# FOCUS AREA BASED ON PREVIOUS AND EXPECTED QUESTIONS, ANSWERS OF PLUS ONE BUSINESS STUDIES 2020-2021

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## CHAPTER. 1
## BUSINESS, TRADE AND COMMERCE

1.Explain the concept of Business?                                                      (Score 2.)

Ans:**Business refers to an occupation in which people regularly engage in activities related to purchase, production and/or sale of goods and services with a view to earning profits.**

2.Illustrate the characteristic of business?                                              ( Score :8/5)

**Ans:(i) An economic activity:** Business is considered to be an economic activity ,because it is undertaken with the objective of earning money or livelihood.

**(ii) Production or procurement of goods and services:** In order to offer the goods for consumption they must be either produced or procured by the business enterprise. Goods may consist of *consumable goods, industrial goods or capital goods.*

   **Services** include facilities offered to consumers in such as transportation, banking, insurance, electricity etc.

**(iii) Sale or exchange of goods and services:** Directly or indirectly, business involves transfer or exchange of goods and services for value.

**(iv) Dealings in goods and services on a regular basis**: Business involves dealings in goods or services on a regular basis. One single transaction of sale or purchase, therefore, does not constitute business.

**(v) Profit earning**: One of the main purpose of business is to earn income by way of profit.

**(vi) Uncertainty of return**:No business can predicts its future profit as it is uncertain.

**(vii) Element of risk**: Risk is the uncertainty associated with an exposure to loss.

3. Explain business activities and its classification ?                                   (Score : 8/5)

Business activities may be classified into two broad categories —*industry and commerce.*

*Industry* is concerned with the production or processing of goods and materials.

An industry may be classified into *primary industry, secondary industry and tertiary industry.*

1. **Primary industries** are concerned with the extracting, producing and processing of natural resources. It may further be divided into *extractive industries and genetic industries*.

**a. Extractive Industries** are engaged in the extraction (collection) of useful materials from the earth and sea. Mining, fishing, agriculture, quarrying etc. are the examples for extractive industries.

**b. Genetic Industries** are engaged in the reproduction or multiplication of plants and animals. E.g. Plant nurseries, Poultry farms, cattle breeding farms etc.

## 2. Secondary Industries are concerned with the materials which have already been produced at the primary stage, and they are again classified into **Manufacturing industries and Construction industries.**

a. *Manufacturing Industries* are engaged with the conversion of raw materials into finished goods. E.g. cotton into textiles, timber into furniture etc. they change the form of goods i.e. raw material into finished goods and thus create form utility.

   Manufacturing industries usually produce consumer goods such as soap, cloth, tooth paste etc., industrial goods such as steel, cement etc. and Capital goods such as machinery and tools.

**Types of Manufacturing Industries:**
**i. Analytical industry** – Separates different elements from the same material. Eg: oil refinery.
**ii. Synthetical industry –** Combines various ingredients into a new product. Eg: Cement.
**Iii. Processing industry –** Go through successive stages for manufacturing a finished product.
Eg: sugar, paper etc.
**iv. Assembling industry** – Assembles different component parts to make a new product. Eg:
TV, Car, Mobile Phone, Computer etc.
**(b) Construction industries**: These industries are involved in the construction of buildings, dams,
bridges, roads as well as tunnels and canals.

# (iii) Tertiary industries: These are concerned with providing support services to primary and
secondary industries as well as activities relating to trade. These industries provide service facilities.
It includes transportation, banking, insurance, warehousing, communication,packaging and
advertising.

