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**CLASSIFICATION OF BUSINESS ACTIVITIES****I. CHOOSE THE BEST ANSWER:**

1. The industries engaged in extraction of iron ore are known as
  - (a) Construction Industries
  - (b) Manufacturing Industries
  - (c) Extraction Industries
  - (d) Genetic Industries
2. Auxiliaries to trade is also called as
  - (a) Trade
  - (b) Advertisement
  - (c) Warehousing
  - (d) Aids to Trade
3. Production which involves several stages for manufacturing finished product is known as
  - (a) Analytical Industry
  - (b) Synthetic Industry
  - (c) Processing Industry
  - (d) None of the above
4. Normally high level risk involved in
  - (a) Industry
  - (b) Commerce
  - (c) Trade
  - (d) All of the above
5. Commerce is mainly concerned with
  - (a) Connecting producer and consumer
  - (b) Pricing of goods
  - (c) Buying and Selling of goods
  - (d) Manufacturing of goods

**II. VERY SHORT ANSWER QUESTIONS****1. Define commerce.**

“Commercial operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products”.

- Evelyn Thomas

**2. What do mean by industry?**

The term industry is also used to mean group of firms producing similar or related goods.

**3. What is trade?**

Trade means Purchase and sale of goods and services.

**4. Write a short note on transportation.**

The medium which moves men and materials from one place to another is called transport.

### III. SHORT ANSWER QUESTIONS:

#### 1. Distinguish between Extractive industries and Genetic industries.

S.NO	EXTRACTIV INDUSTRIES	GENETIC INDUSTRIES
1.	To those activities which are concerned with extraction of production of wealth from air, water, soil.	To those activities which are undertaken for reproduction of plants and animals with object of making profit
2.	Examples: agriculture, mining, fishing, forestry, hunting.	Examples: Nurseries, raising, seeding plants, cattle forming.

#### 2. What do you mean by tertiary industries?

- ✧ They do not produce goods.
- ✧ These industries produce utility services and sell them at a profit.
- ✧ They help trade, industry and commerce.
- ✧ This term also includes auxiliaries to trade like banking, insurance, warehouse, advertisement etc.

### IV. LONG ANSWER QUESTIONS:

#### 1. Explain the various kinds of industries on the basis of size.

##### ✧ Micro Industries

A Unit where in investment in plant and machinery is upto Rs. 25 lakhs in case of manufacturing and upto Rs. 10 lakhs in case of service enterprises.

##### ✧ Small Industries

A manufacturing unit wherein investment in plant and machinery is more than 25 lakhs but does not exceed Rs. 5 crore. In case of service enterprises these limits are Rs. 10 lakhs and Rs. 2 crore respectively

##### ✧ Medium Industries

A manufacturing unit wherein investment in plant and machinery is more than 5 crore but does not exceed Rs. 10 crore. In case of service enterprises these limits are Rs. 2 crore and Rs. 5 core respectively

##### ✧ Large Industries

A manufacturing unit wherein investment in plant and machinery is exceeds Rs. 10 core. In case of service unit investment in equipment exceeds Rs. 5 crore.

## 2. Compare Industry, Commerce and Trade.

S.no	Transactions	Industry	Commerce	Trade
1	<b>Scope</b>	Consists of all activities involving conversion of materials into finished goods.	Comprises trade auxiliaries to trade	Comprises exchange of goods and service
2	<b>Capital</b>	Large Capital	Medium of capital	Small Capital
3	<b>Risk</b>	High Risk	Low Risk	No Risk
4	<b>Side</b>	It represents Supply Side	It represents Demand Side	It represents both supply and demand
5	<b>Utility Creation</b>	It creates form utility	It creates place utility	It creates possession utility

## 3. Write short notes on:

### a. Analytical industry:

Analytical Industry which analyses and separates different elements from the same materials, as in the case of oil refinery.

### b. Genetic Industry:

These industries remain engaged in breeding plants and animals for their use in further reproduction. Example: The seeds, nursery companies, poultry, dairy, piggery, hatcheries, nursery, fisheries, apiary.

### c. Construction Industry:

These industries are involved in the construction of building, dams, bridges, roads, as well as tunnels and canals.

## 4. Briefly explain the auxiliaries to trade.

### i) Trade:

- ✪ Trade is an essential part of commerce.
- ✪ The term 'trade' is used to denote buying and selling.
- ✪ Trade may be classified into internal trade and external trade, wholesale trade or retail trade.

### ii. Transportation:

- ✪ Selling all the goods produced at or near the production place is not possible.

- ✿ Hence, goods are to be sent to different places where they are demanded.
- ✿ The medium which moves men and materials from one place to another is called transport.

### **iii. Banking:**

- ♥ To start the business or to run it smoothly we require money.
- ♥ Banks supply money.
- ♥ Necessary funds can be obtained from bank.

### **iv. Insurance:**

- ❖ Business involves various types of risks.
- ❖ Factory building, machinery, furniture etc, must be protected against fire, theft and other risks.
- ❖ Insurance provides protection in all such cases.

### **v. Warehousing:**

- ✿ Warehousing helps business firms to overcome the problem of storage and facilities.
- ✿ Prices are thereby maintained at a reasonable level through continuous supply of goods.

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