

# Types of Business Activity

## Fastrack REVISION

► **Entrepreneur:** An entrepreneur is a person who tries to meet needs of a customer through new ideas or ways of doing business and makes profit in return. Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs.

An entrepreneur is the person who sees a problem in the world and immediately focuses on creating the solution. They're the leaders that strike out on their own to improve society. Whether they're creating jobs or a new product, they constantly take action to ensure world progress.

► **Entrepreneurship:** Entrepreneurship is a process of developing a business plan, launching and running a business using innovation to meet customer needs and to make a profit. Entrepreneurship is the process of running a business using a new idea or in a different way, which ultimately helps the buyer or the customer. The new ideas in a business can be in the form of a unique product or service.

► **Entrepreneurship Development:** It is the process of strengthening the skills and knowledge of budding and existing entrepreneurs by handholding them during their entrepreneurial journey.

► **Business:** A business is an organisation or economic system where services and goods are exchanged for money or for one another. And people who do business are known as businessmen.

Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted. Business is the regular manufacture or purchase and sale of goods done with an objective of earning profit and getting wealth by satisfying human needs.

The main characteristics of business are as follows:

- It involves trading of goods and services.
- It involves numerous transactions.
- The main objective of doing business is earning profit.
- It requires business skills.
- It involves risks and uncertainties.
- It has a relationship between the buyer and the seller.
- It involves dealings in goods and services.
- Consumer satisfaction is one of the main components.

► **Types of Business Activities:** Our needs and wants are never constant. They are ever-changing. We may want something today but not the same thing tomorrow. For example, Rahul wanted a shirt today but after a few days he wanted a pair of jeans.

We can clearly see our wants change over time. Markets provide us with a product in the form of a good or a service to meet our specific needs. In the market, different types of businesses exist. The three different types of business activities are as follows:

- Service Industry
- Manufacturing Business
- Hybrid Business

► **Service Industry:** The service industry produces intangible products (products with no physical form) but are essential for modern-day life. This industry provides professional skills, expertise, advice, and other similar products such as customer service, management, knowledge, design, data and experiences.

The individuals who make up this industry are hired simply to perform tasks. This industry is becoming a larger component of the economy. The common examples of the service industry include: insurance, salons, repair shops, schools, banks, accounting firms, law firms, etc.

This sector is difficult to define and to cover. There are a number of ways to understand the sector, its divisions, industries and the types of occupations within them. The general group of the service division includes a wide variety of industries, but it can be categorised into consumer-oriented (providing a service directly to a consumer), business-oriented (providing a service directly to another business) or mixed (providing services to both businesses and individual consumers).

The main examples of the service industries are:

- **Information Technology:** It provides software.
- **Hospitality:** It provides services by hosting guests such as a hotel, restaurant or pub.
- **Education:** It includes educational institutions and companies such as a university or professional training company.
- **Travel:** It provides services such as flight assistance or arranging tours.
- **Transportation:** It includes daily transportation services such as trains, buses, cars, etc.



- **Media:** It includes newspapers, blog or video production companies.
- **Entertainment:** It provides sources of entertainment such as video games, theme parks or movies.
- **Sports:** It includes facilities such as gyms and spectator sports such as professional football.
- **Healthcare:** It includes services at a hospital or a doctor's clinic.
- **Wellness:** It provides wellness-related services such as a spa.
- **Finance:** It provides financial services, For example, a bank that offers bank accounts, loans and investments.
- **Insurance:** Services that cover risks for a fee.

➤ **Manufacturing Business:** In manufacturing business, different components, parts or raw materials are used to produce or make finished goods. These finished goods are then sold directly to consumers or to other manufacturing businesses that use them for making a different product. Manufacturing plants usually use an assembly line: a process where a product is put together in sequence from one workstation to the next. By moving the product through an assembly line, the finished good is put together quicker and uses less manual labour.

A manufacturing business is one that converts raw material(s) into finished product(s) to meet the demands of the customer. In this form of business, the finished product can be directly sold to the customer.

