



Class 11 Business Studies – Important Q&A (AHSEC)

Unit 1: Foundation of Business

Chapter 1: Nature and Purpose of Business

1. What is business?

Business refers to economic activities involving the production, purchase, or sale of goods and services with the motive of earning profit.

2. Distinguish between economic and non-economic activities.

Economic activities aim at earning income (like business), while non-economic activities are done for personal satisfaction (like charity work).

3. What are the characteristics of business?

Economic activity

Profit motive

Production or exchange of goods/services

Risk and uncertainty

Regular dealings

4. What is profession?

A profession is an occupation requiring specialized knowledge and formal training like doctors, lawyers, etc.

5. Define employment.

Employment is an agreement where one person works under another for wages or salary.

6. Explain the concept of profit in business.

Profit is the excess of revenue over costs and is the primary motive for all business activities.

7. What is the role of risk in business?

Risk refers to the possibility of loss due to uncertain future events and is an essential part of business.

8. Difference between business, profession, and employment.

Business involves risk and profit, profession requires expertise, and employment provides fixed income.

9. What are the objectives of business?

Economic (profit, growth)

Social (welfare, ethical practices)

10. Why is business considered a dynamic activity?

Because it adapts to changing market, technology, and consumer needs.

Chapter 2: Forms of Business Organisation

1. What is a sole proprietorship?

A business owned and managed by a single person.

2. Mention any two merits of sole proprietorship.

Easy to start and full control over decisions.

3. What is a partnership?

A business jointly owned by two or more

persons who share profits and losses.

4. What is a partnership deed?

A written agreement among partners regarding terms and conditions.

5. What are the types of partnership?

General

Limited

Partnership at will

6. Define Joint Hindu Family business.

A business run by members of a Hindu Undivided Family governed by Hindu Law.

7. What is a cooperative society?

A voluntary association formed to meet common economic needs of its members.

8. What is a joint-stock company?

A business organization owned by shareholders and managed by directors.

9. Distinguish between public and private company.

Private company has fewer members, can't invite public to invest; public company can.

10. State any two merits of a joint-stock company.

Limited liability

Large capital resources

Chapter 3: Private, Public and Global Enterprises

1. What is the private sector?

Private sector includes businesses owned and operated by individuals or groups with the aim of earning profit.

2. What is the public sector?

Public sector refers to businesses owned and operated by the government to serve public interest.

3. Define Joint Venture.

A joint venture is a business arrangement where two or more parties collaborate by contributing resources and sharing risks/profits.

4. What are the features of departmental undertakings?

Managed by a government department

Funded by government budget

Controlled by ministers

5. Explain Government Company with an example.

A company where 51% or more shares are

owned by government. Example: Bharat Heavy Electricals Ltd. (BHEL)

6. Difference between public and private sector.

Ownership: Govt vs Individuals

Motive: Public welfare vs Profit

7. What are MNCs (Multinational Corporations)?

Large companies operating in multiple countries with centralized control.

8. Mention two advantages of public enterprises.

Promotes public welfare

Large-scale operations

9. What are the problems of public sector enterprises?

Political interference

Lack of efficiency

10. Why are global enterprises important for India?

They bring investment, technology, and job opportunities.

Chapter 4: Business Services

1. What are business services?

Services that support the operation of a business, like banking, insurance, and transport.

2. What is banking?

Banking involves accepting deposits and lending money to individuals and businesses.

3. Define e-banking.

Electronic banking allows transactions through the internet or mobile apps.

4. State two types of bank accounts.

Savings account

Current account

5. What is insurance?

Insurance is a contract that provides financial protection against loss or damage.

6. Difference between life and general insurance.

Life insurance covers human life, while general insurance covers assets (like car, house).

7. What is transportation in business?

It is the movement of goods and people from one place to another.

8. Define warehousing.

The storage of goods until they are sold or distributed.

9. What are communication services?

Services like postal, telephone, and internet used to share information.

10. Importance of insurance in business.

Helps manage risks and provides security against uncertainties.

Chapter 5: Emerging Modes of Business

1. What is e-business?

Ans: Business transactions conducted electronically, especially over the internet.

2. Difference between e-business and traditional business.

Ans: E-business is faster, global, and less dependent on physical presence.

3. What is B2B and B2C in e-business?

Ans:a) B2B: Business to Business

b)B2C: Business to Consumer

4. Mention two benefits of e-business.

Ans:a)Wider reach

b)Lower costs

5. What are limitations of e-business?

Ans: a)Security risks

b)Lack of personal touch

6. Define outsourcing.

Ans: Contracting business processes to external parties to reduce cost and focus on core tasks.

7. What is call centre?

Ans: A place where customer support or

telemarketing is done via phone.

8. Is e-business safe?

Ans: With proper cybersecurity measures, it can be secure.

