

Unit I

Joint Stock Company

Introduction

With the technological improvements, the scale of operations has increased. The requirement for finances and managerial resources have gone up. The traditional forms of organization such as sole proprietorship and partnership could not meet the requirements of business. The increase in business volumes also brings in more liabilities. Under these circumstances, the company form of organization has developed as the most suitable alternative. In this form of organization, a large number of persons known as shareholders join hands to start a bigger business and the liability of each member is also limited to the extent of shares they have subscribed to.

A comprehensive Companies Act was passed in 1956 and undertakings registered under this Act are known as 'companies'. The companies started under state or central legislations are called 'corporations'.

Definitions

A company is an association of many persons who contribute money or money's worth to a common stock and employ it in some trade or business, and who share the profit and loss (as the case may be) arising there from.

A joint stock company is a voluntary association of indivisible for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership.

A company means a company formed and registered under this Act.

Features

The following are the characteristics of a Joint Stock Company:

1. **Association of Persons:** A company is an association of persons joining hands with a common motive. A private limited company must have at least two persons and a public limited company must have at least seven members to get it registered.
2. **Indepent Legal Entity:** The company is created under law. It has a separate legal entity apart from its members. A company acts independently of its members. The company is not bound by the act of its members and members do not act as agents of the company. The company can sue and be sued in its own name.
3. **Limited Liability:** The liability of its share-holders is limited to the value of shares they have purchased. In case the company incurs huge liabilities, the shareholders can only be called upto pay the unpaid balance of their shares. The liability of members to company limited by guarantee is limited to the guaranteed amount.
4. **Common Seal:** A company being an artificial person cannot put its signatures. The requires every company to have a seal and get its

name engraved on it.

5. **Transferability of Shares:** The shares of a company can be transferred by its members whenever the members want to dispose off the shares, they can do by following the proceed devised for this purpose. Under Articles of Association, the company can put certain restricted on the transfer of shares but it cannot altogether stop it.
6. **Separation of Ownership and Management:** The share-holders of a company are wide scattered. A share holder may like to invest money but may not be interested in its management. The companies are managed by Board of Directors. The ownership and management are in separate hands.
7. **Perpetual Existence:** The company has a permanent existence. The share holders come or may go but the company will go on forever. The continuity of the company is affected by death, lunacy or insolvency of its share holders. The company can be wound up by the operation of law.
8. **Corporate Finance:** A joint stock company, generally, raises large amounts of funds. Capital is divided into shares of small denomination. Since there is no limit on number of maximum members in public companies, large amounts of sources can be raised from persons in different walks of life.

9. **Centralised and Delegated Management:** A Joint Stock Company is an autonomous self-governed body. The share holders being large in number cannot look after the day-to-day. Activities of the company. They elect Board of Directors in general body meeting for managing company.
10. **Publication of Accounts:** A joint stock company is required to file annual statement with the Registrar of Companies at the end of a financial year. The annual statements are availability for inspection in the office of the Registrar.

Types of Companies

On the basis of ownership the companies can be classified into following categories.

1. **Private Company**

According to companies Act, a private company is one which has the following characteristics:

- (i) It has a minimum of two members and a maximum of fifty members.
- (ii) A private company restricts the rights of members to transfer their shares.
- (iii) It prohibits any invitation to the public to subscribe to its shares and debentures.
- (iv) Does not invite general public to invest deposits in the company.

A private company is an ideal form of organization when a business is to be expanded at a large scale without involving large number of shareholding groups.

2. **Public Company**

According to Section 31(i) (iv) of the Indian Companies Act, all companies other than private companies are called public companies it is a company in which public at large is interested. A public company has the following traits:

- (i) It is formed with a minimum of seven members.
- (ii) It invites general public to subscribe to its shares.
- (iii) There is no restriction on the maximum number of members.
- (iv) It permits the transfer of shares.
- (v) Has minimum paid up capital of Rs. Five lakhs.

- **Privileges or Benefits of a Private Company.**

A private company is given certain exemptions or privileges as compared to a public company.

- Some of the main privileges are as follows:
 1. A private company can be started with just two members whereas a public company required at least seven members.
 2. A private company is not required to file a prospectus or a settlement in lieu of prospectus with the Registrar of companies.
 3. It can work with just two directors.

4. A private company is not required to hold a statutory meeting and filing a statutory report.
5. There is no restriction of minimum subscription as in the case of public company. It can directly allot the shares.

Co-operative Organisation:

Co-operative societies are voluntary associations started with the aim of service to members. Hubert Calvert says, "co-operation is the form of organisation where in persons voluntarily associated together as human beings on the basis of equality for promotion of economic interest of themselves". V.L. Mehta defines co-operation as, "one aspect of a vast movement which promotes the voluntary association of individuals having common economic needs which combine towards the achievement of economic ends. Dr. H.N. defines co-operators as co-operative is self help as well as mutual help. It is a joint enterprise of those who are not financially strong and cannot stand on their legs and together come together not with view to get profit but to overcome disability arising out of want of adequate financial resources.

The India co-operative societies Act, 1912 defines co-operative in section 4 as "society which has its objective the promotion of economic interests of its members in accordance with co-operative principle". In fact, co-operative movement was started to safeguard consumers from exploitation of capitalism. It is self help as well as mutual help.

Features of co-operative organization:

1. **Voluntary Membership:-** Everyone is at liberty to enter or leave the co-operative society as and when he likes. Nobody is compelled to join a co-operative society. The members are also free to use or not to use the service of the society. Though there is no limit on the membership of the societies sometimes certain limits are imposed to keep the society as a workable group. Everybody willing to join a society is allowed to do so. Voluntary membership has been responsible for success of co-operative movement.

2. **Political and Religious Neutrality:-** The membership of a co-operative society is opened to all irrespective of religion, caste, creed, colour or political affiliation. The co-operative movement can attract a large membership only by staying out of politics where people have divided opinions. Co-operators represent universal brotherhood and it should not lose its path in political contradictions.

3. **Democratic Management:-** The management of co-operation society is always an democratic lines. All the members of a society elect a body of persons to conduct and control day-to-day working of the society. The members frequently meet and give guidelines to its executive. In a co-operative, democracy is more than a system, it is condition of its business success. Co-operative business stands or falls with democracy.

4. **One Man, One Vote:-** In co-operative societies, every member is

given one vote irrespective of his contribution towards the number of shares held by a person, so persons having large number of shares control the organization. In co-operative; nobody can control the society on strength of his wealth. All members have equal voice in the management of the society.

5. **Service Motive:-** The primary objective of co-operative societies is to provide service to their members. The aim is not to earn profits as is the case in all other forms of organization. The service of members is the fundamental object of co-operative societies. The profit is generally earned when goods are sold to non-members.

6. **Distribution of Surplus:-** The societies earn surplus from their services. This surplus is not divided according to capital contributed. It is distributed according to purchases made by one or more members in case of consumers co-operative, and according to goods delivered to society for sale in case of producers, co-operative. At present this rate should not exceed 9%. One-fourth of the surplus should be kept as reserve in the society and upto 10% of surplus should be spent for general welfare of the members.

7. **Cash Trading:-** Another principle of co-operative societies is trading on 'cash basis'. Cooperative societies flourish only when cash trading is strictly followed. Cash trading ensures economy for co-operative. It eliminates bad debts and collection expenses. The societies may make

some exception to this rule for helping needy members but generally cash trading principle is followed.

8. **Limited Interest on Investment:-** The pioneers of co-operative movement wanted to give certain percentage on capital contribution in form of dividend. This is an incentive to members for keeping money with the society as deposits. This is a first charge on the surpluses of the society.

9. **Sale control:-** The co-operative societies are to follow certain rules and regulations framed by the government. In India, all co-operative societies are registered under Indian co-operative societies act or respective state co-operative laws.

10. **Co-operative Education and Training:-** The success of a co-operative will depend up to the awareness of its members toward the principles of societies, so that they may work united for success of society.

Types of Co-operative societies:-

Important types of co-operative societies are discussed as follows:-

1. **Consumers co-operative:-** The consumers co-operative societies are started to lower and middle class people. These societies protect weaker sections from dishonest profit hungry businessmen. The members contribute capital in shape of share money. Membership of these societies is open to everyone irrespective of caste, creed or colour. The

commission and profit of middleman eliminated in the process. Government sells essential commodities to consumers at regulated prices through co-operative societies.

2. **Producers co-operative:-** These societies are established for benefit of small producers to find it difficult to collect various factors of production and for face marketing problems.

These societies are of two types:

(a) **Production co-operatives:-** The production of goods is undertaken by members in their houses or at common place. The members are treated as employees of society and are paid wages for their services. The society sells these goods in the market.

