



TEXTBOOK QUESTIONS SOLVED

Question 1. Answer each of these questions in about 15 words:

- (i) Define the term 'Business'.
- (ii) What is the epicenter of human life?
- (iii) Enlist any four characteristics of Business.
- (iv) What is the final outcome of an industrial activity?
- (v) Name the various types of trade.
- (vi) What is Commerce?

Answer: (i) As per Peterson and Plowman "Business may be defined as an activity in which different persons exchange something of value, whether goods or services, for mutual gain or profit."

Or

Business is, "The state of being busy in making, distributing or providing of any goods or services which other members of the community need."

- (ii) Activity is the epicenter of human life.
- (iii) Following are the characteristics of business:
 - (a) Economic activity
 - (b) Production
 - (c) Satisfaction of human want
 - (d) Regularity: In business, activity is performed on regular basis.
 - (e) Profit
 - (f) Risk.
- (iv) Finished product in the form of a good or service is the final outcome of the industrial activity.
- (v) (a) Home or internal trade (b) Foreign or external trade.
- (vi) "Commerce is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade) place (transport and insurance) and time (ware housing) in the exchange (Banking) of commodities,". James Stephenson.

Question 2. Answer each of these questions in about 50 words:

- (i) State the range of activities performed under Business.
- (ii) Explain any two business activities which are auxiliaries to trade.
- (iii) Define construction industry.
- (iv) Define tertiary industry.

Answer:

- (i) Business involve production, processing, sale or exchange of goods and services at regular basis and a aim of earning profit.
- (ii) Transportation, Banking, Insurance, Warehousing, Advertisement and salesmanship.
- (iii) Construction industry deals in creation of infrastructure for the smooth development of the economy and is concerned with the construction of buildings, dams, roads, bridges, canals, etc.
- (iv) Tertiary or Service industry comprises activities concerned with the rendering of services which help other businesses.

Question 3. Answer each of these questions in about 75 words:

- (i) Define trade and its types.
- (ii) What is 'Business'? State its characteristics?
- (iii) Explain Transportation. State the modes of- transportation and communication.

Answer:

- (i) Trade is referred as the nucleus of commerce around which

other aids/auxiliaries revolve. Foreign trade or International trade or External is the buying and selling of goods between two or more nations.

Internal or home trade is the buying and selling of goods within the boundaries of a country, i.e. inside a nation.

(ii) "Business may be defined as an activity in which different persons exchange something of value, whether goods or services, for mutual gain or profit—Peterson and Plowman. Following are the characteristics of business:

(a) Economic activity: It is an economic activity, which done to earn money.

(b) Production: It deals in either production, purchase, procurement of goods or renders service or both.

(c) Satisfaction of human want: All the activities performed are for satisfying human wants.

(d) Regularity: In business, activity is performed on regular basis.

(e) Profit: Profit earning is the primary aim of an business.

(f) Risk: Business involve risk of incurring losses or earning inadequate profits.

(iii) Transportation 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.

Question 4. Answer each of these questions in about 250 words:

(i) State briefly the various types of primary industries.

(ii) Rahul, an owner of a huge Departmental Store, charges exorbitantly due to no competition around, and he misses out on no opportunity to earn profit. He finds nothing wrong as the main goal of business is to earn 'Profit'. Discuss any four values which you find are lacking in him as a rational businessman.

(iii) Define commerce and discuss its functions.

(iv) Differentiate between Industry, Commerce and Trade, explaining the main characteristics of each.

(v) What do you understand by the term Industry? Explain the various types of industries?

(vi) Mohan Pvt. Ltd. just commenced with the business of Blue Pottery. Explain the auxiliaries required for the smooth functioning of their newly set enterprise.

Answer:

(i) Primary industry includes those activities which are concerned with natural resources and include extraction, producing and processing or extraction of natural resources. The primary industry are of following types:

(a) Extractive industry: This industry deals with raising some form of wealth from the soil, climate, air, water or from beneath the surface of the earth. For example, agriculture, fishing, etc. Extractive industries :

1. are the oldest occupation of human beings and provide raw material to others.

2. only collect and cannot add to the wealth extracted from the earth or sea.

