

### Study title

Study title	Subject	Class	Board
Title-I	Business studies	XI	C.B.S.E.

### Study plan

Chapter name	Time duration	marks
<b>Part-I foundation of business</b>		
Nature and purpose of business	Ten hours	10
Forms of business organization	twelve hours	20
Emerging modes of business	seven hours	07
Business support services	seven hours	08
Social responsibilities of business	Ten hours	06
<b>Part-II finance and trade</b>		
Sources of business finance	Twelve hours	24
Internal trade	seven hours	10
International trade	six hours	15

**(Multiple choice questions)**

**Part-I foundation of business**

**CHAPTER-1**

**Nature and purpose of business**

**Q.1 choose the correct word from which term “Business” has been derived from-**

- A. Boon**
- B. Busy**
- C. none of the above**
- D. production**

**Right answer:** option B

**Explanation-** term “Business” has been derived from an english word “Busy” because business in itself elaborate its meaning by getting busy or involved in an economic activity.

**Q.2 business refers to “an occupation in which people regularly engage in activities related to buying, manufacturing or selling of products and services with a notion to earn.....”**

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- A. loss
- B. nothing
- C. satisfaction
- D. profit

**Right answer:** option D

**Explanation-** business is basically a commercial activity in which whatever is done possess a monetary reason to generate and enhance the revenue so that profit should arise in the end of the activity

We never do business for a social cause or for non-profit

**Q.3 every society basically took two activities to satisfy their needs, select the correct one.**

- A. Economic and non- economic
- B. social and economic
- C. tactful and strategic
- D. none of the above

**Right answer:** option A

**Explanation-** to live person needs to fulfill his basic needs of food, shelter and clothes etc. the two activities economic and non-economic activities help him to satisfy his needs.

Economic- earning money and purchasing needed products for himself

Non-economic- arises because of belongingness, sensitivity, patriotism

**Q.4 from the following activities choose the economic activity**

- A. manager working in office
- B. house wife cooking for family
- C. shyam watching TV at home
- D. none of the above

**Right answer:** option A

**Explanation-** economic activity is one that is done to earn livelihood, so in the above option only manger is the person who is undetaking a task in office to get monetary benefits in return other activities such as house wife is cooking or shyam is watching Tv are been done for non-economic reason.

**Q.5 select the correct non-economic activity from the following activities**

- A. sanjay playing with friends at park
- B. ramesh working in manufacturing concern as techincal helper
- C. sudesh promoted as quality manager in his firm with a hike in his salary
- D. ritika making a call to nearest confectionery to give an order of chocolate cake for her birthday party

**Right answer:** option A

**Explanation-** only activity in option A is the one in which non monetary seen is feasible i.e. kids are playing for their internal satisfaction not for any prize or

money but in other activities we can clearly lookout that each and everyone is involved in particular activity for a monetary cause.

**Q.6 choose the characteristics of business**

- I. an economic activity
  - II. production or procurement of goods and services
  - III. sale or exchange of goods and services
  - IV. profit earning
  - V. uncertainty of return
- A. only IV
  - B. all of the above
  - C. only I and V
  - D. only I, II and IV

**Right answer:** option B

**Explanation-** above all activities comprises a business activity because business is done for an economic purpose to earn livelihood, it involves manufacturing of goods and creation of services, it consist of buying and selling of goods

**Q.7 which of the following can be treated as consumable goods**

- I. notebook
- II. sugar
- III. heavy machinery

IV. enzo ferrari car

A only I and II

B only I

C all of the above

D. I, II and III

**Right answer:** option A

**Explanation-** consumable goods are those that are used in shorter period of time with the purchasing such as sugar, ghee, stationery items where as heavy machinery and car are such products that are used for longer duration of five to ten and even after and are known as capital goods.

**Q.8 choose the correct action that comprise of exchange of goods and services**

I. sk computer firm is transferring a 50 box lot of computers to LIC office

II. reema is giving a season greeting card to her friend who lives nearby to her house

III. suresh cooked the food for his brother and taking the lunch box at his office

A only III

B only II and III

C only I

D all of the above

**Right answer:** option C

**Explanation-** sk computer firm is engage in an commercial activity where it will be receiving in currency when it will delivered the computers

**Q.9 what do you refer with uncertainty of return**

I lack of knowledge regarding sum of money that business will earn in given duration.