(b) **Industrial service co-operative:-** These co-operatives are started to help members in getting various industrial inputs at reasonable prices. The co-operatives makes bulk-purchases of raw material from supplies and supply them to members. Individual members earn profits on their sales and also share the profits of society on the basis of certain criterion earlier agreed upon.

3. **Marketing co-operatives:-** The meeting co-operative are associations of producers for selling their products at remunerative prices. The production of different members is pooled and the society undertakes to sell these products by eliminating middleman. The market man societies also collect marketing information and supply it to producers for

their benefits.

4. **Housing co-operatives:-** The low and middle income group people able to construct their own houses for want for money. The societies are non-popular because the instinct to own a house is not satisfied. These societies are helpful in arranging cheap plots and loans for the members. The constructed houses are handed over the members. The members pay the price in easy instalments spread over a longer period. These societies are popular among poor families.

5. **Credit co-operative:-** The credit co-operative societies are formed to give financial help small farmers and other poor section in the society. The village money-lenders charge exorbitant interest and exploit innocent poor people.

The credit co-operative societies may be distinguished as follow:

(a) **Rural credit co-operative societies:-** The rural credit co-operatives can be formed with at least 10 members. The members purchase shares of societies as to raise capital. These societies are also entrusted with jobs of arrangement commodities like salt, sugar, tea, matches, class etc. The object of these societies is to be farming and better living.

Merits of Co-operative:-

1. **Open Membership:-** The membership of co-operative societies is open to each and every person. Nobody is barred from joining societies

on basis of economic position, caste, colour or creed.

2. **Service Motto:-** The co-operative societies are started not for profits but for service. The societies try to promote the interests of the members. A feeling of co-operation is created among members.
 3. **Supply of Goods at Cheaper Rates:-** The societies purchase goods directly from producers and sell them to the members at cheap rates. The middle man are eliminated from the channel of distribution. So, co-operators societies ensure regular supply of goods at cheap rates.
 4. **Democratic Management:-** The management of a co-operative is elected by member from among themselves. All members are given equal voting rights irrespective of number of shares held by them.
 5. **New Management Costs:-** The management of a co-operative society is in the hands of persons elected by share holds. Some persons are employed to look after day-to-day working of the societies.
 6. **Surplus Shared by Members:-** The societies sell goods to the members on ammonias profits to cover up administrative costs. Non-members are charged at market rates. The surplus earned the society is distributed among member on basis of their products.
- (a) **Urban credit co-operative societies:-**The urban co-operative credit societies or urban banks area run on scoulze deritz model. Idea of the societies is to help small traders, workers, aristmes and other class people. Members are provided with short time wans on lower rates of

interest. The control is contributed by members and financial help is stout from government.

7. **Co-operative farming societies:-** Co-operative farming societies are voluntary associate of farmers formed to reap the benefits of large scale farming on scientific lines. Better farmer increases productions and improves the economic position of members. The farming co-operates may of following types:-

(a) **Co-operative Better Farming Societies:-** The societies are formed to improve method of farming and to arrange facilities connected with use of machinery, harvesting of crops marketing of products.

(b) **Co-operators joint farming societies:-** The hand of members is pooled in societies. The own ship rights to land are retained by the individual members. Profit is divided according to wages earned by members. The members have a right to with-draw their lands from a society.

(c) **Tenant farming societies:-** These societies are formed to help tenants. The service acquires land to lease hold basis and also on free hold basis. The land is distributed to members for independent cultivation. Financial help too is arrangement for the members. These societies are formed to help small tenants.

Limitations of Co-operatives:-

1. **Lack of capital:-** The co-operatives are started by economically

weaker sections of society. The shares are generally of lower denomination so that more and more persons may associate with societies. They cannot undertake production for goods for want of funds, so co-operative societies suffer from capital.

2. **Lack of unity among members:-** The members are drawn from different sections of the society. The members do not understand the working of societies so they start suspecting each other. The members do not take to much interest in the affairs.

3. **Cash trading:-** The cash trading business has both advantages and disadvantages. The members of society are generally from poor sections of society. Though the societies sell goods at lower prices but absence of credit facilities compes them.

4. **Political Interference:-** The societies are generally under the regulations of government. As comparative societies stand in India. Every government tries their own party members. Political interference has adversely affected co-operative movement in India.

Meaning of MNC's (Multinational Companies)

A MNC's are an organisation doming business in more than one country. In other word it is an organisation on enterprise carrying on business in not only the country where it is registered but also in several other countries. It may also be termed as international corporation, global giant and transnational corporation.

Definition:

“Multinational corporations or companies are those enterprise whose management, ownership and controls are spread in more than one foreign country”.

- W H Moreland

Features of MNC's

Giant Size: The assets and sale of MNC are quite large. These companies operate on large scale as they trade in more than one companies. These companies generate large wealth. Their operations are so huge that sometimes their sale turn over exceeds the Gross National Product of a developing countries.

International operation: A MNC operates in more than one country. It has branches, factories, offices in several countries. It operates through a network of branches and subsidiaries in host countries.

Professional management: MNC Employs professional experts, specialized people MNC's try to help their employees updated by imparting them training from time to time.

Centralized contract: The branches of MNC spread in different countries are controlled and managed from the headquarters situated in home country headquarters in the home country is the main branch.

Oligopolistic powers: Oligopoly means power in the hands of few companies only. Due to their giant size the MNC occupy dominating

position in the market. They join hands with big business houses and give rise to monopoly.

Sophisticated technology: Multinational companies make use of latest and advanced technology to supply world class products. They use capital intensive technology and innovative techniques of production.

Advantages of (Home Country)

- I. MNC's create opportunities for marketing the products produced in the home country throughout the world.
- II. They create employment opportunities to the people of home country both at home and abroad.
- III. It gives a boost to the industrial activities of home country.
- IV. MNC's helps to maintain favourable balance of payment of the home country in the long run.
- V. Home country can also get the benefit of foreign culture brought by MNC's.

Disadvantages (Home Country)

- I. MNC's may transfer technology which has become outdated in the home country.
- II. AS MNC's do not operate within the national autonomy, they may pose a threat to the economic and political sovereignty of host countries.
- III. MNC's may kill domestic industry by monopolizing the host country's market.

IV. In order to make profit, MNC's may use natural resources of home country indiscriminately and cause depletion of resources.

Disadvantages of MNC's for host country

I. MNC's transfer the capital from the home country to various host countries causing on unfavourable balance of payment.

II. MNC's may not create employment opportunities to the people of home country if it adopt geocentric approach.

III. As investment in foreign countries is more profitable, MNC's may neglect the home countries industrial and economic development.

Advantage of MNC's (Host Country)

I. The investment level, employment level and income level of host country increases due to operation of MNC's.

II. The industries of host country get latest technology from foreign countries through MNC's.

III. The host country's business also gets management expertise from MNC's.

IV. The domestic traders and market intermediaries of the host country gets increased business from the operation of MNC's.

V. MNC's break protectionalism, curb local monopolies, create competition among domestic companies and thus enhance their competitiveness.

VI. Domestic industries can make use of R & D outcomes of MNC's.

VII. The host country can reduce imports and increase exports due to goods produced by MNC's in the host country.

VIII. Level of industrial & economic development increase due to growth of MNC's in the host country.

Insurance

Some future risks will have to be faced as they are a part of business. There are some other risks which can be transferred to specialised institutions known as insurance companies. Insurance is a contract between two parties whereby one party agrees to indemnify the loss suffered by the other party for a consideration of some money called 'premium'. The party which promises to indemnify the loss is called 'insurer' (insurance company) and the persons or the property subject to risks is called 'insured'. The agreement providing for insurance is called an 'insurance policy'.

Insurance system is based on an important technique called 'pooling system'. Large number of persons combine together to reduce or to compensate the future loss of any one of them. They contribute small amounts of money and part it to the affected party. Pooling system helps in spreading the risk over a large number of units. This system is based on the theory of large numbers or more technically, the science of probability. Insurance companies act as a channel for collecting premium and indemnify the loss.

Definitions of Insurance

E.W. Patterson, “insurance is a contract by which one party, for a consideration, called premium, assumes a particular risk of the other party and promises to pay to him or his nominee a certain or ascertainable sum of amount on a specified contingency”.

Disnadle, “insurance is an instrument of distributing the loss of few among many”.

Allen C. Mayerson, “insurance is a device for the transfer, to an insured, of certain risks of economic loss that would otherwise be borne by the insured”.

Justice Tindall, “insurance is a contract in which a sum of money is paid to the assured in consideration of insurer’s incurring the risk of paying a large sum upon a given contingency.

Important terms used in insurance need

(i) **Insurance policy:** A contract of insurance explaining its terms and condition is called ‘insurance policy’. It contains information about the subject insured, the amount of policy, the party to the contract the contingencies covered etc. It is properly stamped and is normally issued by the insurance company.

