




# **CLASS XI BUSINESS STUDIES NOTES**

**Evolution and  
Fundamentals of Business**



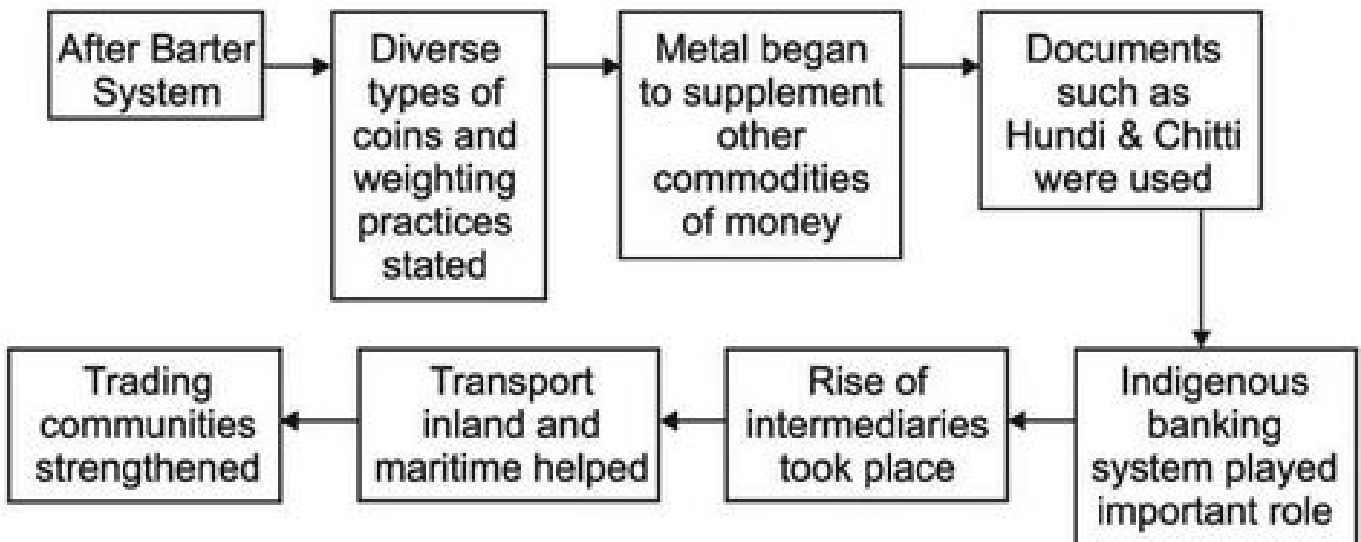
**Key Notes and Important Questions with Answers**

# Chapter-1

## Evolution and Fundamentals of Business

Trade and commerce has played an important role in growth of an economy from time immemorial. Example Harrappa and Mohenjodaro were commercial cities in 3rd millennium BC in Indian sub continent. Physical environment of Indian subcontinent has helped it in evolving as a major power in economic world from ancient times. The silk route facilitated its further progress in terms of domestic and intercontinental trade.

### Spread of trade and Commerce



Hundi: It was an instrument of exchange which was used in Indian subcontinent. It involved a contract which

- (i) Warrants the payment of money, the promise or order which is unconditional
- (ii) Capable of change through transfer by valid negotiation.

### Hundi as practised by Indian Merchant Communities

Name of Hundi	Broader Classification	Functions of Hundi
Dhani-jog	Darshani	Payable to any person-no liability over who received payment.

Sah-jog	Darshani	Payable to a specific person, someone 'respectable'. Liability over who received payment.
Firman-jog	Darshani	<i>Hundi</i> made payable to order.
Dekhan-har	Darshani	Payable to the presenter or bearer.
Darshani-jog	Muddati	Payable to any person-no liability over who received payment, but payment over a fixed term.
Firman-jog	Muddati	<i>Hundi</i> made payable to order following a fixed term.
Jokhmi	Muddati	Drawn against dispatched goods. If goods lost in transit, the drawer or holder bears the costs, and the Drawee carries no liability.

### Indigenous banking system

- Helped in lending money and financing domestic and foreign trade with currency & letter of credit.
- People began to deposit precious metals with bankers called seths.
- Money become an instrument for supplying the manufacturers with a means of producing more goods.

**Rise of Intermediaries** (Brokers, commission agents, distributions) for whole sale & retail goods

- (i) Intermediaries provided security to the manufactures by taking responsibility for risk involved.
- (ii) Emergence of credit transactions and availability of loans & advances enhanced commercial operations.

## Transport

Transport by land & water was popular in ancient times

## Trading communities strengthened

Different parts of the country had different communities dominated trade eg. Punjabi and Multani merchants in northern India, Bhats in Gujarat & Rajasthan, Mahajans from western India etc.

Merchant corporations were formed: Merchant communities derived power & prestige from guilds which were autonomous corporations formed to protect interest of traders.

These corporations framed their own rules of membership and professional code of conduct which even kings were supposed to accept and respect.

The guild chief dealt directly with long or tax collections and settled the market toll on behalf of its fellow merchants at a fixed sum of money.