9. Why is IT important for e-business?

Ans: IT provides the infrastructure and security for digital operations.

10. Name any two e-business platforms.

Ans:a)Amazon

b)Flipkart

Chapter 6: Social Responsibility of Business and Business Ethics

1. What is social responsibility of business?

Ans: Duty of business to contribute to the welfare of society and environment.

2. Why is social responsibility important?

Ans: Builds goodwill, attracts talent, and ensures long-term success.

3. Define business ethics.

Ans: Principles and values guiding business conduct.

4. What are the areas of social responsibility?

Ans: a) Towards environment

b) Towards employees

c) Towards consumers

5. Difference between legal and ethical responsibility.

Ans: Legal is law-bound, ethical is value-based and voluntary.

6. Mention two unethical practices in business.

Ans:a)False advertising

b)Exploiting labour

7. What are the benefits of ethical business?

Ans: a)Builds trust

b)Sustainable growth

8. What is CSR (Corporate Social Responsibility)?

Ans: A company's responsibility towards community welfare and environmental sustainability.

9. Name two Indian companies practicing CSR.

Ans: a)Tata Group

b)Infosys

10. How can business become more socially responsible?

Ans: By fair trade, reducing pollution, and community engagement.

Unit 2: Finance and Trade

Chapter 7: Sources of Business Finance

1. What is business finance?

Money required for carrying out business activities is called business finance.

2. Why does a business need finance?

For starting operations, buying assets, paying salaries, and expanding the business.

3. What are internal and external sources of finance?

Internal: From within the business (e.g.,

retained earnings)

External: From outside (e.g., loans, shares)

4. Define share capital.

Capital raised by issuing shares to the public.

5. What is a debenture?

A loan instrument used by companies to borrow money from the public.

6. What are retained earnings?

Profits kept aside by a company instead of distributing as dividends.

7. Distinguish between equity and preference shares.

Equity: Voting rights, variable dividend

Preference: Fixed dividend, no voting rights

8. What is trade credit?

Credit extended by suppliers to the business for purchasing goods/services.

9. What is factoring?

Selling receivables (debts) to a third party at a discount for instant cash.

10. Why is financial planning important?

Ensures funds are available when needed and prevents shortage or surplus.

Chapter 8: Small Business

1. What is small business?

Business with limited scale of operations and low investment in plant and machinery.

2. Give two examples of small businesses.

Grocery shops, tailoring units.

3. What are cottage industries?

Small-scale industries run from homes using family labour and traditional tools.

4. What is the role of small businesses in India?

Employment generation

Promotion of entrepreneurship

Regional development

5. What are the problems faced by small businesses?

Lack of capital

Limited marketing

Poor infrastructure

6. What is SIDBI?

Small Industries Development Bank of India supports small enterprises with finance and guidance.

7. Difference between small-scale and large-scale industries.

Investment: Small vs Large

Ownership: Individual vs Group

8. What is KVIC?

Khadi and Village Industries Commission promotes rural industries and self-employment.

9. Mention two government schemes for

small businesses.

PMEGP (Prime Minister's Employment Generation Programme)

MUDRA loans

10. Why do small businesses need special support?

Due to limited resources and inability to compete with large firms.

Chapter 9: Internal Trade

1. What is internal trade?

Buying and selling of goods within the country.

2. Distinguish between wholesale and retail trade.

Wholesale: Selling to retailers

Retail: Selling to consumers

3. What is a departmental store?

A large retail store offering multiple product categories under one roof.

4. What is a chain store?

A group of retail outlets under the same brand and management.

5. Define mail order business.

Selling goods through post based on catalog orders, no direct contact with buyers.

6. What are itinerant retailers?

Retailers who do not have a fixed place of business (e.g., hawkers, peddlers).

7. Importance of retail trade.

Final delivery to consumers

Feedback channel to producers

8. Mention two services provided by wholesalers to manufacturers.

Buying in bulk

Market information

9. Mention two services provided by wholesalers to retailers.

Credit facility

Wide range of products

10. What are advantages of internal trade?

Promotes local business

Improves national economy

Chapter 10:

International Business

1. What is international business?

Business activities like trade and services that take place beyond national boundaries.

2. Difference between domestic and international business.

Domestic: Within country

International: Across countries

3. What is export trade?

Selling goods to foreign countries.

4. What is import trade?

Buying goods from foreign countries.

5. What is entrepôt trade?

Importing goods and re-exporting them after processing.

6. What are the benefits of international business?

Access to larger markets

Better profit opportunities

Exchange of technology

7. What are the drawbacks of international trade?

Complex regulations

Risk of foreign competition

8. What is WTO?

World Trade Organization – promotes fair trade practices globally.

9. State any two documents required in foreign trade.

Bill of lading

Letter of credit

10. What is the role of EXIM Bank?

Provides financial assistance for export and import of goods.