(ii) **Insurer:** It is insurance company which undertakes the risk. It is the party which pays money or compensation on the happening of certain event or contingency to the insured party or its nominees. The LIC,

general insurance companies or other private companies in insurance business are the insurers.

(iii) **Insured:** Insure is the person who has taken up the insurance policy. Insurer shifts his risk to the insurance company on the payment of a premium. He is the person who see protection.

(iv) **Premium:** It is the amount paid by insured to the insurer as a consideration for shifting the risk. The person taking up insurance cover will pay a specified amount as per agreement to the insurance company. It is the price of insurance cover.

(v) **Compensation:** It is amount paid by the insurance company to the policy holder or his nominee, in case of death of insured. The loss of life cannot be compensated but a specific amount is paid in this regard.

(vi) **Insured amount:** It is the maximum amount which an insured may get in case of loss insured amount is mentioned in the policy and the premium is fixed as per the amount. In case of general insurance, insured amount is the maximum amount upto which the clap may be settled.

(vii) **Contingency:** It is the actual happening of an event or not happening of an event or which the loss depends.

Principles of Insurance

1. Insurable Interest

The person getting an insurance policy must have an insurable interest in the property or life insured. A person is said to have an

insurable interest in the property if he is benefited by its existence and prejudiced by its destruction. Without insurable interest the insurance contract is void. The ownership of a property is not necessary for establishing insurable interest. A banker has an insurable interest in the property mortgaged to it against a loan. An employer can insure the lives of his employees because of his pecuniary interest in them. In the same way, creditor can insure the life his debtor. A person cannot insure the property of a third party, because he does not have an insurable interest in it.

In case of fire insurance, insurable interest must exist both at the time of contract and at the time of loss. In marine insurance, however, insurable interest must exist at the time of loss. It may or may not exist at the time of contract.

In case of life insurance, the person taking up a policy should have insurable interest in the life of insured person at the time of taking up the policy. It is not necessary that he should have insurable interest at the time of maturity also. Suppose a person gets an insurance policy on the life of his wife. Later on the wife is divorced the policy will not become void because the husband ceases to have an insurable interest.

2. Utmost Good Faith

The insurance contract is founded on the basis of utmost good faith on the part of both the parties. It is obligatory on the part of the proposer

(one who wants to get an insurance policy) to disclose all material facts about the subject to be insured. If some material facts come to light later on, then the contract can be aided at the discretion of the insurer.

The amount of premium is fixed on the basis of all the facts supplied to the insurance company. If some facts are withheld, then the amount of premium will not be properly settled. The insurer should also disclose the facts of the policy to the proposer. So utmost good faith on the part of both the parties is a must.

3. **Indemnity**

The principle of indemnity is applicable to all types of insurance policies except life insurance. Indemnity means a promise to compensate in case of a loss. The insurer promises to help the insured in restoring the position before loss. Whenever there is a loss of property, the loss is compensated. The compensation payable and the loss suffered should be measurable in terms of money.

The insured will be compensated only upto the amount of loss suffered by him. He will not earn profit from the contract. The maximum amount of compensation will be upto the value of the policy. The value of the policy undertaken is fixed at the time of contract. The actual amount of loss suffered is compensated and the value of policy is only the maximum limit.

The principle of indemnity is not applicable in case of life

insurance contracts because it is not based on the principle of compensation. The loss of life cannot be compensated by any amount of money.

4. Principle of Contribution

Sometimes a property is insured with more than one company. The insured cannot claim more than total loss from all the companies put together. He cannot claim the same loss from different companies. In this case he will be benefited by the insurance which runs counter to the principle of indemnity. A person cannot be restored to a better position than before the loss occurred. The total loss suffered by the insured will be contributed by different companies in the ratio of the value of policies issued by them. So companies make a contribution to restore the previous position of the insured. For example, a has a property of one lakh rupees. He gets an insurance policy for Rs. 50,000 from R & Co and Rs. 50,000 from S & Co. Because of fire, property is destroyed to the extent of Rs. 40,000. A cannot claim Rs. 40,000 from R & Co and Rs. 40,000 from S & Co. He can claim a total sum of Rs. 40,000 from either of the companies or from both companies to the extent of Rs. 20,000 from each. In case he claim Rs. 40,000 from R & Co then S & Co. So this is known as the principle of contribution.

5. Principle of Subrogation

The principle of subrogation is applicable to all insurances other

than the life insurance. If the insured party gets a compensation for the loss suffered by him, he cannot claim the same amount or less from any other party. The rights of claiming the loss are shifted to the insurer, for example. A gets his house insured for Rs. 50,000 with an insurance company. A cannot sue B for getting the compensation because he has already been compensated by the insurance company. Now, insurance company can sue B on behalf of A because of making good the loss suffered by A, the insurance company steps into the shoes of A.

If the insured claims compensation from both the sides, he will be put in a better position than earlier. It is against the principle of indemnity. The insurance company can also claim only up to the amount it has said to the insured and not more.

Types of Insurance

The insurance covers a variety of subjects but commonly used insurance policies are to the following subjects:

1. Marine Insurance
2. Fire Insurance
3. Life Insurance

MARINE INSURANCE

Nature

Marine insurance is concerned with overseas trade. International trade involves transport of goods from one country to another country by

ships. There are many dangers during transshipment. The persons who are importing the goods will like to insure the safe arrival of goods. The shipping company wants the safety of the ship, so marine insurance includes coverage of all types of risks which occur during the transit.

Marine insurance may be called a contract whereby the insurer undertakes to indemnify insured in a manner and to the extent thereby agreed upon against marine losses.

Marine insurance has two branches:

- (i) Ocean Marine Insurance
- (ii) Inland Marine Insurance

Ocean marine insurance covers the perils of the sea whereas inland marine insurance covers inland trade. It was started during the middle ages in Italy and then in England. The sending off by the sea involves many perils; so it was necessary to get the goods insured. In modern marine insurance business is well organised and is carried on scientific lines.

Subject Matters to be Insured

The marine insurance may cover three types of things:

- (i) **Cargo Insurance:-** The person who is importing the goods and the person who is so they are interested in the safety of goods during the sea journey. The goods to be insured are called 'cargo'. Any loss of goods during journey is indemnified by the insurance company. Goods are generally insured according to their value but some are generally insured

according to their value but some generally of profit can also be included in the value. The cargo policies may be special reporting and fixating the special policy is only for one shipment. Reporting or open cargo policy, on the others hand covers all shipments made by an exporter over a long period of time. The floating policy is us similar to open cargo policy but differs from it only in respect of the method of paying the premium in Imaging Policies, the value of the future shipments is estimated and premium is deposited what the prampany. Later on, actual shipments are compared with the estimates and the premium saghtment.

(ii) **Hull Insurance:-** When the ship is insured against any type of danger it is called hull insurance. The ship may be insured for a particular trip or for a particular period.

(iii) **Frigh Insurance:-** The shipping company has an interest in bright the interned may be paid in advance or the arrival of goods. The shipping company may insure the freight to be recreations with is known as freight insurance.

Kind of marine policies:

There are a number of marine insurance policies to cover varied risks.

The important policies are discussed below:

1. **Voyage Policy:** It covers the risk from the port of departure upto the port of arrival. The policy ends when the ship reaches the port of

arrival. The risk coverage starts when the ship leaves the port of departure.

2. **Time Policy:** This policy is issued for a particular period. All the marine perils during that period are insured. This policy is generally issued for one year. In India, a time policy is not issued for more than a year.

3. **Mixed Policy:** This policy is a mixture of time and voyage policies. These policies are issued to ships operating on a particular route.

4. **Valued Policy:** Under this policy the value of the policy is decided at the time of contract. The value is written on the face of the policy. The ships are insured in this manner.

5. **Unvalued Policy:** When the value of insurance policy is not decided at the time of taking up a policy it is called unvalued policy. The amount of loss is ascertained when a loss occurs.

6. **Floating Policy:** When a person ships goods regularly in a particular geographical area, he has to purchase a marine policy every time. It involves a lot of time and formalities. The premium is called on the basis of declarations made.

7. **Block Policy:** Sometimes a policy is issued to cover both land and sea risks. This policy or 'Policy Proof of Interest' (P.P.I.).

8. **Composite Policy:** A policy may be undertaken by more than one underwriter. The obligation of each underwriter is distinctly fixed. This is called a composite policy.

9. **Port Policy:** It covers the risks when a ship is anchored in a port.

Fire Insurance

Meaning

Fire insurance was started after marine insurance. Marine insurance was useful only to persons engaged in some kind of trade. The fire havoc can be experienced by persons of all walks of life. The great fire of London in 1956 destroyed 1300 houses in four days. This 'great fire' gave birth to fire insurance.

A fire insurance contract may be defined as 'an agreement' where by one party in return for a consideration undertakes to indemnify the other party against financial loss which the latter may sustain by reason of certain subject matter being damaged or destroyed by fire or other defined perils upto an agreed amount.

