

18. Business and Commercial Activities

Multiple Choice Questions

1. Question

What is the main objective of Business?

- A Earning profit
- B. Service
- C. Benefit of employee
- D. Earning profit by doing social service through consumer satisfaction

Answer

There are two types of objectives one is economic, and another is social. The economic objective includes profit-making, creating a customer base, et, and social objective includes doing social service through consumer satisfaction.

2. Question

What is trade?

- A. Production of goods
- B. Sale and purchase of goods
- C. Advertisement for goods
- D. Any economic activities

Answer

Trade is an economic activity that includes selling and purchase of goods. It can be done between parties through the exchange of goods and services or between consumer and producers.

3. Question

Business includes-

- A. Production of goods
- B. Distribution of goods
- C. Distributions of services
- D. Production and distribution of goods and services

Answer

The business includes the production and distribution of products. It is an economic activity where goods are produced and services are provided to satisfy human wants and needs.

4. Question

Which of the following items is not true-

- A. Trade is related to sale and purchase of goods and services
- B. Commerce is a part of business
- C. Business is a part of the industry
- D. Activities that facilitate trade are called allied activities of trade

Answer

(a) True.

Trade includes selling and purchasing of goods and services between consumer and producers.

(b) True

Business activities are divided between Commerce and industry.

(c) Not True

The industry is part of business, as a business activity is divided into industry and commerce.

(d) Not true

Commerce facilitates the exchange of goods and services. Commerce is divided into trade and allied activities of trade.

5. Question

The major function of the bank is-

- A. Providing loan
- B. Accepting deposits
- C. Both (a) and (b)
- D. Doing business

Answer

Banks are financial intermediaries that facilitate the transaction of money in an economy. There are several functions of bank, but the main function are to

accept deposits from people and providing loan to them.

6. Question

The principle of compensation doesn't apply to-

- A. Sea insurance
- B. Vehicle insurance
- C. Life insurance
- D. Fire insurance

Answer

Insurance is for countering financial loss, in a way to provide compensation. It is not applicable to the life of a human as it cannot be measured in monetary terms.

7. Question

The elements appropriation is present in-

- A. Sea insurance
- B. Life insurance
- C. Fire insurance
- D. Crop insurance

Answer

Crop insurance is purchased by agricultural producers, and subsidized by the federal government, to protect against either the loss of their crops due to natural reasons.

8. Question

In an insurance contract, absolute trust means-

- A. Trust in mentioned condition
- B. Trust of the insured towards the insurance policy
- C. Mutual trust between the insured and insurer
- D. Visibility of important facts of the insured goods of the insured

Answer

Mutual trust between insured and insurer is very important in an insurance contract.

9. Question

Which are the best medium for sending printed and pictorial messages in their original form?

- A. Telephone
- B. Telegram
- C. Telex
- D. Fax

Answer

FAX is used for sending the printed or written document in original form.

Very Short Answer

1. Question

What is a business? Explain.

Answer

Business includes the production and distribution of products. It is an economic activity where goods are produced, and services are provided to satisfy human wants and needs.

2. Question

What is a profession or occupation?

Answer

Profession is a type of job or occupation performed by people, as per their qualification, training, and skill, and accordingly paid by the firm or company for which they work.

3. Question

Write the business related to the following activities-

Activity	Business
(a) Catching
(b) Weaving cloth
(c) Building a dam
(d) Animal husbandry

Answer

Activity	Business
(a) CatchingExtraction.....
(b) Weaving clothManufacturing.....
(c) Building a damConstruction.....
(d) Animal husbandryGenetic

4. Question

Which allied activity can eliminate the distance related barrier?

Answer

Transport can help in carrying out business activities efficiently. It will eliminate the barrier caused due to the distance in the business activity.

5. Question

Which activity helps to eliminate the barrier related risk?

Answer

Insurance will help to eliminate the barrier related to risk. Insurance ensures safety during financial risks, stability for the family, etc. Insurance helps people or business while taking risks.

Short Answer

1. Question

Write four characteristics of the business.

Answer

Business includes the production and distribution of products. It is an economic activity where goods are produced, and services are provided to satisfy human wants and needs.

Features of business are :

1. Exchange of goods.
2. Producers aim for profit.
3. Uncertainty always looms around the business.
4. Marketing and distribution of products

2. Question

Which activities are included in commerce?

Answer

Commerce includes two types of activities trade and auxiliaries to trade. The activities included in commerce are Transport and communication, banking and finance, Insurance, etc.

3. Question

How is trade different from commerce?

Answer

Commerce facilitates the exchange of goods and services in the economy and is sub-classified into trade and auxiliaries to trade.

Trade means buying and selling of goods and services in return for money or money's worth.

4. Question

Write the types of industries on the basis of nature of work.

Answer

Types of Industries are :

- a. Genetic: It concerns with goods and services that enhance the different sectors like agriculture, health, etc.
- b. Extraction: Deals with the extraction of metals, gas, fishing, etc
- c. Manufacturing: It deals with producing goods from raw materials.
- d. Construction: It deals with the construction of roads, buildings, etc.
- e. Combination: It deals with the production of goods that require small as well as big tools. Example: Car, Scooter, etc.

5. Question

Write any four activities of the humanitarian objective.

