

## Notes for Business Studies

### Chapter – 1

#### Nature and Purpose of Business

**Q. what is business. Explain its characteristics ?**

**Business:** – Business refers to those economic activities involving the purchase, production , sale , transportation of goods and services with a motive of earning profit .

**Characteristics of Business:**

**1. An economic activity:** Business is considered as an economic activity because it is undertaken with the objective of earning money.

**2. Production of goods and services:** Business includes all the activities concerned with the production or procurement of goods & services for sales. Services include transportation, banking, Insurance etc.

**3. Sale or exchange of goods & services** – There should be sale or exchange of goods and service between the seller & the buyer.

**4. Dealing in goods & services at a regular basis:** There should be regularity of dealings or exchange of goods & services. One single transaction of sale or purchase does not constitute business.

**5. Profit Earning:** The main purpose of business is to earn profit. A business cannot survive without making profits.

**Q. Difference between economic and Non –Economic activities.**

Basis of Difference	Economic Activities	Non Economic Activities
Meaning	Economic activities are those activities which are concerned with wealth	Non economic activities are those activities which are performed for emotions and pleasure
Expectations	Money is expected from these activities	Money is not expected from these activities.
Outcome	The outcome of these activities are goods and services	The outcome of these activities are mental satisfaction
Legality	These are always legal & valid	These are not always legal.
Examples	Business, profession, employment	Family oriented activities, religious & social service

**Q. Difference between Business, Profession, and Employment?**

<b>Basis of Destruction</b>	<b>Business</b>	<b>Profession</b>	<b>Employment</b>
<b>Mode of establishment</b>	Starts after completing some legal formalities if needed.	Membership of a professional body and certificate of practice required.	Start after getting appointment letter.
<b>Nature of work</b>	Provision of goods and service to the public.	Personalized services of expert nature.	Work allotted by the employer according to the contract.
<b>Qualification</b>	No minimum qualification is necessary.	Professional Qualification and training required.	Qualification and training as prescribed by the employer.
<b>Capital investment</b>	Capital needed according to its size and capacity.	Limited capital for established	No capital required.
<b>Reward/ Returns</b>	Profits	Professional fee	Salary or wages
<b>Risk</b>	High Risk	Low Risk	No Risk