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SUGGESTED SOLUTION

FYJC

SUBJECT- O.C.

Test Code – FYJ 6079 A

BRANCH - () (Date :)

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ANSWER : 1

(02)

1. Trade
2. Secondary

ANSWER : 2

(01)

- A- 4
B- 3

ANSWER : 3

(02)

1. Trade
2. Industry

ANSWER : 4

1. Industry and Commerce

(05)

Point of difference	Industry	Commerce
1. Meaning	Industry is engaged in production of goods and services	Commerce is engaged in distribution of goods and services.
2. Location	It is located in factories and workshops.	It is conducted in markets and offices.
3. Utility	It create form utility.	It creates place, time and possession utility.
4. Resources	It uses machine and manpower	It requires more manpower.
5. Capital	Huge capital is required to start industry.	Commerce comparatively requires less capital.
6. Interdependence	Industrial activities are meaningless without commerce.	Commercial activities cannot be started in the absence of industry.
7. Conducted by	Producers and manufacturers	Traders, mercantile agents etc.
8. Status	Primary Importance	Secondary importance.
9. Classification	Primary, Secondary and Tertiary industry.	Trade and Auxiliaries to Trade
10. Market force	It represents supply side of market.	It represents demand and supply side of market.

2. Business and Profession

(05)

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.

ANSWER : 5

1. Features of employment (05)

1. **Aim** : The main aim is to earn money for meeting needs of the employees and employers.
2. **Qualification** : Each job requires some qualification. The job can be skilled or unskilled. For skilled job some specific qualifications are required e.g. Job of nurse. But no specific qualification for unskilled job is necessary e.g. Office boy.
3. **Monetary Returns** : Wages or salaries is given as a financial return to employee after completion of work. Wages are decided in advance before appointment. Wages are paid daily or weekly. Salary is paid monthly. Along with salary other benefits like bonus, quarters to stay, subsidized food in canteen etc. also can be given to employees.
4. **Capital** : No capital is required for employment because employer provides everything to the employee for completing the job.
5. **Registration** : No registration is required. Every employee has to follow the rules and regulations mentioned in the terms and conditions of employment contract.
6. **Non – transferability** : Employment cannot be transferred from one person to another e.g. If a teacher retires, then he cannot transfer his job to his son or daughter.
7. **Nature of work** : Every employee is expected to complete the work which is given to him. The nature of job decide the nature of work.

2. Types of Industry : (05)

(A) Primary Industry : Primary industry is concerned with nature. It is a nature – oriented industry. The products of primary industry may be used as the input of second industry. Primary industries are of three types.

(i) Agriculture Industry : This includes farming and cultivation of land. The quality of products depend on many factors like fertility of land, climatic conditions, rainfall etc.

(ii) Extractive Industry : This industry draws out products from natural resources i.e. soil, air and water. Generally the products are in raw form and they are used by manufacturing and construction industries for producing finished products e.g. extracting oil and minerals from underground, fishing and forestry etc. It may be used in crude form and may be sent to other industries for further processing.

(iii) **Genetic Industry** : Genetic industries are engaged in reproduction and multiplication of plants of animals. e.g. animals husbandry, sericulture, horticulture etc.

(B) **Secondary Industry** : These industries depend on primary industries. They convert the raw material provided by primary industry into finished products. e.g. Tomatoes provided by primary industry are used for making sauce and ketchup.

Secondary Industries are of two types.

(i) **Manufacturing Industry** : These industries are engaged in transforming raw material into finished product with the help of machine and manpower. The final goods may be capital goods or consumer goods. e.g. textiles, sugar, paper industry etc.

(ii) **Construction Industry** : These industries are engaged in the construction of buildings, dams, bridges, roads, tunnels, canals, metro etc. In case of other industries goods can be produced at one place and sold at another place but goods made and sold by these industries are at one place. This is only industry which creates immovable wealth.

(C) **Tertiary Industries** : They provide support services to primary and secondary industries. Service facilities are provided by these industries. It includes transport, banking which comes under traditional category whereas in modern times hotel industry, tourism industry, entertainment industry etc. are also included.

3. Profit in Business :

(05)

(a) **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.

(b) **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 benefits the whole nation.

(c) **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.