The term 'fire' must satisfy two:

Conditions:

- (a) There must be actual fire or ignition;
- (b) The fire should be accidental. The property must be damaged or burnt by heat or smoke without ignition it will not be covered under the word 'fire'.

Fire insurance has three important

Principles:

1. Utmost good faith.

2. Insurable interest in property.
3. Principle of indemnity.

All these principles have been discussed in detail earlier.

Kinds of fire insurance policies

There are a number of fire insurance policies to suit different interests.

These factors are:

1. The type of risk involved.
2. The nature of property to be insured.
3. The contents of the property.
4. Occupancy hazards.
5. Exposure hazards.
6. The time element.

The following kinds of policies are generally issued for fire insurance.

1. **Valued Policy:** In this policy the value of the subject matter is agreed upon at the time of taking up the policy. The insurer agrees to pay a pre-determined amount if the subject matter is destroyed or damaged by fire. The principle of indemnity is not applicable to this policy. The agreed value may be more or less than the market value at the time of loss. These policies are generally issued for those goods or property whose value cannot be determined after their loss or damage. These goods may

include works of art, jewellery, paintings, etc.

2. **Specific Policy:** Under this policy the risk is insured for a specific sum. In case of property, the insurer will pay the loss if it is less than the specified amount. It can be explained with an example: An insurance policy is taken for Rs. 50,000 and the value of the property is Rs. 80,000. If the property worth Rs. 40,000 is lost, the insured will get the whole amount of loss. If the loss is upto Rs. 50,000, it will be paid in full. In case loss exceeds Rs. 50,000 say it is Rs. 60,000 the indemnity will only be upto the amount insured i.e., Rs. 50,000. Under this policy the insured is not punished for getting a policy for lesser sum. The actual value of property is not taken into consideration.

3. **Average Policy:** If the 'average clause' is applicable to a policy, it is called average policy clause is added to penalise the insured for taking up a policy for a lesser sum than the value of the property. The compensation payable is proportionately reduced if the value of policy is less than the value of the property. Suppose a person takes up a fire insurance policy of Rs. 20,000 and the value of the property is Rs. 30,000.

If there is a loss of property worth Rs. 15,000 the underwriter pays

compensation of Rs. 10,000 $\left(\frac{20,000}{30,000} \times 15,000\right)$ and not Rs. 15,000. It

discourages the insured to get under valued policy.

4. **Floating Policy:** A floating policy is taken upto cover the risk of goods lying at different. The goods should belong to the same person and

one policy will cover the risk of all these goods. This policy is useful to those businessmen who are engaged in import and export of goods and the goods lie in warehouses at different places. The premium charged is generally the average of the premium that would have been paid, if specific policies would have taken for all these goods. Average clause always applies to these policies.

5. **Comprehensive Policy:** A policy may be taken up to cover up all types of risks, including fire. A policy may be issued to cover risks like fire, explosion lightening, burglary, riots, labour disturbances etc. This is called a comprehensive policy or all risk policy.

6. **Consequential Loss Policy:** Fire may dislocate work in the factory. Production may go down while the fixed expenses continue at the same rate. A policy may be taken up to cover up consequential loss or loss of profit. The loss of profits is calculated on the basis of loss of sales. A separate policy may be taken up for standing charges also.

7. **Replacement Policy:** The underwrite provides compensations on the basis of market price of the property. The amount of compensation is calculated after taking into account the amount of depreciation. A replacement policy provides that compensation will be according to the replacement price. The new asset should be similar to the one which has been lost. The amount of compensation will depend upon the market price of the new assets so that it is replaced without additional cost to the

insured.

Life Insurance

Meaning

Life insurance and life assurance are two commonly used words. While 'life insurance' is the proper word for life insurance, generally 'life insurance' is used. In life insurance contract, the amount of the policy is definitely paid, it is a question of time only. The policy may mature during the life time of the assured or it may be paid on his death. Life insurance contract is not a contract of indemnity as in the case of marine insurance and fire insurance. The loss of life cannot be compensated and only a specified sum of money is paid.

Life insurance contract may be defined as 'a contract where by the insurer, in consideration of a premium, undertakes to pay an annuity or a certain sum of money, either on the death of the insured or on the expired of a certain number of years'. Under the contract the sum assured is paid to the assured if policy matures during his life time, or to the nominees of the assured in case of his death. The policy-holder goes on paying to the insurer a pre-determined sum of money known as 'premium'. The premium may be annual, half-yearly, quarterly or monthly but it must be paid regularly during the period of policy.

How to effect Life Insurance

(i.e. Procedure)

A number of steps are taken to get an assurance policy .

These steps are:

- (a) **Proposal:** The person who wants to get

Entrepreneurship

Meaning

Entrepreneurship is the process of designing, launching, running a new business, i.e. a setup company differing a product, process or service. It has been defined as the “capacity and willingness to develop, organised and manage a business venture along with any of its risk in order to make a profit”.

Importance of Entrepreneurship

1. Development of managerial capabilities:

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurship. An entrepreneurs studies a problem, identifies its alternatives, compare the alternatives in the terms of cost and benefits implications, finally choose the best alternative.

2. Creation of organisation:

Entrepreneurship results into creation of organisations when entrepreneurs assemble and coordinate physical, human and financial achievement of objectives through managerial skills.

3. Improving standard of living:

By creating productive organisation, entrepreneurship helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people.

Globalisation of Business

Globalisation refers to the changes in the world where we are moving away from self contained countries and toward a more integrated world. Globalisation of business is the change in the business from a company associated with a single country to one that operates in multiple countries.

Factors:

I. Historical:

The trade routes were made over the years so that goods from one kingdom or country moved to another. The well known silk route from east to west is an example of historical factor.

II. Economy:

The cost of goods and values the end user determine the movement of goods and value addition. The overall economics of a particular industry or trade is an important factor in globalisation.

III. Resources and Markets:

The natural resources like, minerals, coal, oil, gas, human resources, water, etc. Make an important contribution in globalisation.

IV. Production Issues:

Utilisation of built up capacities of production, sluggishness in domestic market and over production makes a manufacturing company look outward and go global. The development of overseas markets and manufacturing plants in autos, four wheelers and two wheelers is a classical example.

V. Political:

The political issues of a country make globalisation channelized as per political bosses. The regional trade understanding or agreements determine the scope of globalisation. Trading in European Union and special agreement in the erst while Sorit block and SAARC are examples.

VI. Industrial organisation:

The technological development in the areas of production, product mix and firms are helping organisations to expand their operations. The hiring of services and procurement of sub-assemblies and compounds have a strong influence in the globalisation process.

VII. Technologies:

The stage of technology in a particular field gives rise to import or export of products or services on to a country. European countries like England, Germany exported their chemical, electrical, mechanical plants in 50s and 60s and exports high tech (then) goods to under developed countries. Today India is exporting computer/software related to services to advanced countries like U.K., USA, etc.

Characteristics:

I. Cultural:

Cultural globalisation occurs as people of different cultures interact more often. Cultural globalization takes many forms. McDonald's has spread across the globe, bringing American food to places to all over the world. Rather than simply serve the same food everywhere, though, McDonalds adapts to each culture. Cultural globalisation occurs along many different avenues, with a nation's film, art and music increasingly incorporating ideas from other cultures.

Communication

Increased communication, particularly through the internet, is a hallmark of contemporary globalisation. Social networking has allowed people from across the globe to connect and communicate in ways that were impossible before, and the result is the wide dissemination of ideas.

Economic

Many people think of economics when they talk about globalization. The economics of the world become increasingly integrated everyday, as multiple national corporations both produce goods and sell them in many countries. Products now often contain parts built all over the world.

Political

The world politically has also become more integrated. Pre trade

agreements and bilateral investment treaties, such as North American free trade agreement between the United States, Canada and Mexico, have mushroomed between countries.

Advantages:

I. Globalisation helps to the long run average growth rate of economy of the country through:

- (a) Improvement in the allocative efficiency of resources.
- (b) Increase in labour productivity.
- (c) Reduction in capital output ratio.

II. Globalisation paves the way for removing inefficiency in production system. Prolonged protective scenario in the absence of globalisation makes the production system careless about cost effectiveness which can be attained by the policy of globalisation.

III. Globalisation attracts entry of foreign capital along with foreign updated technology which improves the quality of production.

IV. Globalisation usually restructure production and trade pattern favouring labour intensive goods and labour intensive techniques as well as expansion of trade in services.

V. In a globalized scenario, domestic industries of developing country become conscious about price reduction and quality improvement to their products so as to face foreign competition.

VI. Globalisation discourges uneconomic import substitution and

favour cheaper imports of capital goods which reduces capital output ratio in manufacturing industries.