II sale of goods and services

III uncertainty in expenses

A. only II

B only I

C only I and II

D all of the above

**Right answer:** option B

**Explanation-** profit is always an uncertain factor, we invest in business but never get a pre-idea of how much profit we are going to earn from our business activity.

**Q.10 choose which one are considered to be a business activity**

I person sells an old radio that he founded in his storehouse

II shopkeeper dealing on regular basis in business of radio and LCD's

III ramesh purchased a laptop from his friend

IV 7D cinema providing cinema tickets

A only I and III

B only II and IV

C only IV

D only II

**Right answer:** option B

**Explanation-** in both cases activities are pursuing on regular basis as cinema hall has to sell the tickets to run its operating expenses and be in profit margin so as a shopkeeper has to do.

**Q.11 which of the following terminology best defines the word “business”**

A those activities that requires special knowledge and skill to be applied by individuals in their occupation

B occupation in which people employed for others and receives remuneration

C economic activities that are connected with production or purchase and sale of goods or supply of services with an lookout to earn profit

D none of the above

**Right answer:** option C

**Explanation-** the other two term best defines profession and employment,so the right option is C

**Q.12 in which activity salary/wages are earned as return**

A business

B employment



C profession

D all of the above

**Right answer:** option B

**Explanation-** in business we do not receive anything in return but we earn that is profit and in profession fee is provided in return to task or duty done by a professional

**Q.13 who has to follow a professional code of conduct from the following**

A businessman

B employee

C professional

D none

**Right answer:** option C

**Explanation-** a professional has to always follow the code of conduct as in case of CA, Doctor, Lawyer and architect

**Q.14 which of the term is best suited for employment**

A occupation in which people work for employer and receive remuneration in form of salaries and wages in return

B activity that are generally subject to guidelines or codes of conduct laid down by professional bodies

C economic activity comprises of production, selling and exchange of goods and services.

D all of the above

**Right answer:** option A

**Explanation-** other two are related to profession and business activity

**Q.15 which economic activity comprises of expertise in particular field**

A business

B profession

C employment

D all of the above

**Right answer:** option B

**Explanation-** profession is one economic activity where one has to be an expert in one's field such as doctor, a doctor makes himself an expert after practicing in medical field

**Q.16 in which economic activity appointment letter and service agreement is required**

A business

B profession

C employment

D none

**Right answer:** option C

**Explanation-** when a fresher or an experienced person is being appointed as employee by the employer than it is firstmost duty of employer to handed over the appointment letter to employee as evidence that he has been finally selected for the vacant post along with service agreement

**Q.17 what do you refer by industry**

**A** associated with production or processing of goods and materials

**B** banking, insurance services

**C** activities that are required for exchange of goods and services

**D** all of the above

**Right answer:** option A

**Explanation-** others are part of services and commerce, only industry is a place where production takes place.

**Q.18 define commerce**

**A** all those activities which are necessary for facilitating the exchange of goods and services

**B** it is concerned with production

**C** activities such as playing cricket in park with friends

**D** none

**Right answer:** option A

**Explanation-** others are associated with industry features and personal interest, only commerce is a activity that involves exchange of goods and services

**Q.19 which industries are classified as primary industry**

- A analytical industry
- B assembling insustry
- C extractive and genetic industries
- D construction industry

**Right answer:** option C

**Explanation-** others are examples of secondary industries, primary are one those are connected with extraction and production of natural resources

**Q.20 define secondary industry**

- A concerned with using extracted material for processing of finished goods
- B those involved in extraction and production of natural resources
- C providing support services
- D all of the above

**Right answer:** option A

**Explanation-** others are related with primary and tertiary industry

**Q.21 explain teritary industry**

- A all those activities which are connected with extraction and production of natural resources
- B those are concrened with using materials which have been extracted at primary stage

C concerned with providing support services

D none

**Right answer:** option C

**Explanation-** other terms are associated with primary and secondary industry

**Q.22 which activities are engage in commerce**

A trade and auxiliaries to trade

B construction

C manufacturing

D genetic

**Right answer:** option A

**Explanation-** other option are examples of primary and secondary activity

**Q.23 what is trade**

A buying and selling of goods

B providing support services between primary and secondary

C activities meant to assist trade

D all of the above

**Right answer:** option A

**Explanation-** trade refers to sale, transfer or exchange of goods. It helps in making produced goods available to ultimate consumers and users