(d) **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.

(e) **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.

(f) **Reward for Risks** : Profit is considered as a reward for assuming several business risks. Profits also serves as a protection against those risks which cannot be insured e.g. fall in demand, adverse government policy etc.

(g) **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.

- (i) **Transport :** The goods are produced at one place but they are demanded over a wide area. So goods are to be sent to different places where they are demanded. Modes of transport facilitate movement of men and materials from one place to another.
- (ii) **Warehousing :** There is a gap between production and consumption. Certain goods are produced throughout the year but consumed only in a particular part of the year and vice versa. In the era of mass production, storage is indispensable. The goods should be stored carefully from the time they are produced till the time they are sold. Special arrangement must be made to prevent the loss / damage. Warehouses are also called godowns. Price is maintained at a reasonable level and there is a continuous supply of goods and services.
- (iii) **Insurance :** There are various risks involved in the business. The goods may be destroyed while in production process or in transit due to accidents or in storage due to fire or theft. The businessmen would like to cover these risks Insurance companies come to their rescue. They undertake to compensate the loss suffered due to such risks. The businessmen have to insure his goods and pay premium regularly. Risks cannot be avoided completely but they can be minimized by taking insurance policy.
- (iv) **Banking :** We require money to start the business and to run it smoothly. Banks supply money. Adequate funds can be obtained from the bank. Bank provides loans, overdraft, cash credit etc. to businessmen. Banks also provide many services like cheques, drafts debit cards, credit cards, online transactions etc. It helps the traders to carry their business activities smoothly.
- (v) **Advertising :** Advertising is an effective aid in selling the goods. The producer communicates all information about goods and services to create a strong desire in consumer to buy the products. It can be carried in different ways. It can be indoor and outdoor. Communicating with the people when they are in their homes is called indoor advertising. For example, newspaper, radio, TV, etc.
Communicating with people when they go out from their homes is called as outdoor advertising e.g. posters, hoardings at prominent places, neon sign board etc.
- (vi) **Mercantile Agents :** Customers are scattered over a very wide area. It is not possible for seller to contact the customers. This difficulty is solved by mercantile agents. They bridge the gap between buyer and seller. Brokers, Estate Agents etc. are some examples of mercantile agents.
- (vii) **Communication :** In today's world there is information explosion The information has to be communicated. There is a need of communication facilitating the traders, producers and consumers to exchange information with one another. Various means of communication such as cell phones, postal services, email etc. are made available.

5. **Objective of a business :**

(05)

All business activities are guided by objectives. They are further classified as

- (1) Economic Objectives
- (2) Social Objectives

(1) Economic Objectives

- (a) Earning Profit** : Profit is required for survival of the business and for its growth.
- (b) Searching New Customers** : Business organizations have to work hard to create new customers and also to maintain the existing customers.
- (c) Innovations** : It is a development or positive change which results into improvement in product or process of production. It has to spend money on R & D (Research and Development), market survey, use of technology etc.
- (d) Best Possible Use of Resources** : Resources are scarce and have alternative uses. They should be used to its maximum and should avoid wastage. Optimum use of resources ultimately leads to increasing profits.

(2) Social Objectives :

- (a) Supplying Quality Products** : Every business has to provide quality products to its customers. Quality means a combination of purity, safety, durability, utility etc.
- (b) Avoiding Unfair Trade Practices** : Unfair trade practices like black marketing, misleading advertisements, wrong measurement etc. should be avoided. It is important for survival and growth of a business unit.
- (c) Employment Generation** : Business is a socio – economic institution. Business should create jobs for skilled and unskilled people. It should provide employment opportunities to economically backward and divyang person.
- (d) Welfare of Employees** : Skilled and unskilled workers are the part of the society. So if employees are properly taken care of, it brings welfare to the society. This can be achieved by providing fair and regular remuneration, good working conditions, impartial personnel policies, offering incentives etc.
- (e) Help to Solve Social Problems** : Due to rapid industrialization, many social problems arise like traffic jams, growth of slums, air and water pollution etc. Business should be aware of this and should try to reduce them.
- (f) Contributing to the Welfare of the Society** : Business house should take care of general welfare of the society. For that they should give donations for good cause, offering scholarships for higher education etc.