provides economic and financial information for managers and other internal users is called management accounting.

Some beautiful definitions of management accounting are mentioned below:

The Institute of Chartered Accountants of England and Wales defines, "Management Accounting is that form of accounting which enables a business to be conducted more efficiently."

According to R. N. Anthony, "Management Accounting is concerned with accounting information that is useful to management."

The Institute of Cost and Management Accountants London has defined, "Management Accounting as the application of professional knowledge and skill in the preparation of accounting information in such a way as to assist management in the formulation of policies and the planning control of the operation of the undertakings."

Features of Management Accounting

Management accounting is a branch of accounting that provides financial information and analysis to management for decision-making, planning, and control purposes. Here are some of the key features of management accounting:

The nature/characteristics of management accounting may be summarized as under:

- Management accounting is a technique of selective nature. It does not use the whole data provided by financial records. It selects and picks up only that information from different financial records (such as profit and loss account or balance sheet), which are relevant and useful to the management to arrive at important decisions on different aspects of the business.
- Management accounting is concerned with the future. It collects and analyses data to plan the future. The primary function of management is to decide bout the future course of action. Management accounting, with the help of different techniques, formats the future course of action.

Functions of Management Accounting

The basic function of management accounting is to assist the management in performing its functions effectively. The functions of the management are planning, organizing, directing, and controlling.

- Provides data
- Modifies data
- Communication
- Analyses and interprets data
- Serves as a means of communicating

- Facilitates control
- Uses also qualitative information
- To assist in planning.
- To assist in organizing.
- Decision-Making

Objectives of Management Accounting

The primary objective of Management Accounting is to enable the management to maximize profits or minimize losses.

- Uses of Information
- Planning and Policy Formulation
- Decision Making
- Motivating
- Controlling
- Coordinating Operations
- Reporting

Elements of Cost

The elements of cost are those elements which constitute the cost of manufacture of a product. We can broadly divide these elements of cost into three categories. In a manufacturing organization, we convert raw materials into a finished product with the help of labour and other services. These services are Material, Labour and Expenses.

- Direct Material
- Indirect Material
- Direct Labour
- Indirect Labour
- Direct Expenses
- Indirect Expenses
- Overhead
- Factory Overhead
- Administration Overhead
- Selling Overhead
- Distribution Overhead

Cost Sheet

A cost sheet is a document that provides a detailed breakdown of the various costs involved in producing a product or providing a service. It is used by businesses to track and analyze the cost of production and helps them in making informed decisions about pricing, inventory management, and resource allocation.

- Prime Cost
    - **Prime Costs = Direct Labour + Direct Raw Material + Direct Expenses**
- Factory Cost
- Cost of Production
- Cost of Goods Sold/Total Cost

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Cost and Management Accounting**
Name of the Topic	**Introduction**
Hours Required	8 Hours
Learning Objectives	➢ Understand various costing methods and management techniques. ➢ Apply Cost and Management accounting methods for both manufacturing and service industry. ➢ Prepare cost sheet, quotations, and tenders to organization for different works. ➢ Analyze cost-volume-profit techniques to determine optimal managerial decisions. ➢ Compare and contrast the financial statements of firms and interpret the results.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Techniques of Inventory Control ➢ Valuation of Inventory:FIFO,LIFO,Simple Average and Weight Average methods. ➢ Labour:Direct and Indirect Labour Costs ➢ Methods of Payment of Wage-Incentive Schemes ➢ Time Rate Method, Piece rate Method Halsay,Rowan and Taylor Methods ➢ Labour Turn Over
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Techniques of Inventory Control

Inventory control is the process of managing the flow and storage of goods or materials to ensure the availability of necessary items while minimizing excess or obsolete inventory. There are various techniques of inventory control that businesses use to manage their inventory levels. Some of the common techniques are:

- ABC Analysis
- Economic Order Quantity (EOQ
- Just-In-Time (JIT)
- First-In, First-Out (FIFO)
- Last-In, First-Out (LIFO)
- Safety Stock
-

Valuation of Material Issues

Valuation of material issues refers to the process of assigning a value to the inventory that is consumed or issued for use in production or operations. Accurate valuation of material issues is essential for proper accounting and financial reporting, as it affects the cost of goods sold and the value of inventory on the balance sheet. Here are some methods for valuing material issues:

- **First-In, First-Out (FIFO):** This method assumes that the first inventory items that are received are the first to be issued or consumed. Therefore, the cost of the earliest inventory items is assigned to the material issues first.
- **Last-In, First-Out (LIFO):** This method assumes that the last inventory items that are received are the first to be issued or consumed. Therefore, the cost of the most recent inventory items is assigned to the material issues first.
- **Weighted Average:** This method calculates the average cost of all inventory items, and this average cost is assigned to the material issues.
- **Standard Cost:** This method assigns a predetermined cost to each unit of inventory, and this cost is used to value the material issues.

The selection of a particular method for valuing material issues depends on various factors such as the nature of the inventory, the accounting policies of the organization, and the regulatory requirements. Regardless of the method used, it is important to consistently apply the chosen method and properly document the rationale behind the selection.

Time Rate Method:

Time Rate System is otherwise called as Time Work, Day Work, Day Wages and Day Rate. It is the oldest method of remuneration. A worker is paid wages on the basis of number of hours engaged in the production activities. The output of the worker is not considered for payment of wages.

Earnings = No. of Hours Worked x Rate per Hour.

