

- 1.1 Introduction**
- 1.2 Non-Economic Activities**
- 1.3 Economic Activities**
 - 1.3.1 Business
 - 1.3.2 Profession
 - 1.3.3 Employment
- 1.4 Business Objectives**
- 1.5 Role of profit in Business**
- 1.6 Classification of Business Activities**
 - 1.6.1 Industry
 - 1.6.2 Commerce
- Distinguish Between**
- Summary**
- Exercise**

Mayuri, Neha, Rajesh, Charmi and Gautam who were good friends, gathered in the classroom. They were chatting with each other and sharing their experiences. Mrs. Deshmukh, who is a counselor visited the class and asked some questions to everybody.

- Mrs. Deshmukh : Did you experience during your SSC preparation, your mother served you Tea/Coffee?
- All : Yes Madam.
- Mrs. Deshmukh : It means few activities are performed by your mother. Now, Do you gathered in canteen after SSC exam? Ate any food and paid money?
- All : Yes, Madam. We gathered in canteen. Ate food and paid money for the same.
- Mrs. Deshmukh : Do you know the difference between Economic and Non-economic activities?
- Mayur and : Yes Madam.
- Gautam : When you do any work and in return, you get money is Economic Activity.
- Neha : Opposite of this is Non-Economic activity. You don't get any money in return.
- Mrs. Deshmukh : Could you give an example?
- Rajesh : Yes Madam, when mother stitches dress for her daughter or mother serves us tea/coffee during exam preparation time it is non-economic activity. But when a tailor stitches a dress for the customer it is an economic activity because he gets money.

Mrs. Deshmukh : Very Good ! Mother stitches dress and tailor also stitches dress, the activity is same, but stitching done by mother is Non-Economic activity because she doesn't get any money whereas a tailor doing the same activity, gets money. So it is an Economic activity.

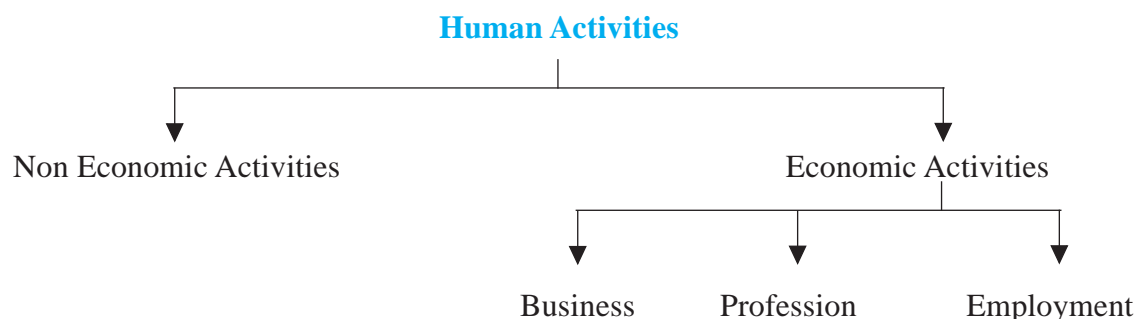
Charmi : Is tailors activity is a business or profession?

Mrs. Deshmukh : Well Children, you will have to learn about business, profession and employment in detail.

Let us study these different concepts in detail in this chapter.

1.1 INTRODUCTION

All human beings require different types of goods and services to satisfy their needs. So they keep themselves busy and do some activity throughout their life. All activities can be classified as economic and non-economic activities.



1.2 Non-Economic Activities

Non-economic activities are those human activities which are performed to satisfy personal, social, religious, cultural and sentimental requirement without monetary expectations. For e.g. reading books, serving people, cooking by mother etc.

1.3 Economic Activities

Activities that involve production, distribution and consumption of goods and services for money or money's worth at all levels within a society is called economic activity. For e.g. worker working in a factory.

Thus, economic activities facilitate earning livelihood.

1.3.1 Business

Business represents organized efforts by an individual or group of individuals'. It is a systematic attempt by business persons to produce goods and services and sell them in the market, to reap the reward by way of profit. It satisfies multiple and complex needs of the society .

Production of the goods actually means making of goods. It may be agricultural product or finished goods produced in factories. Goods can be produced with the manpower or with the help of machines. e.g. cultivating piece of land and growing food-grains is an example of agricultural production. However, converting oil seeds into edible oil with the help of man power as well as machine power is an example of manufacturing of the goods.

Distribution includes marketing of goods and services. It involves transport, warehousing, advertising which facilitates transfer of goods from producer to the final consumer.

❑ Definition of Business :

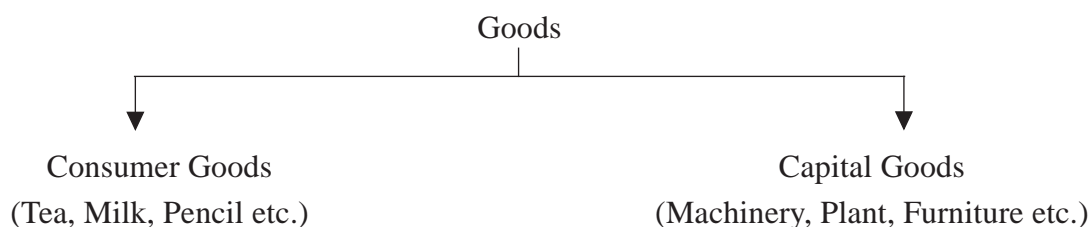
- 1) **Prof. Haney** - “Business activities are all those human activities which are directed towards the production and processing of wealth.”
- 2) **Prof. Pride, Hughes and Kapoor** - “The organized efforts of individuals to produce and sell for a profit, the goods and services that satisfy society’s needs.”