Manufacturing businesses can be very simple, which involve assembling a few parts, or complicated ones which involve assembling hundreds of parts to create a final product. This business has more legal regulations from scrutinised labour laws to environmental and pollution related laws.

#### ➤ Types of Manufacturing Industries

- **Clothing and Textiles:** These are the industries which process raw wool, cotton and flax to make cloth which is further used for making clothing, outerwear, upholstery fabrics and bedding, etc.
- **Petroleum and Chemical Industry:** These are the industries where chemicals, coal and crude oil are turned into usable products, along with making of soaps, resins, paints, pesticides and medicines, etc.
- **Food Production:** It includes all forms of food production *i.e.*, from the farm to the dinner table. It includes work such as canning and purifying.
- **Metal Manufacturing:** Like oil and chemical manufacturing, metals belong to the heavy industry. The production of metals includes all forms of iron, aluminium and steel manufacturing, as well as forging, engraving, coating and stamping of metals.
- **Wood, Leather and Paper:** Wood production includes manufacturing of floors or housing, as well as sawing and laminating. The leather industry includes tanning and curing. The creation of leather

clothes belongs to clothing and textiles industry. The paper production process involves the cleansing of raw wood pulp into variety of paper products.

- **Hybrid Business:** A Hybrid business is an enterprise that does not only use traditional methods of distribution but also makes use of internet technology, in order to expand its market and make services or products more accessible to consumers. One of the best aspects of this business is that it does not require travelling a long distance or going through tedious processes of giving orders or making payments.

It has an online payment system which makes an immediate inflow of cash. It is not only beneficial for the customer but also for the manufacturer as it helps in saving money which otherwise needs to be spent on keeping staff/people. This type of business has grown at a very fast pace in the last few years.

E-commerce has brought the market place to people's homes. Now-a-days, many traditional enterprises are turning into hybrid business. Even the online transactions have become more secured which has increased consumers' confidence and has also increased commercial activities.

#### ➤ Types of Businesses in Our Community:

##### ➤ Based on Size:

- **Micro Enterprise:** According to the old categorisation, a micro enterprise is a business enterprise where the investment in plant and machinery is not more than INR 25 lakhs or investment in equipment does not increase INR 10 lakhs. In recent years, the government has redefined this based on annual revenue. According to the new definition, a micro enterprise is one which has annual sales up to INR 5 crores.
- **Small Enterprise:** According to the old categorisation, an enterprise is considered to be a small enterprise, if the investment in its plant and machinery is between INR 25 lakhs to INR 5 crores or investment in equipment is between INR 10 lakhs to INR 2 crores. According to the new definition by the Indian government, a small enterprise is a business which has an annual revenue between INR 5 crores to INR 75 crores.
- **Medium Enterprise:** According to the old categorisation, an enterprise is defined as a medium enterprise where the plant and machinery investment is more than INR 5 crores but less INR 10 crores or where the investment in equipment is more than INR 2 crores but does not exceed 5 crores. Based on the factor of annual sales as per the new definition, a medium enterprise is defined to have revenue between INR 75 crores to INR 250 crores.



- **Large Enterprise:** According to the old categorisation, the enterprises where investment in plant and machinery exceeds INR 10 crores or investment in equipment exceeds INR 5 crores are said to be large units. Additionally, based on the new definition, those enterprises that generate an annual revenue of more than INR 250 crores are referred to as large enterprises.