Piece Rate Method:

The piece rate system is a type of incentive scheme in which an employee's pay is based on the number of units produced or tasks completed. Under this system, employees are paid a fixed amount of money per unit or task, regardless of the amount of time taken to complete the work. The piece rate system is commonly used in manufacturing and production industries, where employees are involved in repetitive tasks that can be measured in terms of output.

Earnings = No. of Units Produced x Rate per Unit

Halsay Method:

Under Halsey Plan, the standard time for the completion of a job is fixed and the rate per hour is then determined. If the time taken by a worker is more than the standard time, then he shall be paid according to the time rate, i.e. time taken multiplied by the rate per hour.

Earnings = T x R+50 (S-T) xR

Rowan Method:

Rowan System is a plan for rewarding employees where by the method advocates that an employee be paid according to the time rate set if he or she takes more than the set period to finish the task. But a bonus is tied on one's salary if the same task is accomplished within a shorter time than stipulated.

Earnings = Hours worked × Rate per hour + (Time taken / Time allowed × time saved × rate per hrs)

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Cost and Management Accounting**
Name of the Topic	**Introduction**
Hours Required	8 Hours
Learning Objectives	➢ Understand various costing methods and management techniques. ➢ Apply Cost and Management accounting methods for both manufacturing and service industry. ➢ Prepare cost sheet, quotations, and tenders to organization for different works. ➢ Analyze cost-volume-profit techniques to determine optimal managerial decisions. ➢ Compare and contrast the financial statements of firms and interpret the results.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Definition and Features of Job Costing ➢ Economic Batch Quantity (EBQ) ➢ Preparation of Job Cost sheet ➢ Batch Costing
Examples / Illustrations	*EBQ Problems*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning and Features of Job Costing

Meaning:
Job costing is an accounting method designed to help you track the cost of individual projects and jobs. It involves looking at direct and indirect costs, and it's usually broken into three specific categories: labour, materials and overhead.

Features of Job Costing
It is a cost accounting method that tracks the costs of producing a specific product or service. The following are its features of job costing:

- Customized Production
- Specific Cost Identification
- Cost Control
- Accurate Pricing
- Budgeting
- Detailed Records
- Analysis of Profitability

Economic Batch Quantity (EBQ)

Economic Batch Quantity (EBQ) is a decision-making model that is used in inventory management to determine the optimal order quantity of a particular item. The goal of the EBQ model is to minimize the total cost of ordering and holding inventory while ensuring that there are enough inventories on hand to meet customer demand.

The key features of the Economic Batch Quantity model include:

- Ordering Costs
- Holding Costs
- Demand
- Lead Time

The formula for calculating the Economic Batch Quantity is:

EBQ = sqrt((2 x ordering cost x annual demand) / holding cost per unit)

Preparation of Job Cost Sheet

A job cost sheet is a document used in job costing to record all costs incurred in a specific job or project. It is an essential tool for businesses that provide customized products or services, such as construction firms, manufacturing companies, and professional services providers. The following are the steps involved in preparing a job cost sheet:

- Identify the Job
- Determine Direct Costs
- Allocate Indirect Costs
- Calculate Total Costs
- Calculate the Unit Cost
- Analyse the Data

Batch Costing

Batch costing is a method of costing used to determine the cost of producing a group of similar products or services, which are produced in batches. This method of costing is used by businesses that produce goods or services in batches or groups, rather than on a continuous or individual basis. The following are the key features of batch costing:

- Batch Size
- Direct Costs
- Cost of Production
- Cost per Unit

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Cost and Management Accounting**
Name of the Topic	**Financial Statement Analysis**
Hours Required	8 Hours
Learning Objectives	➢ Understand various costing methods and management techniques. ➢ Apply Cost and Management accounting methods for both manufacturing and service industry. ➢ Prepare cost sheet, quotations, and tenders to organization for different works. ➢ Analyze cost-volume-profit techniques to determine optimal managerial decisions. ➢ Compare and contrast the financial statements of firms and interpret the results.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Financial Statement Analysis Features, Limitations ➢ Need, Meaning objectives and Process of Financial statement Analysis ➢ Comparative Analysis ➢ Common Size Analysis ➢ Trend Analysis
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Financial Statement Analysis Meaning and Need:

Meaning

The term financial statement refers to statement of Changes in financial position, Statement of Retained Earnings, Balance Sheet, Profit and Loss Account, etc. But, generally, the financial statements include only two statements; they are profit and Loss Account and Balance Sheet. It is observed that the mere presentation of these statements does not serve the purpose of anybody in anyway. The importance of these statements lies in their analysis and interpretation. In the beginning, analysis was done only for extending credit, but now it is being used as most important function of Management Accountant for providing various useful information to many persons.

Features of Financial statement Analysis:

The important features of financial statements are as follows.

- Financial Statements are prepared at the end of the accounting period.
- Financial Statements disclose both facts and opinions.
- Financial statements are prepared on the going concern value..
- Financial statements are recorded facts of financial transactions based on historical cost.
- Financial statements are greatly affected by personal judgement of the accountants

Limitations of Financial Statement Analysis:

Financial statement analysis is a widely used tool to evaluate a company's financial health and performance. However, like any other method, it has its limitations. Some of the main limitations of financial statement analysis are:

- Historical data
- Incomplete picture
- Different accounting methods
- Lack of comparability
- Manipulation
- Limited usefulness for predicting future performance

Need For Financial Statement Analysis

Financial statement analysis is a critical tool for evaluating a company's financial health and performance. Here are some reasons why financial statement analysis is important:

- Assessing profitability
- Evaluating solvency
- Identifying trends
- Comparing performance
- Making investment decisions

Objectives of Financial Statement Analysis

Objectives of Analysis and Interpretation Many interested parties of financial statements are analysed and interpreted according to their varied objectives. In spite of the variations in the objectives of analysis and interpretation by various classes of people,

There are some common objectives of interpretation which are presented below.