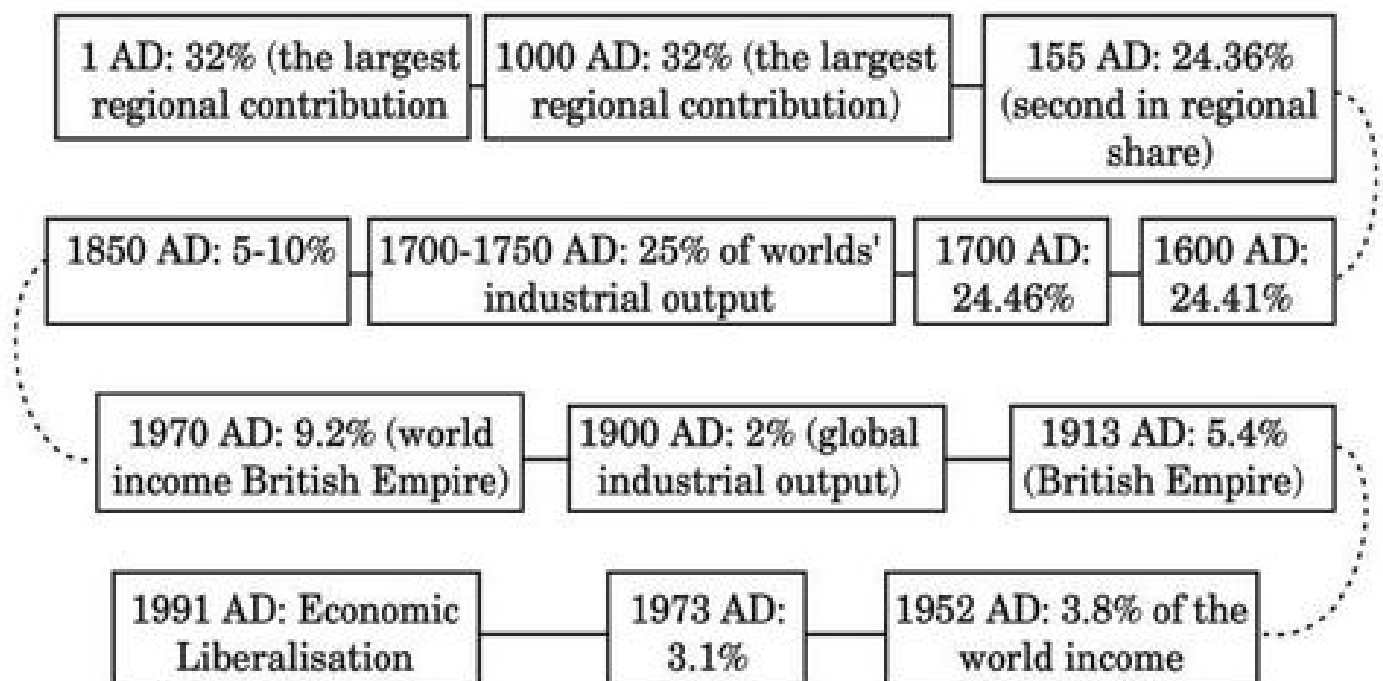
**Major Trade Centres:** Patliputra, Peshwar, Taxila, Indraprastha, Mathura, Varanasi, Mithila, Ujjain, Surat, Kanchi, Madura, Broach, Kaveri pata, Tamralipti.

## Major Exports and Imports

Exports: Spices, wheat, sugar, indigo, opium, sesame oil, cotton, live animals & animal products like hides, furs, pearls etc.

Imports: Horses, animal products, chinese silk flax and linen, gold, silver, tin etc.

## Position of Indian Subcontinent in World Economy (IAD upto 1991)



After independence five year plans were initiated. Despite these efforts Indian economy could not develop at a rapid pace, lack of capital formation, rise in population, huge expenditure on defence and inadequate infrastructure were major reasons.

Finally in 1991 India agreed to economic liberalisation. Because of this now India is one of the fastest economies of the world. Initiatives like Digital India,' Make in India', 'Skill India' are expected to help the economy in terms of exports and imports.

Trade and commerce has played an important role in growth of an economy from time immemorial eg. Harappa & Mohanjodaro were commercial cities in 3rd millennium BC in Indian sub continent. Physical environment of Indian subcontinent has helped it in evolving as a major power in economic world from ancient times. The silk route facilitated its further progress of domestic and international trade.

Q.1. What is Hundi?

Q.2. How were the different types of Hundi in use by trades in ancient times?

Q.3. Name any two commercial cities of ancient India.

Q.4. Write any four major exports and imports in ancient time.

Q.5. Why do you think Indian subcontinent stood out in terms of trade and commerce in ancient times?

Q.6. What was the role of Indigenous Banking system in enhancing trade & commerce?

Q.7. Name any two trading communities of ancient times.

Q.8. How did the position of Indian sub continent in world economy change from being referred British was ruling India?

All Human beings have different types of needs. So in order to fulfill those needs they have to perform some or the other activity. Human activities are classified into Economic & non economic activities.

Basic Meaning	Economics	Non-Economic
Meaning	Those activities whose Objective is to earn money and to create Wealth.	Those activities whose aim is not to earn money but to satisfy social psychological and emotional needs. For example love, sympathy patriotis mate.
Objective	Main aim to general Good or services to earn profit.	Main objective is to achieve Mental satisfaction.
Examples	<ul style="list-style-type: none"> <li>- People working in factories.</li> <li>- Cooking food in a restaurant.</li> <li>- A teacher teaching in a school.</li> </ul>	<ul style="list-style-type: none"> <li>- A house Wife cooking food for her family.</li> <li>- A teacher training his daughter at home.</li> </ul>

### Concept of Business

Literal meaning of Business is "BUSY".



Business is defined as an economic activity.



Involved in the production and sales of goods and services.



Undertaken with a motive of earning profit.



by Satisfied human needs in Society.

### Characteristics of business :-

1. An economic activity :- Business is considered as an economic activity as it is undertaken with the objective of earning money.
2. Production or procurement of goods and services :- Business includes all the activities concerned with the production of

procurement of goods & services for sales. Services include transportation, banking, Insurance etc.

3. **Sale or exchange of goods & service 1 :-** There should be sale or exchange of goods and service between the seller & the buyer. If goods are produced not for the purpose of sale but say for internal consumption it cannot be called a business activity.
4. **Dealing in goods & services on a regular basis :-** There should be regularity of dealings or exchange of goods & services. One single transaction of sale or purchase does not constitute business.
5. **Profit Earning :-** The main purpose of business is to earn profit. A business cannot survive without making profits. So businessmen try to maximize profit by increasing the volume of sales or reducing costs.
6. **Uncertainty of return :** Every business invests money with the objective of earning profit but the amount of profit earned may vary also there is always a possibility of losses.
7. **Element of Risk :-** All business activities carry some elements of risk because the future is uncertain and business has no control over several factors like, strikes, fire, theft, change in consumer taste etc.