Answer

Humans/labourers are the important factors of business activity; they are pivotal in taking the business to great heights. Therefore the organization must be obliged towards their hard work and show kindness towards them

- a. The national interests and priorities of people must be taken care of.
- b. The payment of compensation should be paid enough.
- c. Security and benefits must be provided to the labourers. Labourer related issues must be solved.

Essay Type

1. Question

What is the meaning of business? Explain the main features of the business.

Answer

Business includes the production and distribution of products. It is an economic activity where goods are produced, and services are provided to satisfy human wants and needs.

Features of business are :

- 5. Exchange of goods.

6. Producers aim for profit.
7. Uncertainty always looms around the business.
8. Marketing and distribution of products
9. The satisfaction of consumers.

2. Question

What do you mean by business objective? Explain the main business objectives.

Answer

Having an objective is very important for business activity

1. The main objective of any business is to earn a profit.
2. To make a profit, the business needs to create a customer.
3. The products have to keep on changing with innovations to compete in the market.
4. Providing authentic products and services to consumers.
5. Satisfying the demands of the consumers.
6. Keeping national interests and priorities in mind
7. Keeping the employees and labourers need in mind.

3. Question

Write a note on the area of business.

Answer

The Business area is an Organizational unit that corresponds to a specific business area of responsibility in a company. All those activities that assist in manufacturing, producing, etc. are under the area of business.

The business activity comprises of Industry and commerce.

Industries consist of:

- a. Genetic: It concerns with goods and services that enhance the different sectors like agriculture, health, etc.
- b. Extraction: Deals with the extraction of metals, gas, fishing, etc
- c. Manufacturing: It deals with producing goods from raw materials.
- d. Construction: It deals with the construction of roads, buildings, etc.

e. Combination: It deals with the production of goods that require small as well as big tools. Example: Car, Scooter, etc.

Commerce consists of:

a. Business: Buying and selling of products.

b. Ancillary activities: These are activities that help in developing or providing better product and services.

(i) Transport

(ii) Insurance

(iii) Storage

(iv) Communication

(v) Banking

4. Question

Distinguish between trade, commerce, and industry.

Answer

Business Activity is divided into industry and commerce. Commerce is subclassified into trades.

Trade: It means the exchange of goods and services between two or more parties. It represents demand and supply. It requires capital.

Commerce: It is also exchange of goods and services along with other activities such as insurance, transportation, etc. The scope of the field of commerce is greater than trade. It represents only the demand side. The capital required is lesser than trade.

Industry: It deals with extraction, manufacturing, processing, construction of useful products. The scope of industry involves both semi-finished and finished products. It requires huge capital. It represents both the supply and demand side.

5. Question

What is the meaning of industry? Mention the types of industry.

Answer

Industrial sector uses raw materials to produce goods for consumers. It is related to production, raising, processing or manufacturing products. Industries produce two types of goods: producers' goods and consumers' goods. Producers' goods are used by another producer for manufacturing different goods. Consumers' goods are produced for consumers, and they directly consume it.

Types of industries:

- a. Genetic: It concerns with goods and services that enhance the different sectors like agriculture, health, etc.
- b. Extraction: Deals with the extraction of metals, gas, fishing, etc
- c. Manufacturing: It deals with producing goods from raw materials.
- d. Construction: It deals with the construction of roads, buildings, etc.
- e. Combination: It deals with the production of goods that require small as well as big tools. Example: Car, Scooter, etc.

6. Question

Write a brief description of the types of banks.

Answer

Banks are financial intermediaries that facilitate the transaction of money in an economy. There are several functions of banks, but the main function are to accept deposits from people and providing loan to them.

Commercial Banks:

These types of banks provide short-term credit, i.e., lend money for short periods.

Exchange Banks:

Exchange banks finance mostly the foreign trade of a country. Their main function is to discount, accept and collect foreign bills of exchange.

Industrial Banks

Industries require capital for a long period for buying machinery and equipment. Industrial banks provide this type of capital to the industries.

Agricultural or Co-operative Banks:

The main business of agricultural banks is to provide funds to farmers.

Savings Banks:

These banks perform the useful service of collecting small savings.

7. Question

What is a cheque? Mention the main element of a cheque.

Answer

A cheque is a bill of exchange that is drawn on a specific banker, and it is not payable unless on demand.

The main elements of cheques are

- a. It contains the name of the bank.
- b. The payee is the person to whom the cheque is made.
- c. Date of the cheque must be the current date.
- d. The amount must be mentioned in words on the cheque.
- e. they are drawn on a banker and are payable on demand.
- f. The Cheques can be payable either to the drawer himself or to a bearer on demand. So, there might be two or more parties to a cheque depending on the situation.

8. Question

Describe the modes of communication.

Answer

Sending or receiving a message from one place to another is called communication.

a. Internet: Recently computers, mobiles with the internet has become a major source of communication. The use of the internet can be found every day. The main feature of communication through the internet is efficiency and less time-consuming.

b. Post office: Transfer of goods, money or messages is facilitated by the services of the post office. The postcard is used for sending an important message. Printed postcards are used by a business organization, for confidential news inland letter is used, speed post is used for quick service.

Goods are also transferred through Post up to certain weight.

c. Telegraph: Used for faster communication.

d. telephone: Wireless phones have brought revolution into the lives of people. Messages are exchanged within seconds with the help of mobile phones.

e. Fax: It transfers written or printed material through a small device connected to the phone, from one place to another.