VII. Globalisation facilitates consumer goods industries to expand faster to meet growing demand for these consumer goods which would result faster expansion of employment opportunities over a period of time.

VIII. Globalisation enhances the efficiency of the banking insurance and financial sections with the opening up to those areas to foreign capital, foreign banks, insurance companies.

Disadvantages:

I. Globalisation paves the way for redistribution of economic power at the world level leading to domination by economically powerful nations over the poor nations.

II. Globalisation usually results greater increase in imports than increase in exports leading to growing trade deficit and balance of payments problems.

III. Although globalisation promotes the idea that technological change and increase in productivity would lead to more jobs and higher wages but during the last few years, such technological changes occurring in some developing countries have resulted more loss of jobs than they have created leading to fall in employment growth rates.

IV. Globalisation has been slowing down the process to poverty reduction in some developing and under developed countries of the world

and thereby enhances the problem of inequality.

V. Globalisation is also posing as a threat to agriculture in developing and underdeveloped countries of the world. As with the WTO trading provisions, agricultural commodities market of poor and developing countries will be flooded farm goods from countries at a rate much lower than that indigenous farm products leading to a death blow to many farmers.

VI. Implementation of globalisation principle becoming harder in many industrially developed democratic countries to ask the people to bear the pains and uncertainties of structural adjustment with the hope getting benefits in future.

Unit II

Resources

A resource is a source or supply from which benefit is produced. Typically resources are materials, energy, services, staff, knowledge, or other assets that are transformed to produce benefit and in the process may be consumed or made unavailable. Benefits of resources utilization may include increased wealth, meeting needs or wants, proper functioning of a system or enhanced well being. From a human perspective a natural resource is anything obtained from the environment to satisfy human needs and wants.

Resources have three main characteristics: utility, limited ability,

potential for depletion or consumption.

Types of resources

- Full-text documents.
- Journals
- Library catalogues
- Discussion lists
- Bibliographies
- Database
- Teaching resources
- etc.

Uses

- to understand object of
- improve student's understanding of the subject.
- there would be no information that backs up the topic that the teacher would be working on.
- resources provide in-depth understating of the subject material at hand.

Commerce Club

The organisation of commerce club may be given an important place in the school's co-curricular activities. The club may be constituted for the development of interests of the students. Every class must have a definite aim that will contribute in the welfare of pupils, teachers, school,

home and society.

Objectives

1. To provide opportunities for creative activities and for the development of leadership qualities to the students.
2. To help in developing positive outlook towards different occupations.
3. To learn public speaking, participation in debates and the other literacy activities.
4. To provide opportunities to the students to organise functions cooperatively.
5. To win over the shyness and stage-fear through the participation in different activities.
6. To furnish constructive use of leisure time.
7. To identify the needs and problems of the society and finding their solutions.
8. To develop the qualities of democratic citizenship.
9. To provide opportunities to the students for enriching their experiences.

Organisation of Commerce Club

Every commerce club should be organised on the basis of some rules and regulations and every member should strictly abide by it. Its organisation may be as follows:

1. **Parton:** The head of institution should work as the parton of the club. All types of cooperation and facilities should be provided by him for the successful exaction of the club.

2. **In-charge:** A senior commerce teacher should be the incharge of the club. He should work as a guide. He should be intellectually sound and educationally well informed. He should behave in friendly manner with the other members of the club not as a direction. h/she should have the following qualities:

- (a) He must be democratic in spirit.
- (b) He must possess sense of humour.
- (c) He must be enthusiastic.
- (d) He must be a guide.
- (e) Careful preparation or planning of the activities.

3. **Members:** If it is possible, all the students should be members of the club but it should not be imposed on them. It should be open not only to the students of commerce alone but others also. A nominal membership fill should be charged from every member.

4. **Organising Committee:** A committee should be formed amongst the students, which should formulate the constitution of the club.

5. **Constitution of the Club:** The constitution of the club should include the following aspects:

I. **Name of the Club**

II. Objectives of the Club

- (a) To broaden the outlook of students.
- (b) To understand the importance of commerce in our daily life.
- (c) To import the knowledge of new discoveries and inventions of commerce to the community.
- (d) To increase the knowledge of commerce.
- (e) To publish different bulletins and magazine related to commerce.
- (f) To provide leadership to the students.

III. Conditions and procedure of becoming the member:

- (a) Any student who is interested may become a member of a club.
- (b) All the members have to attend the meetings regularly.
- (c) Those students who are studying other subjects related to commerce can become the members.

IV. Means to finance the club:

There should be clear cut instructions as from where the finances for the various activities of the club will be obtained. Membership for of Rs. __ shall be paid annually in the beginning of the school year. It should also be planned that how much will be collected fee and how and where the money will be kept.

V. Selection of office bearers:

The following shall be office bearers of the club:

- (a) Patron

- (b) Teacher-in-charge
- (c) President
- (d) Vice-President
- (e) Secretary
- (f) Joint secretary
- (g) Treasurer
- (h) Editors
- (i) Store-keeper
- (j) Publishing-in-charge
- (k) Recorder

The office bearers shall be elected by the majority of the members. The election should take place at the first meeting of each session. Any office bearer may resign at any time by giving written notice to the secretary. The duties and responsibilities of all the office bearers should be clearly written.

VI. Meeting:

- (a) Regular meeting should be held.
- (b) Special meeting may be called by the patron/teacher-in-charge/president at any time.
- (c) Agenda for each meeting shall be planned by the office bearers of the club.
- (d) Venue and times shall be well informed.

(e) The number of members presented in the meeting should be clearly mentioned.

VII. Amendments:

The constitution may be amended by $\frac{3}{4}$ vote of all the members of the club.

6. Activities: The following type of activities can be organised by the club:

- I. Conduct meetings.
- II. Tours.
- III. Organisation of fairs and exhibitions.
- IV. Arranging extension lecturers.
- V. Visit to industries.
- VI. Drawing of charts, pictures & posters etc.
- VII. Preparation of models.
- VIII. Publish Magazines.
- IX. Organisation of debates, oration and essay competition.
- X. Preparation of slides and film strips.
- XI. Collecting and preparing material for commerce room.
- XII. Adult education programme.
- XIII. Various subjects related to demonstrations.
- XIV. Film shows.

Thus the proper planning and functioning of commerce club will

induce self confidence among the student to choose scientific occupations and make fruitful decisions in their happy and fruitful future.

Community Resources

In the process of education, the school and the community must work together, their must be a co-operative and collective quest. If there is no living, dynamic relationship between the two, education will be anaemic, unreal, unable to make any abiding impact on the mind and character of children. As social purpose change, as the techniques of production develop knowledge advances, as the meaning of cultural deepens. The life of the community is powerfully influenced by all these factors. In the present setup, the school cannot be an island in the midst of the community – it has to be a ‘watch-tower’ not an ivory tower”. The school must enrich the community and community must support the school. It is the community which pays for the organization of the school system. The immediate community is the wonderful curriculum laboratory which provides ‘concrete’, see able and tangible resources which are extremely ‘dynamic interesting and meaningful for the teaching learning process of commerce.

Types:

1. Bringing school nearer to the community.
 2. Taking the community nearer to the school.
- 1. Bringing school nearer to the community**

(a) **Field Trips:**

To know the community, field trips, incursions and tours are the most important aspect of education. They provide the students with opportunities to have direct experience out of school. Field trips may be undertaken for securing information, changing attitudes, creating interests and awaking, developing appreciation, promoting ideas and enjoying new experiences.

(b) **Community Survey:**

If some special aspect of the community is to be studied, in the that case community surveys are very useful. Community surveys acquaint as with the daily routine activities of the people. They enable us to know as to which problem the community is facing. Which are the new trends that are emerging in the society. All these things can be known through community surveys. Surveys make the students realise that all of us are dependent upon one another.

(c) **Social Service Programmes:**

Social service programmes can be arranged in the community.

These programmes have double advantages.

- I. The recipient of service get some relief from the service.
- II. Students come to know the community better.
- III. Students can organize various types of clubs in the community i.e. cleanliness clubs, health clubs etc.

2. **Bringing Community to the School**

- (a) Parent teacher association.
- (b) General assembly and prayers.
- (c) Extending invitation to the members of the community.
- (d) Exhibiting of films and other programmes.
- (e) Organisation of co-curricular activities.
- (f) Celebration of festivals.
- (g) The school should work for the community.

Uses of Community Resources:

- I. Learning is attained through senses. So, it is more solid, stable, concrete and everlasting.
- II. Learning through community resources is related to life, therefore, it is more realistic.
- III. Learning through resources is more definite and clear.
- IV. Learning through community resources is functional instead of being theoretical.
- V. Enable a child to face the problems of future successfully.
- VI. A sense of belonging is developed among the students.
- VII. Helpful in developing appropriate human relationship.
- VIII. The students get the opportunity of studying from life in the community.
- IX. Education through community resources develops the power of

imagination of the students.

