

QB365 Question Bank Software Study Materials

Objectives of Business Important 2,3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Commerce

Total Marks : 75

2 Marks

10 x 2 = 20

1) What is meant by Economic Activities?

Answer : (i) Economic Activities refers to those activities which are undertaken with the object of earning money.
(ii) For Example Workers working in a factory, shopkeeper selling the goods in his Shop, Doctor attending the patient in his Clinic, etc.

2) What do you mean by Business?

Answer : Business refers to any human activity undertaken on a regular basis with the object to earn profit through production, distribution, sale or purchase of goods and services.

3) What do you mean by Employment?

Answer : Employment refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.

4) Name the activity which facilitates buying and selling. Explain briefly about it?

Answer : (i) Business refers to those activities, which are connected with production, purchase and sale of goods or supply of services with the main object of earning profits.
(ii) People engaged in business are called businessman. They earn income in the form of Profits.

5) What do you mean by small scale business?

Answer : The units which requires less capital, employ small number of workers and produce the goods on small scale is known as Small Scale business.

6) What is Private Enterprises?

Answer : An enterprise is said to be a private enterprise where it owned, managed and controlled by persons other than Government.

7) What is meant by Industry?

Answer : Industry includes all those business activities which are connected with raising, producing or processing of consumer goods. Example-bread, butter, cheese, shoes, or capital goods like machinery.

8) What is social objectives of business?

Answer : Social objectives are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for Its welfare. No activity of the business should be aimed at giving any kind of trouble to the society.

9) What is organisational objectives of business?

Answer : The organisational objectives denote those objectives an organisation intends to accomplish during the course of its existence in the economy like expansion and modernization, supply of quality goods to consumers, customers satisfaction, etc.,

10) Write any two examples of economic activities.

Answer : 1. Cooking food for family
2. Celebrating festivals

3 Marks

10 x 3 = 30

11) What do you mean by human activities? Explain.

Answer : Human activities :

Human activity is an activity performed by a human being to meet his/her needs and wants or may be for personal satisfaction. Human activities can be categorized into economic and non-economic activities. Economic Activities are those activities undertaken with the object of earning money. Activities undertaken to satisfy social and psychological needs are called non-economic activities.

12) Write Short notes on: (a) Business (b) Profession

Answer : Business refers to any human activity undertaken on a regular basis with the object to earn profit through production, distribution, sale or purchase of goods and services.

Business may be defined as "an activity involving regular production or purchase of goods and services for sale, transfer and exchange with an object of earning profit".

A profession is something which is more than a job. It is a career for someone who is competent in their respective areas. It includes professional activities which are subject to guidelines or codes of conduct laid down by professional bodies.

13) Explain the classification of 'Business'.

Answer : On the basis of size, business activities may be broadly grouped into two categories.

A. Small Scale:

Small scale units require less capital, employ small number of workers and produce the goods on small scale

B. Large Scale:

Large scale units require huge capital, employ large number of workers and produce the goods on large scale.

14) How can you differentiate business, profession and employment on the basis of :

(i) Nature of work

(ii) Capital

Answer : (i) Nature of Work:

(1) Business is concerned with production and sale of goods and services to people.

(2) Profession is concerned with the rendering of specialised personal services to clients.

(3) Employment is concerned with the performance of the work assigned by the employer.

(ii) Capital:

(1) More capital is required for doing business.

(2) But profession does not require much capital and employment does not require any capital.

15) How can you classify the business activities on the basis of function?

Answer : On the basis of function, the business activities are classified into two categories :

(i) Industry :

(1) Industry includes all those business activities which are connected with raising, producing or processing of consumer goods.

(2) Example: Bread, butter, cheese, shoes, or capital goods like machinery.

(ii) Commerce:

It establishes a link between the producers and consumers of goods and maintains a smooth and uninterrupted flow of goods from producer to consumer.

16) Write any three characteristics of Business.

Answer : (i) Production or Procurement of Goods:

Goods must be produced or procured in order to satisfy human wants.

(ii) Sale, Transfer or Exchange:

There must be sale or exchange of goods or services. When a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

(iii) Dealing in Goods and Services:

Goods produced or procured may be consumer goods like cloth, pen, brush, bag etc., or producer-goods like plant and machinery. Services refer to activities like supply of electricity, gas or water, transportation, banking, insurance etc.

