

Class XI Session 2025-26

Subject - Business Studies

Sample Question Paper - 3

: 3 hours

Maximum Marks: 80

Instructions:

This question paper contains 34 questions.

Marks are indicated against each question.

Answers should be brief and to the point.

Answers to the questions carrying 3 marks may be from 50 to 75 words.

Answers to the questions carrying 4 marks may be about 150 words.

Answers to the questions carrying 6 marks may be about 200 words.

Attempt all parts of the questions together.

and DIC

[1]

a) District Industries Centers

b) Directorate of Industry Corporation

c) Directorate of Indian company

d) Directorate of Indian Corporation

Dividends are income payments made by companies to shareholders and interest is income paid by companies or governments to their bond-holders. [1]

_____ is an investment that a company makes into another company by way of acquiring shares or providing loans to the latter and earns income by way of dividends or interest on loans.

a) Direct investment

b) Investment in current assets

c) Investment in fixed assets

d) Portfolio investment

Which of the following comes under the private sector?

[1]

a) Sole Proprietorship

b) All of these

c) Joint Hindu Family

d) Partnership

Which of the following is incorrect with respect to a super market:

[1]

a) Supermarkets offer a wide variety of products at low cost under one roof

b) Setting up a super market requires huge investment

c) Super markets sell their products on both cash and credit basis

d) Super markets engage in large scale buying and selling

Which among the following are the highest risk-takers?

[1]

a) People practicing a profession

b) People engaged in career employment



6. **Assertion (A):** There is a greater transaction risk in e-business. [1]
Reason (R): E-business requires technically and professionally qualified personnel.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false. d) A is false but R is true.
7. Minimum number of members to form a private company is: [1]
a) 3 b) 7
c) 2 d) 5
8. **Assertion (A):** Joint Hindu family businesses are found only in India. [1]
Reason (R): Hindu Undivided Family (HUF) business is governed by Hindu Law.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false. d) A is false but R is true.
9. Which of the following is the main problem for small business? [1]
a) Raw material b) Managerial skill
c) All of these d) Finance
10. Which itinerant retailers are mostly found at places where huge floating population gathers? [1]
a) Street traders b) Cheap jacks
c) Hawkers and paddlers d) Market traders
11. Which of the following statements is true regarding preference shares? [1]
A. Preference shares provide an unsteady income in the form of a flexible rate of return.
B. Preference shares are preferably for investors with a high-risk appetite.
C. Preference shareholders have voting rights.
D. Preference shareholders enjoy a preferential position over equity shareholders.
- a) Only B is true b) Only A is true
c) Only C is true d) Only D is true
12. Fill in the blanks: [1]
_____ trade aims at equitable distribution of goods within a nation speedily and at a reasonable cost.
13. In which form of business organization continuity is not affected in the event of death of the owner? [1]
a) Joint Hindu Family business b) Sole Proprietorship
c) Cooperative d) Partnership
14. NSIC was set up in: [1]
a) 1982 b) 1975
c) 1955 d) 1965
15. A business enterprise has the responsibility to provide a fair return to the _____. [1]
a) state government b) shareholders



- c) tax authority d) customers
16. Which of the following is incorrect regarding the nature of services? [1]
- a) Services have to be performed exclusively each time for different customers b) Services can be stored for future use
- c) Services are experiential in nature d) Services involve simultaneous activity of production and consumption
17. What is the maximum amount that can be invested in equipment by a Medium enterprise engaged in rendering services according to Government of India? [1]
- a) 2 crore rupees b) 5 crore rupees
- c) 3 crore rupees d) 4 crore rupees
18. Which of the following is a cause of business risks? [1]
- a) Economic Cause b) Natural Cause
- c) All of these d) Human Cause
19. Expand NSIC: [1]
- a) National Small Industries Corporation b) National Small Industries Centre
- c) National Small Indian Corporation d) National Small Business Industries Center
20. Preliminary Contracts are signed: [1]
- a) before the incorporation b) after the commencement of business
- c) after incorporation but before the capital subscription d) after incorporation
21. Discuss the various disadvantages of international business. [3]
- OR
- Why the mobility of factors of production generally more within the countries than between the country?
22. Differentiate between Double Insurance and the Reinsurance. [3]
- OR
- Explain the principles of **Insurable Interest** and **Implied Warranties** applicable to Marine Insurance.
23. How does market information provided by the retailer benefit the wholesaler? [3]
24. Mayank has a surplus money of Rs. 25,00,000, which he wants to invest either in equity shares or in preference shares. Two real estate companies (Magic Estate and Skylark Enterprises), with almost the same creditworthiness, are launching their public issue. Magic Estate is coming up with a public issue of preference shares, while Skylark Enterprises is coming up with equity shares. Mayank is confused about the two issues. He consulted his friend Gaurav, who is a portfolio manager and Gaurav convinced him to invest the money in Magic Estate due to 'Preferential Rights' of preference shareholders over equity shareholders. [3]
- State the 'Preferential Rights' stated by Gaurav, which convinced Mayank to invest in Magic Estate.
25. **Rakhi Footwear Ltd.** deals in shoes. This company has opened 500 shops in different places in the whole country. The specialty of the business of this company is that at all its shops the goods available are of the same type and their price also is the same. By starting this type of business the company has done away with the Middlemen. The people are happy to buy goods from the producer or manufacturer directly. [4]
- Identify the trade of 'Rakhi Footwear Ltd.' and describe any five of its advantages.