**Q.24 which actions are part of auxiliaries to trade**

I transport and communiacion

II banking and finance

III construction

IV genetic

A only I and II

B only III

C only I and III

D only II and III

**Right answer:** option A

**Explanation-** auxiliary means to assist and transport, communication are just a part of an economic activity and not a whole in itself where as construction and genetic are primary or secondary in nature, they have setup as whole

**Q.25 choose the correct classification of trade**

A internal and external trade

B economic and non-economic trade

C consumable and capital

D none

**Right answer:** option A

**Explanation-** other are classification of economic activity and goods produced or used

**Q.26 what do you understand with internal trade**

**A** trade consist of exchange of goods and services between persons or organization operating in two or more countries

**B** concerned with buying goods and selling them within geographical boundaries

**C** transfer of goods and service to ultimate user

**D** all of the above

**Right answer:** option B

**Explanation-** others are terminology referred to external trade and trade

**Q.27 when goods are purchased and sold in bulk, it is known as.....**

**A** wholesale trade

**B** external trade

**C** retail trade

**D** none

**Right answer:** option A

**Explanation-** wholesale trade complies on the concept of economies of scale that why when goods are sold or purchase in bulk it is called wholesale trading

**Q.28 when trade is concerned with two or more countries, then it is referred to as.....**

**A** wholesale trade

**B** internal trade

**C** external trade

**D** retail trade

**Right answer:** option C

**Explanation-** others could be done within geographical boundaries but for export or external trade you have to switch over from own countries geographical boundaries to other countries

**Q.29 advertising is..... To trade**

**A** auxiliary

**B** internal

**C** supportive

**D** none

**Right answer:** option A

**Explanation-** it could be supportive but the right option has to be auxiliary according to auxiliary to trade concept, the concept involves advertising as supportive services

**Q.30 .....facilitates movement of raw materials to place of production and finished goods from factories to place of consumption**

**A** transport



B communication

C warehousing

D advertising

**Right answer:** option A

**Explanation-** here we are talking about the movement of goods so the right answer will be transport, another auxiliary activity to trade.

**Q.31 method that is used for promoting the sale of products**

A advertising

B warehousing

C transport

D banking and finance

**Right answer:** option A

**Explanation-** advertising is a tool that helps the producer of goods and services to make available an awareness in people mind about the newly launched products and the products that are already available in market

**Q.32 ..... helps manufacturing firms to overcome the problem of storage and facilitates the availability of goods when needed**

A banking and finance

B warehousing

C advertising

D none

**Right answer:** option B

**Explanation-** goods are not sold immediately as they are produced, they are held as stock to make them available when time arrives for their selling, warehouse is the place where they are kept in their original form so that they must not get destroyed or damaged before being sold

**Q.33 which of the following are objectives of business**

I earning profit

II market standing

III worker performance and attitude

A only I

B only III

C only I and II

D all of the above

**Right answer:** option D

**Explanation-** they all are the essential objectives for running of a business concern in effective and efficient manner

**Q.34 what do you mean by market standing**

A position of an enterprise in relation to its competitors

B introduction of new ideas or methods

C comparing value of output with value of input

D none

**Right answer:** option A

**Explanation-** market standing is a stand where business is situated in competition to their opponents

**Q.35 define social responsibility**

A refers to obligation of business firms to contribute resources for solving social problems and work in a socially desirable manner

B social responsibility means innovation of new ideas and concept

C earning maximum profits for the firm is a component feature of social responsibility

D none

**Right answer:** option A

**Explanation-** social responsibility is a duty towards society, business is setup in between society, we earn our profits from society so there is always a need to give back what we have earn from society and that what business do in form of social responsibility

**Q.36 what do you understand with the term productivity**

A comparing value of output with value of input

B market standing of an enterprise

C creative idea of a new product

D all the above

**Right answer:** option A

**Explanation-** productivity is a measurement of performance of production that how effectively and efficiently a production unit can be run with minimum input put forward to gain maximum output

