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Answers Key:

IV.Answer all the Questions.

1. 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.
2. **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

III.Answer all the Questions.

3. **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.
4. 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.
5. 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.

II.Answer all the Questions.

6. (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.
7. 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.
8. Employment refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.

Multiple Choice Question

9. (a) Making Profit
10. (c) Profession

11. (d) Salary or wages
12. (c) Non Economic activities
13. (b) Commerce

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