- To examine the earning capacity and efficiency of various business activities with the help of income statements.
- To measure the managerial efficiency under various business situations.
- To estimate the performance evaluation of different departments over a period of time.
- To measure short term and long term solvency position of the business organization with the help of Balance Sheet.
- To examine the source of finance and way of utilizing the available finance.
- To determine earning capacity and future prospects of the business concern.
- To identify the way of utilizing fixed assets and the role of fixed assets on maintaining the earning capacity of the business concern.
- To investigate the future potential of the business concern.
- To compare operational efficiency of similar concerns engaged in the same industry.
- To identify the growth trend of the business organization.

Comparative Analysis

The comparative financial statements are statements of the financial position at different periods; of time. The elements of financial position are shown in a comparative form so as to give an idea of financial position at two or more periods. Any statement prepared in a comparative form will be covered in comparative statements. From practical point of view, generally, two financial statements (balance sheet and income statement) are prepared in comparative form for financial analysis purposes. Not only the comparison of the figures of two periods but also be relationship between balance sheet and income statement enables an in depth study of financial position and operative results.

Types of Comparative Statements:

(i) Balance sheet, and.

(ii) Income statement

The comparative statement may show:

- Absolute figures (rupee amounts).
- Changes in absolute figures i.e., increase or decrease in absolute figures.
- Absolute data in terms of percentages.
- Increase or decrease in terms of percentages

Common size financial statement analysis:

Common size financial statement analysis is analyzing the balance sheet and income statement using percentages. All income statement line items are stated as a percentage of sales. All balance sheet line items are stated as a percentage of total assets. For example, on the income statement, every line item is divided by sales and on the balance sheet, every line item is divided by total assets. This type of analysis enables the financial manager to view the income statement and balance sheet in a percentage format which is easy to interpret

Types of Common Size Statements:

- Balance sheet, and.
- Income statement

Trend Analysis

Trend analysis is also called time-series analysis. Trend analysis helps a firm's financial manager determine how the firm is likely to perform over time. Trend analysis is based on historical data from the firm's financial statements and forecasted data from the firm's pro forma, or forward looking, financial statements. One popular way of doing trend analysis is by using financial ratio analysis. If you calculate financial ratios for a business firm, you have to calculate at least two years of ratios in order for them to mean anything. Ratios are meaningless unless you have something to compare them to, in this case other years of data. Trend analysis is even more powerful if you have and use several years of financial ratios.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	II B.Com
Paper	**Cost and Management Accounting**
Name of the Topic	**Marginal Costing**
Hours Required	8 Hours
Learning Objectives	➢ Understand various costing methods and management techniques. ➢ Apply Cost and Management accounting methods for both manufacturing and service industry. ➢ Prepare cost sheet, quotations, and tenders to organization for different works. ➢ Analyze cost-volume-profit techniques to determine optimal managerial decisions. ➢ Compare and contrast the financial statements of firms and interpret the results.
Previous Knowledge to be reminded	*No*
Topic Synopsis	➢ Meaning and Features of Marginal Costing ➢ Contribution –Profit Volume Ratio ➢ Break Even Point ➢ Margin of Safety ➢ Estimation of Profit and Estimation of Sales
Examples / Illustrations	
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Jai Bharath Publishers
Student Activity Planned after the teaching	Practicing the Problems
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Meaning and Features of Marginal Costing:

Meaning:

Marginal Costing is a costing technique wherein the marginal cost, i.e. variable cost is charged to units of cost, while the fixed cost for the period is completely written off against the contribution

Features of Marginal Costing:

Features of marginal costing are as follows:

- Marginal costing is used to know the impact of variable cost on the volume of production or output.
- Break-even analysis is an integral and important part of marginal costing.
- Contribution of each product or department is a foundation to know the profitability of the product or department.
- Addition of variable cost and profit to contribution is equal to selling price.
- Marginal costing is the base of valuation of stock of finished product and work in progress.
- Fixed cost is recovered from contribution and variable cost is charged to production.
- Costs are classified on the basis of fixed and variable costs only. Semi-fixed prices are also converted either as fixed cost or as variable cost.

Contribution

Contribution is the difference between sales and variable cost or marginal cost of sales. It may also be defined as the excess of selling price over variable cost per unit. Contribution is also known as Contribution Margin or Gross Margin. Contribution being the excess of sales over variable cost is the amount that is contributed towards fixed expenses and profit. Contribution can be represented as :

- **Contribution = Sales - Variable**
- **(Marginal) Cost (or) Contribution (per unit) = Selling Price-Variable (or Marginal)**
- **cost per unit (or) Contribution = Fixed Costs + Profit (- Loss)**

P/V Ratio

Profit /Volume Ratio (P/V Ratio or C/S Ratio) The Profit/volume ratio, which is also called the 'contribution ratio' or 'marginal ratio', expressed the relation of contribution to sales and can be expressed as follows:

P/V Ratio = Contribution / Sales Since Contribution = Sales -Variable Cost = Fixed Cost + Profit, P/V ratio can also be expressed as, (Sales - Variable Cost) / Sales ie.,(S – V) / S or P/V Ratio = (Fixed Cost + Profit) / Sales ie., (F + P) / S or P/V Ratio = (Change in profits or Contribution) / Change in Sales The formula for sales volumes required to earn a given profit is:

P/V Ratio = Contribution / Sales or P/V Ratio = (Fixed Cost + Profit) / Sales

Break even Point

Break-even Point - The break-even point may be defined as that point of sales volume at which total revenue is equal to total cost. It is a point of no profit, no loss. A business is said to break-even when its total sales are equal to its total costs. The break-even point refers to that level of output which evenly breaks the costs and revenues and hence the name. At this point, contribution, i.e., sales minus marginal cost, equals the fixed costs and “hence this point is often called as ‘Critical Point’ or ‘Equilibrium Point’ or ‘Balancing Point’ or no profit, no loss. Break-even point can be stated in the form of an equation : Sales revenue at break-even point = Fixed Costs + Variable Costs. Computation of the Break- Even Point The break-even point can be computed by the following methods : (i) Algebraic Formula Method (ii) Graphic or Chart Method. Algebraic Formula Method for Computing the Break-even Point The break-even point can be computed in terms of : (a) Units of sales volume,(b) Budget total or in terms of money value. (c) As a percentage of estimated capacity. (a) Break-even Point in Units - As the break-even point is the point of no profit no loss, it is that level of output at which the total contribution equals the total fixed costs. It can be calculated with the help of following formula

: **Break-Even Point = Fixed Cost / (Selling Price per unit - Variable Cost per unit) =Fixed Cost /Contribution per unit**

Margin of Safety

Margin of Safety The excess of actual or budgeted sales over the break-even sales is known as the margin of safety. It is the difference between actual sales minus the sales at break-even point. It represents the amount by which sales revenue can fall before a loss is incurred. As at breakeven point there is no profit no loss, sales beyond the break-even point represent margin of safety because any ‘sales above the break-even point will give’ some profit. Thus,

Margin of Safety = Total Sales — Sales at Break-even Point.

‘

TEACHING PLAN

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	III B.Com
Paper	**E-Filing**
Name of the Topic	**Introduction, Nature and Scope**
Hours Required	8 Hours
Learning Objectives	1. Understand the concept of e-filing and its importance in modern tax systems. 2. Comprehend the legal and regulatory framework governing taxation and e-filing. 3. Prepare and submit tax returns electronically for individuals and businesses. 4. Analyse tax liabilities and deductions to optimize tax compliance. 5. Demonstrate proficiency in using e-filing software and tools.
Previous Knowledge to be reminded	*No*
Topic Synopsis	• Introduction- Definition. • importance and scope of returns • Types of Assesses • under Income Tax • Goods and Service Tax • Tax-Sources of income
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board &PPT
References cited	Taxmann Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Introduction to Income Tax Return (ITR)

In India, ITR stands for "Income Tax Return." It is a document that taxpayers are required to file with the Income Tax Department of India, reporting their income, deductions, and other information relevant to the calculation of their tax liability.
Incomes can be of Various Forms Such as:

- Income from Salary
- Income from House Property
- Income from Capital gains
- Income from Business &Profession
- Income From Other Sources Such as Dividend, Interest on Deposites,royalty Income, Winning in Lottery, Puzzle Games etc.,

Who should file the Income Tax Return?

As per the Income Tax Act, 1961, any person whose total income during a financial year exceeds the basic exemption limit is required to file an income tax return. The basic exemption limit varies depending on the age and income of the taxpayer.

Following persons are required to file income tax returns in India:

1. Individuals:
2. HUFs:
3. Companies:
4. Partnerships:
5. LLPs (Limited Liability Partnerships):
6. Trusts and other legal entities

Income Tax Return (ITR) List:

The Income Tax Department of India provides several types of Income Tax Return (ITR) forms for different categories of taxpayers. The ITR forms are numbered from ITR-1 to ITR-7, and each form is designed to collect specific information about the taxpayer's income and deductions.

1. ITR-1 (Sahaj)
2. ITR-2
3. ITR-3
4. ITR-4 (Sugam)
5. ITR-5
6. ITR-6
7. ITR-7

Scope of Income Tax Return (ITR)

The scope of Income Tax Return (ITR) in India is vast and encompasses all aspects of an individual's or entity's income and deductions for a financial year. The following are some of the major areas covered by the ITR:

1. Income from Salary
2. Income from Business or Profession
3. Capital Gains
4. Other Sources of Income
5. Deductions and Exemptions
6. Tax Payment and Refunds

Meaning of Assessee: Section 2(7) of Income Tax

As per S. 2(7) of the Income Tax Act, 1961, unless the context otherwise requires, the term "assesse" means a person by whom any tax or any other sum of money is payable under this Act, and includes,-

(a) every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or assessment of fringe benefits or of the income of any other person in respect of which he is assessable, or of the loss sustained by him or by such other person, or of the amount of refund due to him or to such other person;
(b) every person who is deemed to be an assessee under any provision of this Act;
(c) every person who is deemed to be an Assessee in default under any provision of this Act.