17) Briefly explain the national objectives of a business.

Answer : Being an important part of the country, every business must have the objective of fulfilling national goals and aspirations. The goal of the country may be to provide employment opportunity to its citizen, earn revenue for its exchequer, become self-sufficient in production of goods and services, promote social justice, etc., Business activities should be conducted keeping these goals of the country in mind, which may be called national objectives of business.

18) What are the classification of economic activities according to size?

Answer : Economic activities on the basis of size:

On the basis of size, business activities may be broadly grouped into two categories.

(a) Small-scale:

Small-scale units require less capital. They employ small number of workers and produce the goods on small scale.

Examples:

(i) Manufacturing textiles in handlooms or power looms.

(ii) Extraction of edible oil from seeds like groundnut, sesame, through "traditional wooden churner.

(b) Large scale:

Large-scale units require huge capital. They employ large number of workers and produce the goods on large scale.

Examples:

(i) Manufacturing Textiles in a large Textile mill. Example. Raymonds, Ramraj Cotton.

(ii) Extraction of edible oil from oilseeds in oil mills. Example. Suffola, Sunflower.

19) What are the classification of economic activities according to ownership?

Answer : Economic activities on the basis of ownership:

On the basis of ownership business activities may be broadly grouped into three categories.

(a) Private Enterprises : An enterprise is said to be a private enterprise where it is owned, managed and controlled by persons other than Government.

(i) Sole proprietorship. Example - Sundar Stationeries

(ii) Partnership firms. Example - Ramesh Bros.

(b) Public Enterprises: An enterprise is said to be a public enterprise where it is owned, managed and controlled by Government or any of its agencies or both.

Public enterprises may be organized in several forms such as,

(i) Departmental undertaking - Public Works Department (PWD)

(ii) Public Corporation - Oil and Natural Gas Corporation (ONGC)

(iii) Government Company - State Trading Corporation (STC)

(c) Joint Enterprises: An enterprise is said to be a joint enterprise where it is owned, managed and controlled by Government and private entrepreneurs.

Eg. Maruti Suzuki

20) Classify the business activities based on ownership.

Answer : On the basis of ownership business activities may be broadly grouped into three categories.

a) Private Enterprises

An enterprise is said to be a private enterprise where it owned, managed and controlled by persons other than Government. Eg: Sundar Stationaries.

b) Public Enterprises:

An enterprise is said to be a public enterprise where it is owned, managed and controlled by Government or any of its agencies or both. Eg: Public Works Department (PWD)

c) Joint Enterprises:

An enterprise is said to be a joint enterprise where it is owned, managed and controlled by Government and Private entrepreneurs. Eg: Maruti Suzuki

5 Marks

5 x 5 = 25

21) Explain the characteristics of Business.(any 5)

Answer : The essential characteristics of business are as follows:

(i) Production or Procurement of Goods:

Goods must be produced or procured in order to satisfy human wants.

(ii) Sale, Transfer or Exchange:

There must be sale or exchange of goods or services. When a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

(iii) Dealing in Goods and Service :

Goods produced or procured may be consumer goods like cloth, pen, brush, bag etc., or producer-goods like plant and machinery. Services refer to activities like supply of electricity, gas or water, transportation, banking, insurance etc.

(iv) Regularity of Dealing :

An isolated dealing in buying and selling does not constitute business. The transactions must be regular. For example, if a person buys a scooter for his use and later on disposes it of at a profit, he cannot be said to have been engaged in business. The buying and selling must be recurrent to constitute business.

(v) Profit Motive :

An important feature of business is profit motive. Business is an economic activity by which human beings make their living. It is, in fact, the attraction of profit which spurs people to do business.

(vi) Element of Risk :

The profit that is expected in a business is always uncertain because it depends upon a number of factors beyond the control of the businessman. For example, change in consumer preference, shortage of raw materials, transport bottlenecks, power-crisis, etc., may upset business calculations and result in loss. That is why profit is said to be reward for risk-taking. Thus any business activity includes an element of risk too.

