

NIOS lesson adaptation project

By EMBRACE Volunteers

(A community initiative of Harchan Foundation Trust)

Chapter 2

Industry And Commerce

(Printable Version)

- **Simplified Lesson**
- **Previous Year Questions with Answers**
- **Terminal Questions**

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

LESSON 2

Industry And Commerce

1. BUSINESS:

Business is any enterprise which makes, distributes, or provides any goods or service, which other members of the community need and are able and willing to pay for.

Business is broadly classified into 2 categories:

1. **Industry** – This is related to production or processing activities of business.
2. **Commerce** – This is related to distribution of goods or service produced in industries.

2. INDUSTRY:

Industry is the business activity, which is related to the raising, producing, processing or manufacturing of products.

3. Commerce

Commerce is the business activity, which is related to distribution of goods produced in industry.

4. Trade

Trade is the business activity, which is related to buying of goods and selling to consumer. A **trader** is a middleman between the producer and the consumer.

5. E-Commerce

E-commerce is the business activity which is related to buying and selling of goods through internet.

Industry:

- The production side of business activity is referred as **industry**.
- **Industry** is a business activity, which is related to the raising, producing, processing or manufacturing of products.
- The products are consumer's goods as well as producer's goods.
- Consumer goods are goods, which are used finally by consumers. E.g. Food grains, textiles, cosmetics, etc.
- Producer's goods are the goods used by manufacturers for producing some other goods. E.g. Machinery, tools, equipment, etc.
- A group of factories usually specializing in particular product line form industry.

Type of Industry:

There are 6 types of Industry:

- 1) Primary

- 2) Genetic
- 3) Extractive
- 4) Manufacturing
- 5) Construction
- 6) Service

1) PRIMARY INDUSTRY:

- a) Refers to production of goods with help of nature.
- b) It is nature oriented industry which requires little human effort or power.
- c) For example: Agriculture, farming, fishing, forestry, horticulture etc.

2) GENETIC INDUSTRY:

- a) Refers to industry which engages in re-production and multiplication of plants and animals for sale.
- b) The main aim is to earn profit from sales.
- c) For example: plant industries, cattles rearing, poultry, cattle breeding etc.

3) EX TRACTIVE INDUSTRY:

- a) Refers to industry which extracts or draws out goods from soil, air or water.
- b) Product from extraction forms the raw material of manufacturing and construction industries.
- c) For example: mining industry, coal industry, oil industry, timber and rubber from forest etc.

4) MANUFACTURING INDUSTRY:

- a) Refers to industry which converts raw material into finished products with the help of machine and man-power.
- b) The finished goods can be either consumer goods or producer goods.
- c) For example: textiles, chemicals, sugar industry, paper industry, etc

5) CONSTRUCTION INDUSTRY:

- a) Refers to industry that takes up the work of construction of houses, building, bridges, roads, canals etc.
- b) Goods produced and sold by constructive industry are constructed at one place

6) SERVICE INDUSTRY:

- a) Refers to industry that provides services to people based on their requirement.
- b) **For examples:** hotel industry, tourism industry, entertainment industry,

Commerce and Trade:

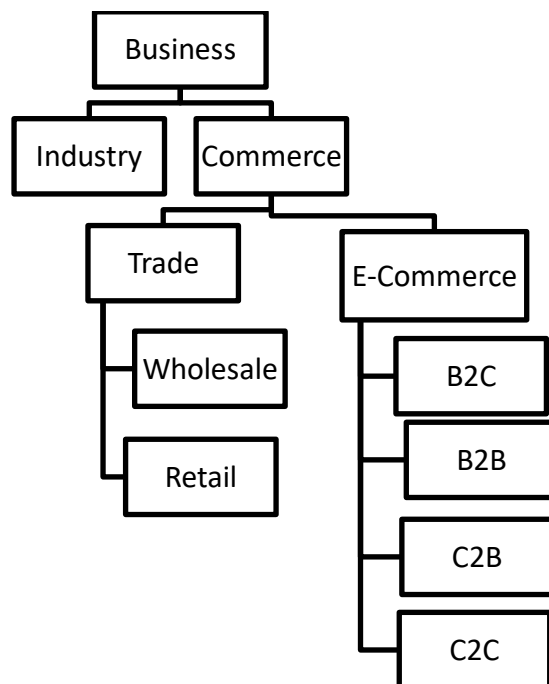
ACRONYM: Type of Industry

- 1) **P**-Primary
- 2) **G**-Genetic
- 3) **E**-Extractive
- 4) **M**-Manufacturing
- 5) **C**-Construction
- 6) **S**-Service

PGEMCS – Peter Got Elephant, Monkey and Cobra Snake.

