



### III. Very Short Answer Type Questions [4 Marks]

Question 1. Give the features of trade.

Answer:

1. It is the nucleus of commerce.
2. It facilitates the smooth and timely transmission of goods.
3. It removes the hindrance of persons.
4. It makes the goods available to the consumers.
5. It facilitates the smooth and timely transmission of goods from the producers to the consumers.

Question 2. Give the features of internal trade.

Answer: The main features of internal trade are:

1. Buyer and sellers belong to the same country.
2. Mode of payment is in the same legal tender of the country.
3. It is done locally, regionally or inter-state wise.
4. It follows the same land laws.
5. It is the buying and selling of goods within the boundaries of a country.

Question 3. Define (1) Wholesale, (2) Retail, (3) Foreign trade, (4) Transportation.

Answer:

1. Wholesale: Wholesale is the bulk buying from producers to be resold to retailers in small quantities.
2. Retail: Retail is selling directly to the ultimate consumers for personal or non-business use in said (single/small) quantities.
3. Foreign trade: Foreign trade or International trade or External trade is the buying and selling of goods between two or more nations.
4. Transportation: Transportation is the physical movement of goods or passengers from one place to another.

Question 4. Give the features of Foreign Trade or International Trade or External Trade.

Answer:

1. It involves the exchange of currencies between the nations.
2. Land laws, rules, regulations, customs of two countries prevail.
3. Distances involved are far.
4. It is more time consuming.

Question 5. Describe various types of foreign trade transactions.

Answer: Foreign trade transactions are of the following three types:

1. Import Trade—The purchase of goods from a foreign country.
2. Export Trade—The sale of goods to a foreign country.
3. Entre pot Trade—Purchasing or importing goods from one country to be sold or exported to some other country is called as 'entre pot' trade.

Question 6. Explain Auxiliaries or 'Aids to Trade'.

Answer: While dealing with the activities of enterprise, an entrepreneur faces many problems regarding finance, knowledge, time, person, and place, requiring immediate solution. The flow of

goods/services from producers to consumers is obstructed by many environmental factors. All these difficulties are overcome with the help of various agencies or support systems known as 'Aids to Trade'. It includes Transportation, Banking, Insurance, Warehousing, Advertisement and Salesmanship.

Question 7. Business needs continuous supply of finance to meet out multiple and recurring demand. What are those areas of needs?

Answer: Business needs continuous supply of finance to meet out multiple and recurring demand of: Commencement, Day to Day operation, Expansion, Modernization, Diversification, Research and Development and Innovation.

Question 8. Besides finance, which other services are provided by banks?

Answer: Banks not only fulfil the fund requirement of entrepreneur, but also provide services like Guidance and counseling, Guarantor in foreign trade, Underwriters for new enterprises and Custodian of documents, etc. in foreign trade.

Question 9. How is insurance useful in business?

Answer: Business is full of risks and uncertainties. Risk in transporting goods, due to theft, fire, damage, due to death of key employee, etc. Insurance removes the hindrance of risk by providing cover against it. The insurance coverage has given impetus to the national and international trade.

Question 10. What is enhanced by advertisement and salesmanship.

Answer: Advertisement and salesmanship enhances:

- The knowledge of the customer about the products.
- Helps customer in making a decision about the purchase. In this way, advertisement eliminates the hindrance of information.

Question 11. Commerce makes our economy sail. Why?

Answer: Commerce is the sum total of these processes of transport, communication, warehousing, advertisement, and banking and insurance that to ensures free flow of goods and services in our economy. It works towards the timely availability of goods and services for the consumers and other final users of the producers. Thus, commerce makes our economy sail.

#### IV. Long Answer Type Questions [6 Marks]

Question 1. What is manufacturing? Explain its various classes.

Answer: Manufacturing: The industries which are engaged in the conversion of raw materials into semi-finished or finished goods are referred as manufacturing industry. Manufacturing industry may be classified as:

- Analytical: It deals with analysing and separating basic materials for getting distinct final products, for example-separating crude oil into kerosene, petrol, diesel, gasoline, lubricating oil, etc.
- Synthetic: It deals with grouping together or synthesizing various raw materials in manufacturing process to produce a final product, for example cement, paint, soap, etc.
- Processing: In this industry, a product passes through various processes to become a final product, for example sugar and paper industries.
- Integration or Assembling: In this industry, the final product is the outcome of assembling various parts or components together, for example, bicycle, automobile, television, etc.

Question 2. Distinguish between Wholesale and Retail.

Answer:

<b>Backward Integration</b>	<b>Forward Integration</b>
It is a step back on the value-added chain towards the raw materials, by which the producer also becomes a raw materials wholesaler.	It refers to taking a step forward on the value added chain towards the customers by which the firm also becomes a finished goods wholesaler.
Firm becomes its own supplier.	Firm becomes its own buyer.

Question 3. Write the features of transportation with reference to entrepreneur.

Answer: Following are the features of transportation:

- It helps in removing the hindrance of place in exchange of goods and services.
- It forms a link from their place of production to the place of their consumption.
- It is the physical movement of goods or passengers from one place to another.
- Various modes of transportation are Railways, Roadways, Airways, Waterways and Pipelines.
- Various modes of communication like telephone, telegram, e-mails, online, fax, etc. are used for transportation.

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