Types of Assesses under Income Tax

Generally, the term "Assessee" is confused with "person" (i.e. Individual, HUF, AOP, BOI, Firm, LLP, Company, Local Authority, AJP, etc.) when attempting to comprehend its meaning under the Income Tax Act of 1961. According to the above definition, an "Assessee" is someone who is liable for tax under the Income Tax Act. However, to fully grasp the meaning of "Assessee," it is important to also be familiar with the following:
A. Normal Assessee
B. Representative Assessee
C. Deemed Assessee
D. Assessee-in-default

Source of Income:

Under the Indian Income Tax Act, income is classified into five different heads of income for the purpose of taxation. These heads of income are:

1. Income from Salary:
2. Income from House Property:
3. Profit and Gains from Business or Profession:
4. Capital Gains
5. Income from Other Sources:

PERSON U/S 2(31)

Section 2(31) of the Income Tax Act, 1961 defines who is considered a "person" for the purpose of taxation. The term "person" under this section includes the following:

- Individual:
- Hindu Undivided Family (HUF)
- Company
- Firm
- Association of Persons (AOP) or Body of Individuals (BOI)
- Local Authority
- Artificial Juridical Person

GOODS &SERVICE TAX

INTRODUCTION

GST, or Goods and Services Tax, is a value-added tax that was implemented in India on July 1, 2017. It is a comprehensive indirect tax levied on the supply of goods and services throughout India, replacing the earlier complex indirect tax structure. GST is a destination-based tax system, which means that the tax is collected at the point of consumption rather than at the point of origin.

Salient Features of GST:

The salient features of GST are as follows:

1. Destination-based tax
2. Dual GST
3. Input tax credit
4. Composition scheme
5. Tax slabs
6. Online registration and return filing
7. GSTN

Types of GST

There are three types of GST in India:

1. Central Goods and Services Tax (CGST):
2. State Goods and Services Tax (SGST):
3. Integrated Goods and Services Tax (IGST):
4.

Advantages and Disadvantages of GST:

Advantages of GST:

1. Simplification of tax structure:
2. Removal of cascading effect
3. Boost to the economy:
4. Enhanced efficiency:

Disadvantages of GST:

1. Initial implementation challenges
2. Increased compliance costs
3. Increase in tax rate for some goods and services
4. Impact on small businesses

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	III B.Com
Paper	**E-Filing**
Name of the Topic	**Returns filing under Income Tax**
Hours Required	8 Hours
Learning Objectives	1. Understand the concept of e-filing and its importance in modern tax systems. 2. Comprehend the legal and regulatory framework governing taxation and e-filing. 3. Prepare and submit tax returns electronically for individuals and businesses. 4. Analyse tax liabilities and deductions to optimize tax compliance. 5. Demonstrate proficiency in using e-filing software and tools.
Previous Knowledge to be reminded	*No*
Topic Synopsis	• Types of Returns • Mode of filing-Manual-Electronic Bureau of Internal Revenue Form (eBIR) • Electronic Filing and Electronic and Payment System (eFPS) • For Individuals-ITR1, ITR2, ITR3, ITR4, For Firms and Companies ITR5, ITR6, ITR7.
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Taxmann Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecture

Types of Returns:

In the context of income tax filing, there are several types of returns that individuals and businesses may need to file. The specific types of returns can vary based on the country and its tax system. Here are some common types of returns:

1. Individual Income Tax Return
2. Business Income Tax Return
3. Trust and Estate Income Tax Return
4. Goods and Services Tax (GST) Return
5. Payroll Tax Return
6. Excise Tax Return
7. Estate Tax Return
8. Gift Tax Return

Manual Filing:

Manual filing refers to the process of completing tax returns on paper forms and submitting them physically to the tax authority. It is a traditional method of filing tax returns that predates the advent of electronic filing options. Here's an overview of the manual filing process:

1. Obtain the Forms
2. Gather Required Information
3. Complete the Forms
4. Calculate the Tax Liability
5. Sign and Date the Return
6. Attach Supporting Documents
7. Mail the Return
8. Keep Copies

Electronic Bureau of Internal Revenue Form (eBIR) :

eBIR (Electronic Bureau of Internal Revenue) refers to the electronic filing and payment system implemented by the Bureau of Internal Revenue (BIR) in the Philippines. It is an online platform that allows taxpayers to electronically file their tax returns and make tax payments conveniently.

Here's an overview of the eBIR system:

1. Registration
2. Tax Return Preparation
3. Submission of Tax Returns
4. Payment of Taxes
5. Acknowledgment and Confirmation
6. Verification and Post-filing Actions

eFPS (Electronic Filing and Payment System):

eFPS (Electronic Filing and Payment System) is an online platform introduced by the Bureau of Internal Revenue (BIR) in the Philippines. It allows taxpayers to electronically file their tax returns and make tax payments conveniently and securely. eFPS is primarily used by corporate taxpayers and non-individual taxpayers who are required to file and pay taxes in the country.

