QuickNotes

FREE STUDY NOTES · PDF

UGC NET Paper 2

Commerce (008)
Complete revision notes — all 10 units

10 units | Tables & formulas | Key revision points

01 Business Environment and International Business
02 Accounting and Auditing
03 Business Economics
04 Business Finance
05 Business Statistics and Research Methods
06 Business Management and Human Resource Management
07 Banking and Financial Institutions
08 Marketing Management
09 Legal Aspects of Business
10 Income Tax and Corporate Tax Planning

getquicknotes.com

Edition: November 2026

CONTENTS

What's inside

Ten units of focused revision notes. Each unit ends with a box of key revision points.

01 **Business Environment and International Business** — Components of the business environment, economic policies, FDI, WTO and international trade theories. 3

02 **Accounting and Auditing** — Accounting principles and standards, financial statements, cost and management accounting, and auditing. 4

03 **Business Economics** — Demand and elasticity, production and cost, market structures and pricing. 5

04 **Business Finance** — Time value of money, capital budgeting, cost of capital, capital structure, dividends and working capital. 6

05 **Business Statistics and Research Methods** — Central tendency, dispersion, correlation, regression, probability, hypothesis testing and research design. 7

06 **Business Management and Human Resource Management** — Management functions and thinkers, motivation and leadership, and core HRM processes. 8

07 **Banking and Financial Institutions** — The RBI and monetary tools, commercial banking, development and non-banking institutions, and financial regulators. 9

08 **Marketing Management** — Marketing concepts, segmentation and positioning, the marketing mix, product life cycle and consumer behaviour. 10

09 **Legal Aspects of Business** — Contract law, sale of goods, negotiable instruments, company law, consumer protection and competition law. 11

10 **Income Tax and Corporate Tax Planning** — Basic concepts of income tax, heads of income, residential status, deductions, and tax planning versus evasion. 12

How to use these notes

- Read one unit at a time, then test yourself with its key revision points.
- Make your own short notes on topics you find difficult.
- Units follow the main areas of the official syllabus — the exact unit list can change between sessions.
- Always check the latest syllabus and notices on the official UGC NET portal: **ugcnet.nta.ac.in**.

UNIT 01

Business Environment and International Business

Components of the business environment, economic policies, FDI, WTO and international trade theories.

The business environment is the sum of internal and external forces that affect how a business works.

Components

- **Internal:** objectives, management, resources, culture.
- **External — micro:** customers, suppliers, competitors, intermediaries. **Macro (PESTLE):** political, economic, social, technological, legal, environmental.

Economic policy in India

- **New Economic Policy, 1991:** Liberalisation, Privatisation, Globalisation (LPG).
- Industrial policy, fiscal policy (government spending and taxes), monetary policy (RBI — money supply and interest rates).

International business

Concept	Meaning
FDI vs FPI	FDI gives lasting interest and control; FPI is investment in securities without control
Modes of entry	Exporting, licensing, franchising, joint venture, wholly owned subsidiary
Balance of payments	Current account (trade, services, transfers) + capital account
WTO	Set up 1 January 1995, replacing GATT (1947); headquarters Geneva

Trade theories

- **Absolute advantage** — Adam Smith. **Comparative advantage** — David Ricardo.
- **Heckscher–Ohlin** — countries export goods using their abundant factor.
- **Porter's Diamond** — national competitive advantage.

★ Key revision points

- LPG reforms: 1991.
- WTO replaced GATT on 1 January 1995.
- Comparative advantage = Ricardo; absolute = Smith.
- FDI implies control; FPI does not.

UNIT 02

Accounting and Auditing

Accounting principles and standards, financial statements, cost and management accounting, and auditing.

Accounting records and reports financial information; auditing independently checks that the reports are true and fair.

Basics

- **Accounting equation:** Assets = Liabilities + Capital.
- Concepts: business entity, going concern, accrual, consistency, prudence (conservatism), matching, materiality.
- Standards: **Ind AS** (converged with IFRS) for specified companies; AS for others.