❑ Characteristics / Features of Business :

- 1) **An Economic Activity** : Business is an economic activity as it is undertaken to earn money or livelihood. It is not because of love, affection, feelings, sentiment etc.
- 2) **Two Parties** : Every business transaction involves an exchange. Minimum two parties are required for exchange i.e. the seller and the buyer. Business transaction is a result of an agreement between the buyer and the seller which may be oral or written.
- 3) **Profit Motive** : The basic purpose of business is to earn the profit from its activities. Businessmen try to maximize profits either by increasing the volume of sales or reducing its costs. It is the spine of business which keeps the business going on in the long term. The amount of profit may differ from business to business.
- 4) **Production of Goods and Services** : Before exchanging the goods and services, they should be produced by business enterprises. Goods are either manufactured or procured from the supplier, with the aim of selling it further to the consumers for profit.
- 5) **Exchange of Goods and Services** : Business involves transfer of goods and services directly or indirectly with money or money’s worth. Monetary exchange is the exchange with money e.g. buying notebook for cash. On the other hand in case of Barter Exchange goods and services are exchanged for some other goods and services. e.g. wheat is exchanged for rice.

If goods are produced for own consumption i.e. stitching a dress for a daughter, it cannot be called as a business activity but stitching of dress in a tailoring shop and taking stitching charges for that is a business activity. Similarly, if goods are donated or given as a gift then it cannot be considered as business activity.

- 6) **Dealings in Goods and Services** : Every type of business transaction is concerned with either goods or services. In the absence of goods and services business can not take place. These goods are consumer goods or capital goods. However, services created for business purpose are intangible which are essential for doing the business e.g. transportation, banking, insurance etc.



- 7) **Continuity in Dealings** : Every business requires regularity in transactions. One single transaction does not constitute business e.g. If a person sells his own motor car and earns profit then it will not be considered as business activity. But if he is a car dealer so he sells and purchases cars regularly then, it is considered as business activity.

- 8) **Uncertain Returns:** In business, the returns are never predictable or guaranteed. Businessman may earn profit or suffer a loss.
- 9) **Element of Risk :** Risk is the key element of every business which is concerned with exposure to loss. It is due to some unfavorable or undesirable event. Every business will have some or the other risk. Intensity of risk can be minimized but can't be avoided. Certain factors are beyond the control of businessmen like changes in consumer tastes, likes-dislikes, fashions, changes in the methods of production, fire, theft, natural calamities etc. No business is free from the above mentioned factors.
- 10) **Customer Satisfaction :** Customer satisfaction is the ultimate aim of all economic activities and business is not an exception to it. Modern business believes in satisfying the customers by providing quality products and services at a reasonable price. The purpose of the business is to create and retain the customers.

1.3.2 Profession

Profession is that part of economic activities under which a person uses his educational knowledge and special skill to render services for earning some income. e.g. Doctor, Lawyer, Chartered Accountant etc.

□ Features :

- 1) **Aim :** Every profession is practiced for earning money. Also they render services to their clients and solve their problems.
- 2) **Qualification :** A profession can be practiced only after acquiring required qualifications. Each profession has a certain set of body of knowledge. This knowledge has to be acquired only by systematic and formal training. One cannot practice profession, unless this knowledge is acquired.
- 3) **Financial Returns :** Professionals get fees in exchange of their services. Income received by professional is not fixed. Professionals can be employed in an organization or self employed. A working Chartered Accountant gets salary but those who practice privately i.e. self-employed get fees.
- 4) **Capital :** Profession can be practiced independently or professionals accept a job in any organization. Independent practicing professional requires huge capital for setting his practice. It differs from profession to profession.
- 5) **Registration and Membership :** Some professions have a council which regulates the activities of professionals. These professionals have to register themselves with their respective council and get certificate of practice e.g. Bar Council of India for lawyers, ICAI for Chartered Accountants, Indian Medical Association for doctors etc. The code of conduct mentioned by their respective councils must be strictly followed by every professional. Every practicing professional has to acquire membership from the respective council.
- 6) **Non transferability :** Profession can not be transferred to other person on the will of professional. e.g. A doctor cannot transfer his medical practice to his son or daughter who has not completed concerned medical education.
- 7) **Nature of Work :** Professionals charge fees in exchange of expert services e.g. an architect designs the layout of office for fees.

1.3.3 Employment

It is an economic activity in which people work for others. There is employer-employee relationship. Employer is the person who offers the job and the person who accepts the job is called employee. Remuneration and terms and conditions are agreed by both of them.