Here are the key features and steps involved in using the eFPS system:

1. Registration.
2. Tax Return Preparation
3. Submission of Tax Returns
4. Payment of Taxes
5. Acknowledgment and Confirmation
6. Verification and Post-filing Actions:

ITR 1:

In India, ITR-1 (Sahaj) is an income tax return form used by individuals to report their income when they have income from salary, pension, or income from one house property. Here's an overview of ITR-1 (Sahaj):

Eligibility: ITR-1 (Sahaj) is applicable to individuals who meet the following criteria:

- Have income from salary or pension
- Have income from one house property (excluding cases where loss is carried forward from previous years)
- Have income from other sources (excluding winnings from lottery or racehorses)
- Total income does not exceed INR 50 lakh
- Hold a resident status (not applicable to non-resident individuals or persons of Indian origin)

ITR 2:

In India, ITR-2 is an income tax return form used by individuals and Hindu Undivided Families (HUFs) who do not have income from business or profession. It is applicable when an individual or HUF has income from multiple sources, including salary, house property, capital gains, and more. Here's an overview of ITR-2:

Eligibility: ITR-2 is applicable to individuals and HUFs who meet the following criteria:

- Individuals and HUFs who do not have income from business or profession
- Have income from salary/pension, more than one house property, capital gains, and other sources
- Do not have income under the head "Profits or gains from business or profession"

ITR 3:

Eligibility for filing Income Tax Return-3 (ITR-3) in India depends on your income sources and the nature of your financial activities. ITR-3 is primarily meant for individuals and Hindu Undivided Families (HUFs) who have income from proprietary businesses or professions. Here are some eligibility criteria for filing ITR-3:

1. Income from Proprietary Business or Profession
2. Partnership Income
3. Presumptive Taxation
4. Other Income
5. Income Threshold
6. Residential Status

ITR 4:

ITR-4 is an income tax return form used in India. It is specifically designed for individuals and Hindu Undivided Families (HUFs) who have income from business and profession under the presumptive taxation scheme. Here are some key points about ITR-4:

Eligibility: You should file ITR-4 if you are an individual or HUF and have income from the following sources:

- Business or profession under the presumptive taxation scheme as per Sections 44AD, 44ADA, or 44AE of the Income Tax Act.
- Income from other sources like salary, house property, and other income, provided the total income is less than Rs. 50 lakhs.

ITR 5:

ITR-5 is an income tax return form used in India. It is specifically designed for entities other than individuals, Hindu Undivided Families (HUFs), companies, and persons filing ITR-7 (which is for entities that are required to furnish returns under Sections 139(4A), 139(4B), 139(4C), and 139(4D) of the Income Tax Act, such as trusts and political parties). Here are some key points about ITR-5:

Eligibility: ITR-5 is meant for the following entities:

- Firms (including Limited Liability Partnerships or LLPs).
- Association of Persons (AOPs) or Body of Individuals (BOIs).
- Artificial Juridical Person (AJP).
- Cooperative Societies.
- Local Authorities.

ITR 6:

ITR-6 is an income tax return form used in India. It is specifically designed for companies that are not claiming exemptions under Section 11 (income from property held for charitable or religious purposes) and are required to furnish a return under Section 139(4A) or Section 139(4B) or Section 139(4C) or Section 139(4D) of the Income Tax Act. Here are some key points about ITR-6:

Eligibility: ITR-6 is meant for the following entities:

- Companies, including domestic companies and foreign companies operating in India.

ITR 7:

ITR-7 is an income tax return form used in India. It is specifically designed for entities that are required to furnish a return under Section 139(4A) or Section 139(4B) or Section 139(4C) or Section 139(4D) of the Income Tax Act. ITR-7 is typically used by entities such as trusts, political parties, charitable institutions, and research associations. Here are some key points about ITR-7:

Eligibility: ITR-7 is meant for the following entities:

- Charitable or religious trusts.
- Political parties that are registered under Section 29A of the Representation of the People Act, 1951.
- Institutions or associations that are required to furnish returns under the Income Tax Act.

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	III B.Com
Paper	**E-Filing**
Name of the Topic	**Penalties and Prosecution under Income Tax**
Hours Required	8 Hours
Learning Objectives	1. Understand the concept of e-filing and its importance in modern tax systems. 2. Comprehend the legal and regulatory framework governing taxation and e-filing. 3. Prepare and submit tax returns electronically for individuals and businesses. 4. Analyse tax liabilities and deductions to optimize tax compliance. 5. Demonstrate proficiency in using e-filing software and tools
Previous Knowledge to be reminded	*No*
Topic Synopsis	• Nonpayment, • failure to comply • Concealment-, Book Audit • International transactions, • TDS
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Taxmann Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Introduction:

Penalties and prosecution under the Income Tax Act in India are imposed to ensure compliance with tax laws and to deter tax evasion and fraud. The penalties and prosecution provisions vary depending on the nature and severity of the non-compliance. Here are some common penalties and prosecution provisions under the Income Tax Act

Non-Payment:

Non-payment" generally refers to the failure to pay a debt, obligation, or financial liability when it is due. It can apply to various financial situations, including taxes, loans, bills, fees, and more. Here's a breakdown of non-payment in different contexts:

1. Non-payment of Taxes
2. Non-payment of Loans
3. Non-payment of Bills
4. Non-payment of Rent
5. Non-payment of Fees
6. Non-payment of Child Support
7. Non-payment of Alimony:
8.