Financial statements

Balance sheet, statement of profit and loss, cash flow statement (operating, investing, financing activities), notes. Companies follow **Schedule III** of the Companies Act, 2013.

Cost and management accounting

Tool	Key formula / idea
Contribution	Sales − Variable cost
P/V ratio	Contribution ÷ Sales × 100
Break-even point (units)	Fixed cost ÷ Contribution per unit
Margin of safety	Actual sales − Break-even sales
Standard costing	Variance analysis: material, labour, overhead

Auditing

- Types: statutory, internal, cost, tax audit; continuous vs annual.
- Audit opinions: **unmodified (clean)**, qualified, adverse, disclaimer.
- **Vouching** checks entries against documents; **verification** checks the existence and value of assets and liabilities.

★ Key revision points

- Assets = Liabilities + Capital.
- BEP = Fixed cost ÷ contribution per unit.
- Ind AS are converged with IFRS.
- Adverse opinion = statements not true and fair.

UNIT 03

Business Economics

Demand and elasticity, production and cost, market structures and pricing.

Business economics applies economic theory to business decisions about demand, costs and prices.

Demand

- **Law of demand:** price and quantity demanded move in opposite directions (other things equal). Exceptions: Giffen and Veblen goods.
- **Price elasticity** = % change in quantity ÷ % change in price. Elastic if > 1, inelastic if < 1.
- Income elasticity is negative for inferior goods; cross elasticity is positive for substitutes and negative for complements.

Production and cost

- **Law of variable proportions** (short run) and **returns to scale** (long run).
- Cobb–Douglas production function: $Q = A\,L^{\alpha}\,K^{\beta}$.
- Marginal cost cuts average cost at its minimum.

Market structures

Market	Sellers	Product	Price control
Perfect competition	Very many	Homogeneous	None (price taker)
Monopolistic competition	Many	Differentiated	Some
Oligopoly	Few	Homogeneous or differentiated	Interdependent (kinked demand curve)
Monopoly	One	No close substitute	High (price maker)

Profit is maximised where **MR = MC** (and MC is rising).

★ Key revision points

- Giffen goods break the law of demand.
- Elastic demand: elasticity > 1.
- Profit maximisation: MR = MC.
- Kinked demand curve = oligopoly.

UNIT 04

Business Finance

Time value of money, capital budgeting, cost of capital, capital structure, dividends and working capital.

Business finance decides how a firm raises money and where it invests it.

Time value of money

Future value = PV $(1 + r)^n$; present value = FV ÷ $(1 + r)^n$.

Capital budgeting

Method	Accept if
Payback period	Shorter than the target (ignores time value)
Net present value (NPV)	NPV > 0
Internal rate of return (IRR)	IRR > cost of capital (IRR makes NPV = 0)
Profitability index	PI > 1

Cost of capital and capital structure

- **WACC** = weighted average of the costs of equity, preference capital and debt (after tax).
- Cost of equity by **CAPM**: Ke = Rf + β (Rm − Rf).
- **Modigliani–Miller (1958)**: without taxes, value is independent of capital structure.
- **Leverage:** operating (fixed operating costs), financial (debt), combined = operating × financial.

Dividends and working capital

- Dividend models: **Walter**, **Gordon** (relevant), **MM** (irrelevant).
- Working capital = current assets − current liabilities; operating cycle = inventory + receivables − payables periods.

★ Key revision points

- Accept projects with NPV > 0 or PI > 1.
- IRR is the rate at which NPV = 0.
- CAPM: Ke = Rf + β(Rm − Rf).
- MM: capital structure irrelevant without taxes.

UNIT 05

Business Statistics and Research Methods

Central tendency, dispersion, correlation, regression, probability, hypothesis testing and research design.

Statistics summarises data and supports decisions under uncertainty.

Descriptive statistics

- **Central tendency:** mean, median, mode. Empirical relation: Mode ≈ 3 Median − 2 Mean.
- **Dispersion:** range, quartile deviation, mean deviation, standard deviation; **coefficient of variation** = SD ÷ mean × 100.
- **Correlation** (Karl Pearson r, −1 to +1; Spearman rank). **Regression** predicts one variable from another; $r = \sqrt{(b_{yx} \times b_{xy})}$.

