# Chapter 1 Business, Trade and Commerce

1.Human activities may be broadly classified into two groups — _____ and _____ activities.

2.The activities, those by which we can earn our livelihood is called _____ Activities

3.The activities that are performed out of love, sympathy, sentiment, patriotism, etc is called _____ Activities

**4.State whether each of the following is an economic activity or non-economic.**

1. A manager working in an office
2. A teacher teaching in a school
3. A teacher teaching her daughter at home
4. Store owner sympathies with a needy elderly person and gives medicines for his ailment.
5. A housewife cooking food for her family
6. Football coach giving training in football to his daughter for forthcoming match.
7. A doctor operating in his clinic.
8. Donation made by a business house towards community kitchen run by an NGO for providing food, medicines to underprivileged people and migrant workers of the society during Covid 19 pandemic.

5.Economic activities are classified into three broad categories

1._____, 2_____, 3_____

6._____ may be defined as an economic activity involving the production and sale of goods and services undertaken with a motive of earning profit by satisfying human needs in society

**7.Identify the characteristic of Business Activities from following statements**

1. One single transaction of sale or purchase does not constitute business

2. Business is undertaken with the objective of earning money and not for psychological satisfaction

3. Workers at Maruti Udyog ltd. went on strike for more than a month demanding raises in wages. The company suffered huge losses due to loss of production and sale.

4. Cooking food at home for the family is not business, but cooking food and selling it to others in a restaurant is business

5. Before goods are offered to people for consumption, these must be either produced or procured by business enterprises

6. Every business invests money with the objective of earning profit but the amount of profit earned may very also there is always a possibility of losses.

7. A furniture dealer buys office chairs at Rs. 500 each and sells them for Rs. 650 each. Rs. 150 per chair is the extra money earned to meet business expenses and for future growth

8. Before goods are offered to people for consumption, these must be either produced or procured by business enterprises

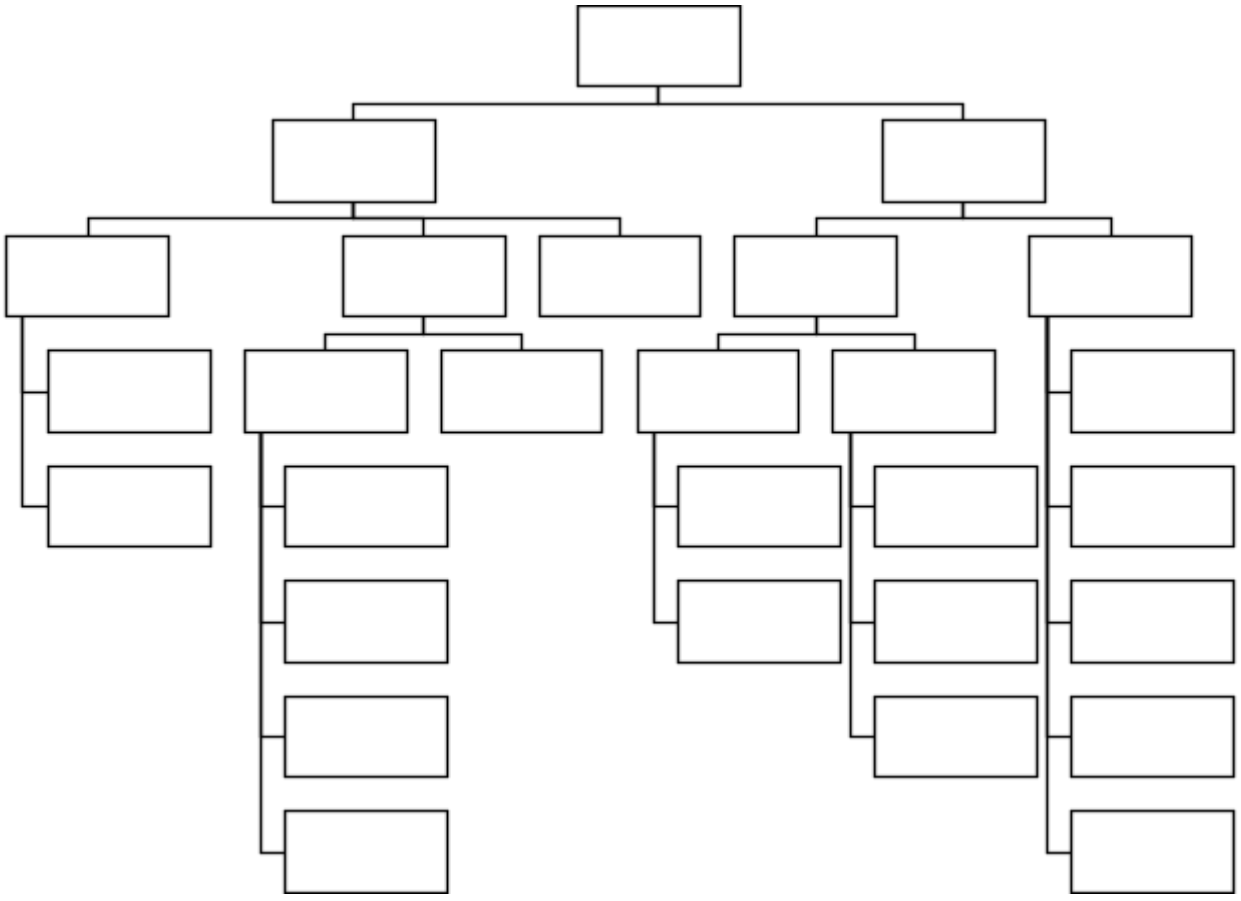
**8.Identify whether following people are doing business or in profession or in employment**