Failure to Comply:

"Failure to comply" refers to the act of not adhering to or meeting certain requirements, regulations, laws, or obligations. This failure can occur in various contexts, including legal, regulatory, contractual, or organizational. Here are some examples of failure to comply in different scenarios:

1. Legal Compliance
2. Contractual Non-Compliance
3. Organizational Compliance
4. Regulatory Compliance
5. Internal Policies and Procedures
6. Compliance Audits
7. Ethical Compliance

Concealment:

"Concealment" refers to the act of deliberately hiding or withholding information, facts, or assets, especially in a manner that is intended to deceive or mislead others. Concealment can occur in various contexts, including legal, financial, and personal matters, and it often implies an intention to commit fraud or avoid legal or financial obligations. Here are some examples of concealment in different situations:

1. Tax Concealment
2. Concealment of Assets
3. Insurance Concealment:
4. Concealment in Legal Proceedings
5. Securities and Investment Concealment
6. Concealment of Criminal Activity
7. Personal Relationships

Book Audit:

A "book audit" typically refers to an examination or review of a company's financial records and accounting books. This type of audit is conducted to assess the accuracy, completeness, and compliance of an organization's financial statements and records with accounting standards, laws, and regulations. Book audits are essential for ensuring transparency, accountability, and financial integrity. Here are some key points about book audits:

1. Purpose
2. Scope
3. Auditor's Role
4. Financial Statements
5. Internal Controls
6. Legal and Regulatory Compliance
7. Reporting
8. Frequency
9. Special Audits
10. Transparency and Accountability

TDS:

TDS, or Tax Deducted at Source, is a tax collection mechanism used in India. Under TDS, a person or entity making specified payments (such as salary, interest, rent, commission, etc.) is required to deduct a certain percentage of tax at the source and deposit it with the government. This mechanism ensures that tax is collected at the time of payment itself, rather than being paid by the recipient later. Here are some key points about TDS:

1. Applicability
2. TDS Rates
3. TAN
4. TDS Deduction
5. TDS Certificates
6. TDS Returns
7. TDS on Non-Residents
8. TDS Exemptions and Thresholds
9. TDS Refunds
10. Penalties

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	III B.Com
Paper	**E-Filing**
Name of the Topic	**Returns filing under Goods Service Tax**
Hours Required	8 Hours
Learning Objectives	1. Understand the concept of e-filing and its importance in modern tax systems. 2. Comprehend the legal and regulatory framework governing taxation and e-filing. 3. Prepare and submit tax returns electronically for individuals and businesses. 4. Analyse tax liabilities and deductions to optimize tax compliance. 5. Demonstrate proficiency in using e-filing software and tools
Previous Knowledge to be reminded	*No*
Topic Synopsis	• GSTR1. GSTR1, GSTR2, GSTR2A, GSTR3B, GSTR4, GSTR5, GSTR6
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Taxmann Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Filing returns under the Goods and Services Tax (GST) regime in India is a crucial compliance requirement for registered businesses. GST returns are filed electronically through the GST portal. Here is a synopsis of the various GST returns:

GSTR-1 (Outward Supplies):

- Filed by: Regular taxpayers
- Frequency: Monthly
- Due Date: By the 11th of the following month
- Details: Outward supplies, sales invoices, and tax liability

GSTR-2A (Auto-Drafted):

- Filed by: Recipients
- Frequency: Auto-generated by the GSTN system
- Details: Details of inward supplies auto-populated from GSTR-1 filed by suppliers

GSTR-2 (Inward Supplies):

- Filed by: Regular taxpayers
- Status: Not applicable (Suspended as of September 2020)
- Details: Details of inward supplies, purchase invoices, and ITC claims

GSTR-3 (Monthly Return):

- Filed by: Regular taxpayers
- Status: Not applicable (Suspended as of September 2020)
- Details: Summary of outward and inward supplies, tax payable, and ITC claims

GSTR-3B (Summary Return):

- Filed by: Regular taxpayers
- Frequency: Monthly
- Due Date: By the 20th of the following month
- Details: Summary of outward and inward supplies, tax liability, and ITC claims

GSTR-4 (Composition Scheme Return):

- Filed by: Composition taxpayers
- Frequency: Quarterly
- Due Date: By the 18th of the month following the quarter
- Details: Summary of turnover and tax payable under the composition scheme

GSTR-5 (Non-Resident Foreign Taxpayer):

- Filed by: Non-resident foreign taxpayers
- Frequency: Monthly
- Due Date: By the 20th of the following month
- Details: Details of supplies and tax liability
-

GSTR-6 (Input Service Distributor):

- Filed by: Input Service Distributors
- Frequency: Monthly
- Due Date: By the 13th of the following month
- Details: Details of input tax distribution to branches
-

GSTR-7 (Tax Deducted at Source - TDS):

- Filed by: Tax deductors (e-commerce operators)
- Frequency: Monthly
- Due Date: By the 10th of the following month
- Details: Details of TDS deductions made on payments to suppliers

GSTR-8 (Tax Collected at Source - TCS):

- Filed by: E-commerce operators
- Frequency: Monthly
- Due Date: By the 10th of the following month
- Details: Details of TCS collected on supplies made through the platform

GSTR-9 (Annual Return):

- Filed by: Regular taxpayers
- Frequency: Annually
- Due Date: By December 31st of the following financial year
- Details: Summary of annual turnover, taxes paid, and ITC claims

GSTR-9C (Reconciliation Statement and Certification):

- Filed by: Regular taxpayers with turnover exceeding a specified limit
- Frequency: Annually
- Due Date: Along with GSTR-9
- Details: Reconciliation between audited financials and GST returns

GSTR-10 (Final Return):

- Filed by: Taxpayers whose GST registration is canceled
- Frequency: Once (upon cancellation)
- Due Date: Within three months of cancellation
- Details: Summary of remaining tax liability and ITC claims