➤ **Based on Legal Form:**

- **Private Ltd. Company:** In a Private Limited Company, the right of the stakeholders to transfer their share is restricted. This type of company has minimum two and maximum 50 members. It does not invite the public to subscribe to its share capital. It must have a minimum paid-up capital of ₹ 1 lakh or such a higher amount which may be prescribed from time-to-time.
- **Public Ltd. Company:** A Public Limited Company allows the shareholders to transfer their shares. It has a minimum of seven members and there is no maximum limit. It invites the general public to subscribe to its shares. It must have a minimum paid-up capital of ₹ 5 Lakh or a higher amount as may be prescribed from time-to-time.
- **Unlimited Company:** It is a form of business organisation in which the liability of all its members is unlimited. The personal property and assets of the members can be used to settle the debts. It can, at any time, re-register as a limited company under Section 32 of the Companies Act.
- **Joint Hindu Family Business:** Joint Hindu Family Business is a form of business organisation wherein the members of a family own and manage the entire business. It is governed by Hindu Law. This form of business is practiced in India, in most of the places.
- **Partnership:** A partnership is a business owned by two or more persons who contribute resources into the entity. It is governed by the Indian Partnership Act, 1932. The partners divide the profits of the business among themselves. There are two types of partnerships: General Partnerships, in which all partners have unlimited liability and Limited Partnerships, in which creditors cannot go after the personal assets of the limited partners.
- **Cooperative:** A cooperative is a form of voluntary organisation, in which the members work together for mutual benefit. There is no restriction to the entry or exit of any member. Cooperatives may be incorporated or unincorporated. It is governed by the Cooperative Societies Act, 1912.  
**For example,** water and electricity (utility) cooperatives, cooperative banking, credit unions, and housing cooperatives.

- **Corporation:** A corporation is a business organisation with a separate legal personality from its owners. In this, the ownership in a stock corporation is represented by the shares of stock. The stakeholders enjoy limited legal responsibilities and have limited involvement in the company's operations. The board of directors, who are elected by the stockholders, control the activities of the corporation.
- **One Person Company:** A One Person company also has only one person as a member, who acts in the capacity of both, a shareholder and a director, but an OPC is legally separate from its owners. There is no threat to the owner's personal property in case of unmet liabilities.
- **Partnership:** Partnership is a legal form, where at least two people, or more, start a business as co-founders or co-owners and divide the share as per agreement. The partners are personally liable for an unlimited amount of liabilities.
- **Limited Liability Partnership:** In a Limited Liability Partnership, there are two or more partners. In this, no one single partner or owner is individually responsible for any other partners or member's negligence or misconduct or liability.
- **Company:** A company is a legal entity formed by a group of individuals to get engaged in a business enterprise. Usually, these individuals have limited liability and the capital in units of equal value of a company are called 'shares'.
- **Sole Proprietorship:** In a sole proprietorship, the ownership and control of the business is with one single person, and the liability of the owner is not separate from the entity.

➤ **Based on Sector:**

- **Primary Sector:** This sector includes businesses that involve extraction, retrieval, harvest and production of raw materials using natural products from the earth.  
**For example,** some raw materials include coal, wood, grains, iron, corn, etc. Thus, some primary sectors include mining, agriculture, fishing, horticulture, etc.
- **Secondary Sector:** The main activity of businesses in this sector is transformation of raw materials into finished goods. It takes products from the primary sector and organises all factors of production to make utility as well as luxury products.
- **Tertiary Sector:** This sector is defined by provision of services to businesses and customers. It is completely based on a service and there is no production of goods involved.



## Practice Exercise

### ? Multiple

#### Choice Questions

**Q 1. Which of the following statements about business is incorrect?**

- a. A system where goods are manufactured and distributed free of cost.
- b. An organisation where people work for meeting their own needs.
- c. An institution which prepares people for future challenges.
- d. All of the above

**Q 2. Which of the following statements about business is correct?**

- a. An activity which involves continuous production and supply of goods.
- b. A system where services and goods are exchanged for money.
- c. Regular manufacture and sale of goods with an objective of earning profits.
- d. All of the above

**Q 3. Into which of the two categories goods can be classified?**

- a. Consumer goods and producer goods
- b. Consumption goods and production goods
- c. Intangible goods and tangible goods
- d. Business goods and personal goods

**Q 4. Into how many categories the service industry can be divided?**

- a. One
- b. Two
- c. Three
- d. Four

**Q 5. To which type of businesses belong the education, entertainment and information technology?**

- a. Manufacturing
- b. Hybrid
- c. Service
- d. None of these

**Q 6. Which of the following are the examples of the service industry?**

- a. Politics
- b. Media
- c. Hospitality
- d. Both b. and c.