Q.1 Prakash, a farmer went to the market and exchanged his rice with pulses. Is it an economic activity?

Q.2 Mohan sells his old dressing table on OLX for ₹ 4000. Is it a business activity? Justify.

Q.3 Lalita, a housewife sells old newspaper of two months at ₹ 300, will you classify it as business activity? Why?

## Economic Activities

Business	Profession	Employment
<p>It Refers to those economic activities which are connected with purchase, production and/or sale of goods &amp; services with the objective of earning profit.</p> <p><b>Examples:-</b></p> <ul style="list-style-type: none"> <li>- Fishing</li> <li>- Manufacturing Goods</li> <li>- Mining</li> <li>- Producing or selling of electronic goods</li> <li>- Banking</li> </ul>	<p>It includes those activities which require special knowledge &amp; skills in the occupation.</p> <p><b>Examples :</b></p> <ul style="list-style-type: none"> <li>- Medical (Doctor)</li> <li>- Legal (Lawyer)</li> <li>- Accountancy (CA)</li> </ul>	<p>It refers to the occupation in which people work for others and get remuneration in return .</p> <p><b>Examples :-</b></p> <ul style="list-style-type: none"> <li>- Worker</li> <li>- Employee</li> <li>- Salesman</li> </ul>

S.N. Basis of Distinction	Business	Profession	Employment
1. Mode of Establishment	Starts after completing some legal formalities if needed.	Membership of a professional body and certificate of practical required.	Start after getting appointment letter.
2. Nature of Work	Provision of goods and services to the public.	Personalized services of expert nature.	Work allotted by the employer according to the contract.
3. Qualification	No minimum Qualification is necessary.	Professional Qualification and training required.	Qualification and training as prescribed by the employer.
4. Capital Investment	Capital needed according to its nature & size	Limited capital for established	No capital required.
5. Reward/Return	Profits	Professional Fee	Salary or wage
6. Risk	It involves high risk	The degree of risk is low	No risk in it
7. Code of conduct	No code of conduct	Professional code of conduct is to be followed.	The terms and conditions of services contract are to be followed.
8. Transfer of interest	Transfer possible with some formalities	Not Possible	Not Possible



- Q.1 Dr. Hussain is operating his own clinic. Classify his economic activity.
- Q.2 Rajana is managing her own bakery. What type of economic activity is she doing ?
- Q.3 John is working in Ranjana's bakery for a Salary of ₹10,000 per month. What is the nature of activity performed by him ?

**Objectives of Business :-** The objectives of business means the purpose for which a business is established and carried on. Proper selection of objectives is essential for the success of a business.

The Businessman always have multiple objectives. All objective may be classified into two broad categories. These are (1) Economics objectives and (2) Social objectives.



## 1. Economic Objectives

Business is an economic activity and therefore, its purpose is to show economic results. The economic objectives of business are follows:-

- (i) **Earning profit :** Profit means excess of income over the expenditure. The foremost and prime objective of every businessman is to earn profit. A business cannot service without earning profit. Not only for survival but it is also required for growth and expansion of business.
- (ii) **Market standing/creation of customer :** Business can survive for a longer period only if is able to capture a big

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share in the market & has market standing. It is possible only when business provides goods and services to satisfy the needs & wants of customers. Therefore, creation and satisfaction of customers (market) is an important objective of business.

- (iii) **Innovations** : Innovation means making new products or adding new features of old products for making it more useful. improving methods of production & distribution exploring new markets, etc. In these days of competition, a business can be successful only when it creates new designs. better machines, improved techniques. new varieties etc.
- (iv) **Optimum utilisation of resources** : It refers to the best use of men. material, money and machinery employed in business. The resources of business are scarce so these must be utilised in the best possible manner so that the business can get maximum benefit, from their resources.
- (v) **Improving productivity** : it is used as a measure of efficiency. Every business enterprise must aim at greater productivity - to ensure continuous survival and growth. This objective can be achieved by reducing wastage and making efficient use of machines and equipments, human resources, money etc.

## 2. Social Objectives

Business is an integral part of society. It makes use of resources of society. It earns profit by selling its products or services to members of society. So it becomes obligatory on the part of the businessman to do something for the society. The important social objective of business are as follows :

- (i) **Quality goods and services at Fair Price** The first social objective of business is to provide better quality product at reasonable price and in proper quantity on continuous basis to consumers examples.

Example :- Consumers look for ISI mark on electrical goods. FPO mark on food products. Hallmark on Jewellery.



- (ii) **Avoidance of Anti-Social and Unfair trade practices :** Anti-Social practices include hoarding, black marketing and adulteration. Making false claims in advertisements to mislead and exploit people is an example of unfair trade practice. Business should not indulge in such practices.
- (iii) **Generation of Employment :** Now a days, employment is the biggest problem of society. Business should provide employment to more and more people living in the country. Handicapped and disabled people should be given extra care.
- (iv) **Employee Welfare :** Employees are a valuable asset and they make significant contributions towards the success of business. Another social objective of business, therefore, is to ensure welfare of employees by providing good working conditions, fair wages and facilities such as housing, medical and entertainment etc. such welfare facilities help to improve physical and mental health of employees.
- (v) **Community service :** Business should contribute something to the society where it is established and operated Library, dispensary, educational institutions etc. are certain contributions which a business can make and help in the development of community.