- **Commerce is the business activity**, which is related to distribution of goods produced in industry.
- **Commerce** consists of all functions which is essential for free and uninterrupted flow of goods from producers to consumers.
- **Trade is the business activity**, which is related to buying of goods and selling to consumer.

Commercial And Trade



Aids or Auxiliaries to Trade

- 1) All activities that facilitate smooth flow of goods from manufacturing centers to the consumption centers are called Aids or Auxiliaries to trade.
- 2) Aids to trade may be classified into five categories:
 - (i) Transportation,
 - (ii) Warehousing,
 - (iii) Insurance,
 - (iv) Advertising,
 - (v) Banking.

DEFINITION OF E-COMMERCE

E-commerce is the business activity which is related to buying and selling of goods through internet.

- E-Commerce (e-commerce) or electronic commerce is the purchasing, selling, and exchanging of goods and services over computer networks (such as the Internet) through which transactions or terms of sale are performed electronically.
- E-Commerce is also called as E-Business. For online retail selling, the term e-tailing is sometimes used.
- Famous E-commerce website of online shopping are Amazon, Flipkart, eBay, Mantra etc.
- Financial transactions in E-commerce is conducted by electronic means like network banking, Paytm, google pay etc.
- E-Commerce can be broken into four main categories: B2B, B2C, C2B, and C2C.

Type of E-Commerce:

	Business	Customers
Business	B2B	C2B
Customers	B2C	C2C

Types of e-commerce

- Other Forms of e-Commerce involves transactions with the government— from procurement, filing taxes, business registrations to renewing licenses.

- Some of these (with government) are:

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government).

TYPES OF E-COMMERCE:

1) B2B (Business-to-Business):

- ✓ Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers.
- ✓ Pricing is based on quantity of order and is often negotiable.

2) B2C (Business-to-Consumer):

- ✓ Businesses selling to the general public typically through catalogs utilizing shopping cart software.
- ✓ B2B takes the price, and the consumer to do the transaction.

3) C2B (Consumer-to-Business):

- ✓ A consumer posts his project with a set budget online and within hours companies review the consumer's requirements and bid on the project.
- ✓ The consumer reviews the bids and selects the company that will complete the project.
- ✓ C2B empowers consumers around the world by providing the meeting ground and platform for such transactions.

4) C2C (Consumer-to-Consumer):

- ✓ There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell things online with ease.
- eBay's auction service is a great example of where person-to-person transactions take place every day since 1995.

Difference between Regular Business and E- Business:

Sl no	Differences	Regular Business	E-Business
1	Establishment	Difficult to setup	Easy to setup
2	Physical presence	Required	Not required
3	Cost of establishment and operation	More	Less

4	Time consumption	More	Less
5	Length of business transaction	More	Less
6	Global reach	Less	More
7	Government help	Less	More
8	Interpersonal relationship	More	Less

Advantage of E- Commerce:

- 1) **Wider choice:** Customer has wider choice of products and services and businessmen have wider market globally.
- 2) **Improved customer service:** Wider range of services during and after the purchase of material is provided.
- 3) **Quick response to customer needs:** Transaction time is very less as producers bypass the distribution channel and supply to the customer directly.
- 4) **Cost saving and price reduction:** There is saving of cost in displaying in showroom and saving in godown for the producer so the customer gets goods at lower rates.
- 5) **Market information:** Businessmen are able to identify the customer needs based on the information online and are able to develop their business.

PREVIOUS YEARS QUESTIONS

1.) Explain the following types of industries with suitable examples of each.

- (a) Primary Industry
- (b) Genetic Industry
- (c) Extractive Industry

Answer:

a) Primary Industry-

Primary industry refers to production of goods with the help of nature and requires lesser human efforts. For example:
Agriculture, Farming, forestry etc.

b) Genetic Industry-

Genetic Industry refers to industry which engages in re-production and multiplication of plant and animal. For example: cattle rearing, poultry, cattle breeding etc.

c) **Extractive Industry-**

Extractive industry refers to industry which extracts or draws out raw material from soil, air and water. For example: Mining industry, coal industry, oil industry etc.

2) Explain any two advantages of E-Commerce?

