MIND MAP: LEARNING MADE SIMPLE

CHAPTER - 1

Evolution and Fundamentals of Business

- Highly prosperous domestic and international trade.
- Developed indigenous banking system
- Using hundies and chitti
- Rise of Intermediaries - providing financial security to manufacturers
- Well developed land and water transport strengthened international trade
- Patliputra, Peshawar, Taxila, Madura, Tamralipti, etc. were major trade centers.

- It means a state of being engaged in economic activity
- Business risks arise due to uncertainties
- Risk is an essential part of Business
- Degree of risk depends on the nature and size of business
- Profit is reward of risk taking
- Non Insurable risk
- Insurable risk

- Refers to the occupation in which people work for others and get remuneration

- Between 1st & 7th century CE India had largest economy
- In mid 18th century, britishers ruined Indian domestic and foreign trade
- After Independence, India begun to re-industrialist
- Today Indian economy is one of the fastest growing economies in the world

- An economic activity
- Production or procurement of goods and services
- Sale or exchange of goods and services
- Dealings of goods and services on regular basis
- Profit earning motive
- Uncertainty of return
- Presence of risk

- Economic activity → Business
- Non-Economic Activity → Prayer to God

- Market standing
- Innovation
- Productivity
- Physical and financial resources
- Earning profits
- Social responsibility

- It includes those activities which require special knowledge and skills to be applied to earn fees
MIND MAP: LEARNING MADE SIMPLE

CHAPTER - 2

Forms of Business Organisations

- Customer's cooperative society
- Producer's cooperative society
- Marketing cooperative society
- Farmer's cooperative society
- Credit cooperative society

- Have to pay higher salary to professional
- Complexity in formation
- Lack of secrecy

- Nominal Partner
- Partner by estoppel
- Partner by holding out
- Active Partner
- Sleeping Partner
- Secret Partner

Factors affecting:
- Cost and ease in setting up
- Liability
- Continuity
- Management Ability
- Capital Consideration
- Degree of Control

- Refers to a form of business organisation which is owned, managed and controlled by a single individual
- No separate law to form
- Sole risk bearer
- All the control in one hand
- No separate entity
- Quick decision making
- Direct incentive
- Sense of accomplishment
- Ease to formation and closure

- Limited resources
- Limited life of Business concern
- Unlimited liability
- Limited managerial ability

- Partnership at will
- Particular partnership
- General partnership
- Limited partnership

A company is an association of persons formed for carrying out business activities and has a legal status independent of its members

- Company is an artificial person
- Company has separate legal entity
- Company formation is a lengthy process
- It has perpetual succession

- Limited liability of shareholders
- Perpetual existence
- More scope for expansion

- Joint Stock Company
- Private Ltd. Company
- Public Company
- One Person Company

Voluntary membership
- Legal status of the Association
- Limited liability of all persons

- Equality in voting status
- Limited liability of all
- Stable existence

- Limited resources available
- Inefficiency in management
- Lack of secrecy
- Government control

Hindu Undivided Family

Meaning

Features

Types of Cooperative Society

Types of Partnership

Meaning

Features

Types

List of cooperative society

Limited resources

Limited life of Business concern

Limited managerial ability

Limitation

Types of Partners

Limitation

Types

Meaning

Features

Types

Types of Cooperative Society

Types of Partners

Meaning

Features

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Types

Limitation
Contractual Relationship between the government and the private sector organisation for a specific project
Sharing of Revenue and Risk in agreed ratio.

- Development of Infrastructure
- Regional Balance
- Economies of Scale
- Check over concentration of Economic Power
- Import Substitution

Reduction in the number of Industries reserved for the public sector from 17 to 8 and 8 to 3
Disinvestment of shares in public sector
Policy regarding sick units

Public, Private and Global Enterprises

Features:
- Huge Capital Resources
- Foreign Collaboration
- Advanced Technology
- Product Innovation
- Marketing Strategy
- Expansion of Market Territory
- Centralised Control

- These enterprises are established as departments of the ministry and are considered part or an extension of the ministry itself

- Two Businesses come together
  - Private, public or foreign company
  - For business expansion, development of new products, moving into new market, etc.