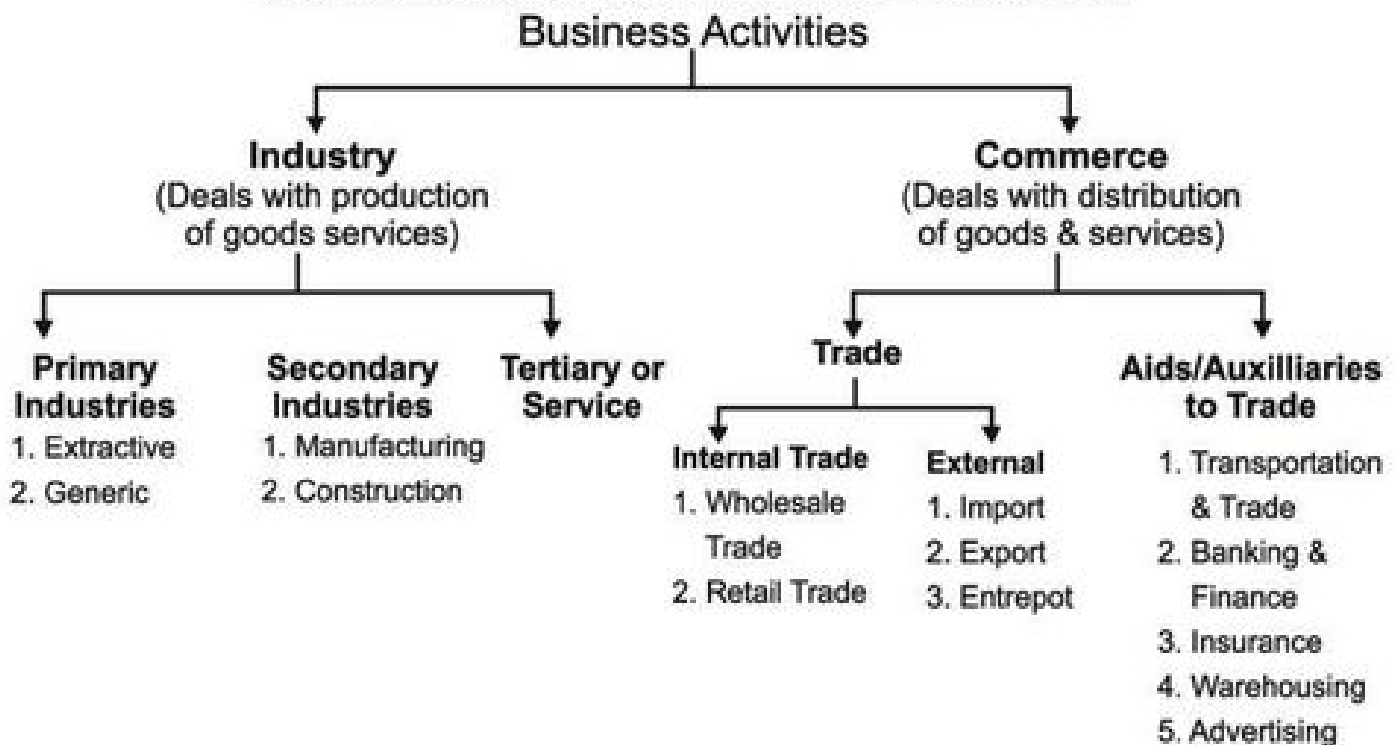
### **Role of Profit in Business**

Business is established for the purpose of earning profit. Profit plays a very important role in business. The role of profit in business can be brought out by the following facts :-

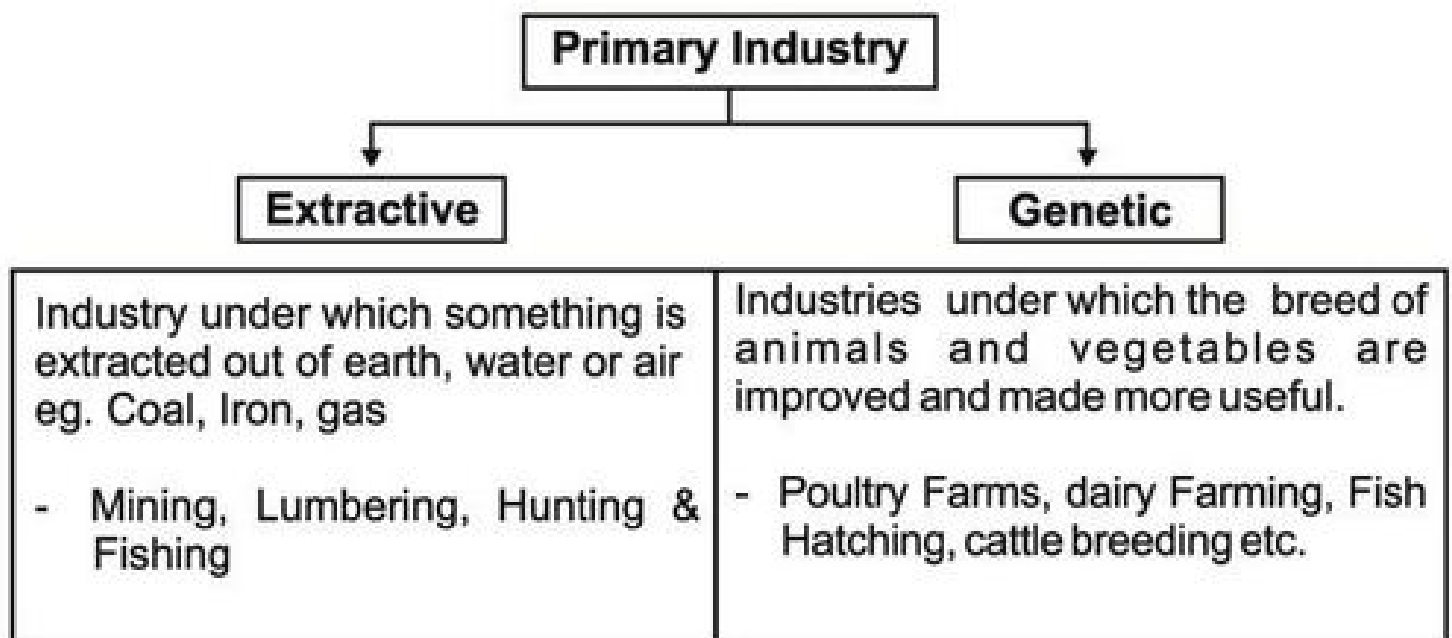
- (1) **For Long Survival :** Profit alone help a business to continue to exist for a long period. In the absence of profit the establishment of a particular business loses its justification.
- (2) **For growth & Expansion** All businessmen want their business to expand and to grow. For development of business additional capital is needed. Retained earnings is a very good source of capital.
- (3) **For increasing efficiency :** Profit is that power which motivates both the parties - owner and workers to do their best. As they know that in case of good profits they will get good compensation for their efforts so, it finally helps in increasing the efficiency of business.