**Q 7. To which type of businesses finance, insurance and marketing belong?**

- a. Manufacturing
- b. Service
- c. Hybrid
- d. None of these

**Q 8. Which of the following statements about manufacturing business is correct?**

- a. A place where raw material is converted into a finished good.
- b. Follows legal regulation and laws.
- c. Both a. and b.
- d. None of the above

**Q 9. Which of the following are the examples of manufacturing industry?**

- a. Food production, management and petroleum
- b. Food production, petroleum, clothing and textiles
- c. Food production, banking and petroleum
- d. Food production, hospitality and petroleum

**Q 10. In which form of business entity does a single individual handle the entire business organisation?**

- a. Public Ltd Company
- b. Unlimited Company
- c. Partnership
- d. Sole Proprietorship

**Q 11. Which of the following statements is incorrect?**

- a. In a Private Ltd Company, the right to transfer the share is restricted.
- b. A Public Ltd Company allows the shareholders to transfer their shares.
- c. In a Sole Proprietorship, two or more than two people handle and manage the entire business.
- d. Cooperatives are a form of voluntary organisation.

**Q 12. Which form of business entity is owned by two or more persons who contribute resources for the setup?**

- a. Public Ltd Company
- b. Unlimited Company
- c. Partnership
- d. Sole Proprietorship

**Q 13. Business is a (an) ..... activity.**

- a. social
- b. economic
- c. hazardous
- d. selling

**Q 14. What is the aim of entrepreneurship?**

- a. Earn a profit
- b. Solve customers' needs innovatively
- c. Both of a. and b.
- d. None of the above

**Q 15. Business is an activity for satisfying:**

- a. entrepreneur
- b. owner
- c. new idea
- d. human needs

### ? Fill in the Blanks

#### Type Questions

**Q 16. The objective of business is.....**

**Q 17. Business is all about taking ..... and facing .....**

**Q 18. The service industry produces ..... products.**

**Q 19. The ..... business has an online payment system.**

**Q 20. In a cooperative, people work together for ..... benefit.**



## ? Assertion and Reason

### Type Questions

**Directions (Q. Nos. 21-24):** In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not correct explanation of Assertion (A).
- c. Assertion (A) is true, but Reason (R) is false.
- d. Assertion (A) is false, but Reason (R) is true.

**Q 21. Assertion (A):** Joint Hindu Family Business is a form of business organisation wherein the members of a family own and manage the entire business.

**Reason (R):** Unlimited company is a form of business organisation in which the liability of all its members is unlimited.

**Q 22. Assertion (A):** In a Private Limited Company, the right of the stakeholders to transfer their share is restricted. This type of company has minimum two and maximum 250 members.

**Reason (R):** Private Limited Company does not invite public to subscribe to its share capital. It must have a minimum paid capital of ₹ 1 lakh or such a higher amount which may be prescribed from time-to-time.

**Q 23. Assertion (A):** The service industry produces tangible products (products with no physical form) but are essential for modern-day life.

**Reason (R):** A businessman satisfies human requirements through business. By producing and supplying various commodities, businessmen try to promote consumer satisfaction.

**Q 24. Assertion (A):** Business is about taking risks and facing uncertainties. There are certain risks such as loss due to fire and theft that can be insured.