Unit III

Achievement Test:

“An achievement test is one designed to measure a student's grasp of knowledge or his/her proficiency in certain skills”.

R.J. Ebel

Achievement test plays an important role in the evaluation of students.

The terms ‘intelligence’, ‘aptitude’, ‘achievement’ are commonly used in the field of psychological and educational testing. Achievement refers to what a person has acquired or achieved after the specific training or instruction has been imparted.

Achievement test is also known as proficiency test, which measures the extent to which a person has acquired or achieved certain information or proficiency as a function of instruction or training. Achievement tests are present and edumetric and past oriented. The primary purpose of an achievement test or proficiency is to evaluate what a person has learned. These tests are edumetric tests. In other words, achievement tests are primarily designed to measure the effect of a specific programme of instruction or training.

Definition:

“An achievement test is used to ascertain what and how much has been learnt or how well a task has been performed”.

“An achievement test focuses upon an examinee’s attainment at a given point in time”.

1. Achievement test is the means to measure educational achievement of the students.
2. It has a description of measured behaviour.
3. It is divided into different knowledge and skills according to behaviours to be measured.
4. It is divided into different knowledge and skills according to behaviours to be measured.
5. It is objective oriented.
6. It has vast subject matter.
7. It provides base to the teacher to plan his teaching.
8. It carries with a test manual for its administrating and scoring.
9. It is made to test teaching learning process.
10. It has intimate relation with educational objectives.
11. There is close relationship between instructional objectives, teaching process and achievement test.
12. It provides equivalent and comparable form of the test.

Objectivity

1. To test the learning gained by the students.
2. To provide feedback to the students in their learning process.

3. To provide feedback to the teachers in teaching process.
4. To measure the effectiveness of units and their organisation.
5. To classify goals of schools.
6. To evaluate, revise and improve the curriculum.
7. To diagnose backward children.
8. To plan remedial measures.
9. To diagnose needs and ability of the students.

Validity of Achievement test

The validity of a test implies that it should fulfil the objectives for which it is meant. It means that if our aim is to measure the ability of students to understand and apply commercial facts, then language factor should not come in the way. Thus, it should be free from defects that likely to affect the valid result.

Reliability

Its test is considered to be reliable if it gives same results every time when it is used of testing the individual abilities under same conditions. An objective test is bound to be reliable. A reliable test is not influenced by subjective conditions, it is objective.

Forms of test items:

1. Multiple-choice type:

In this type of test several answer are gives to a particular question.

The student is asked to find out the correct answer:

Example: Tylon's contribution of management is:

- I. Unity of command.
- II. Unity of direction.
- III. Scalar chain.
- IV. Science not rule of thumb.

2. Short answer type test:

In that type of test student is asked to give the answer in brief.

Example: What do you mean by Scaler chain? While writing such items remember the following points:

- I. Write question in such a way that they require a definite and restricted answer.
- II. It is always better to provide space by drawing lines or dashes for answer.

Essay Type Test:

Essay type tests are designed to the pupils knowledge of a particular subject as expressed in a limited number of questions of the discussion type. In case of vast subject like commerce these tests occupy an important place. Because they are easy to prepare and administer pupils are provided opportunities to express themselves as fully as possible. They can test a wide range of abilities including critical thinking interpretation, reasoning power etc.

Types of Questions:

There can be classified in two categories:

(a) **Restricted Response Questions:**

These types of question find to restrict both the content and form of students response e.g.:

- Q1. Write down the main process of communication?
- Q2. Write the five importance of management?
- Q3. Enumerate the salient features of the fifth five year plan?
- Q4. Extended Resource Questions

These type of question provide full freedom to the student to express their views. The student can write according the writing ability and speed.

- Q1. Explain in detail the importance of co-ordination?
- Q2. Explain the various facts which causes unemployment in India?
- Q3. Explain the general principles of management in details?

Advantages:

- 1. They provide more opportunity to express.
- 2. They are very economical.
- 3. It help to encourages creative thinking.
- 4. They also help to develops power of the pupils.

Disadvantages:

- 1. This type of test can reveal child's cramming capacity only.
- 2. It keeps the students busy and full of nervous tension.

3. It does not help in discriminating the students.
4. There is place for subjectivity on the part of teachers.

Construction of Achievement Test:

- Planning of test.
- Preparation of a design for the test.
- Preparation of the blue print.
- Writing of items.
- Preparation of the scoring key and marking scheme.
- Preparation of question rise analysis.

Diagnostic Test:

The diagnosis is made to analysis of difficulties of the student in a particular phase of work. It also reveals reliable information concerning his weakness in order to overcome them be concentrated action for remedial teaching. It can be used as inventory test to find out how much the student knows about a gives phase of the subject matter.

It discover of analysis pupils difficulties with a view to setting up specific remedial measures to correct errors and remove difficulties. The diagnostic test items should also be give due to consideration to the varying abilities of pupils in solving different types of problems. Before constructing such a test a pilot study be conducted over a given area a unit and its results statistically analysed before finalising the test.

Steps for Construction:

- Formulate the objective.
- Analyze the content into sub-topics.
- Identify the difficulties in the order of sub-topics.
- Analyze the items and modify them.
- Prepare manual to the test.
- Remedial devices and measures.

Thus diagnostic test results will reveal in a comprehensive way, the exact reached by pupils and precise nature of difficulties. These tests will help to find out the specific kind of instruction and practice that will be required to bring achievement up to the desire level.

Uses:

1. Diagnostic tests are useful in finding out the strength and weakness of the individuals.
2. These are helpful in finding out the causes of those problems which remain unchecked and unremedied by formative evaluation.
3. These are helpful in locating the areas in which additional instruction is required or in which teaching method have to be improved.
4. These are helpful in identifying the use of faculty, round about or incorrect procedures.
5. The tests are useful to both the attainment as well as difficulties of pupils whose achievements are not up to the mark.
6. They help in dividing pupils in the groups for special coaching on

remedial teaching as the case may be.

7. It provides useful feedback to the students.
8. It helps in designing course and curricula according to the capabilities of the learner.

Qualities of Commerce Teacher:

In the words of load, “teaching is not every-body’s cup of tea”. To become a teacher, both learning, passing the examination and his ability to instruct are not enough the should posses a sterling chapter and certain physical, social and professional qualities which are perquisite for success in teaching.

Trait of a Good Commerce Teacher:

T = Thoughtful

R = Reliable

A = Abilities in leadership

I = Integrity

T = Tactful

S = Sense of humour

O = Objectivity

F = Fluency

A = Ability to do creditable institutional work

C = Co-operative

O = Optimistic

M = Mastery over the subject

M = Man in child psychology

E = Exposition

R = Recitative

C = Conscience

E = Enthusiasm

G = Gregarious

O = Originality

O = Orator

D = Discernment

T = Thoughtful

E = Effective

A = Alter

C = Cheerful

H = Health

E = Efficient

R = Resourcefulness.

1. Qualities of Pertaining to Personality:

I. Personal Appearance: In appearance the teacher should look like a teacher. Here we can't limit down his physique and status.

II. Sound Mind: The teacher should have an alert and sound mind and this is possible only with sound health.

- III. Voice and Pronunciation:** The teacher should have a clear voice with good pronunciation.
- IV. A man of character:** The teacher should not a slave of passion and emotions. He should be a high moral character.
- V. Qualities of Leadership:** The teacher should lead his students in every respect.
- VI. Human Temperament:** The teacher should always have a smiling face and good gesture with help in creating suitable environment in the classroom.
- VII. Patience and Self-Confidence:** The teacher of commerce should have the patience and confidence to teach the required subject matter. “To teach is to first understand purposes, subject matter structures and ideas with in an outside the discipline”.
- VIII. Positive Attitude:** Good teachers always have positive attitude cynical people usually create a negative attitude in students since they are in a raw state of gaming and development attitude.

2. Professional Qualities:

- I. Dedication to Excellence:** Good teachers want the best from their students and themselves. They don't settle for poor graders, knowing it reflect upon their ability to teach just as much upon a student's ability to excel.
- II. Unwavering Support:** The teachers know that everyone is able to

do well if they have the right teachers. They don't accept that a student is a lost cause.

III. Willingness to help student achieve: The good teachers are those that don't stop teaching when the bell rings. They know that some need extra attention or assistance, they don't act like it's not their job.

IV. Pride in Student's Accomplishments: The good teachers celebrate the accomplishment of everyone, knowing that everyone is capable of doing well. They are upbeat and positive, focusing on how a student did well] not how well they taught.

V. Professional Attitude: A teacher must know his profession thoroughly. He must know his subject of commerce thoroughly. He needs to be an expert in his field and careers out there.

VI. Sound Professional Training: Knowing his subject is of no use if does not know how, or does not bother to, teach most effectively to his students.