- (4) For Building prestige and Recognition : For gaining prestige in the Society Business had to satisfy all the parties concerned. It has to supply good quality product/service at reasonable price to customers. adequate remuneration to employees. to pay sufficient dividend to the shareholders etc. and all these are possible only if the business is earning good profit.

## Classification of Business Activities

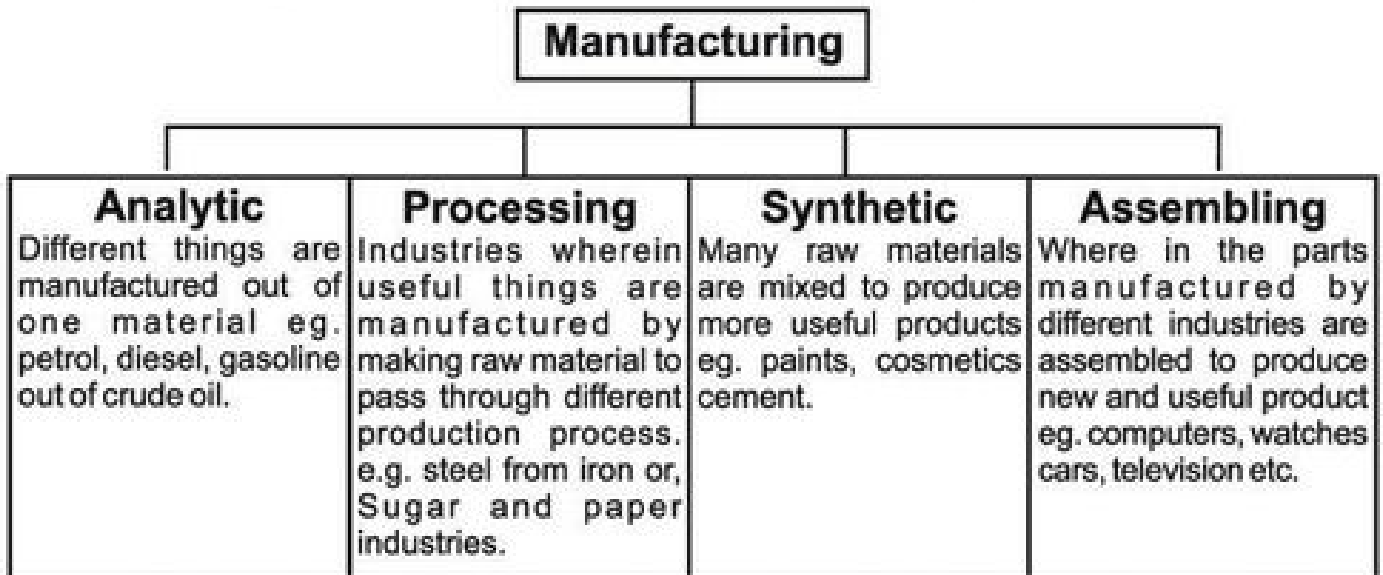


1. **Primary Industry** - The primary industry includes those activities through which the natural resources are used to provide raw material for other industries.



2. **Secondary Industry** - Under this industry new products are manufacturing by using the previously produced things e.g. producing cotton is a primary industry and manufacturing cloth out of cotton is a secondary industry. It is of two types.

i) **Manufacturing** - These industries convert raw materials or semi-finished products e.g. paper from bamboo, sugar from Sugar cane. It is further divided into four parts.



ii) **Construction Industries** - Industries that are involved in the construction of building, dams, bridge, roads as well as tunnels and canals.

iii) **Tertiary or Service Industry** - Includes those services which help business to move smoothly e.g. transport, bank, insurance, storage and Advertising.

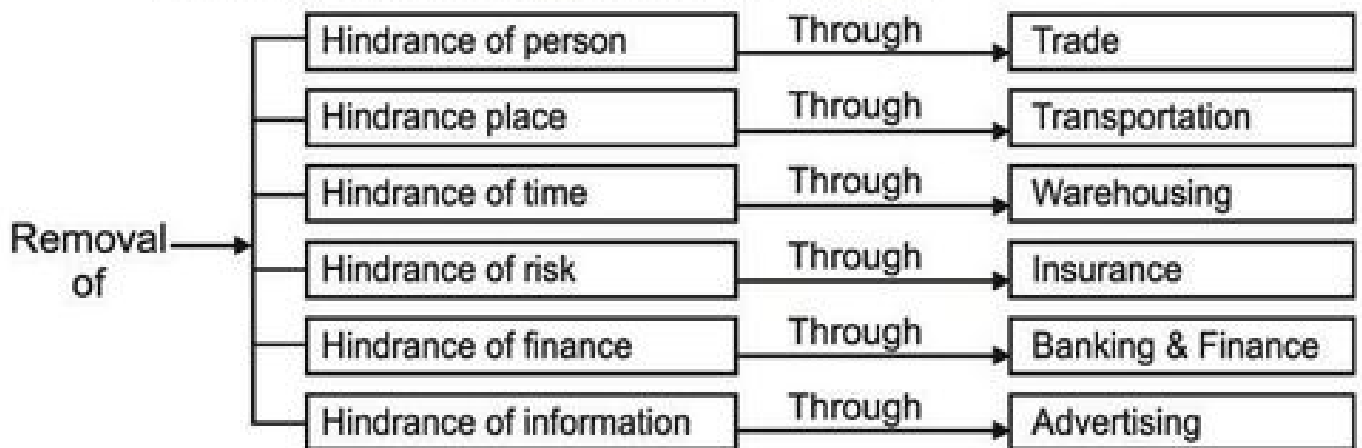
**Classify the industry under which the following come under :-**