**Reason (R):** Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted.

### Answers

- |                    |                          |            |         |         |
|--------------------|--------------------------|------------|---------|---------|
| 1. (d)             | 2. (d)                   | 3. (a)     | 4. (c)  | 5. (c)  |
| 6. (d)             | 7. (b)                   | 8. (c)     | 9. (b)  | 10. (d) |
| 11. (c)            | 12. (c)                  | 13. (b)    | 14. (c) | 15. (c) |
| 16. earning profit | 17. risks, uncertainties |            |         |         |
| 18. intangible     | 19. hybrid               | 20. mutual |         |         |
| 21. (b)            | 22. (d)                  | 23. (d)    | 24. (b) |         |

## ? Case Study Based

### Questions

### Case Study 1

Human beings require food, clothing and shelter and alongwith these they require other household goods for their living. These requirements are met through, say a shopkeeper and the shopkeeper gets the goods from the wholesaler. The wholesaler gets it from the manufacturer. The shopkeepers, wholesalers and manufacturers, are all doing business. Business is an economic activity which involves continuous and regular production and distribution of goods and services for satisfying human wants.

Human beings are regularly engaged in activities to satisfy their wants. Business has become an essential part of the modern world. We get to hear the words 'business' or 'businessman', every day. A business is an organisation or economic system where services and goods are exchanged for money or for one another. And people who do business are known as businessmen.

**Q 1. Manufactured components or parts are combined together in manufacturing business type:**

- a. analytical
- b. processing
- c. assembling
- d. None of these

**Q 2. The head of this form of business enterprise is known as 'Karta':**

- a. Sole Proprietorship
- b. Partnership
- c. Joint Hindu Family
- d. None of these

**Q 3. Business characteristics of entrepreneurship is**

- a. creative activity
- b. risk bearing activity
- c. All of these
- d. None of these

**Q 4. A person who starts an enterprise is:**

- a. manager
- b. organiser
- c. entrepreneur
- d. None of these

### Answers

1. (c)    2. (c)    3. (c)    4. (c)

### Case Study 2

Sowmya grew up in a village in Karnataka. Her parents came to Bangalore in search of a better job. While growing up, Sowmya saw her parents working very hard. Her father started working in a small shop which sold clothes and her mother started working as a cook in someone's house.

Sowmya wanted to support her family. She was now going to college and wanted to start making money. When she turned 18, Sowmya thought "What can I do, which will help me make more money and where people will keep buying from



me again and again?" (Need) She noticed that the girls in her college cared about their health and did not want to eat chips and other unhealthy food (recognising opportunity). She started making healthy snacks and sold them to her friends in college (idea and start of a business).

Her friends loved it, because not only was snack healthy, it was also very tasty. She then started selling her tasty-healthy snacks to people in her area. As the demand for her snacks increased, Sowmya asked her parents and friends to give her some money to buy a small machine which would help her in making more snacks. She started making 5 times the snacks. She started giving a small commission to her friends to sell these snacks in their own societies (Growing the business).

After two years, Sowmya now sells her snacks in every small shop. She continued studying while doing the business and was able to pay her college fees from her own earning!

**Q 1. Sowmya parents came to ..... in search of a better job.**

- a. Karnataka                      b. Chennai
- c. Mumbai                        d. Bengaluru

**Q 2. Which of the following opportunity is recognised by Sowmya?**

- a. Girls in her college cared about their health.
- b. Girls in her college did not want to eat chips.
- c. Girls in her college did not want to unhealthy food.
- d. All of the above

**Q 3. What type of business started by Sowmya to support her family?**

- a. She started making healthy snacks.
- b. She started sold them to her friends in college.
- c. Both a. and b.
- d. None of the above

**Q 4. Sowmya friends loved her snacks because .....**

- a. Snacks are healthy.
- b. Snacks are very tasty.
- c. Snacks are healthy and tasty
- d. Snacks are very cheap.

### Answers

1. (d)      2. (d)      3. (c)      4. (c)

### Case Study 3

Sheetal is a young woman from Bihar. Many girls in her area like to wear earrings. She buys jute from a farmer and makes earrings from that. Her business is called Manavi Natural Handicrafts. She sees that most women in her village do not work. So, she hires two women to help them.