□ Features

- 1) **Aim :** The main aim is to earn money for meeting needs of the employees and employers.
- 2) **Qualifications :** Each job requires some qualification. Skilled or unskilled labour is required as per the nature of the job. For skilled job some specific qualifications are required e.g. Job of nurse. But no specific qualification for unskilled job is necessary. e.g. Office boy.
- 3) **Monetary Returns :** Wages or salaries is given as a financial return to employee after completion of work. Wages are decided in advance before appointment. Wages are paid daily or weekly. Salary is paid monthly. Along with salary other benefits like bonus, quarters to stay, subsidized food in canteen etc. also can be given to employees.
- 4) **Capital :** No capital is required for employment because employer invests and provides everything to the employee for completing the job.
- 5) **Registration :** No registration is required. Every employee has to follow the rules and regulations mentioned in the terms and conditions of employment contract.
- 6) **Non-transferability :** Employment cannot be transferred from one person to another e.g.. If a teacher retires, then he cannot transfer his job to his son or daughter.
- 7) **Nature of work :** Every employee is expected to complete the work which is given to him. The nature of job decides the nature of work.



Activity

- Can a businessman, a professional and an employee complete their job independently? Discuss with your teacher.
- Suraj owns a travel agency. Through his agency he helps people for all kinds of travel arrangement such as Air bookings, Railway Bookings, arranging tours etc. He charges some amount for the services offered. Is Suraj a professional or a businessman?
- Today due to new technology the production can be done in bulk quantity and people also prefer machine made products rather than handmade, yet a 'Paithani' a kind of sari and hand-loom coverlet of Solapur have lot of demand in market. In order to find out the reasons, discuss it with your teacher.

1.4 BUSINESS OBJECTIVES

All business activities are guided by objectives. They are further classified as

- 1) Economic Objectives
- 2) Social Objectives

1) Economic Objectives

- a) **Earning Profit** : Profit is required for survival of the business and for its growth.
- b) **Searching New Customers** : Business organizations have to work hard to create new customers and also to maintain the existing customers.
- c) **Innovations** : It is a development or positive change which results into improvement in product or process of production. It has to spend money on R& D (Research and Development), market survey, use of technology etc.
- d) **Best Possible Use of Resources** : Resources are scarce and have alternative uses. They should be used to its maximum and should not be wasted. Optimum use of resources ultimately leads to increasing profits.

2) Social Objectives :

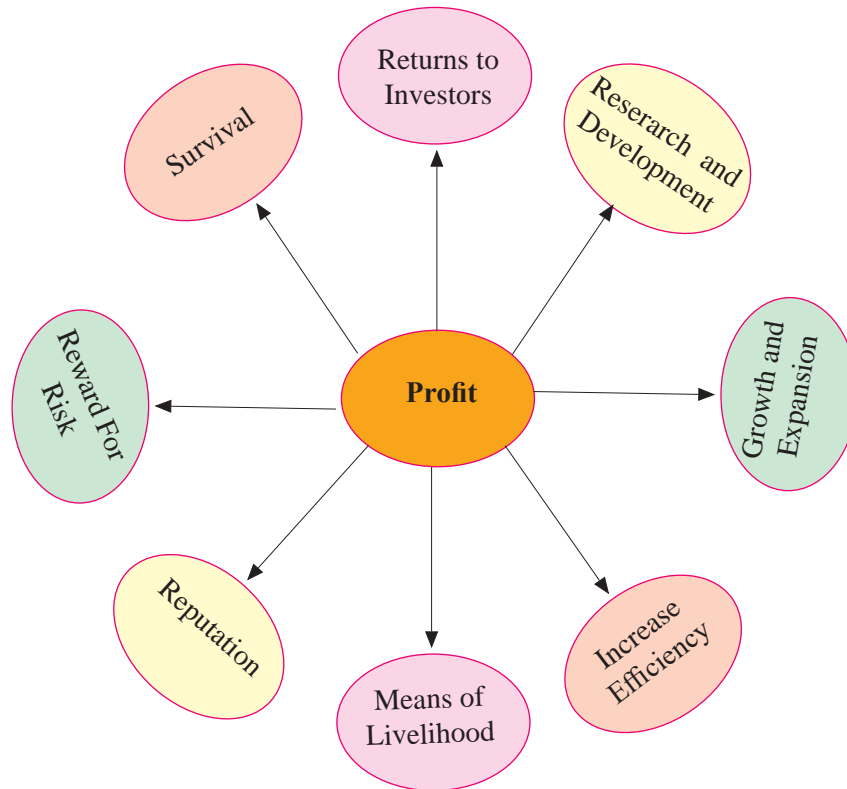
- a) **Supplying Quality Products** : Every business has to provide quality products to its customers. Quality means a combination of purity, safety, durability, utility etc.
- b) **Avoiding Unfair Trade Practices** : Unfair trade practices like black marketing, misleading advertisements, wrong measurement etc. should be avoided. It is important for survival and growth of a business unit.
- c) **Employment Generation** : Business is a socio-economic institution. Business should create jobs for skilled and unskilled people. It should provide employment opportunities to economically backward and divyang persons.
- d) **Welfare of Employees** : Skilled and unskilled workers are the part of the society. So if employees are properly taken care of, it brings welfare to the society. This can be achieved by providing fair and regular remuneration, good working conditions, impartial personnel policies, offering incentives etc.
- e) **Help to Solve Social Problems** : Due to rapid industrialization, many social problems arise like traffic jams, growth of slums, air and water pollution etc. Business should be aware of this and should try to reduce them.
- f) **Contributing to the Welfare of the Society** : Business house should take care of general welfare of the society. For that they should give donations for good cause, offering scholarships for higher education etc.