VII. Knowledge of Psychology: Commerce teacher should have because it helps the teachers in understanding the child psychology, individual differences, stages of mental and physical growth etc.

VIII. Respectful for diverse talents and learning styles of students:

For the development of all the students he should promote a stimulating learning environment.

IX. Knowledge of Current Affairs: The present age is the age of

science. The age of science is the epitome of newness and change. Commerce provides base for the newness. Commerce teacher should have the knowledge of current affairs.

X. Knowledge of Economic Problems: Commerce education is that part of educational process which on one hand relates with the occupational preparation and on the other hand relates with the information regarding business/trading activities which is important for every student understand the business environment and economy on day to day life.

3. Qualities Related to Classroom Procedure:

- Use of different methods and technologies.
- Use of different skills.
- Proper use of chalk board.
- Well planned teaching.
- Proper use of instructional aids.
- Class discipline.
- Carefully planned assignment.
- Pupils well motivated for study.
- Resourcefulness in the class.

Training of Commerce Teacher

In the modern system of education, it is must that the commerce teacher should be well qualified and trained. If he is not possessing

information regarding latest techniques of teaching and development in the field of commerce, he will not be in a position to provide proper education and training to students. To be a good teacher, he is required to pass through these phases of training of a teacher:

1. **University degree in subject of commerce:** Before appointing a person as a commerce teacher it must be seen that he has acquired university degree in the subject of commerce. He should be M.Com and B.Ed in commerce. For a teacher in shorthand and type-writing he must possess degree of efficiently in these subjects from professional institutions or from some training centre in the art of the teaching of skills.
2. **Practical knowledge and experience:** Along with theoretical knowledge, practical training, knowledge, experience is also required. A teacher cannot be a successful and impressive teacher if he is not possessing any officer or business experience or vocational skills. As we know practice makes a man perfect. So experience and practical knowledge in making and handling accounts, handling of mail, maintenance of registers, banking activities, import and export procedure, sale and purchase of goods, handing of telephone directory, analyzing financial statement etc. will help the commerce teacher to specific himself in necessary skills and technical know-how of various commerce programmes.

Thus, commerce teacher should attend a practical training or actual

experience in service in a business firm, private office or government office, at least for six months. Such training should be organised by universities as apart of course.

3. Teacher Training Course: After acquiring master's degree in commerce the prospective commerce teacher should be given a course of teacher training. During the course, he is give training regarding various teaching techniques and skills, educational psychology and philosophy of education

In India, teacher training in commerce was started in 1963-64 and this was offered by four regional colleges of education, prior to this, the following provision were made in this regard:

1. Training in methods of teaching elements of commerce and book-keeping in C.I.E. New Delhi and also in Secondary Training Colleges Bombay.
2. Organisation of Seminars and courses by Ministry of education, Government of India during the period 1958-60.
3. Some states conducted short hand courses for training teachers who were already in service.
4. In service training: Till 1965, no specialized training in commerce methodology was imparted.

Commerce teachers should attend seminars, training courses, exhibitions and workshops organized in Regional Colleges of Education

and other training colleges. They should be in touch with latest publications, educational philosophy, psychology and methodology of teaching.

They should be fully equipped with latest innovation brought about in the field of education.

Commerce teachers should develop a habit of reading latest journals, piratical, magazines, bulletins, reports etc. concerning commerce and related subjects.

Commerce Room:

In the present age, teaching methods of commerce have undergone several changes. A modern teacher of commerce not only use 'chalk' and 'talk' as teaching aids but also uses several instructional aids of modern technology. So, the separate commerce room is being felt as a dire need where the students can easily finds reference books, commercial maps, charts, projectors, globes, magazines, journals, typewriter, computers and Xerose machine etc. apart from the text-book of commerce.

Commerce room is a bigger room that serves a lot of purpose such as library, workshop, a stock room, an amative, theatre and a student etc.

Definition:

Wesley remark – “A social studies laboratory may be defined as a room on a group of rooms which contain all written audio-visual materials pertinent to the social ‘studies instructions’”.

Objectives of Commerce Room:

- I. It develops the skill in handling the various commerce apparatus, instruments and equipments.
- II. It helps the student in developing the feeling of cooperation, self dependence and self-discipline.
- III. It imparts the permanent knowledge to the students.
- IV. It saves the time and energy of students because they find all the materials at one place.
- V. It provides such conducive type of environment which inspire the students to read and learn more and more.
- VI. It makes commerce teaching more effective through the use of various teaching aids.

Needs and Importance:

- I. It keeps the teacher and students active due to conducive environment of teaching learning.
- II. It develops the self-discipline habit in students.
- III. It encourages the students for independent study at home because it cares for individuals differences of the students.
- IV. It provides the upto date relevant material to the students at one place.
- V. It keeps the students busy when they are free, they can use their leisure time in self-study.

VI. It increases the teaching efficiency in the teacher, because now he can teach his topic conveniently due to more conducive environment of teaching, learning.

VII. Equipments like projector, computer, typewriter will save the time and will provide permanent base of education.

Organisation of Commerce Room:

For better organised teaching of commerce, there should be good arrangement of four at least for smoothening the commerce teaching activities. These rooms may be such as:

1. **General Commerce Classroom:** The commerce room should be spacious enough as to provide opportunity to at least 30 students to study together. The area of class floor should be 600 sq. feet leaving the space at the back and front for demonstration arrangement of natural lights, the commerce rooms should face north. The light that comes inside the commerce room will help in the class room working to a large extent. Glass panes, fixed window and the door will also help in approaching the natural light. Along with it there should be good arrangement of artificial light.

2. **Separate Room for Typewriter and Shorthand:** In this room there should be a separate typewriter for each individual. Every individual needs 25 sq. Thus, the size of the room should be at least 30" × 25" or according to the number of students. Typing-chart should be hung

on the wall. There should be two separate black-boards. One for teaching shorthand and second one for teaching the typewriter work to the students.

3. Room for Commerce Equipments and Materials: The room size is usually 18" × 25" and has the enough space for the following equipments and materials related to commerce teaching. The equipments and materials are such as:

1. Text-book of commerce.
2. Useful parts of the typewriter.
3. Photocopier.
4. P.C. (Personal Computer) and Printer.
5. Overhead projector.
6. Fax machine.
7. Related models and charts.
8. Calculators.
9. Punching machines.
10. Wall-clock.
11. Radio
12. Tape-recorder.
13. Various business documents.
14. Various insurance forms & documents.
15. Magic lantern.
16. Rotary machine.

17. Duplicator.
18. Datancy Machine.
19. Reference books journal and magazines.
4. **Ledger Room:** The normal size of account room is 23" × 35". The following materials are kept in the ledger room for the students:

1. Teacher made models, charts hung on the wall.
2. Journals and magazines.
3. Note-books.
4. Reference books.
5. Shot-answer books.
6. Performa of house, bill and invoice etc.
7. Charts of book-keeping.
8. Performa of journal, ledger, trail balance and final accounts etc.

Advantages of Commerce Room:

1. We can arrange all the teaching aids in a good manner in the commerce room.
2. While teaching, a teacher can use any teaching aid conveniently because all the aids are available in the class-room.
3. Commerce students feel and assume that room as their own room.
4. Always, students try to keep the room clean and decorated.
5. Students try to bring good teaching aids related to commerce, in the room if they see them in the market or anywhere else.

Suggestions for Commerce Room:

1. Separate commerce room creates the teaching learning environment in the classroom.
2. It cares for individual differences of the students. Teacher uses various teaching aid, then he can express himself better in comparison to traditional teaching in common room.
3. Commerce room also serves as the museum because here the students get chances to see and operate several types of equipments.
4. This room develops the cooperative feeling and mutual understanding among the students.

Role of Seminars:

Seminars are basically arranged to discuss current issues and problems or to share ideas. A seminar is a small group discussion in a formal setting with clear gender. In a seminar speaker present a theme or a set of papers and it is discussed by all those who participate.

The chairman/chairperson of a seminar guides, directs, coordinates and organizes the discussions in a system manner in order to optimize time, resources and get more benefits. In a seminar, teachers can discuss problems regarding admission, staff, development, evaluation, new idea of teaching or relevant innovations etc. In a seminar a teacher may contribute or paper or an idea, constructively critics or review a conventional approach.

A seminar can also be organised by group of teachers. The required resources of a seminar are finance, facilities to sit and discuss facilities to present. The agenda of seminar to be discussed earlier the general themes to be discussed, dates and time need to be communicated for participation including the date, time and theme presentation.

The importance of seminars and training in improving teachers performance;

It is the goal of Department of Education that every teacher will become not only efficient but all effective. It is in this mission that today, a lot of training's and seminars are being conducted to improve and develop the craft of each mentor in school. The department fully understand that everything rises and falls on the teachers capabilities to bring at the heart of every pupil.