- These are brought into existence by a Special Act of the parliament. The Act defines its powers, functions, rules & regulations

- A government company means any company in which not less than 51 percent of the paid up capital is held by the government

Public sector

- Departmental undertaking
- Government companies
- Statutory corporation

Private sector

- Partnership
- Sole proprietorship
- Joint Hindu family

Company

- Public
- Private

Cooperative society

Multinational corporation

Changing Role of Public-Sector Indian Economy Classification

Joint Venture

Government Policy Towards Public Sector Since 1991
MIND MAP: LEARNING MADE SIMPLE  CHAPTER - 4

- Commercial-ICICI
- Cooperative-Agriculture cooperatives
- Specialised-ECGC, NABARD
- Central-RBI

- Saving (money can be deposited and withdrawn whenever required)
- Current (generally opened by businessman to deposit and withdraw money whenever required)
- Fixed deposit (repayable after fixed period of time)
- Recurring Deposit (money is deposited in regular instalments)
- Multiple Deposit (provides benefits of current account option and saving account option)

- Conducting business transactions electronically
- Types of Digital Payment:
  - Unified Payment Interface (UPI)
  - Aadhaar Enabled Payment System (AEPS)
  - Unstructured Supplementary Service Data (USSD)
  - Credit & Debit Cards
  - e-wallets / Mobile wallets

- Bank draft
- Bank Overdraft
- Cash Credit
- E-Banking

- Whole life policy
- Endowment life assurance policy
- Joint life policy
- Annuity policy

- Types of Bank Accounts:
  - Saving
  - Current
  - Fixed deposit
  - Recurring deposit
  - Multiple deposit

- Types of Warehouses:
  - Private warehouses: S. Chand Warehouse
  - Public warehouses: Satish and Co.
  - Bounded warehouses: Cargo Bonded Warehousing Services
  - Government warehouses: U.P. Warehouse
  - Cooperative warehouses: Farmer’s Warehouse

- Intangibility: they are intangible in nature
- Inconsistency: not permanent
- Inseparability: cannot be separated from producer
- Inventory: no tangible component
- Involvement: participation of customer

- Business services:
  - Banking
  - Insurance
  - Transportation
  - Warehousing and Communication services
  - Social services: Health care and Education services by NGOs
  - Personal services: Tourism, Recreational services, Restaurants

- Mail
- Registered Post
- Parcel
- Speed Post
- Courier

- To cover from fire causes
- Goods destroyed by fire
- Premises destroyed by fire

- Utmost good faith
- Insurable interest
- Indemnity
- Proximate cause
- Subrogation
- Contribution
- Mitigation
• No personal touch
• Incongruence between order taking / giving
• Need for technology capability
• Increased risk due to non-traceability of parties
• Resistance by people

Benefits of e-business
• Ease to form: very easy to start
• Convenience: 24 hours available
• Speed: very fast transactions
• Global reach: reaching throughout the earth
• Paperless: no paper needed

Limitations of e-business

E-commerce

Emerging Modes of Business

• B2B commerce = Business to Business
• B2C commerce = Business to Customers
• Intra-B Commerce = Transactions within a given business firm
• C2C commerce = Customer to Customer

Outsourcing

• It refers to a long-term contracting out, generally the non-core and even some of the core activities to third party specialist

Confidentiality (Does not preserve the confidentiality and passes it to competitors)

Sweat shopping (Use low-cost manpower of the host countries, reduces compatibility and competency)

Ethical concerns (Use of child labour/women in the factories and poor working conditions)

Resentment in the home countries (Home countries face problem of unemployment)

Mind map: learning made simple

Chapter - 5

OSWAAL CBSE Chapterwise Mind Maps, BUSINESS STUDIES, Class - XI
Social Responsibility of Business and Business Ethics

- Social responsibility of business refers to its obligation to take those decisions which are desirable in terms of the objectives and values of our society.

Economic Responsibility (e.g., modification in manufacturing process to include recycled products)
Legal Responsibility (e.g., pay taxes to government regularly)
Ethical Responsibility (e.g., respecting the dignity of employees)
Discretionary Responsibility (e.g., donation to charitable institutions)

Arguments for Social Responsibility
- Justification for existence and growth
- Long-term interest of the firm
- Avoidance of government regulations
- Maintenance of society availability of resources

Arguments against Social Responsibility
- Violation of profit maximisation objective
- Burden on customers
- Lack of social skills
- Lack of broad public support

Types of Social Responsibility
- Responsibility towards Shareholders and Owners
  - (a) Fair return on capital investment
  - (b) Ensure safety of investment
  - (c) Provide regular, accurate, and full information

- Responsibility towards Workers
  - (a) Supply of right quantity and quality of goods and services
  - (b) Reasonable prices
  - (c) Proper precaution against adulteration, poor quality, lack of desired service
  - (d) Right of information about the product and the company

- Responsibility towards Consumers
  - (a) Respect the laws of the country
  - (b) Pay taxes honestly
  - (c) Protect the natural environment
  - (d) Continuous interaction with various groups of people

- Responsibility towards Government and Community
  - (a) Promoting afforestation.
  - (b) Assisting government agencies and other NGOs in cleaning polluted rivers and management of harmful substances
  - (c) Promoting awareness about ecological balance.
  - (d) Creating awareness about various causes and effects of environmental pollution