1.5 Role of Profit in Business

Every business operates with an aim to earn profit that is the excess of revenue over cost.

$$\text{Profit} = \text{Revenue} - \text{Total cost}$$

Role of Profit in Business



□ Role of Profit in Business

- a) **Returns to Investors :** The people who invest money in the business expect fair returns on their capital. This is possible if adequate profits are earned by business.
- b) **Research and Development (R&D) :** Adequate profit enables a firm to spend more on R & D . This can lead to better technology and lower costs. Innovative products benefit the whole nation.
- c) **Growth and Expansion :** Retention of profit is the internal source of funds. This profit can be used for increasing the volume of business through expansion and diversification. The portion of the profit is re-invested in the business for further development.
- d) **Increases Efficiency :** Profits facilitate payment of various dues in time. It also motivates the employees working in the organization. This finally leads to increase in overall efficiency of the organization.
- e) **Means of Livelihood :** Businessmen earn profits which is their means of livelihood. By earning sufficient profits they can live a decent standard life through satisfaction of various wants.
- f) **Reward for Risks :** Profit is considered as a reward for assuming several business risks. Profits also serve as a protection against those risks which cannot be insured e.g. fall in demand, adverse government policy etc.

- g) **Survival** : It helps the business to continue to exist in the market. If the business does not make enough profit, it will not survive in the growing competitive environment. Profit means survival in competitive environment.



Activity

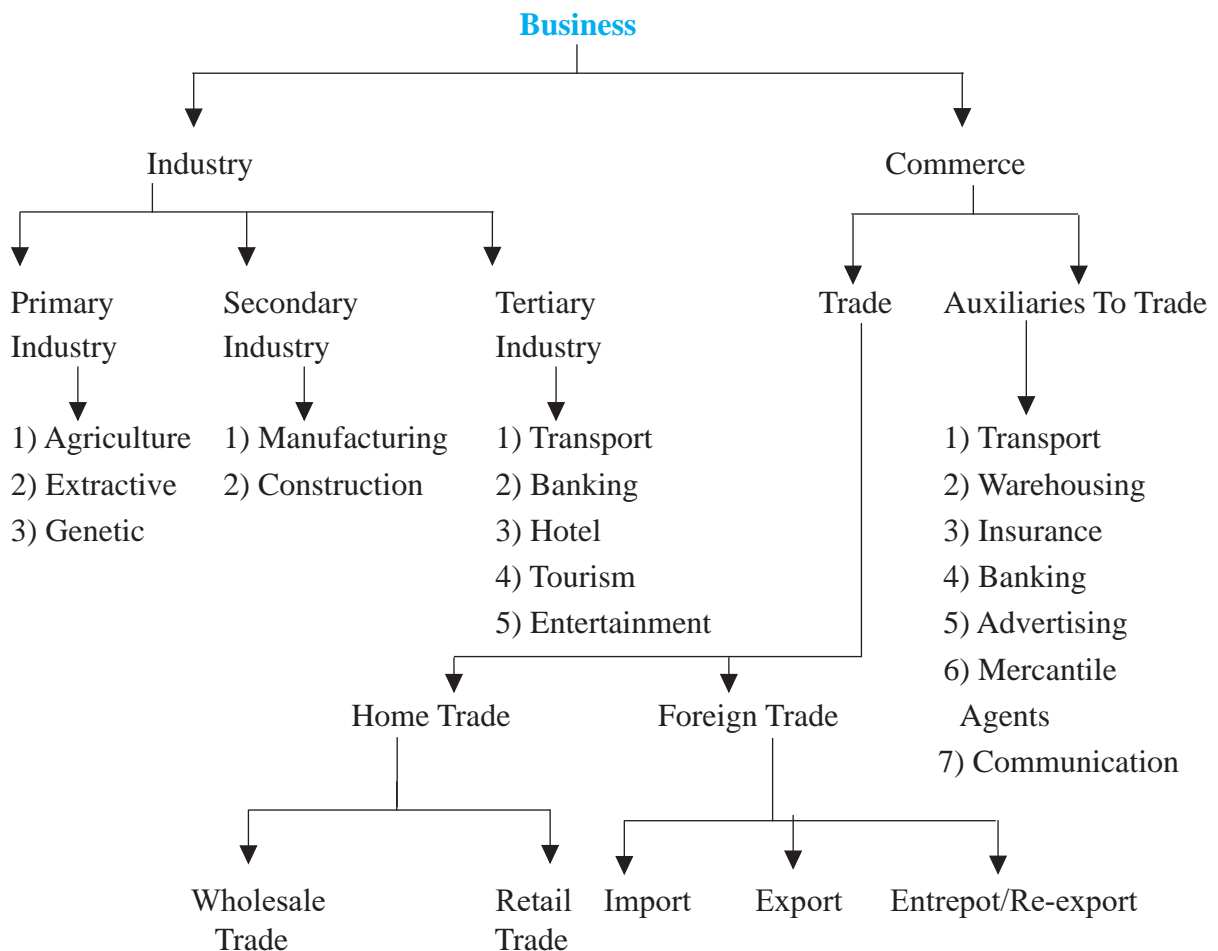
Visit a small shop or a big shopping mall and find out the reasons for why profit is important to them.