**Q.37 define business risks**

A ram secured just passing marks in mathematics is a business risk

B possibility of inadequate profits or even loss due to uncertainties or unexpected events

C ratan tata made huge profits in vechicle company

D none

**Right answer:** option B

**Explanation-** business risk is somewhat comparable and measurable in monetary terms in nature of loss or bad debt

**Q.38 business firms are basically deal with..... type/types of risks**

A one

B two

C three

D four

**Right answer:** option B

**Explanation-** business risks comprises of two risks, one is speculative in nature and other one in pure risk

**Q.39 what is pure risk**

**A** possibility of loss or no loss

**B** arise due to changes in market conditions

**C** fluctuations in demand or supply

**D** none

**Right answer:** option A

**Explanation-** other are the features of speculative risk, pure risk is related to chances of loss that may arise or not due to theft, fire or strike

**Q.40 ram posses a mobile shop, yesterday night after he closed his shop and was ready to go in direction of his house, what he saw that smoke was coming out very badly from his shop, he pulled up the shutter after unlocking it and what he has found that fire was everywhere, next morning after firebrigade was gone controlling the fire what he came to know that fire caught up because of rats has broke the wire from their teeth,what sort of risk this will be called in ram's shop case**

**A** business risk

**B** speculative risk

**C** pure risk

**D** impure risk

**Right answer:** option C

**Explanation-** it is a case of pure risk because such a risk arises from theft, fire or strike

**Q.41 which industry consist of task of oil refinery and sugar mills**

A primary industry

B secondary industry

C tertiary industry

D all of the above

**Right answer:** option B

**Explanation-** primary activity involves extraction and production of natural resources and refining of oil and producing of sugar are further processing activity, crude oil is extracted and then forwarded for refining, as well as sugarcane is firstly cropped and then transferred to mills for sugar creation

**Q.42 from the following activity which is not termed as auxiliary to trade**

A warehousing

B advertising

C banking and finance

D none of the above

**Right answer:** option D

**Explanation-** all of the activities are part of auxiliary to trade

**Q.43 business risk is not arise because of.....**

- A employees strike
- B changes in governement policy
- C proper management
- D shortage in power

**Right answer:** option C

**Explanation-** if management will be proper and good why risk wil appear

**Q.44 ..... Causes results in heavy loss of life, property and income in business**

- A natural
- B human
- C economic
- D none

**Right answer:** option A

**Explanation-** natural causes are the most destructive ones, human have less control on natural calamities

**Q.45 .....include dishonesty, stoppage of work due to strike**

- A natural cause
- B human cause
- C economic cause

D all of the above

**Right answer:** option B

**Explanation-** human are responsible for such type of misconduct

**Q.46 define uncertainty in concern to risk factor**

A lack of knowledge about what is going to happen in future

B extreme profit gains

C no profit no loss situation

D none

**Right answer:** option A

**Explanation-** uncertainty is an unsuriety of something that might or might not occur in future event

**Q.47 what are the basic prerequisites that need to be there in setting up a business unit**

A selection of business line

B size of firm

C location

D all of the above

**Right answer:** option D

**Explanation-** all the above actions are must for a business unit to come into existence



**Q.48..... means physical arrangement of machines and equipment needed to manufactures a product**

**A** plant layout

**B** tax planning

**C** size of firm

**D** all of the above

**Right answer:** option A

**Explanation-** the above terminology is used in favour of plant layout, it is a blue print of how different production activities will take place when and where

**Q.49 non-economic activity comprises of**

**I** gaining maximum profits

**II** sarita cooking for her family

**III** production of britannia jim jam biscuits for use of end consumer that are kids

**IV** rahul went to see his uncle timbaktu who is sick from dengue

**A** only I

**B** only II and IV

**C** all the above

**D** only IV

**Right answer:** option B

**Explanation-** because there is no monetary gain or economic reason arising in the two activities, it just showing the sense of belongingness and care

**Q.50..... causes involve political disturbances, mechanical failures such as bursting of boilers, fluctuations in exchange rates**

**A** human

**B** natural

**C** other

**D** economic

**Right answer:** option C

**Explanation-** these are the causes that are not effected because of nature but because of third party interference such as governement policy changes, supplier of machinery provided defective machinery, etc.

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