Training's and seminars on ICT, new method and techniques in teachings, orientations on the K-12 Curriculum Values Formation seminars and the likes are being held in different parts of the country so as to prepare all the teachers in globalisation. Their attendance to these seminars will help create an effective learning environment, improve teaching-learning situations, keep updated on modern instructional devices and inspire than to become better teachers in the modern world. Since the department is offering free trainings and seminars, teachers must goals this opportunity for self improvement.

Role of Workshops:

It is generally organized by an institution or association in order to develop certain instructional materials, book, resources materials, supportive material, work book etc. Workshops can be organised to develop certain skills of teachers.

Teachers could be trained in certain new laboratory skill, develop a question bank, analyze question set different examinations and suggest reforms. A workshop could mean hard and concentrated work on the part of experienced teachers to create certain educational materials. A workshop comprises a small, selected group of teachers or experts drawn from actual working situations or related experts who theories on the activities.

Projects:

Project based learning is a dynamic classroom approach in which students actively explore real world problems and challenges and acquire a deeper knowledge. Project based learning is considered an alternative to paper based, note memorization, or teacher-led classroom. Proponents of project based learning cite numerous benefits to the implementation of its strategies in classroom-including a greater depth of understanding of concepts, broader knowledge base, improved communication and interpersonal, social skills, enhanced leadership skills, increased creativity, and improved writing skills. Another definition of project

based learning includes a type of instruction, where students world problems in their schools and communities.

Project based learning is a comprehensive perspective focused on teaching by engaging students in investigation. Within this frame work, students pursue-solutions to non trivial problems by asking and refining questions, debating ideas, making predictions, designing plans and or experiments, collecting and analyzing data, drawing conclusions, communicating their ideas and findings to others asking now questions and creating artificial.

Project based learning sometimes referred to as “problem based learning” is a unique approach to teaching students while developing their critical thinking and problem solving skills through collaboration with a small group of others, while combating problems and situations more commonly faced in ‘real-life than in the class room.

Benefits:

There are many benefits or students from project based learning. They are inspired to gain a deeper appreciation for subject at hand, and develop an interest in during into the subject and garining one enhanced knowledge of the subject. Studies have suggested that students who learn in this way are better able to retain the information they learned in class, as opposed conventional method of passive learning and note-taking. This information can carry them through to adulthood where they can apply

their learning experiences to solve future problems.

Unit IV

Computer Assisted Instruction (CAI)

A self-learning technique, usually offline/online, involving instruction of the student with programmed instructional materials. CAI is

an interactive instructional technique whereby a computer is used to present the instructional material and monitor the learning that takes place.

CAI use a combination of text, graphics, sound and video in enhancing the learning process. The computer has many purposes in the classroom, and it can be utilized to help a student in all areas of curriculum.

CAI refers to the use of computer as “tool to facilitate and improve instruction. CAI programmes use tutorials, drill, problem solving approaches to present topics and they test the students understanding.

Typical CAI Provides

- I. text or multimedia content.
- II. multi-choice questions.
- III. problems.
- IV. immediate feedback.
- V. notes on incorrect responses.
- VI. summarizes students performance.
- VII. exercises for practices.

VIII. worksheets and tests.

Advantages of CAI

- one to one interaction.
- great motivator.
- freedom to experiment with different options.
- immediate feedback to answers elicited.
- self pacing-allow students to proceed at their own pace.
- individual attention.
- learn more and more rapidly.
- multimedia helps to understand difficult concepts through multi sensory approach.
- self directed learning students can decide when, where, what to learn.

Limitations of CAI

- may feel overwhelmed by the information and resources available.
- over use of multimedia may divert the attention from the content.
- learning becomes too mechanical.
- non-availability of good CAI packages.
- lack of infrastructure.

Computer managed learning (CML)

The CML is an electronic management information system of student learning. It is a significant application of computer technology for

accountability and documentation of student progress by electronic filing, sorting and reporting of his learning outcomes.

Definition:

“The systematical control of instruction by computer, characterized by testing, diagnosis, learning prescriptions, and through record keeping”.

– Hofmeister

From the above the following can be said about CML.

- I. Assesses the learner’s present level of knowledge.
- II. Diagnoses weakness or gaps in the students learning.
- III. Prescribes learning activities to remediate the identified weaknesses.
- IV. Continuously monitors progress of learner.
- V. CML an improvement over manual performance record system.
- VI. It is system to monitor student progress and the effectiveness of their instruction.

Benefits of CML System:

(A) **For teachers:**

- I. CML system treats every student as an individual and helps teachers to follow suit.
- II. allows students to be extended or remediated as required.
- III. makes computer software accessible and relevant.
- IV. gives back hige amounts of time from testing and marking that is

better spent on creative student learning.

V. provides previously unknown data on which to constantly refine and improve the teaching method.

(B) For School (Principles and Management the CMLS

I. Provides accurate measurement and analysis for informed decision making.

II. Provide accountability and control.

III. Traps, retains and shares valuable resources developed by teachers over time.

IV. Facilitates quality control of teaching process.

V. Allows for new goal setting in measurable education outcomes.

(c) Use for Government

I. Leverages the productivity of teachers.

II. Collects data on computer usage.

III. Fully utilizes technology resources.

IV. Allows policy to be formed and funds allocated based on previously unobtainable data.

Multimedia in learning:

A wide range of individual educational software employing multimedia is available on CD-ROM. One of chief advantage of such multimedia applications is that the sequence of material presented is dependent upon the students responses and requests. Multimedia is also

used in the classroom to enhance educational experience and augment the teachers work. Multimedia for education has begin to employ servers and networks to change it frequently.

The goal of education is to facilitate learning to help student gain a body of knowledge, acquire specific sills and functions successfully in society. But one of the greatest challenges to educator is the diversity of students; especially in the different ways the learn. Some students learn better through association, other by experimentation, some are more visually oriented, others are more auditory. Multimedia learning tools can improve education.

The following are some of the properties of multimedia learning tools which can improve educational outcomes:

- Enable students to represent information using several different media.
- Involve a substantial amount of work.
- Involve open-ended assignments.
- Involve theme-based activities.
- Draw knowledge and experiences from a wide variety of sources.
- Involve interdisciplinary activities.
- Are a way to achieve high self-esteem.
- Learners become more self directed.
- Students learn to think effectively, practice problems during and

decision making.

- Requires and rewards good planning and execution skills.
- Students are motivated to create a quality product because a wider audience may view it.
- Multimedia skills will be useful for students in their adult lives.

Video-conferencing:

Video teleconferences is a teleconference that includes video communications.

Video teleconferencing system transmit voice, graphics, image of people.

It has advantage of being able to show the image of the speaker, three dimensional objects, motion, pre-produced video footage on account of its ability to show the images of participants, video teleconference can create a 'social presence' that closely approximates face to face interaction. This is fully interactive system that either allows for two way video and audio, where the presenters and audience can see and here each other, or one way video and two way audio, where audience sees and hears the presenter and the presenter only hears the audience.

Educational broadcasting:

Broadcast media is to educated the listening and viewing audience given the high rate of illiteracy and how level of education prevalent in

many developing countries. Through education adults assimilate fundamental values and develop new ones. It is also through education that an adult develops the capacity to contribute to the welfare of the society. One cannot conceive of development in the absence of education or education in the absence of development.

Objectives:

- I. To inculcated informally academic, political science, religious and economic knowledge in particular and the public in general.
- II. To create a general desire for knowledge.
- III. To create an awareness of acceptable life goals and values.

Educational Telecasting:

Telecasting refers to broadcast the programmes on television. Telecast is restricted to television. Broadcast can be radio or other forms as well. Telecast is a television broadcast, especially outside of a studio. Telecast is to broadcast by television.

Broadcast is one signal to many receivers – everyone gets exactly the same signal, at damn near the same time (speed of light notwithstanding). In TV or radio, the 2 most common broadcast mediums, this means you have a big, high power antenna dumping the signal out at a specific frequency that anyone can ‘tune in’. Broadcast can be either analogue or digital but to my knowledge, it’s rarely if ever ‘packetized’.

Podcasting:

Podcasting means to digital recording of a radio broadcast or similar programme, made available on the internet for downloading to a personal audio player. In other words, it is a digital audio file that is created, shared and heard. Podcast can also be in the form of video streamlined online, however, video podcast known as vidcast or vodcast.

Uses:

- Podcast are great alternative for delivering research content or lessons to students who need remedial or extended support.
- Students can create their own podcast to share their learning experiences with each other and also with other students from other school.
- Teachers can record audio podcast to provide additional and revision material to students to download and review at a time first them the best.
- Podcast can highly benefit auditory learners and help them in their learning.
- Creating podcast allow students to develop several important skills such as researching, writing, speaking effectively, solving problems, improving their vocabulary.