1.6 CLASSIFICATION OF BUSINESS ACTIVITIES

Business activities may be broadly classified into two categories

- i) Industry
- ii) Commerce

Industry is concerned with the production of goods and providing services, while commerce is mainly concerned with their distribution.



1.6.1 Industry

Industry implies the economic activities that are associated with the conversion of resources into goods that are ready for use. This involves production and processing of goods, mining, breeding and rearing of animals. The goods produced may be consumer goods or capital goods. Normally

consumer goods are directly consumed by final consumer whereas capital goods are used by another industry for further production of goods.

The term industry also means group of firms producing similar or related goods e.g. Sugar industry refers to all manufacturing units producing sugar from sugarcane. Similarly electronic industry would include all firms producing electronic goods. It also creates services like banking, hotel, insurance, tourism etc.

Industry creates form utility. It converts the raw material into usable finished products. All this is possible with man power, machine power and large capital investment. Industrial activities are conducted in factories, workshops, sheds or even sometimes at home. It all depends on the size of industry.

□ **Industries may be divided into Three broad categories.**

A) Primary Industry : Primary industry is concerned with nature. It is a nature-oriented industry. The products of primary industry may be used as the input of secondary industry. Primary industries are of three types.

- a) Agriculture Industry :** This includes farming and cultivation of land. The quality of products depend on many factors like fertility of land, climatic conditions, rainfall etc.
- b) Extractive Industry :** This industry draws out products from natural resources i.e. soil, air and water. Generally the products are in raw form and they are used by manufacturing and construction industries for producing finished products e.g.. extracting oil and minerals from underground, fishing and forestry etc. It may be used in crude form and may be sent to other industries for further processing.
- c) Genetic Industry :** Genetic industries are engaged in reproduction and multiplication of plants and animals. e.g. animal husbandry, sericulture, horticulture etc.

B) Secondary Industry : These industries depend on primary industries. They convert the raw material provided by primary industry into finished products. e.g. Tomatoes provided by primary industry are used for making sauce and ketchup.

Secondary Industries are of two types.

- a) Manufacturing Industry :** These industries are engaged in transforming raw material into finished product with the help of machine and manpower. The final goods may be capital goods or consumer goods. e.g.. textiles, sugar, paper industry etc.
- b) Construction Industry :** These industries are engaged in the construction of buildings, dams, bridges, roads, tunnels, canals, metro etc. In case of other industries goods can be produced at one place and sold at another place but goods made and sold by these industries are at one place. This is only industry which creates immovable wealth.

C) Tertiary Industries : They provide support services to primary and secondary industries. Service facilities are provided by these industries. It includes transport, banking which comes under traditional category whereas in modern times hotel industry, tourism industry, entertainment industry etc. are also included.

1.6.2 Commerce

□ Meaning

Commerce is that part of business activity which is concerned with distribution of goods and services produced by Industry. It includes all those activities which are essential for maintaining a free and un-interrupted flow of goods. Commerce bridges the gap between producers and consumers by exchanges of goods and services for money or money's worth. Commerce is further divided in Trade and Auxiliaries to Trade.

A] Trade : Trade denote buying and selling of goods and services. Trade is an exchange of goods and services with money or money's worth. Goods are made available to consumers in different markets. Trade facilitates transfer of ownership and possession of goods and services from seller to the buyer.

Trade is further Classified as

a) Home Trade / Internal Trade :

In this trade, buying and selling of goods and services takes place within the geographical boundries of a country. It uses local currency for the exchange of goods and services.

It is further divided as follows -

i) **Wholesale Trade :** In wholesale trade, goods are purchased and sold in bulk. A wholesaler purchases in large quantities from the producers and sells in small quantities to the retailers. He is the link between the producer and the retailer.

ii) **Retail Trade :** Retail trade is business activity associated with the sale of goods to the final consumers. A retailer is the one who purchases from the wholesaler or sometimes directly from the producer and sells them in smaller quantities to final consumer. Retailer is the link between wholesaler or sometimes manufacturer and ultimate consumer.

b) Foreign Trade / External Trade :

When trade takes place between different countries, it is known as foreign trade. When boundaries of two countries are crossed then different currencies are used. It is further divided as :

i) **Import Trade :** When goods and services are purchased from another country it is called as import trade.

ii) **Export Trade :** When goods and services are sold to foreign buyers then it is called as export trade.

iii) **Entrepot Trade :** It is the combination of import/export trade. It involves importing the goods from one country and reselling these goods to another country. e.g. Indian Seller importing goods from Japan and re-exporting same goods to Africa.

B] Auxiliaries to Trade

All those activities that facilitate smooth flow of goods from manufacturing centers to the consumption centers are called aids to trade or auxiliaries to trade. These activities play supportive role. They help in removing hindrances which arise during the production and distribution of goods and services. Following are various Auxiliaries to Trade.