- i) Mining project undertaken in Chota Nagpur Plateau region.
- ii) Oil refineries in Gujrat.
- iii) Cement industry based in Mangalore (Karnatka)
- iv) In Uttar Pradesh there are many factories where Sugar is created from Sugarcane.

**Commerce :-**

**Meaning** - Commerce refers to all those activities which are concerned with the transfer of goods and services from the producers to the consumers. It embraces all those activities which are necessary for maintaining a free flow of goods and services.

The functions of commerce are as follows.



1. Removing the hindrance of person by making goods available to consumers from the producers. through trade.
2. Transportation removes hindrance of place by moving goods from the place of production to the markets for sale.
3. Storage and warehousing activities remove the hindrance of time by facilitating holding of stock of goods to be sold as and when required.
4. Insurance removes hindrance of risk of loss or damage of goods due to theft. fire. accidents etc.
5. Banking removes hindrance of finance - by providing funds to a businessman for acquiring assets. purchasing raw materials and meeting other expenses.
6. Advertising removes hindrance of information by informing consumers about the goods and services available in the market.

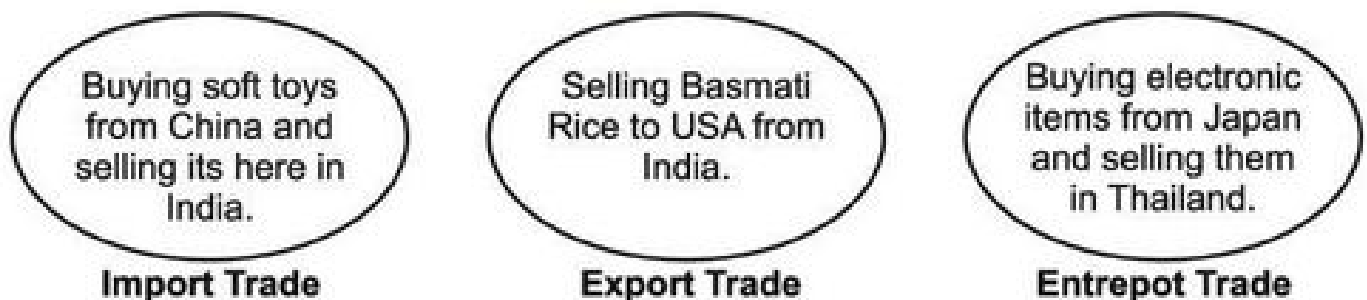
Commerce includes two types of activities .-

**Trade** :- Refers to buying and selling of goods and services with the objective of earning profit. It is classified into two categories :-

1. **Internal Trade**:- Takes place within a country. Internal Trade is classified into two categories :-
  - (i) **Wholesale Trade** :- Refers to buying and selling of goods in large quantities. A wholesaler buys goods in large quantities from the producers and sell them to other dealers. He serves as a connecting link between the producer and retailer.
  - (ii) **Retail Trade** :- Refers to buying of goods and services in relatively small quantities & selling them to the ultimate consumers.

2. **External Trade** :- Trade between two or more countries. External trade can be classified into three categories:-
- (i) **Import trade** :- If goods are purchased from another country, it is called import trade.
  - (ii) **Export Trade** :- If goods are sold to other countries it is called export trade.
  - (iii) **Entrepot** :- Where goods are imported for export to other countries eg. Indian firms may import some goods from America and export the service to Nepal

### External Trade



2. **Auxiliaries to Trade**: - All those activities which help in removing various hindrances which arise in connection with the production and distribution of goods are called auxiliaries to trade. An overview of these activities is given below.
- (i) **Transportation and Communication** - The production of goods takes place at one place where as these are demanded in different parts of the country. The obstacle of place is removed by the transport. Along with transport communication is also an important service. It helps in exchange of information between producers, consumers and traders. The common communication services are postal service, telephone, fax, Internet etc
  - (ii) **Banking and Finance** - Business needs funds for acquiring assets, purchasing raw materials and meeting other expenses. Necessary funds can be obtained from a bank.
  - (iii) **Insurance** - It provides a cover against the loss of goods, in the process of transit, storage, theft, fire and other natural calamities.
  - (iv) **Warehousing** - There is generally a time lag between the production and consumption of goods. This problem can be

solved by storing the goods in warehouses from the time of production till the time they are demanded by customers.

- (v) **Advertising** - Advertising brings goods and services to the knowledge of prospective buyers. It is through advertising that the customers come to know about the new products and their utility.

## **Business Risk**

Business risk refers to the possibility of inadequate profits or even losses due to uncertainties or unexpected events. For example demand for a particular product may decline due to change in tastes preferences of consumers, or increase in competition etc. There are two types of business risks -

### **Nature of Business Risks**

1. Business risks arise due to uncertainties: Lack of knowledge of what is going to happen in future create uncertainties in business. It may be due to natural calamities, change in demand and prices. strikes etc.
2. Risk is an essential part of every business : No business can avoid risk although the amount of risk may vary from business to business. Risk can be minimised but cannot be eliminated.
3. Degree of risk depends mainly upon the nature and size of business : Level of risk is lower for small scale business while it is higher for large scale organization.
4. Profit is the reward for risk taking : A business gets profit as return for undertaking risk. Greater the risk involved in a business higher is the chance of profit.