22) Compare business with profession and employment.

Answer :

Basis	Business	Profession	Employment
(1) Mode of Establishment	Promoter's decision registration and other formalities as prescribed by law.	Membership of a professional body or certificate of practice.	Service contract or letter of appointment.
(2) Nature of Work	Goods and services provided to the public	Personalized service of expert nature	Performing work assigned by the employer
(3) Qualification	No minimum qualification is essential	Education and training in specialized field.	Minimum qualification is essential.
(4) Basic Motive	Earning profits by satisfying needs of society.	Rendering service.	Earning wages or salary by serving the employer.
(5) Capital	Capital investment required as per size of the firm.	Limited capital necessary for establishment.	No capital required.
(6) Reward	Profits	Professional fee	Salary or wages
(7) Risk	Profits are uncertain and irregular.	Fee is regular and certain, never negative	Fixed and regular pay, no risk.
(8) Transfer of Interest	Transfer possible with some formalities	Not possible	Not transferable
(9) Code of Ethics	No specific code of conduct, moral and ethical dealings only	Professional code of ethics	Rules and regulations of the employing organization

23) Discuss any five objectives of business.

Answer : Every business enterprise has certain objectives which regulate and generate its activities. Objectives are needed in every area where performance and results directly affect survival and prosperity of a business. Various objectives of business may be classified into four broad categories as follows:

A. Economic Objectives:

Economic objectives of business refer to the objective of earning profit and also other objectives that are necessary to be pursued to achieve the profit objective, which includes creation of customers, regular innovations and best possible use of available resources.

B. Social Objectives:

Social objectives are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society.

C. Organizational Objectives:

The organizational objectives denote those objectives an organization intends to accomplish during the course of its existence in the economy like expansion and modernization, supply of quality goods to consumers, customer satisfaction, etc.

D. Human Objectives:

Human objectives refer to the objectives aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

E. National Objectives:

Being an important part of the country, every business must have the objective of fulfilling national goals and aspirations. The goal of the country may be to provide employment opportunity to its citizen, earn revenue for its exchequer, become self-sufficient in production of goods and services, promote social justice, etc. Business activities should be conducted keeping these goals of the country in mind, which may be called national objectives of business.

24) Briefly explain the Business activities on the basis of Ownership.

Answer : On the basis of ownership business activities may be broadly grouped into three categories.

1) Private Enterprises:

An enterprise is said to be a private enterprise where it is owned, managed and controlled by persons other than Government.

2) Sole proprietorship.

Example - Sundar Stationeries

3) Partnership firms.

Example - Ramesh Bros.

4) Public Enterprises:

An enterprise is said to be a public enterprise where it is owned, managed and controlled by Government or any of its agencies or both.

Public enterprises may be organized in several forms such as,

- (i) Departmental undertaking - Public Works Department (PWD)
- (ii) Public Corporation - Oil and Natural Gas Corporation (ONGC)
- (iii) Government Company - State Trading Corporation (STC).

5) Joint Enterprises:

An enterprise is said to be a joint enterprise where it is owned, managed and controlled by Government and private entrepreneurs. Example - Maruti Suzuki.

25) Define and explain the characteristics of employment and profession.

Answer : Employment:

1. It refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.
2. The one who is employed by others are called employees and the one who employs is called employer.
3. Managers, Clerks, Bank officials, Factory workers etc., are examples of employees.

Characteristics:

1. There is a contract existing between the employer and the employee.
2. Employee performs according to assigned task.
3. Remuneration is given to employees for delivering value of services.
4. An employee must abide by the rules and regulations of the organization.

Profession:

1. Professions are those occupations which involves rendering of personal services of a special and expert nature.
2. A profession is something which is more than a job.
3. It is a career for someone who is competent in their respective areas.
4. It includes professional activities which are subject to guidelines or codes of conduct laid down by professional bodies.
5. Those engaged in a profession are called professionals and they earn income by charging professional fee.

Characteristics:

1. There should be a systematic body of knowledge.
2. There should be formal acquisition of knowledge by the members.
3. There should be a code of conduct governing the conduct and behaviour of professionals.
4. Service motive should be uppermost in the minds of people rendering professional service.