- i) **Transport :** The goods are produced at one place but they are demanded over a wide area. So goods are to be sent to different places where they are demanded. Modes of transport facilitate movement of men and materials from one place to another.
- ii) **Warehousing :** There is a gap between production and consumption. Certain goods are produced throughout the year but consumed only in a particular part of the year and vice versa. In the era of mass production, storage is indispensable. The goods should be stored carefully from the time they are produced till the time they are sold. Special arrangement must be made to prevent the loss/damage. Warehouses are also called godowns. Price is maintained at a reasonable level and there is a continuous supply of goods and services.
- iii) **Insurance :** There are various risks involved in the business. The goods may be destroyed while in production process or in transit due to accidents or in storage due to fire or theft. The businessmen would like to cover these risks Insurance companies come to their rescue. They undertake to compensate the loss suffered due to such risks. The businessman has to insure his goods and pay premium regularly. Risks cannot be avoided completely but they can be minimized by taking insurance policy.
- iv) **Banking :** We require money to start the business and to run it smoothly. Banks supply money. Adequate funds can be obtained from the bank. Bank provides loans, overdraft, cash credit etc. to businessmen. Banks also provide many services like cheques, drafts debit cards, credit cards, online transactions etc. It helps the traders to carry their business activities smoothly.
- v) **Advertising :** Advertising is an effective aid in selling the goods. The producer communicates all information about goods and services to create a strong desire in consumer to buy the products. It can be carried in different ways. It can be indoor and outdoor. Communicating with the people when they are in their homes is called indoor advertising. For example, newspaper, radio, TV, etc.
- Communicating with people when they go out from their homes is called as outdoor advertising e.g. posters, hoardings at prominent places, neon sign board etc.
- vi) **Mercantile Agents :** Customers are scattered over a very wide area. It is not possible for seller to contact the customers. This difficulty is solved by mercantile agents. They bridge the gap between buyer and seller. Brokers, Estate Agents etc. are some examples of mercantile agents.
- vii) **Communication :** In today's world there is information explosion The information has to be communicated. There is a need of communication to facilitate the traders, producers and consumers to exchange information with one another. Various means of communication such as cell phones, postal services, email etc. are made available.



Activity

- Visit an estate broker and find out the duties performed by him for buyers and sellers of property.
- Because of extended markets and transport, it is now possible to send farming products anywhere easily and the product can get reasonable value for that. But where products are made in an area and people living in that area have to spend quite a lot, is this fair? Discuss with your teacher.

Distinguish and comparative study chart.

1) Industry and commerce

Sr. No.	Point of difference	Industry	Commerce
1)	Meaning	Industry is engaged in production of goods and services	Commerce is engaged in distribution of goods and services.
2)	Location	It is located in factories and workshops	It is conducted in markets and offices.
3)	Utility	It creates form utility	It creates place, time and possession utility
4)	Resources	It uses machine and manpower	It requires more manpower
5)	Capital	Huge capital is required to start industry	Commerce comparatively requires less capital
6)	Interdependence	Industrial activities are meaningless without commerce	Commercial activities cannot be started without the production of goods & services.
7)	Conducted by	Producers and manufacturers	Traders, mercantile agents etc.
8)	Status	Primary Importance	Secondary importance
9)	Classification	Primary, Secondary and Tertiary industry	Trade and Auxiliaries to Trade
10)	Market force	It represents supply side of market	It represents demand and supply side of market

2) Business, Profession and Employment

Sr. No.	Point of Difference	Business	Profession	Employment
1)	Meaning	In this economic activity, goods and services are produced and distributed.	In this economic activity, expert services are rendered.	In this economic activity, one person works under another person.
2)	Reward / Return	Businessmen earn profit.	Professional charges fees as a return to professionals.	An employee receives wages or salary
3)	Capital investment	Capital investment depends on size and nature of business.	Limited capital investment is required except the self-employed professional.	No capital investment is necessary.
4)	Nature of work	It provides goods and services to the public.	It renders personalized expert services.	They perform the work as per service contract.

Sr. No.	Point of Difference	Business	Profession	Employment
5)	Qualification	No minimum qualification is prescribed.	Expert knowledge and training in a particular field needed.	It is prescribed by the employer.
6)	Decision Making	Businessmen are free to take the decisions.	Professionals take expert decisions in their profession.	Employee does not have any power to take any decision.
7)	Risk	Profit is uncertain and irregular so high risk is present.	Fees is generally not certain and regular.	Fixed and regular pay is given by employer as per contract so no risk is involved.
8)	Examples	Builders, Grocers, Super market etc.	Doctor, C.A., Lawyer etc.	Clerk, Teacher, Officers etc.

3) Business and Commerce

Sr. No.	Point of Difference	Business	Commerce
1)	Meaning	It is an economic activity which deals in production and distribution of goods and services.	It is a part of business which is concerned with distribution of goods and service
2)	Concept	It is a broader concept as it includes commerce.	It is a narrow concept as it is a part of business.
3)	Skill	It requires technical as well as marketing skill.	It requires only marketing skill
4)	Classification	It is classified into Industry and Commerce.	It is classified as trade and auxiliaries to trade.

