

<p style="text-align: center;">CommClass.in F.Y.J.C Subject: O.C Ch. 1. Introduction of Commerce and Business</p>	DATE: _____
	TIME: 1 hrs
	MARKS: 25

Q.1. Select the correct option and rewrite the sentence: (3)

1) A business unit depends upon for selling its output.

- (a) the industry (b) the society (c) its employees

Ans: (b) the society

2) National level code of conduct is prepared for.....

- (a) professionals (b) businessmen (c) employees

Ans: (a) professionals

3) There are two parties in employment, one is employee and the other is the.....

- (a) employer (b) creditor (c) consumer

Ans: (a) employer

Q.2. Give one Word / Phrase / Term: (3)

(1) The type of industries that creates immovable wealth.

Ans: Construction industry

(2) Name the business activity which is concerned with distribution of goods and services.

Ans: Business activity

(3) An aid to trade which creates time utility.

Ans: Warehousing

Q.3. Study the following case / situation and express your opinion: (3)

(1) Mr. Pranav is a tin manufacturer in India. Mr. Jack of England sells goods to M/s. Frank Corporation in North America and Mr. Williams of USA buys various goods from Brazil.

(i) Who is an importer? (ii) Who is a manufacturer? (iii) Who is an exporter?

Ans: (i) Importer - M/s Frank Corporation in North America, Mr. Williams in USA.

(ii) Manufacturer – Mr. Pranav

(iii) Exporter Mr. Jack

Q.4. Distinguish between the following: (Any one) (4)

(1) Business and Commerce.

Sr. No.	Point of Difference	Business	Commerce
1)	Meaning	It is an economic activity which deals in production and distribution of goods and services.	It is a part of business which is concerned with distribution of goods and service
2)	Concept	It is a broader concept as it includes commerce.	It is a narrow concept as it is a part of business.
3)	Skill	It requires technical as well as marketing skill.	It requires only marketing skill
4)	Classification	It is classified into Industry and Commerce.	It is classified as trade and auxiliaries to trade.

3) Business and Profession

Ans:-

Sr. No.	Point of Difference	Business	Profession
1)	Meaning	In this economic activity, goods and services are produced and distributed.	In this economic activity, expert services are rendered.
2)	Reward / Return	Businessmen earn profit.	Professional charges fees as a return to professionals.

3)	Capital investment	Capital investment depends on size and nature of business.	Limited capital investment is required except the self-employed professional.
4)	Nature of work	It provides goods and services to the public.	It renders personalized expert services.
5)	Qualification	No minimum qualification is prescribed.	Expert knowledge and training in a particular field needed.
6)	Decision Making	Businessmen are free to take the decisions.	Professionals take expert decisions in their profession.
7)	Risk	Profit is uncertain and irregular so high risk is present.	Fees is generally not certain and regular.
8)	Examples	Builders, Grocers, Super market etc.	Doctor, C.A., Lawyer etc.

Q.5. Justify the following statement: (Any one)

(4)

1) Transport creates place utility

Ans:

1. Transport is one of the important auxiliaries to trade.
2. Transport brings raw materials and people to the place of production and carries finished products to the market.
3. There are different modes of transport through it carries goods and people from one place to another. They are rail, road, water, and air.
4. If goods are produced in one place, they may not have demanded at that place only.
5. Transport carries them to another place where they are demanded and create place utility.
6. Thus, we can say that transport creates place utility.

2) Commerce is a wider term than Trade.

Ans:

1. Commerce is a part of the business. Business is divided into two parts; industry and commerce.
2. Commerce is concerned with the distribution of goods.
3. Commerce is divided into two parts. One is a trade and the other is auxiliaries to trade.
4. Trade is concerned with the buying and selling of goods and services.
5. Trade is a part of commerce.
6. Along with trade, commerce also includes auxiliaries or services to trade.
7. These services help in the smooth running of trade.

Thus, it clearly indicates that commerce is a wider term than trade

Q.6. Answer in brief:

(8)

1) State economic objectives of business.

Ans:

Following are the Economic Objectives:

- 1. Earning Profit:** Business is done with the main objective of earning profit. Profit is always a motivating factor for a businessman.
- 2. Searching New Customers:** To maximize profit a business organisation has to search for new customers. It is required to expand the business. It is also important to retain old customers.
- 3. Best possible use of Resources:** Making the best use of available resources is the objective of the business. This ensures avoiding wastage and saving valuable money. This ultimately leads to an increase in profit.
- 4. Innovation:** One of the important objectives of the business is to make innovations for the development of business.
Therefore research and development become an important part of the working of any business organisation.

2) Explain: The role of profit in business. (Any 4 points)

Ans:

Meaning:-

It is a systematic attempt by business persons to produce goods and services and sell them in the market, to reap the reward by way of profit. It satisfies multiple and complex needs of the society .

Definition of Business :-

Prof. Haney – “Business activities are all those human activities which are directed towards the production and processing of wealth.

Every business operates with an aim to earn profit that is the excess of revenue over cost.

Profit = Revenue – Total cost

Role of profit in business are as follow:-

- 1. Returns to Investors :** The people who invests money in the business expect fair returns on their capital. This is possible if adequate profits are earned by business.
- 2. Research and Development (R&D) :** Adequate profit enables a firm to spend more on R & D . This can lead to better technology and lower costs. Innovative products benefit the whole nation.
- 3. Growth and Expansion :** Retention of profit is the internal source of funds. This profit can be used for increasing the volume of business through expansion and diversification. The portion of the profit is re-invested in the business for further development.
- 4. Increases Efficiency :** Profits facilitate payment of various dues in time. It also motivates the employees working in the organization. This finally leads to increase in overall efficiency of the organization.
- 5. Means of Livelihood :** Businessmen earn profits which is their means of livelihood. By earning sufficient profits they can live a decent standard life through satisfaction of various wants.
- 6. Reward for Risks :** Profit is considered as a reward for assuming several business risks. Profits also serve as a protection against those risks which cannot be insured e.g. fall in demand, adverse government policy etc.
- 6. Survival :** It helps the business to continue to exist in the market. If the business does not make enough profit, it will not survive in the growing competitive environment. Profit means survival in competitive environment.