3. shift the location of materials.

4. cannot replace the materials once extracted.

(b) Genetic industry: Genetic industry is related to the re-producing and multiplying of certain species of animal and plants with the object of earning profits from their sale.

It deals with rearing and breeding of animals and birds and growing plants, e.g. nurseries, cattle breeding, fish hatcheries, poultry farms, etc.

(ii) The values which are missing are:

- (a) Interest towards customer satisfaction is missing in the departmental store.
- (b) Consumer awareness part is not given due importance which has long term impact on the business.
- (c) Honesty on the part of entrepreneur is missing as the main aim made by the entrepreneur is profit earning.
- (d) Quality of services is lacking in the departmental store.
- (iii) "It is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade), place (transport and insurance) and time (warehousing) in the exchange (Banking) of commodities,". James Stephenson Functions of commerce are:
 - (a) to deals with activities which facilitate exchange of goods/services.
 - (b) to deal with transfer of goods from one place of production to ultimate consumers.
 - (c) to help to break the barriers between producers and consumers.
 - (d) to create time, place and possession utilities.
- Commerce:
 - (a) Commerce deals with activities which facilitate exchange of goods/services.
 - (b) It deals with transfer of goods from one place of production to ultimate consumers.
 - (c) It helps to break the barriers between producers and consumers.
 - (d) Time, place and possession utilities are created.
 - (iv) Industry refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers. It includes:
 - (a) Manufacturing of goods, i.e. connected with conversion of resources into useful goods.
 - (b) Growing, producing, processing, assembling, extracting, constructing, fabricating, breeding, etc. of products.
 - (c) Imparting utility to goods using mechanical appliances and technical skills.
 - (d) A group of firms producing similar or related goods, e.g. textile industry, film industry, etc.
- Trade:
 - (a) It is the nucleus of commerce.
 - (b) It facilitates the smooth and timely transmission of goods.
 - (c) It removes the hindrance of persons.
 - (d) It makes the goods available to the consumers.
 - (e) It facilitates the smooth and timely transmission of goods from the producers to the consumers.
 - (v) Industry refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers. "Goods" which are the final outcome of any industrial activity are of the following two types:
 1. Producer's Goods: The goods produced by one enterprise and used by other enterprises as raw material for further production, for example plant and machinery, equipment, tools, etc.
 2. Consumer Goods: The goods used by final consumers for deriving personal satisfaction, for example jams, clocks, edible oil, etc.
 - (vi) Auxiliaries required for blue pottery are:
 - (a) Transportation: For bringing the raw material and also for sending the finished products to the market.
 - (b) Banking: It is required for taking loan as and when required and also for keeping the finance and taking use of various services offered by banks.
 - (c) Insurance: This is essential for safeguarding the enterprise against the risk involved due to unforeseen circumstances.
 - (d) Warehousing: It is required for storing the finished product and also for storing the raw material.
 - (e) Advertisement and salesmanship: It is required for providing information about product and also for informing market about the product.

(vii) Secondary industries are the industries which are concerned with the changing forms or transformation of the materials provided by primary industries.

Examples manufacturing gold jewellery, refining crude oil into kerosene, cement, paint, soap, etc.

Various types of secondary industry are : A. Manufacturing, B. Construction C. Tertiary or Service.

Main features of manufacturing industry are:

(a) engaged in the conversion of raw materials into semi-finished or finished goods

(b) creates firm utility in goods

(c) most of the goods which are used by consumers are produced by manufacturing industries.

Processing the industry in which the finished product of one process becomes the raw material of the receiving process and soon the final process produces the finished goods, e.g. cotton passes through ginning, weaving, dyeing to make cloth as a final product.

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:

(a) 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.

(b) 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.

(c) Processing: In this industry, a product passes through various processes to become a final product, for example sugar and paper industries.

(d) 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.

Construction industry:

(a) It deals in creation of infrastructure.

(b) Engineering and architectural skills are involved.

Construction industry deals in creation of infrastructure for the smooth development of the economy. It is concerned with the construction of buildings, dams, roads, bridges, canals, etc.

Engineering and architectural skills play a leading role in this industry.

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