4. Discuss the functions of commerce.?                                             (Score: 5/ 8)
Ans:**1. Removal of Hindrance of Person:** It refers to the **lack of contact between the producers
and customers.** Here the trader acts as an intermediary among them and customers are able to find
out the products which they are wanted from the market.
**2. Removal of Hindrance of Place:** It is a common problem that the producers and customers are
in distant places, hence the commodities should be transferred from the production centre to the
hands of customers. This problem can be solved by the system of commerce by means of
**transport.**
**3. Removal of Hindrance of Risk:** Goods and properties of business are subject to various risk
such as fire, theft, damage etc., and they have to be protected by **insuring** the goods and properties.
**4. Removal of Hindrance of Time**: There may be a gap between the production and consumption
as the production is carried out in anticipation of future demands. Therefore, it becomes necessary
to store the goods until they are sold. This problem can be solved by **warehousing.**
**5. Removal of Hindrance of Knowledge: Advertising** helps in the removal of hindrance of
knowledge among the buyers.
**6. Removal of Hindrance of Finance:** The problem of finance can be handled by **banks,** which
form part of commerce. It will also help the businessman in exchange of money between different
persons at different places.
5.Transportation  removes the hindrance of .....in  trading  activities.
a. Place  b. Time  c. Risk  d. Finance
Ans **.a. Place .**
6........is the link between  wholesaler  and customers.
a. Manufacture.  b. Suppliers c. Retailers  d. None of these.
Ans: **c. Retailers .**
7. Manufacturing  and selling  goods  beyond  the boundaries of one's  own  country  is called....
a. National Business  b. International Business c. Domestic Business d. None of these.
Ans: **b. International Business**
8. In which type of industry  oil refinery falls?
a. Extractive b. Genetic .c. Manufacturing  d. Construction.
Ans:  **a. Extractive .**
9.The broad classification of business activities include ................and ....................
a) Trade and Auxiliaries to trade .b) industry and commerce .c) Industry and Trade
d) Internal Trade and External Trade.
Ans:**b) industry and commerce .**
10.Which among the following is NOT a characteristic of business?
a) Dealing with goods and services b) Profit motive .c) Non economic activity
d) Uncertainty of return.
Ans:**c) Non economic activity.**

11.Which among the following is NOT a characteristic of business?
a. Production b. Exchange or sale c. Wages or salaries to investors .d. Risk element.
Ans: **c. Wages or salaries to investors.**
12. Choose the odd one from the following industries.
a. Floury Culture b. Cement manufacturing
c. Fish hatchery d. Poultry farm.
Ans: **b. Cement manufacturing**
13.Banking is ................
a) Primary industry b) Secondary industry
c) Tertiary industry d) Not an industry.
Ans: **c) Tertiary industry.**
14.Classify the following industries into primary, secondary and tertiary.
a. Mining b. Poultry farming. c. Oil refinery d. Construction of dams .e. Banking. d.Advertising.
Ans:    **primary,    - Mining, Poultry farming., Oil refinery**
      **secondary    - Construction of dams**
      **tertiary.    -Banking.,.Advertising.**
15. Which of the following cannot be classified as an auxiliaries to trade.
a. mining b. Insurance c. Warehousing d. Transport.
Ans: **a. mining**
16. mining is an example of ............. industries.
a. Manufacturing b. Genetic industries c. Extractive industries. d. Tertiary industries.
Ans: **c. Extractive industries.**
17.Match the following

| A | B |
|---|---|
| Genetic industries | Fishing |
| Extractive Industries | Warehousing |
| Tertiary industries | Cattle breading |

Ans:    **Genetic industries-   Cattle breading**
      **Extractive Industries-     Fishing**
      **Tertiary industries-  Warehousing**
18.Match the following

| Sl.No | A | B |
|---|---|---|
| 1 | Oil Refinery | Processing industries |
| 2 | Cement | Tertiary industries |
| 3 | Paper | Analytical industries |
| 4 | Computer | Synthetical industries |
| 5 | Insurance | Assembling industries |

Ans: 1  **Oil Refinery  -Analytical industries**
      **Cement      -Synthetical industries**
      **Paper       -Processing industries**
      **Computer    -Assembling industries**
      **Insurance    -Tertiary industries**

19. Auxiliaries to trade helps in the removal of various hindrance in the production and distribution of goods. Briefly explain the various auxiliaries which support trade? (Score:5/8)

Ans: **Explain auxiliaries to trade.**

20. Functions of commerce is to remove the hindrance in the process of exchange of goods. Analyse the different hindrances and remedies in commerce.? (Score:5/8)

Ans: **Functions of commerce**

21.What do you mean by a business activity? How an activity can be called as business ?

Ans: **Meaning and characteristics of business.**

22.What do you mean by an industry? How it can be classified?

Ans: **Meaning of industry and its classification**

23. ........... removes the hindrance of person.

Ans: **Trade.**

24. -------------- removes the hindrance of place.

Ans: **Transportation.**

25. -------------- removes the hindrance of time.

Ans: **Warehousing.**

26.--------------- removes the hindrance of risk.

Ans: **Insurance.**

27.----------- removes the hindrance of knowledge.

Ans: **Advertising.**

28.--------------- removes the hindrance of finance.

Ans: **Banking.**