- Responsibility towards Environment Protection
  - (a) Respect the laws of the country
  - (b) Pay taxes honestly
  - (c) Protect the natural environment
  - (d) Continuous interaction with various groups of people

- Responsibility towards Business Ethics
  - (a) Use of CNG vehicles
  - (b) Recycling of industrial waste
  - (c) Scientific treatment of emission before their release
  - (d) Installation of pollution-resistant machinery

Business Ethics

Role of Business in Environment Protection

- Preventive role
- Awareness role

Curative role
MIND MAP: LEARNING MADE SIMPLE

CHAPTER - 7

Sources of Business Finance

Types of Business Requirement

- Fixed Capital Requirement: To purchase fixed assets
- Working Capital Requirement: To pay current expenses like salaries, wages, etc.

Factors affecting the Choice of Source of Funds

- Cost of return
- Financial strength and stability of operation
- Form of organisation and legal status
- Purpose and time limit
- Risk profile
- Control and Power
- Effect on credit worthiness
- Tax benefits

Sources of Finance

- Commercial Banks
- International Agencies and Development Bank
- International Capital markets:
  * Global Depository Receipts
  * American Depository Receipts
  * Foreign Currency Convertible Bonds

Borrowed Funds

International Financing

Owner’s Funds

Meaning of Business Finance

The cash requirement to operate the business for long term and short term is Business Finance

Trade Credit (credit allowed by company to its customers on the basis of financial standing)
Factoring (selling of accounts receivable to the third party)
Lease Financing (giving right to use asset to another person against periodic payments)
Public Deposit (Directly raised from the public for fixed period of time and at fixed rate of interest)
Commercial Paper (Unsecured short-term debt instrument, generally for financing of accounts receivable and inventories)
Debentures (Acknowledgment by the company for borrowing funds from public investors)
Commercial Banks
Financial Institutions (LIC, IDBI, SIDBI, SIDC, etc)
Inter Corporate Deposits (Deposits made by one company with another company for a period up to 180 days)

Retained Earning (Undistributed profits after payment of dividend and taxes)
Issue of Shares:
  * Equity shares (Represent the form of technical or past ownership)
  * Preference shares (Carry certain special or priority rights)
American Depository Receipt (Negotiable security that is issued in USA by non US company to raise funds in foreign currency and is listed and traded in stock exchange of USA)
Global Depository Receipt (Negotiable instrument dominated in dollars issued abroad by a company and listed and traded freely on a foreign stock market)
MIND MAP: LEARNING MADE SIMPLE  CHAPTER - 8

To build a strong eco-system for nurturing innovation and startups in the country that will derive sustainable economic growth and generate large scale employment opportunities

- Life line of a nation
- Provide innovation
- Growth of economy
- Employment opportunities
- Optimum utilisation of resources and increased profits
- Social benefits

- Development of display centres
- Printing of literature and CDs etc.
- Development of websites, portals, facilities, etc.
- Conducting studies to explore and assess new markets
- Hosting international delegations

- NABARD: National Bank for agriculture and rural development.
- RSBDC: The Rural Small Business Development Centre
- NSIC: National Small Industries Corporation
- SIDBI: Small Industries Development Bank Of India
- DICs: District Industries Centres.

- Increase employment opportunities
- Reducing inequalities
- Prevents migration
- Low cost of production

- Copyright
- Patent
- Trade Mark

- Need of Entrepreneurship Development
- Intellectual Property Rights
- Start-up India Scheme
- Concept & Process of Entrepreneurship Development
- Incentives
- Other Supporting Activities
- Small Business and Enterprises

- Entrepreneurship Development

- Organising International Technology Exhibition
- Organising Domestic Exhibition
- Support for Co-sponsoring of Exhibitions
- Intensive Campaigns and Marketing Promotion Event

- The process of improving the skills and knowledge of entrepreneurs for successfully starting and running the enterprise
- Process of ED = Self discovery Identifying opportunities
- Generating and evaluating ideas
- Planning
- Raising startup capital
- Startup
- Growth harvest

- Land-Developed Plots for setting up of industries
- Power-Concessional rate of 50%
- Water-Supplied on a no-profit, no-loss basis
- Sales tax-Exempt in all Union Territories

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprise</td>
<td>Upto ₹ 25 lakhs in case of manufacturing unit and ₹ 10 lakhs in case of service unit</td>
</tr>
<tr>
<td>Small Enterprise</td>
<td>More than ₹ 25 lakhs and: up to ₹ 5 crores in case of manufacturing unit and more than ₹ 10 lakhs and: up to ₹ 2 crores in case of service unit</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>More than ₹ 5 crores and up to ₹ 10 crores in case of manufacturing unit and more than ₹ 2 crores and up to ₹ 5 crores in case of service unit</td>
</tr>
</tbody>
</table>