### **Causes of Business Risks**

1. **Natural Causes** - Human beings have little control over natural calamities like flood, earthquake, famine etc. They result in heavy losses of life, property & income in business. •
2. **Human Causes** - Human causes include such unexpected events like dishonesty, carelessness or negligence of employees, strikes, riots, management inefficiency etc.



3. **Economic causes** - They are related to a change of loss due to change in market condition e.g., fluctuations in demand and prices, competition, change in technology etc
4. **Physical causes** - Mechanical defects or failures may also lead to losses e.g., bursting of boiler or machine may cause death or destruction.
5. **Other causes** - These include unforeseen events like political disturbances, fluctuation in exchange rates etc.

### **Starting a Business :- Basic Factors**

1. **Selecting the line of business** :- The first thing to be decided by the entrepreneur is the line and type of business to be undertaken.
2. **Scale or size of business** :- After deciding the line of business the businessman must decide whether he wants to set up large scale or small scale business.
3. **Choice of form of Business organization** :- The next decision must be taken is to finalize the form of business i.e., to set up sole proprietorship, partnership or joint stock company.
4. **Location of Business Enterprise** :- The entrepreneur has to decide the place where the enterprise will be located. Before taking this decision he must find out availability of raw materials, power, labour, banking, transportation etc.
5. **Financial Requirement** :- The businessman must analyze the amount of capital he might require to buy fixed assets and for working capital (Day to day expenses) Proper financial planning must be done to determine the amount of funds needed.
6. **Physical facilities** :- include machinery equipment building etc. This decision depends upon the size, scale and type of business activities he wants to carry on.
7. **Plant layout** :- Showing the physical arrangement of machines and equipment needed to manufacture a product.
8. **Competent and committed Workforce** :- The entrepreneur must find out the requirement of skilled and unskilled workers and managerial staff to perform various activities.

9. **Tax planning** :- The entrepreneur must try to analyze the types of taxes because there are a number of tax laws in the country which affect the functioning of business.
10. **Setting up of the Enterprise** :- After analyzing the above mentioned points carefully the entrepreneur can start the business which would mean mobilizing various resources and completing legal formalities.

### **EXPECTED QUESTIONS (ONE MARK QUESTION)**

- Q1. Give an example of activity which is economic in one side and non economic on other side.
- Q2. Why is business considered an economic activity?
- Q3. If a person sells his domestic computer at a profit, will it be considered a business? Also explain the characteristic of business which is being stressed upon in the above said example.
- Q4. Name the economic activity in which specialized knowledge is required.
- Q5. Why is the insurance known as a tertiary industry?
- Q6. Mr. Rajnesh sold his furniture & bike on OLX as he was shifting base to London. Is this a business activity ? Which element of business is being referred to here ?
- Q7. A lawyer is working in a knowledge process outsourcing (KPO) organization. What type of economic activity is he performing ?
- Q8. A company has decided to donate 1% of its sales to an NGO, serving mentally disabled people. This initiative by the company was highly appreciated by the public and their sales increased by 10%
- i) Identify the objective depicted in the given example.

Ans. i) Social objective

### **3/4 MARKS**

- Q9. ABC Ltd. Is planting a tree on roadside. Which objective it is trying to achieve?
- Q10. All human being fulfill their different needs by performing certain activities. Can you suggest and Explain the activities undertaken by them.

- Q11. Write four differences among business, profession and employment.
- Q12. No business is risk free in the light of this statement. Explain the concept of business risk and its any three causes.
- Q13. Explain any four objectives of business.
- Q14. Define commerce. why is it of great importance in modern life?
- Q15. Distinguish between primary & secondary industry Give examples.
- Q16. Tea is mainly produced in Assam, while cotton in Gujrat & Maharastra but they are required for consumption in different parts of the country. How can this hindrance of place be removed ? Also under what business activity will it be categorized.
- Q17. It is one of the activities means for assisting trade and help in the promotion of the product by providing information to the consumers. Business does not exists in Isolation , it has to communicate with others and the activity help in making consumers aware and informed about the product of the company and inducing them to buy particular items.
- Which activity is discussed in the above para ?
  - What are those activities called which are meant for assisting trade ?
  - Name and explain the categories into which communication services can be classified.
- Q 18. A factory emits a lot of smoke and pollutants while manufacturing Sugar. It is overlooking the impact of its activities on the environment and is engaged in profit maximization.
- Which objective is not being fulfilled by the manufacturers?
  - Which type of industry will you classify sugar manufacturing in?
- Q 19. Rising Heights Ltd. wants to expand and grow. For this it needs funds to acquire land, building, machinery etc. Also since these assets cost a lot they want the risk associated with them to be reduced. Identify the hindrances and explain how they can be removed.
- [Hint : Hindrance of Finance and Risk]
- Q 20. Ramesh sells winter wear in the month of December, January and

February but he is not able to sell his complete stock.

- i) Identify the hindrance ii) How can he resolve this hindrance?
- iii) Will this hindrance always occur ? Why ?

[Hints : Hindrance of time resolved by warehousing, because there is time gap between production and consumption.]

- Q 21. Rajni, a house wife exchanges utensils for old clothes on a regular basis. Is it a business and why ?
- Q 22. Mr. X and Y are having a discussion. Mr. X feels that business is based on selfish desire to gain higher and higher profits while Mr. Y thinks that profit is essential for a business. Can you support Mr. Y's case by giving strong points in his favour?