- Q 1. What demand did Sheetal identify in her village?**
- Q 2. .... is the local resource that Sheetal used.**
- Q 3. How is Sheetal helping her village grow?**
- Q 4. How sheetal was creating more jobs?**

### Answers

- 1. Sheetal Identify that girls in her area liked to wear earrings.
- 2. Jute
- 3. Sheetal helping her village grow by buying jute from the local farmer who can now earn more money and by providing jobs to local women.
- 4. Sheetal was creating more jobs by providing jobs to local women.

### ? Very Short Answer

#### Type Questions

**Q 1. What do you mean by the term entrepreneur?**

**Ans.** An entrepreneur is a person who tries to meet needs of a customer through new ideas or ways of doing business and makes profit in return. Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business.

**Q 2. Define entrepreneurship.**

**Ans.** Entrepreneurship is a process of developing a business plan, launching and running a business using innovation to meet customer needs and to make a profit.

**Q 3. Define business.**

**Ans.** Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted.

**Q 4. Write any two characteristics of business.**

**Ans.** The main characteristics of business are as follows:  
(i) It involves trading of goods and services.  
(ii) It involves numerous transactions.

**Q 5. What is service industry?**

**Ans.** The service industry produces intangible products (products with no physical forms). This industry provides professional skills, expertise, advice, and other similar products such as customer service, management, knowledge, design, data and experiences.

**Q 6. Give any two examples of the service industry.**

**Ans.** The main examples of service industry are as follows:  
(i) Information Technology  
(ii) Hospitality

**Q 7. Name all the types of businesses in our community on the basis of size.**

**Ans.** All types of businesses in our community on the basis of size are as follows:  
• Micro Enterprise  
• Small Enterprise  
• Medium Enterprise  
• Large Enterprise



## ? Short Answer

### Type Questions

#### Q 1. What is manufacturing business?

**Ans.** It is a type of business in which different components, parts or raw materials are used to produce or make a finished good. These finished goods are then sold directly to the consumer or to other manufacturing businesses that use them for making a different product.

#### Q 2. What do you understand by Sole Proprietorship?

**Ans.** It is a form of business entity in which a single individual handles the entire business organisation. It is easy to setup and is the least costly among all the forms of ownerships. He/she is the sole recipient of all the profits and bears all the losses. There is no separate law that governs sole proprietorship. This form of business is usually adopted by small business entities.

#### Q 3. Differentiate between a Private and a Public Ltd. Company.

**Ans.** Differentiate between a Private and a Public Ltd Company is as follows:

S.No.	Private Limited Company	Public Limited Company
(i)	In a Private Limited Company, the right of the stakeholders to transfer their share is restricted.	A Public Limited Company allows the shareholders to transfer their shares.
(ii)	This type of a company has minimum two and maximum 50 members.	It has a minimum of seven members and there is no maximum limit.

#### Q 4. What do you mean by LLP?

**Ans.** Limited Liability Partnership or LLP is a combination of a corporation and a partnership. In this form of business, the liability of at least one member is unlimited whereas rest all the other members have limited liability, limited to the extent of their contribution in the LLP.

#### Q 5. Describe Unlimited Company.

**Ans.** It is a form of business organisation in which the liability of all its members is unlimited. The personal property and assets of the members can be used to settle debts. It can be, at any time, re-register as a limited company under Section 32 of the Companies Act.

#### Q 6. Define the term corporation.

**Ans.** A corporation is a business organisation with a separate legal personality from its owners. In this, the ownership in a stock corporation is represented by the shares of stock. The stakeholders enjoy limited legal responsibilities but have limited involvement in the company's operations.

#### Q 7. Define micro enterprise.

**Ans.** According to the old categorisation, a micro enterprise is a business enterprise where the investment in plant and machinery is not more than INR 25 lakhs or investment in equipment does not increase INR 10 lakhs. In recent years, the government has redefined this based on annual revenue. According to the new definition, a micro enterprise is one which has annual sales up to INR 5 crores.

