



परमाणु ऊर्जा शिक्षण संस्था
(परमाणु ऊर्जा विभाग का स्वायत्त निकाय, भारत सरकार)
ATOMIC ENERGY EDUCATION SOCIETY
(An autonomous body under Department of Atomic Energy, Govt. of India)

Handout

Subject – Business Studies

Class - XI

Chapter 1 – Business, Trade & Commerce (Module 2/3)

Brief description of module:

This module covers the following topics-

ECONOMIC AND NON ECONOMIC ACTIVITIES

All Human beings have different types of needs. So, in order to fulfil those needs they have to perform some or the other activity. Human activities are classified into Economic & non-economic activities.

Concept of Business: – Business refers to those economic activities involving the purchase production and / or sale of goods and services with a motive of earning profit by satisfying human needs in society.

Characteristics of Business:

An economic activity: Business is considered as an economic activity because it is undertaken with the objective of earning money.

2. Production or procurement of goods and services: Business includes all the activities concerned with the production or procurement of goods & services for sales. Services include transportation, banking, Insurance etc. Goods may consist of consumable items.

3. Sale or exchange of goods & services – There should be sale or exchange of goods and service between the seller & the buyer.

4. Dealing in goods & services at a regular basis: There should be regularity of dealings or exchange of goods & services. One single transaction of sale or purchase does not constitute business.

5. Profit Earning: The main purpose of business is to earn profit. A business cannot survive without making profits.

6. Uncertainty of return: Every business invests money with the objective of earning profit but the amount of profit earned may vary. Also there is always a possibility of losses.

7. Element of risk: All business activities carry some elements of risk because future is uncertain and business has no control over several factors like, strikes, fire, theft, and change in consumer taste etc.

Business: Refers to Purchase, production and/ or sale of goods & services with the objective of earning profit.

Profession: Includes those activities which require special knowledge & skills in the occupation.

Employment: Refers to the occupation in which people work for others and get remuneration in return.

Role of Profit in Business

Business is established for the purpose of earning profit. Profit plays a very important role in business. The role of profit in business can be brought out by the following facts

(1) **For Long Survival:** Profit alone helps a business to continue to exist for a long period. In the absence of profit the establishment of a particular business loses its justification.

(2) **For growth & Expansion:** All businessmen want their business to expand and to grow. For development of business additional capital is needed. Retained earnings are a very good source of capital.

(3) **For increasing efficiency:** Profit is that power which motivates both the parties – owner and workers to do their best. As they know that in case of good profits they will get good compensation for their efforts so it finally helps in increasing the efficiency of business.

(4) **For Building prestige and Recognition:** For gaining prestige in the Society, Business had to satisfy all the parties concerned. It has to supply good quality product/service at reasonable price to customers; adequate remuneration to employees, to pay sufficient dividend to the shareholders etc. and all these are possible only if the business is earning good profit.