Probability and distributions

Distribution	Use	Mean / variance
Binomial	Fixed trials, success/failure	np / npq
Poisson	Rare events	λ / λ
Normal	Continuous, symmetric bell curve	μ / σ^2

Hypothesis testing

- z-test (large samples), t-test (small samples), **chi-square** (independence, goodness of fit), **F-test / ANOVA** (comparing variances or several means).
- Type I error = rejecting a true null (α); Type II = accepting a false null (β).

Research methods

Research design: exploratory, descriptive, causal. Scales: nominal, ordinal, interval, ratio. Sampling: probability and non-probability.

★ Key revision points

- CV = SD ÷ mean × 100.
- Poisson mean = variance = λ.
- Chi-square tests independence; ANOVA compares several means.
- Mode ≈ 3 Median − 2 Mean.

UNIT 06

Business Management and Human Resource Management

Management functions and thinkers, motivation and leadership, and core HRM processes.

Management gets work done through people; HRM manages those people from hiring to retirement.

Management thought

Thinker	Contribution
F. W. Taylor	Scientific management
Henri Fayol	14 principles of management; functions
Max Weber	Bureaucracy
Elton Mayo	Hawthorne studies; human relations
Peter Drucker	Management by Objectives (MBO)

POSDCORB (Gulick): Planning, Organising, Staffing, Directing, Coordinating, Reporting, Budgeting.

Motivation and leadership

- **Maslow:** physiological → safety → social → esteem → self-actualisation.
- **Herzberg:** hygiene factors vs motivators. **McGregor:** Theory X and Theory Y. **Vroom:** expectancy theory.
- Leadership: trait, behavioural (Managerial Grid — Blake & Mouton), situational (Hersey–Blanchard), transformational.

Human resource management

- HR planning → job analysis (job description + job specification) → recruitment → selection → training → performance appraisal → compensation.
- Appraisal methods: ranking, rating scales, MBO, 360-degree feedback.

★ Key revision points

- Taylor = scientific management; Fayol = 14 principles.
- Maslow's top need = self-actualisation.
- Herzberg: hygiene factors prevent dissatisfaction.
- Job analysis = job description + job specification.

UNIT 07

Banking and Financial Institutions

The RBI and monetary tools, commercial banking, development and non-banking institutions, and financial regulators.

Banks and financial institutions move savings to productive uses; regulators keep the system stable.

Reserve Bank of India

- Set up 1 April 1935; nationalised in 1949. Banker to the government and to banks; issues currency; regulates credit.
- Monetary tools: **repo rate** (RBI lends to banks), **reverse repo**, **CRR** (cash with RBI), **SLR** (liquid assets banks keep), open market operations.

Commercial banking

- Bank nationalisation: 14 banks in 1969, 6 more in 1980.
- **NPA**: a loan whose interest or principal is overdue for more than 90 days.
- **Basel norms** set minimum capital requirements.
- Digital banking: NEFT, RTGS, IMPS, UPI.

Financial institutions and regulators

Body	Role
SEBI (statutory 1992)	Securities market regulator
IRDAI	Insurance regulator
PFRDA	Pension regulator
NABARD (1982)	Agriculture and rural development
SIDBI (1990)	Micro, small and medium enterprises

★ Key revision points

- Repo = RBI lends to banks; CRR is kept with the RBI.
- NPA = overdue more than 90 days.
- 14 banks nationalised in 1969, 6 in 1980.
- SEBI got statutory status in 1992.

UNIT 08

Marketing Management

Marketing concepts, segmentation and positioning, the marketing mix, product life cycle and consumer behaviour.

> Marketing identifies and satisfies customer needs profitably.

Marketing concepts

Production → product → selling → **marketing** → **societal marketing** concept.

STP

- **Segmentation** — geographic, demographic, psychographic, behavioural.
- **Targeting** — choosing segments; **Positioning** — the place a brand takes in customers' minds.