Answer:

Advantages of E-Commerce are:

- 1) **Wider choice: Customer** has wider choice of products and services and **businessmen** have wider market globally.
- 2) **Cost saving and price reduction:** There is saving of cost in displaying in showroom and saving in godown for the producer so the customer gets goods at lower price.

3) Give differences between traditional business and e-business on the basis of formation, global reach and operating cost.

Answer:

Sl no	Difference	Traditional business	E-business
1	Formation	Difficult to form	Easy to form
2	Global reach	Less	More due to internet
3	Operating cost	More	Less

Difference between Traditional Business and E-Business are:

- 1) Formation: Traditional business is difficult to setup while E-Business is easy to setup.
- 2) Global reach: Traditional business does not reach globally while E-business reaches globally due to internet.
- 3) Operating cost: The establishment and operation of Traditional business is more while E-business is less.

4) Explain any two benefits of E-commerce.

Answer:

Two benefits of E-Commerce are:

- 1) **Wider choice: Customer** has wider choice of products and services and **businessmen** have wider market globally.

- 2) Cost saving and price reduction:** There is saving of cost in displaying in showroom and saving in godown for the producer so the customer gets goods at lower price.

6) Describe briefly any three types of industries with suitable examples.

Answer:

- a) **Primary Industry** -
Primary industry refers to production of goods with the help of nature and requires lesser human efforts. For example: Agriculture, Farming, forestry etc.
- b) **Genetic Industry** -
Genetic Industry refers to industry which engages in re-production and multiplication of plant and animal. For example: cattle rearing, poultry, cattle breeding etc.
- c) **Extractive Industry** -
Extractive industry refers to industry which extracts or draws out raw material from soil, air and water. For example: Mining industry, coal industry, oil industry etc.

7) Extraction of timber from forests is an example of:

- a) Primary Industry
- b) Genetic Industry
- c) **Extractive Industry**
- d) Manufacturing Industry

8) Explain the following in reference to E-Commerce:

- a) B2B
- b) B2C

Answer:

a) B2B : Business to Business

- 1) B2B or Business to Business is a type of E-Commerce in which companies do business with each another.
- 2) For Example: Manufacturer selling to distributor, wholesaler selling to retailers.
- 3) Prices are based on quality of order and it is often negotiable.

a) B2C : Business to Customer

- 1) Business to Customer is a type of E-Commerce in which Business sell their products to the general public or consumers.
- 2) Business uses catalogs using shopping cart software.
- 3) B2B takes the price and consumers do the transaction.

9) Your father who is running his business in a traditional way is against your suggestion to start using internet i.e.; switch over to E - commerce. Explain him any four advantages of E - commerce.

Answer:

The four advantage of E-Commerce are:

- 1) **Wider choice:** Customer has wider choice of products and services and **businessmen** have wider market globally.
- 2) **Improved customer service:** Wider range of services during and after the purchase of material is provided to customers.
- 3) **Quick response to customer needs:** Transaction time is very less as producers bypass the distribution channel and supply to the customer directly.
- 4) **Cost saving and price reduction:** There is saving of cost in displaying in showroom and saving in godown for the producer so the customer gets goods at lower price.
- 5) **Market information:** Businessmen are able to identify the customer needs based on the information online and are able to develop their business.

TERMINAL QUESTIONS

1. Tick the correct alternative.

Answer:

- i. Industry is concerned with **production**/distribution.
- ii. Commerce is mainly concerned with production/**distribution**.
- iii. One who buys and sells in large quantities is a **wholesaler**/retailer.
- iv. The medium which moves men, materials from one place to another is called insurance/**transport**.

2. Dalmia Oil Mills produce refined oil. The entire production is lifted by Ruchi Oil Depot, who in turn sells it to various retailers. Mrs. Priti purchased 2 kg of oil from Balaji Groceries. Name the following: Name

- i) Manufacturer
- ii) Wholesaler
- iii) Retailer
- iv) Consumer

Answer:

- i) Manufacturer – Dalmia Oil Mills
- ii) Wholesaler – Ruchi Oil Depot
- iii) Retailer – Balaji Groceries
- iv) Consumer – Mrs. Priti

Multiple Choice Questions

1. The industries engaged in growing of plants are known as

- (a) Construction Industries (b) Manufacturing Industries
(c) Extractive Industries **(d) Genetic Industries.**

2. Industries engaged in the construction of building, roads and bridges etc. Are known as

- (a) Construction Industries** (b) Manufacturing Industries
(c) Extractive Industries (d) Genetic Industries.