### **5/6 MARKS**

- Q23. Categories the following into business, profession and employment. (i) A farmer (ii) An advocate (iii) A clerk  
(iv) A hawker selling toys for children (v) A doctor  
(vi) A person repairing scooter on roadside
- Q24. Define business. Explain the characteristics of business, (any four)
- Q 25. Commerce is considered as the backbone of industry and other business activities. Discuss the various functions performed by commerce.
- Q 26. Commerce is the sum total of activities that remove hindrances in the free flow of goods from producers to consumers. Explain.
- Q 27. Explain any six factors that are important to be considered while starting a business.
- Q 28. Write difference among industry, commerce and trade on any five basis.
- Q 29. Profit maximization can not be the sole objective of a business. Explain.
- Q 30. Creative Strokes' is an advertisement agency initiated by Rohit Shagun & Pratima They have called a meeting to discuss the below given points :-
  - (i) Increase the profit margin by 10% in May.
  - (ii) Capturing a bigger share in the market.
  - (iii) Making use of better cameras & improved techniques.

- (iv) Making best use of cameras lights. cameramen. finance etc. employed by the business.
- (v) Improve efficiency in all regards of functioning of business.
  - (a) Which aspects of business objectives are being referred to here?
  - (b) Also develop each point to be discussed in the meeting by classifying the objective.

**[Hint : (a) Economic objectives]**

**Q 31.** Nathu Lal prepares 'sonpapri' for customers during Diwali season every year. He prepared more 'Sonpapari' than he could sell this year. He employed women and children also and paid them less salary manufacturing on the packages. This way he generated profit for himself.

- (a) Do you think he is fulfilling all the objectives of business ?
- (b) If not which aspects of this objective are not being fulfilled ?

**[Hint : No. Social objectives are not being fulfilled]**

**Q32.** Classify the below given business into different types of industries.-

- (i) Crude oil business
- (ii) Producing steel from iron ore
- (iii) Cosmetics manufacturing
- (iv) producing computers
- (v) construction of dams.

**Q33.** In business activities, there are some activities that are involved in the removal of hindrances in process of exchange i.e. from the producer to the consumer Identify them. Also classify the activities which help in removing the following hindrances:-

- (i) Hindrance of place
- (ii) Hindrance of risk
- (iii) Hindrance of time
- (iv) Hindrance of finance
- (v) Hindrance of information

**Q34.** Different situations in different business are being elaborated

below:-

- (i) Raghunath Gorkha had a match stick factory in Nepal which got distructed by the recent earthquake.
- (ii) Mr Arya. a senior manager in a telecom company shared confidential information about the company with a competitor which led to huge losses for the company.
- (iii) Vodafone Co was charged with evasion of tax and asked to pay fine in cross which would lead to heavy losses for the company.
- (iv) Type writers becoming redundant because of laptops.
  - (a) Which characteristic of business is being referred to in all the above cases ?
  - (b) How can you classify the different cases based on this characteristic ?

**[Hint : Business Risks - Causes]**

Q35. Dr. Kumar is an orthopedic surgeon in Jaipur Golden Hospital and Dr Mahajan, his friend is a Pediatrician who has set his own clinic. Dr Mahajan's wife, Ms. Rajni operates her Jewellery store. Compare & differentiate the nature of tasks undertaken by them.

Q 36. Zainab, Shelly & Ravina are friends. They have just completed a fashion designing course. They wish to start a business together. They have ₹10,00,000 savings put together and are planning to take a bank loan of additional ₹10 lakhs. They have found a prime location in Karol Bagh where they can set their boutique. They decide that they will initially not take very big orders.

Based on this information, quote the lines associated with factors affecting the decision to start a business and classify them.

Q37. Imran. Manpreet. Joseph and Priyanka have been classmates in Class X. After their exams are over. they happen to meet at a common friend Ruchika's house. Just when they are sharing their experiences of examination days. Ruchika's father. Mr. Raghuraj Chaudhury intervenes and asks about their well-being. He also enquires from each one of them about their career plans. But none of them has a definite reply. Mr. Raghuraj. who himself is a businessman. suggests to them that they can opt for business as a promising and challenging career. Joseph gets excited by the idea and says, "Yes. business is really good for making lots of money even more than is possible by becoming an engineer or a doctor."

Mr. Raghuraj opines "Let me tell you, vaunts man, there is a lot more to business than merely money ? Do you agree with Mr. Raghu Raj Chaudahry's statement? What according to you are other objectives of business.]

Q 38. A cloth manufacture supplies his clothes to Sri Lanka, Thailand and Bangladesh. While manufacturing, some defective material was set asides the manufacturer believes in providing good quality products only. The defective material was given to Nari Niketan's women for repairing and later donated to orphanage for free.

- i) What kind of business is the cloth manufactures doing ?
- ii) Which objectives are being followed by it by donating the defective material. State them.

Q 39. Naveli, a Home Science graduate from a reputed collage has recently done a cookery course. She wished to her own venture with a goal to provide 'health food' at a reasonable price. After analyzing various option she decides to sell 'ready-made' and 'ready to make' vegetable shakes and milk shakes. She has a saving of ₹ 5,00, 000 and will bike a loan of ₹ 10 Lakhs.

Based on the above para, identify and quote the factors that she has considered till now for starting the business.

Also explain other three factors that need to be considered.

Q 40. Classify the following into business, profession and employment.

- i) Hari sells mobile phones on behalf on his employer.
- ii) It requires minimum academic qualifications.
- iii) A hawker sells toys for children outside a function.
- iv) Sanjay is teh advocate of High Court.
- v) Dhruv is the manager of a company.
- vi) A person repairs scooters on road side.

Q 41. Ms. Meena is a lecturer is a college. She gets 72,000 p.m. as remuneration. Mr. Kund is a farmer producing 20 quintals of wheat for his own consumption and 2,000 quintals for sale Ms. Kirti, a journalist in an agency, teachers slum children after her office

hours. She doesn't charge anything from them. This gives her psychological and mental satisfaction.

- i) Teaching in a college by Ms. Meena refers to which type of human activity.
- ii) Production of wheat by Mr. Kunal for his own consumption refers to which human activity and why ?

[Hints]

- Ans.
- i) Economic Activity.
  - ii) Economic activity as production of wheat by Mr. Kunal for his own consumption helps him for his livelihood.