## CHAPTER TEST

### Multiple Choice Questions

#### Q 1. Qualities of entrepreneurs are:

- a. hardworking
- b. never giving-up
- c. perseverance
- d. All of these

#### Q 2. Experiment with different idea is the quality related to:

- a. perseverance
- b. confidence
- c. trial and error
- d. creativity

#### Q 3. The quality of creativity and innovation of entrepreneurs is related to:

- a. patience
- b. positivity
- c. hardworking
- d. solution

#### Q 4. Ability to take up risks is a:

- a. role of entrepreneur
- b. quality of entrepreneur
- c. characteristics of entrepreneurship
- d. None of the above

#### Q 5. The employees are:

- a. self-employed
- b. wage-earner
- c. take risk
- d. self job decider

#### Q 6. A risk may lead to a:

- a. excess of earning
- b. loss in future
- c. human needs
- d. growth

### Fill in the Blanks

Q 7. Business is an economic activity which requires regular and continuous ..... and ..... of goods and services.

Q 8. .... does not invite public to subscribe to its share capital.



## Assertion-Reason Type Questions

**Directions (Q. Nos. 9-10):** In the questions given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not correct explanation of Assertion (A).
- c. Assertion (A) is true, but Reason (R) is false.
- d. Assertion (A) is false, but Reason (R) is true.

**Q 9. Assertion (A): A Limited Liability Company is a combination of a Corporation and a Partnership.**

**Reason (R): A corporation is a business organisation with a separate legal personality from its owners.**

**Q 10. Assertion (A): Cooperatives may be incorporated or unincorporated. It is governed by the Cooperative Societies Act, 1942.**

**Reason (R): A partnership is a business owned by two or more persons who contribute resources into the entity. It is governed by the Indian Partnership Act, 1932.**

## Case Study Based Questions

**Q 11.** In manufacturing business, different components, parts or raw materials are used to produce or make finished goods. These finished goods are then sold directly to consumers or to other manufacturing businesses that use them for making a different product. Manufacturing plants usually use an assembly line: a process where a product is put together in sequence from one workstation to the next. By moving the product through an assembly line, the finished good is put together quicker and uses less manual labour.

**(i) Basic raw material is broken into several useful materials in manufacturing business type:**

- a. analytical                      b. synthetical
- c. processing                    d. None of these

**(ii) Which of the following is a corporate type of business enterprise?**

- a. Sole Proprietorship
- b. Partnership
- c. Joint Stock Company
- d. None of the above

**(iii) An entrepreneur is a/an:**

- a. Innovator                      b. Risk-taker
- c. Both a. and b.                d. None of these

**(iv) The process of improving the skills and knowledge of entrepreneurs through various training and classroom programs is called:**

- a. entrepreneurship development
- b. planning
- c. organising
- d. None of the above

**Q 12.** Ayesha went to Chennai to become a fashion designer. She was always interested in designing beautiful dresses for her friends when she was in school. After college, Ayesha was not sure what kind of work she should do. In Ayesha's culture, girls have to wear a scarf, at all times. In a city like Chennai, it was difficult for Ayesha to find good quality scarf, so she came up with an idea of making and selling them. She started making good-quality, fashionable and affordable scarf. She would buy good material, stitch pearls and beads and pack her products in a beautiful box. She would sell them in hostels and colleges. Now, Ayesha has a boutique of her own and also sells products online.

**(i) Ayesha went to Chennai to become a .....**

**(ii) What kind of problem is faced by Ayesha in Chennai?**

**(iii) Ayesha went to ..... to become a fashion designer.**

**(iv) Ayesha started making good-quality, fashionable and affordable .....**

## Very Short Answer Type Questions

**Q 13.** Give any two examples of the service industry.

**Q 14.** What is the difference between consumer-oriented services and business-oriented services?

## Short Answer Type Questions

**Q 15.** What do you mean by Limited Liability Partnership?

**Q 16.** Define large enterprise.