Name of the Department/Subject	**COMMERCE**
Name of the Lecturer	KASULA KOTESWARA RAO
Course/Group	III B.Com
Paper	**E-Filing**
Name of the Topic	**Penalties and Prosecution under GST**
Hours Required	8 Hours
Learning Objectives	1. Understand the concept of e-filing and its importance in modern tax systems. 2. Comprehend the legal and regulatory framework governing taxation and e-filing. 3. Prepare and submit tax returns electronically for individuals and businesses. 4. Analyse tax liabilities and deductions to optimize tax compliance. 5. Demonstrate proficiency in using e-filing software and tools
Previous Knowledge to be reminded	*No*
Topic Synopsis	• Differences between fees and penalty • Types of penalties under section 122 to 138
Examples / Illustrations	*Create a chart or table*
Additional inputs	
Teaching Aids used	Green Board&PPT
References cited	Taxman Publishers
Student Activity Planned after the teaching	Preparing Charts
Activity planned outside the Class room ,if any	*Student Assignments*
Any other activity	

Signature of the Lecturer

Penalties and prosecution provisions under the Goods and Services Tax (GST) in India are in place to ensure compliance with GST laws and deter tax evasion and fraud. These provisions impose penalties and legal actions on taxpayers who do not adhere to GST regulations. Here's a synopsis of the penalties and prosecution under GST:

Penalties:

1. Late Filing Penalty
2. Non-Payment of Tax
3. Incorrect or False Information
4. Input Tax Credit (ITC) Mismatch
5. Failure to Issue Invoices
6. Failure to Display GSTIN

Prosecution:

1. Wilful Tax Evasion
2. Fake Invoices and Input Tax Credit Fraud
3. Interfering with Tax Officers
4. Non-Payment of Tax Collected
5. Transportation of Goods without Proper Documentation
6. Repeat Offenses

Difference between Fee &Penalty:

Aspect	Fee	Penalty
Purpose	Charged for specific services or use	Imposed as a punishment or deterrent
Nature	Typically a prescribed charge	Typically a punitive consequence
Collection Authority	Usually collected by government agencies or service providers	Typically collected by government agencies or regulatory bodies
Timing	Charged in advance or as a part of a transaction	Imposed after a violation or non-compliance
Determination	Often predetermined or set by a schedule	May vary based on the severity of the violation or non-compliance
Discretion	Usually not subject to discretion or negotiation	May be subject to discretion in certain cases
Appeal	Generally, there may be a process to challenge fees if they are incorrectly charged	Penalties can often be challenged or appealed if there are valid reasons
Examples	- User fees for government services - Annual membership fees - License fees - Toll fees for road usage	- Late payment penalties for taxes - Traffic fines for violations - Non-compliance penalties in regulatory matters

Types of Penalties under section 122 to 138:

Under the Goods and Services Tax (GST) system in India, there are various penalties outlined in Sections 122 to 138 of the CGST (Central Goods and Services Tax) Act, 2017. These penalties are imposed for different violations and non-compliance with GST laws. Here are some of the key types of penalties under these sections:

1. **Section 122 - Penalties for Certain Offenses**:
    - **Section 122(1)(a)**: A penalty for supplies made without an invoice or with false invoice.
    - **Section 122(1)(b)**: A penalty for issuance of invoices without supply of goods or services.
    - **Section 122(1)(c)**: A penalty for availing input tax credit without actual receipt of goods or services.
    - **Section 122(1)(d)**: A penalty for collecting any GST in contravention of the GST law.
    - **Section 122(1)(e)**: A penalty for failure to deposit tax collected with the government within the prescribed time frame.
2. **Section 123 - Penalties for Failure to Furnish Information or Returns**:
    - This section outlines penalties for failure to furnish GST returns or provide information as required by law.
3. **Section 124 - Fine for Failure to Comply with the Provisions of TDS (Tax Deducted at Source) and TCS (Tax Collected at Source)**:
    - Penalties for non-compliance with the TDS and TCS provisions under GST.
4. **Section 125 - General Penalty for Failure to Pay Tax for Any Reason Other Than Fraud or Willful Misrepresentation**:
    - A general penalty for non-payment of tax for reasons other than fraud or willful misrepresentation.
5. **Section 126 - General Penalty for Certain Offenses**:
    - Penalties for certain offenses not covered under other specific sections.
6. **Section 127 - Penalty for Failure to Pay Tax as per TDS Provisions**:
    - Penalties for failure to deduct or pay tax at source as per TDS provisions under GST.
7. **Section 128 - General Penalty for Contravention of Any Other Provisions of the GST Act for Which No Penalty is Specifically Provided**:
    - A general penalty for contravention of provisions not covered by specific penalties.
8. **Section 129 - Detention, Seizure, and Release of Goods and Conveyances in Transit**:
    - Penalties for detention and seizure of goods and conveyances in transit for non-compliance or violations.
9. **Section 130 - Confiscation of Goods or Conveyances and Levy of Penalty**:
    - Penalties for confiscation of goods or conveyances and levy of penalty in certain cases.
10. **Section 131 - Confiscation or Penalty Not to Interfere with Other Punishments**:
    - Clarifies that confiscation or penalty under GST law does not interfere with other punishments under different laws.
11. **Section 132 - Punishment for Certain Offenses**:

- Penalties for specific offenses like tax evasion, fraud, issuance of invoices without supply, etc.

12. **Section 133 - Liability of Directors and Officers of the Company**:
    - Liability and penalties for directors and officers of a company for certain offenses under GST.
13. **Section 134 - Cognizance of Offenses**:
    - Procedures for taking cognizance of offenses under GST.