1. Mr. Mahesh is an orthopaedic surgeon in Ganga Ram Hospital
2. Jasbir is farmer.
3. Ajeet is a Company Secretary.
4. Geeta is a nurse in a hospital
5. Mr. Harsh is an Eye specialist who has set his own clinic.
6. Mrs. Savita operates her jewellery shop.
7. Lawyer working in High court

9.**Put a tick ✓ mark in appropriate column**

| | | Business | Profession | Employment |
|---|---|---|---|---|
| 1. | Transfer of interest exists in the case of | | | |
| 2. | It includes those activities which require special knowledge & skills in the occupation. | | | |
| 3. | No minimum qualification is necessary | | | |
| 4. | No capital required | | | |
| 5. | No or little risk | | | |
| 6. | Membership of a professional body and certificate of practice is required | | | |
| 7. | No code of conduct is prescribed | | | |
| 8. | It relates to performing work as per service contract or rules of service | | | |

10. Complete the following flow chart



11.**Name the professional body for following professions**

| **Professional** | **Professional body** |
|---|---|
| doctors | |
| lawyers | |
| Chartered Accountants | |

12. _____ refers to economic activities, which are connected with conversion of resources into useful goods

13. _____ industries include all those activities which are connected with the extraction and production of natural resources and reproduction and development of living organisms, plants

14. _____ industries extract or draw out products from natural sources

15. _____ industries are engaged in breeding plants and animals for their use in further reproduction.

16. _____ industries are concerned with using the materials, which have already been extracted at the primary stage

**17. _____** industries are engaged in producing goods through processing of raw materials

**18. _____** industries create form utility

19. _____ industries are involved in the construction of buildings, dams, bridges, roads as well as tunnels and canals

20. _____ is concerned with providing support services to primary and secondary industries as well as activities relating to trade

21. **Who removes following hindrances which comes in the process of exchange of goods and services**

1. Hindrance of Time
2. Hindrance of Place
3. Hindrance of person
4. Hindrance of risk
5. Hindrance of Information
6. Hindrance of Finance

22. _____ refers to sale, transfer or exchange of goods

23. _____ is concerned with the buying and selling of goods and services within the geographical boundaries of a country.

24. When goods are purchased and sold in bulk, it is known as _____ trade. When goods are purchased and sold in comparatively smaller quantities, for final consumption it is referred to as _____ trade

25. _____consists of the exchange of goods and services between persons or organizations operating in two or more countries.

26. If goods are purchased from another country, it is called _____ trade. If they are sold to other countries, it is known as _____ trade. When goods are imported for export to other countries, it is known as _____ trade

**27.Name the type and subtype of following business**

1. Crude oil processed and separated into petrol, diesel, kerosene etc
2. Cement is produced by mixing concrete, gypsum, coal etc
3. In cotton textile industry, cotton is passed through spinning, weaving, dyeing, bleaching and printing process to convert in to cloth
4. Cattle-breeding farms
5. Lumbering
6. Mining
7. Fishing
8. Fish hatchery
9. Construction of buildings
10. Banking & insurance
11. Assembles different component parts to make a new Computer
12. Transport business

28. _____ refers to the position of an enterprise in relation to its competitors

29.Productivity is ascertained by comparing the value of _____ with the value of _____

30._____ refers to profit in relation to capital investment.

**31. Identify the objective of Business from following statements**

1. A business enterprise must aim at standing on stronger footing in terms of offering competitive products to its customers and serving them to their satisfaction
2. No business enterprise can flourish in a competitive world without the introduction of new ideas or methods in the way something
3. In order to ensure continuous survival and progress, every enterprise must aim at the best use of available resources
4. The business enterprise must aim at acquiring these physical and financial resources according to their requirements and use them efficiently
5. Every business must earn a reasonable profit which is so important for its survival and growth
6. Business enterprises need managers to conduct and coordinate business activity and they should conduct various programmes for motivating managers.
7. Every enterprise must aim at improving its workers performance & attitude
8. Business firms must contribute resources for solving social problems and work in a socially desirable manner

32. _____refers to the possibility of inadequate profits or even losses due to uncertainties or unexpected events

33. _____risks involve both the possibility of gain as well as the possibility of loss.
34. _____ risks involve only the possibility of loss or no loss

35. **Identify whether following risks are Pure or speculative**

1. Fire in warehouse
2. Change in Fashion
3. Change in government policy
4. Theft or strike in organisation
5. Fluctuations in demand and supply

36. **Identify the nature/feature of Business risk from following statements**

1. Business dealing in fashionable items has a high degree of risk. Similarly, a large-scale business generally has a higher risk than what a small scale has
2. Greater the risk involved in a business, higher is the chance of profit
3. Risk can be minimised, but cannot be eliminated
4. An entrepreneur undertakes risks under the expectation of higher profit
5. Natural calamities, change in demand and prices, changes in government policy, improvement in technology, etc., are some of the examples of uncertainty which create risks for business because the outcome of these future events is not known in advance
6. No business can avoid risk, although the amount of risk may vary from business to business

37. **Business risks arise due to a variety of causes. Identify the type of cause from following statements**:

1. Political disturbances
2. Management inefficiency
3. Heavy rains, famine
4. Rise in interest rate for borrowing
5. Stoppage of work due to power failure
6. Mechanical failures such as the bursting of boiler
7. Fluctuations in exchange rates
8. Levy of higher taxes
9. Flood, earthquake, lightning
10. Change of technology or method of production
11. Carelessness or negligence of employees
12. Strikes and lockouts by employees