

# **Chapter-1**

## **Nature and Purpose of Business**

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### **(1 MARK QUESTION)**

Q1. Give an example of activity which is economic in one side and noneconomic 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 Rajesh 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?

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### **(3 / 4 MARKS)**

Q7. ABC Ltd. is planting a tree on roadside. Which objective it is trying to achieve?

Q8. All human beings fulfill their different needs by performing certain activities. Can you suggest and explain the activities undertaken by them.

Q9. Write four differences among business, profession and employment.

Q10. No business is risk free in the light of this statement, explain the concept of business risk and its any three causes.

Q11. Explain any four objectives of business.

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Q12. Define commerce, why is it of great importance in modern life?

Q13. Distinguish between primary & secondary industry Give examples.

Q14. Tea is mainly produced in Assam, while cotton in Gujrat&Maharashtra 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 categorised.

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**(5 / 6 MARKS)**

Q15. 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

Q16. Define business. Explain the characteristics of business (any four)

Q17. Commerce is the sum total of activities that remove hindrances in the free flow of goods from producers to consumers. Explain.

Q18. Explain any six factors that are important to be considered while starting a business.

Q19. Write difference among industry, commerce and trade on any five basis.

Q20. Profit maximization cannot be the sole objective of a business. Explain.

Q21. '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.

(ii) Making use of better cameras & improved techniques.

(iv) Making best use of cameras, lights, cameramen, finance etc. employed by the business.

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(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]

Q22. NathuLal 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?

(c) Write any two values lacking in NathuLal.

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

Q23. Classify the below given business into different types of industries:

(i) Crude oil business

(producing steel from iron ore)

Cosmetics manufacturing

producing computers

construction of dams.

Q24. 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

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(iii) Hindrance of time

(iv) Hindrance of finance

(v) Hindrance of information

Q25. Different situations in different business are being elaborated below:

(i) Raghunath Gorkha had a match stick factory in Nepal which got destroyed 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.

(i) Vodafone Co. was charged with evasion of tax and asked to pay fine in cross which would lead to heavy losses for the company.

(ii) Type writers becoming redundant is being referred to in all the above cases?

(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]

Q26. 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.

Q27. Zainab, Shelly & Ravina are friends. They have just completed a fashion designing course. They wish to start a business together. They have Rs.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 KarolBagh 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.