Marketing mix

4 Ps (McCarthy): Product, Price, Place, Promotion. Services add People, Process and Physical evidence (7 Ps).

Product life cycle

Stage	Sales	Focus
Introduction	Low	Awareness
Growth	Rising fast	Market share
Maturity	Peak, flattening	Defend share
Decline	Falling	Harvest or withdraw

Pricing and consumer behaviour

- Pricing: skimming (high start), penetration (low start), cost-plus, value-based.
- Buying process: need recognition → information search → evaluation → purchase → post-purchase behaviour (cognitive dissonance).

★ Key revision points

- 4 Ps by McCarthy; services add 3 more.
- Skimming = high initial price; penetration = low.
- Societal marketing balances customer, company and society.
- Post-purchase doubt = cognitive dissonance.

UNIT 09

Legal Aspects of Business

Contract law, sale of goods, negotiable instruments, company law, consumer protection and competition law.

Business law sets the rules for contracts, companies and fair dealing.

Law	Key points
Indian Contract Act, 1872	Valid contract: offer, acceptance, consideration, competent parties, free consent, lawful object. Void vs voidable contracts.
Sale of Goods Act, 1930	Conditions vs warranties; *caveat emptor* (buyer beware).
Negotiable Instruments Act, 1881	Promissory note, bill of exchange, cheque; Section 138 — dishonour of cheque.
Companies Act, 2013	Types of companies; MoA and AoA; directors; one person company; CSR under Section 135.
Consumer Protection Act, 2019	Consumer rights; Central Consumer Protection Authority; three-tier commissions.
Competition Act, 2002	Competition Commission of India; anti-competitive agreements, abuse of dominance.
Limited Liability Partnership Act, 2008	Partnership with limited liability.
Insolvency and Bankruptcy Code, 2016	Time-bound resolution of insolvency.

★ Key revision points

- Contract Act 1872; Sale of Goods 1930; NI Act 1881.
- Section 138 NI Act = cheque dishonour.
- CSR: Section 135, Companies Act 2013.
- Consumer Protection Act 2019 replaced the 1986 Act.

UNIT 10

Income Tax and Corporate Tax Planning

Basic concepts of income tax, heads of income, residential status, deductions, and tax planning versus evasion.

Income tax is charged on the income of a **previous year** in the following **assessment year**.

Basic concepts

- **Person** includes an individual, HUF, company, firm, AOP/BOI, local authority and artificial juridical person.
- **Residential status** decides what income is taxable: resident and ordinarily resident, resident but not ordinarily resident, non-resident.

Five heads of income

1. Salaries
2. Income from house property
3. Profits and gains of business or profession
4. Capital gains
5. Income from other sources

Deductions and planning

- Chapter VI-A deductions (e.g. Section 80C) reduce gross total income in the old regime; the new regime offers lower rates with fewer deductions.
- **Tax planning** — legal use of provisions; **tax avoidance** — exploiting loopholes; **tax evasion** — illegal concealment.
- Corporate decisions with tax impact: make or buy, lease or buy, location, capital structure.

Note

Rates, slabs and limits change with each Finance Act — always use the figures for the assessment year asked.

★ Key revision points

- Five heads of income.
- Residential status decides taxable income.
- Tax planning is legal; evasion is illegal.
- Income of the previous year is taxed in the assessment year.

QuickNotes

Learn Quickly. Prepare Smartly.

More free study notes

Free PDFs for UGC NET Paper 1, every Paper 2 subject, IBPS RRB and SSC CHSL — no sign-up.

www.getquicknotes.com

Free for personal study — not for sale. You may share this PDF unchanged and free of charge.

QuickNotes is an independent educational platform. It is not affiliated with, endorsed by or connected to the University Grants Commission (UGC), the National Testing Agency (NTA) or any government examination authority. These are original revision notes; always refer to the official notification for exam dates, eligibility, pattern and syllabus.

Found a mistake? Email support@getquicknotes.com · Edition: November 2026