SUMMARY

1.1 Introduction

Every person keeps himself engaged in some activity or the other to satisfy his needs. Thus he obtains goods and services.

1.2 Non-Economic Activities

Human activities which are undertaken for personal satisfaction without monetary gains.

1.3 Economic Activities

Any activity conducted for earning money is called “Economic Activity”.

1.3.1 Business

Business involves production and distribution of goods and services in the market.

Features

- 1) Economic Activity
- 2) Two Parties
- 3) Profit Motive
- 4) Production of goods and services
- 5) Dealings in goods and services
- 6) Distribution of goods and services
- 7) Continuity
- 8) Uncertain Return
- 9) Risk
- 10) Satisfaction of Consumers

1.3.2 Profession

Profession is that part of economic activity under which a person uses his knowledge and special skill to render service by charging some fees.

Examples: Doctor, Lawyer, etc.

Features

- 1) Aim
- 2) Qualifications
- 3) Monetary Returns
- 4) Capital
- 5) Requirement of Registration
- 6) Non-Transferability
- 7) Nature of work

1.3.3 Employment

In this, one person appoints another person to complete the job as per his terms and conditions.

Features

- 1) Aim
- 2) Qualifications
- 3) Monetary Returns
- 4) Capital
- 5) Registration
- 6) Non-Transferability
- 7) Nature of work

1.4 Business Objectives

- 1) Earning Profits
- 2) Creation of customers
- 3) Innovations
- 4) Supplying quality products
- 5) Avoiding unfair trade practices

- 6) Employment generation
- 7) Welfare of employees
- 8) Help to solve social problems
- 9) Best possible use of resources
- 10) Contributing to the welfare of society

1.5 Role of Profit in Business

- 1) Returns to investors
- 2) Research and Development (R&D)
- 3) Growth and Expansion
- 4) Increase Efficiency
- 5) Means of livelihood
- 6) Goodwill
- 7) Reward for risk taking
- 8) Survival of Business

1.6 Classification of Business Activities

A. Industry : Production of goods and services.

Types of Industries

1) Primary Industry : Industry dependent on nature

- i) Agriculture
- ii) Extractive
- iii) Genetic

2) Secondary Industry : They convert the raw material provided by the primary industry into usable finished products.

- i) Manufacturing Industry
- ii) Construction Industry

3) Tertiary/Service Industry : They provide services to primary & secondary industries.

B. Commerce : Distribution of Goods and Services. It is further classified as follows:

1) Trade : Actual buying and selling of goods and services.

Classification of Trade:

i) Internal Trade/Home Trade

It involves buying and selling of goods and services within the country.

ii) External Trade/Foreign Trade

The trade that takes place between buyer and seller of two different countries is known as External Trade.

Classification of External Trade:

- 1) Import
- 2) Export
- 3) Entrepot / Re-export

2) Auxiliaries to Trade : Supporting activities helping smooth functioning of trading activities. They remove obstacles/difficulties to trade.

- 1) Transport
- 2) Warehousing
- 3) Insurance
- 4) Bank
- 5) Advertising
- 6) Mercantile Agents
- 7) Communication

❑ **Career Opportunities**

- 1) A courier agent.
- 2) Poultry business
- 3) Tours & travel Agent
- 4) Agro-based industries.
- 5) Estate agent, Insurance agent.

❑ **Reference Books**

- 1) NCERT Class XI business studies
- 2) Business Organization : Dr. Neeru Vasisth.
- 3) Business Organization and Management : Mr. M.C. Shukla
- 4) Business Organization and Management, Tulsian.
- 5) Business Organization and Management, J. P Mahajan.



EXERCISE

Q.1 A) Select the correct option and rewrite the sentence.

- 1) A Lawyer is
a) a Professional person b) a Businessman c) an employee
- 2) Raw material is converted into finished product by industry.
a) genetic b) extractive c) manufacturing
- 3) Actual buying and selling of goods is known as
a) profession b) trade c) industry
- 4) National level code of conduct is prepared for
a) professionals b) businessmen c) employees
- 5) Construction of dams is an activity done under industry.
a) primary b) secondary c) tertiary
- 6) The problem of distance is solved by
a) bank b) transport c) warehousing
- 7) Commerce is a branch of
a) business b) industry c) trade

- 8) Monetary Returns in business is called.....
a) fees b) salary c) profit
- 9) A business unit depends uponfor selling its output.
a) industry b) society c) employees
- 10) Warehousing creates..... utility in goods.
a) place b) time c) form

B) Match the pairs.

Group 'A'		Group 'B'	
A)	Helping disabled person	1)	Social objective
B)	Genetic Industry	2)	Foreign Trade
C)	Local currency	3)	Sericulture
D)	Solve social problems	4)	Non-economic activity
		5)	Internal Trade
		6)	Mining
		7)	Profit
		8)	Economic activity

C) Give one word / phrase / term for the following sentences.