3. E-Commerce means buying and selling goods and services.

- (a) Electronically** (b) In person
(c) Through Post offices (d) Through T.V.

4. Aid to trade includes

- (a) Banking** (b) Manufacturing
(c) Buying (d) Selling.

5. E-Commerce does not include

- (a) **A2A** (b) B2B
(c) B2C (d) G2G

Terminal Exercise

1. What do you mean by business? Explain the various types of business activities.

Answer: Business is **any enterprise** which makes, distributes, or provides any goods or service, which other members of the community need and are able and willing to pay for.

Business is broadly classified into 2 categories:

- Industry – This is related to production or processing activities of business.
- Commerce – This is related to distribution of goods or service produced in industries.

2. Define e-commerce. Describe its advantages.

Answer: E-commerce is the **business activity** which is related to buying and selling of goods and services through internet.

Advantage of E-Commerce is:

- 1) Wider choice:** Customer has wider choice of products and services and businessmen have wider market globally.

- 2) **Improved customer service:** Wider range of services during and after the purchase of material is provided.
- 3) **Quick response to customer needs:** Transaction time is very less as producers bypass the distribution channel and supply to the customer directly.
- 4) **Cost saving and price reduction:** There is saving of cost in displaying in showroom and saving in go down for the producer so the customer gets goods at lower rates.
- 5) **Market information:** Businessmen are able to identify the customer needs based on the information online and are able to develop their business.

3. What is meant by Industry? Discuss various types of Industries.

Answer:

- Industry is a business activity, which is related to the raising, producing, processing or manufacturing of products. The production side of business activity is referred as industry.
- The types of Industries are
 - 1) Primary industry
 - 2) Genetic industry
 - 3) Extractive industry
 - 4) Manufacturing industry
 - 5) Construction industry
 - 6) Service industry
 - Primary industry involves production of goods with the help of nature. For example, Agriculture, farming, fishing.
 - Genetic industry involves reproduction and multiplication of plant and animal. For example: Cattle rearing, poultry, cattle breeding etc.
 - Extractive Industry involves extraction of goods from soil, water or air. For example: coal, oil, rubber industry.
 - Manufacturing industry involves in conversion of raw material into useful product. For example: sugar, textile, paper industry
 - Construction industry involves construction of building, roads, railways, bridges etc.
 - Service industry involves in providing services that help people. For example, Hotel, hospital, entertainment etc.

4. What are the types of e-commerce?

Answer:

1. E-Commerce can be broken into four main categories: B2B, B2C, C2B, and C2C.

2. B2B- Business to Business
3. B2C – Business to Customer
4. C2B – Customer to Business
5. C2C – Customer to Customer
6. Other forms of E-Commerce are G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government).

5. What is meant by the auxiliaries to trade? Explain

Answer:

- 1) All activities that facilitate smooth flow of goods from manufacturing centers to the consumption centers are called **Aids or Auxiliaries to trade**.
- 2) Aids to trade may be classified into five categories:
 - (a) Transportation, (b) Warehousing, (c) Insurance, (d) Advertising, (e) Banking
- (a) Transportation-** The way by which moves men and materials from one place to another is called Transportation. Goods and services are transported to people as a part of business activity.
- (b) Warehousing –** The place where goods are stored till, they are sold is a warehouse or go down.
- (c) Insurance –** Goods produced in industry is in the risk of damage or loss so it's important to insure it. Insurance policy is taken from insurance agency certain fixed amount called premium.
- (d) Advertising –**
 - The producer, through advertisement, communicates all information about his goods, to the consumers.
 - This advertisement creates a strong desire in the consumer to buy the product and sales of the product increases.
- (e) Banking-** Cash exchange for goods or services in business activity happens through Banks and support business.

6. As a businessman what are the different aids to trade you are using in your daily transaction of business? Comment.

Answer:

As a businessman, I use following aids to trade for daily transaction:

- 1) Transport – I use truck, train and flight to distribute my goods to traders in all part of India.
- 2) Warehousing – I store the goods manufactured in my industry in the warehouse in various places near my customers.

- 3) Insurance – To avoid risk of damage or loss of my goods, I take insurance policy for it.
- 4) Advertising – I advertise my goods through Newspapers, Radio, TV, internet etc to reach many people across the globe.
- 5) Banking – I use banking facility for have money transfer between me and my customer.