- Finance-non-availability of adequate finance
- Raw materials-procurement of raw materials
- Managerial skills-single person may not possess all the managerial skills
- Labour-cannot afford to pay higher salaries
- Marketing-lack of marketing strategy
- Technology-lack of technology upgradation
MIND MAP: LEARNING MADE SIMPLE

Chapter - 9

- Cash on delivery (COD): Payment of product is made at the time of delivery
- Free on board (FOB): Contract between buyer and seller in which seller undertakes to bear the cost of shipment
- Cost, Insurance and Freight (CIF): Contract in which seller has to bear the cost of shipment
- Error and Commission expected (E&OE): Used with the intention to reduce legal liability for supplied incorrect and incomplete information supplied

- Interstate movement of goods
- Octroi and local levies
- Harmonisation of sales tax
- Marketing of agro products

- Pro forma Invoice
- Invoice Debit Note
- Credit Note
- Lorry Receipt
- Railway Receipt

Internal Trade

Wholesale trade is concerned with the activities of buying and selling of goods and services in large quantities for the purpose of resale or intermediate use.

Services to Retailers
- Availability of goods
- Marketing Support
- Grant of credit
- Specialised knowledge
- Risk Sharing

Services to Manufacturers
- Facilitating large scale production
- Bearing risk
- Financial assistance
- Expert advice
- Facilitate production continuity

Types of Retailer
- Itinerant Retailers
  - Peddlars and Hawkers
  - Market traders
  - Street traders
  - Cheap jacks
- Fixed Shop Retailers
  - General stores
  - Speciality shop
  - Street store holders
  - Second hand goods shop

Terms of Trade
- Concept

Features
- Based on principle of destination
- Dual GST-CGST & IGST
- No tax on exports of goods & services
- Imports are taxable under GST
- GST tax rates in 4 slabs 5%, 12%, 18%, 28%
- Items temporarily out of GST-Liquor, petroleum, diesel & natural gas

GST (Goods and Service Tax)

Role of Commerce in Promotion of Trade

Buying and selling of goods and services within the boundaries of a nation referred to as Internal Trade

Document used in Internal Trade

Retail Trade

Wholesale Trade

Services of a Retailer

Services of a Wholesaler

Services to Manufacturers and Wholesalers
- Distribution of goods
- Personal selling
- Collecting market information
- Help to promotion
- Conveniences in buying
- Wide selection
**OSWAAL CBSE Chapterwise Mind Maps, BUSINESS STUDIES, Class - XI**

**Mind Map: Learning Made Simple**

**Chapter - 10**

**Domestic trade**
1. Trade within the boundary of the nation
2. Less capital needed to be invested
3. Less risk association
4. Does not earn foreign currency
5. Less profit to be earned

**Foreign trade**
1. Trade outside the boundary of the country
2. Huge capital needed to be invested
3. High risk association
4. Earns foreign currency
5. High profit to be earned

**International Trade**

- **Export Procedure**
  - WTO
  - Meaning
  - Objectives
  - WTO is the global international organisation which deals with the rules & regulations of trade between different nations
  - Promotes international peace
  - Settles disputes among nations
  - Frames rules and regulations for smooth running of promotion of international trades
  - Helps in economic development of developing nations
  - To take measures that improves standard of living, providing quality products, create employment, effective demand, etc.

- **Import Procedure**

- **Difference between Domestic Trade and International Trade**
  - Manufacturing and trade beyond the boundaries of one’s own country is known as international trade

- **Benefits of International Trade**
  - Earning of foreign exchange
  - More efficient use of resources
  - Improving growth prospects
  - Increased standard of living

- **Prospects of higher profits**
- Increased capacity utilisation
- Prospects for growth
- Improved business vision
- Way out from intense competition

- **Exporting and Importing**: sending goods from one country to another
  - Contract manufacturing: outsourcing of products
  - Licensing and franchising: firm grants access to its patents to another firm in foreign country
  - Joint venture: agreement between two firms of two nations

- **Documents related to goods**
  - Export invoice
  - Packing list
  - Certificate of origin
  - Certificate of inspection
  - Documents related to shipment
  - Mate’s receipt
  - Shipping bill
  - Bill of lading
  - Airway bill
  - Bill of entry
  - Bill of exchange
  - Sight draft
  - Usance draft
  - Import general manifest
  - Dock challan

- **Documents related to payment**
  - Letter of credit
  - Bill of exchange
  - Bank certificate of payment