- 1) A regular activity concerned with production and distribution of goods and services for profits.
- 2) Human activities that are conducted for earning money.
- 3) Buying and selling of goods against money or money's worth.
- 4) Activities that remove all the difficulties in trade.
- 5) The type of industries that creates immovable wealth.
- 6) Name the business activity which is concerned with production of goods and services.
- 7) Name the business activity which is concerned with distribution of goods and services.
- 8) The activity which provides mobility to men and material.
- 9) An aid to trade which creates time utility.
- 10) An occupation by which a person agrees to provide expert services for a fees.

D) State True or False.

- 1) Business is an economic activity.
- 2) Every profession is practiced for earning money.
- 3) Primary industries are concerned with nature.
- 4) Trade includes commerce.
- 5) Warehousing removes difficulty of time.
- 6) Trade includes buying and selling of goods and services.

- 7) Profit leads to increase in overall efficiency of the organization.
- 8) Plant nursery is an example of extractive industry.
- 9) Industry creates form utility.
- 10) Retailer is the link between manufacturer and wholesalers.

E) Find the odd one

- 1) Agricultural Industry, Extractive Industry, Genetic Industry, Manufacturing Industry.
- 2) Import Trade, Export Trade, Wholesale Trade, Entrepot Trade.
- 3) Banking, Insurance, Transport, Manufacturing.
- 4) Tea, Milk, Coffee, Machinery.

F) Complete the sentences.

- 1) Economic activities are those activities which are conducted to
- 2) includes marketing of goods and services.
- 3) Business is an activity.
- 4) The basic purpose of is to earn profit.
- 5) Professionals, charge in exchange of expert services.
- 6) is the person who offers the work.
- 7) is considered as a reward for assuming several business risks.
- 8) Industry creates utility.
- 9) In trade, goods are purchased and sold in bulk.
- 10) is the link between wholesaler and customer.

G) Complete the following table.

A		B
1)	Trade between different countries
2)	Purchases of goods and services from another country.
3)	Selling of goods and services to foreign customer.
4)	Link between producer and retailer.

(Export trade, External trade, Wholesaler, Import Trade)

H) Answer in one sentence.

- 1) What is an Economic Activity?
- 2) What is Non-economic Activity?
- 3) What do you mean by Wholesale Trade?
- 4) What is the meaning of Retail Trade?
- 5) What do you mean by Import Trade?
- 6) What is the meaning of Export Trade?

- 7) What is an Extrepot Trade?
- 8) What is meant by Auxiliaries to Trade?
- 9) What is Trade?
- 10) What do you mean by Commerce?
- 11) What is Primary Industry?
- 12) What is Secondary Industry?
- 13) What do you mean by Genetic Industry?

I) Correct the underlined word and rewrite the sentence.

- 1) Business is non-economic activity.
- 2) Barter exchange is an exchange with money.
- 3) Profession can be transferred to other person.
- 4) Capital is required for employment.
- 5) Industry creates place utility.
- 6) Commerce represents supply side of market.
- 7) The basic purpose of business is to provide services.

Q.2 Explain the following terms/concepts.

- 1) Business
- 2) Profession
- 3) Employment
- 4) Home Trade
- 5) Foreign Trade
- 6) Economic Activity
- 7) Non-economic Activity

Q.3 Study the following case/situation and express your opinion.

- 1) Jaysukh oil mills produce refined oil. The entire production is purchased by Rupesh oil Depot, who in turn sells it to various retailers. Mrs. Prachi purchased 2 kg oil from Balaji Groceries. Identify:
 - i) Wholesaler
 - ii) Retailer
 - iii) Consumer
- 2) Mr. Pranav is a tin manufacturer in India. Mr. Jack of England sells goods to M/s. Frank Corporation in North America and Mr. Williams of USA buys various goods from Brazil.
 - i) Who is importer?
 - ii) Who is manufacturer?
 - iii) Who is exporter?

Q.4 Distinguish between.

- 1) Industry and Commerce

- 2) Business and Commerce
- 3) Business and Profession
- 4) Employment and Profession

Q.5 Answer in brief.

- 1) State any four features of profession
- 2) State any two types of industries
- 3) Give two types of Foreign Trade
- 4) State any four Auxiliaries to Trade
- 5) State any four features of employment
- 6) Write any four objectives of business
- 7) State any four features of business
- 8) State any two types of primary industry

Q.6 Justify the following statements.

- 1) Retailer is in direct contact with ultimate consumers.
- 2) Commerce is a wider term than Trade.
- 3) Risk is inevitable in business activities.
- 4) Combination of Import-export trade is entrepot trade.
- 5) Transport creates place utility
- 6) Industrial activities take place before commerce starts its role.
- 7) Available resources should be used to its maximum.
- 8) Wholesaler is a link between retailer and manufacturer.
- 9) Business is a part of economic activities.

Q.7 Attempt the following.

- 1) What do you mean by commerce?
- 2) What is the meaning of export trade?
- 3) State the role of auxiliaries to trade in trading activities.
- 4) What are the different types of secondary industries?
- 5) State the types of human activities.
- 6) Describe the scope of internal trade.
- 7) How does banking and insurance help trading?

Q.8 Answer the following.

- 1) Give comparative analysis of business, profession and employment.
- 2) Define business. Explain its features.
- 3) Describe various objectives of a business.
- 4) Explain the importance of profit in business.

