



**CLASS:- 11<sup>th</sup> CBSE**  
Business Studies

1. Business Trade & Commerce

By Amit Kewar :- 8087937599

### History of Commerce in India

Trade & Commerce was the mainstay of the ancient Indian economy, carried out by water and land. The silk road was an ancient network of trade routes that connected the East and West. Maritime routes were used for the trade of spices.

### Indigenous Banking System

Played a prominent role in leading money and financing domestic and foreign trade with currency and letter of credit. Documents such as 'Hundi' and 'Chitti' were in use for carrying out transactions in which money passed from hand to hand.

**Hundi :-** It is an instrument of exchange which is a writing made by a person directing another to pay a certain sum of money to a person named in the order.

#### Types of hundies

1. **Darshani Hundi :-** A hundi payable at sight is called Darshani Hundi
2. **Muddati or Miadi Hundi :-** It is one which is payable after a specific period of time,
3. **Shahjog Hundi :-** This is payable to a respectable person of financial worth.
4. **Namjog Hundi :-** It is payable to the party named in hundi.

### Rise of intermediaries

Intermediaries comprised of commission agents, broker and distributors; they provide financial securities to manufacturers.

### Transport or Transportation

It refers to the physical movement of goods from the place of production to the place of consumption. Trade was carried out by both land (Roads) and Sea (maritime Trade).

**Major trade centres :-**

1. **Pataliputra**:- It was not only commercial town , but also a major centre for export of stones.
  2. **Peshawar** :- It was an important centre for export of wool and import of horse.
  3. **Taxila** :- It served as a major centre on the important land route between india and central Asia.
  4. **Indraprastha** :- It was the commercial junction on the royal road where most routes leading to the east , west , south and north.
  5. **Mathura** :-Many routes from south india touches Mathura.
  6. **Varanasi** :- It grew as major Centre of textile.
- There are some other trade centre like **Mithila, Ujjain, Surat, Kanchi, Madura, Bharuch or Broach Kaveripatta, Tamalupti.**

### Major Export and Import

**Export** consists of Spices , Wheat , Sugar , Indigo , cotton , parrots , live animal

**Import** Include :- Horse, Animal Product, Chinese silk , Gold , silver , copper , glass

| Economic Activities  | Non Economic Activities  |
|--|--|
| It refers to those activity, which are undertaken to earn money. | It refers to those activities Which are undertaken to satisfy social , psychological and emotional needs . |
| They are measured in the form of money.                          | They are not measured in the form of money.  |
| <b>Example</b> :- Teacher service , Doctor Service to other      | <b>Example</b> :- Teacher service , Doctor Service to his own son  |

| Business  | Professional  | Employment  |
|---|---|---|
| Commencement of Business depends upon entrepreneurs decision and other legal formalities. | It commence on getting membership of a professional body and certificate of Practice (COP). | It commence of getting an appointment letter and entering into service agreement. |
| It involve providing goods and service to the Public.                                     | It involving rendering of personalised expert services.                                     | It involving performing work as per service contract or rules of services.        |
| It does Not required Minimum qualification  | It requires expertise and training in specific field.                                       | It requires Qualification and training as prescribe by the employer.              |
| Rewards for Business is Profit  | Rewards for profession is Professional Fees.  | Rewards for employment is salary.   |
| Capital Investment is required as per size and nature of business.                        | Limited capital needs for establishment.  | No capital required   |
| Transfer of interest is possible with some formalities                                    | Transfer of interest is not possible with some formalities                                  | Transfer of interest is not possible with some formalities                        |
| Example :- Shop , Factory   | Example :- CA , Doctor , Lawyer   | Example :- Job in Bank , insurance co. , Government Department.                   |

## Classification of Business Activities

**1. Industry :** It is concerned with the production or processing of goods and materials.

**2. Commerce :** It Include all those activities which are necessary for facilitating the exchange of goods and services .

| CLASSIFICATION OF INDUSTRY  |   |   |   |
|---|---|---|---|
| <b>1. Primary industry :</b><br>It include all those activities , which are connected with extraction and production of natural resource and reproduction and development of living organism , plans etc. Primary industry cab be divided into two category :   |   | <b>2. Secondary industries :</b><br>It include all those activites which are connected with using the materials , which have already been extracted at the primary stage , Secondary industry cab be classified into two category                 |   |
| <b>3. Tertiary Industry :</b><br>It include all those activities , which are concerned with providing Support services to primary and Secondary industries as well as activities relating to trade .It is also known as service industry.<br><b>For Example :- Transport , banking and insurance etc.</b> |   |   |   |
| <b>(i) Extractive industries :-</b><br>It include all those industries , which are engaged raising products from natural source ( like soil , air, water or from beneath the surface of the earth)<br><b>For example :-</b> Extracting minerals from earth.   | <b>(ii) Genetic industries :-</b><br>It include all those industries , which are engaged in breeding plants and animals for their use in further reproduction.<br><b>For Example :-</b> rearing of cattle for mil . | <b>(i) Manufacturing Industry :-</b><br>It include all those industries , which are engaged in processing of raw material to produce finished goods. For example :- Cotton textiles industry.<br>Manufacturing further divided into four category | <b>(ii) Construction Industries :-</b><br>It include all those industries , which are engaged in the construction activities. <b>For Example :-</b> Construction of building , dams , bridge etc. |
| <b>(a) Analytical Industry:-</b><br>In this industry Basic raw materials are analysed and seprated into different finished products .<br><b>For Example :-</b> Crude oil processed into many finished products , such as Petrol , Kerosene and Diesel.  |   | <b>(b) Synthetical industry :-</b><br>In this industry , two or more raw material are combined together in manufacturing process to make the final product.<br><b>For Example :-</b> Various chemical mixed together to manufacture cement.       |   |
| <b>(c) Processing Industry :-</b><br>In this industry ,a product passes through various stages to become a final product. <b>For Example :-</b> Sugar industry , paper industry etc.  |   | <b>(d) Assembling industry :-</b><br>In this industry different component are assembled to make a new product. <b>For Example :-</b> Automobile industry , TV industry etc.   |   |

| Commerce   |  |  |
|--|--|--|
| It consists of all those activities , which are necessary for sale , transfer or exchange of Goods and service. It include two types of Activities   |  |  |
| <b>(i) Trade :-</b><br>It implies buying and selling of goods. Trade can be classifies into Two categories   |  | <b>(ii) Auxiliaries to Trade :-</b><br>It implies activities required to facilitates the purchase and sales of good . The main auxiliaries to trade are <b>(i) Transport , (ii) Banking (iii) Insurance (iv) Warehouse (v) Advertisement</b> |
| <b>1. Internal Trade :-</b><br>It is concerned with the buying and selling of goods and services within the geographical boundaries of country . Internal trade is of two types : Whole sale Trade and Retails Trade | <b>2. External Trade :-</b><br>It is concerned with the buying and selling of goods and services between person or organisation operating in two or more countries. External trade is of three types : <b>Export , Import and Entrepot</b> |  |

#### Business Risk :-

It refer to the possibility of inadequate profit or even losses dir to uncertainties or unexpected Events.

**For example :-** Demand fir a particular product mat decline due to change in fashion , tastes of consumer .

| Nature of Business Risk  | Causes of Business Risk  |
|--|--|
| 1. Business Risk arise due to uncertainties<br>2. Risk an essential part of every business<br>3. Degree of Risk depends on nature and size of business.<br>4. Profit the rewards for risk taking | 1. Natural Causes<br>2. Human causes<br>3. Economic Causes<br>4. Other Causes. |