26. How would you classify business activities? [4]

OR

Explain the nature of business risk.

27. Differentiate between traditional business and e-business. [4]

28. What do you mean by **Business Finance**? Why do business activities need it? [4]

OR

Differentiate between preference shares and equity shares.

29. What is business ethics? Mention the basic elements of business ethics. [4]

30. Good Earth Ltd. is a well-known company dealing with organic herbal and ayurvedic health products. It entered into a contract with 'Wellspring Ltd.', a company owning a chain of spas for the supply of products, before 'Wellspring Ltd.' could obtain Certificate of Commencement of Business. [4]

In the context of the above case answer the following:

a. What is the type of contract that a company may enter into before obtaining the Certificate of Commencement of Business?

b. Can 'Good Earth Ltd.' recover the price for its suppliers?

31. Ved recently joined an export-oriented unit in Kerala under the name 'Spices Ltd.'. On joining the firm he found out that the company has reserved about 20 percent of the posts for specially-abled people. As his first assignment, he was asked to process an export order received from a Dubai based company. He has successfully completed all the formalities with regard to this export order and has prepared the invoice. [6]

In the context of the above case answer the following questions:

a. What is the next step that he has to perform in order to successfully complete his first work assignment?

b. Define the term Pre-shipment inspection and write down its benefits also.

32. Explain the process of the entrepreneurship development program. Write all its stages and explain them. [6]

OR

Explain any four institutional support provided by the government to small businesses in India.

33. What is meant by a multinational company? Explain its features. [6]

34. What are the social objectives of business? [6]

OR

Define Industry. Explain various types of industries giving examples.



Solution

1. (a) District Industries Centers

Explanation:

The District Industries Centers Programme was launched on May 1, 1978, with a view to providing an integrated administrative framework at the district level, which would look at the problems of industrialisation in the district, in a composite manner.

2.

- (d) Portfolio investment

Explanation:

Portfolio investment is an investment that a company makes into another company by the way of acquiring shares or providing loans to the latter and earns income by way of dividends or interest on loans.

3.

- (b) All of these

Explanation:

There are various types of business in the private sectors, like Sole Proprietor, Partnership, Limited Companies, Cooperatives, and Joint Hindu Family.

4.

- (c) Super markets sell their products on both cash and credit basis

Explanation:

Supermarkets sell their products only on a cash basis. They do not grant credit to customers.

5.

- (c) Entrepreneurs

Explanation:

Entrepreneurs are the one who takes the most risk . Risk is like loss by fire, theft, risk of price rise or fall, etc.

6.

- (b) Both A and R are true but R is not the correct explanation of A.

Explanation:

There is greater transaction risk in e-business as compared to the traditional ones due to the distance and anonymity of the parties.

7.

- (c) 2

Explanation:

Minimum number of members to form a private company is **two**.

8.

- (b) Both A and R are true but R is not the correct explanation of A.

Explanation:

HUF businesses are carried by the members of the Hindu undivided family that are found in India. It's a traditional form of Indian Business.

9.

- (c) All of these



Explanation:

The problems of traditional small scale units include a remote location with less developed infrastructural facilities, lack of managerial talent, poor quality, traditional technology, and inadequate availability of finance.

10. **(a)** Street traders

Explanation:

Street traders are the small retailers who are commonly found at places where huge floating population gathers for eg., near bus stands or railway stations.

11.

(d) Only D is true

Explanation:

Preference shares are the shares that carry preferential rights on the matters of payment of dividend and repayment of capital.

12. 1. Internal

13. **(a)** Joint Hindu Family business

Explanation:

In Joint Hindu Family business, the death of Karta will not affect the business as the next eldest member will take up the position.

14.

(c) 1955

Explanation:

NSIC was set up in 1955 with a view to promote, aid, and foster the growth of small business units in the country.

15.

(b) shareholders

Explanation:

The shareholders are the owners of the company. They have provided the capital to the company. Therefore management is responsible

- To provide a fair return on capital invested by them
- To ensure the safety of their investment

16.

(b) Services can be stored for future use

Explanation:

Services cannot be stored for sale in the future.

17.

(b) 5 crore rupees

Explanation:

Maximum Rs.5 crore and minimum Rs.2 crores.

18.

(c) All of these

Explanation:

Main Causes of Business Risk, Natural Causes, Human Causes, Competition, use of modern technology, government policies.

19. **(a)** National Small Industries Corporation

Explanation:

National small industries corporation was set up in 1955 with a view to promote, aid, and foster the growth of small business units in the country.

20. (a) before the incorporation

Explanation:

Preliminary contracts are contracts entered into by the promoters on behalf of the company before its incorporation with third parties.

21. Disadvantage of international business is as follows:

- i. **Economic dependence:** International trade is more likely to make the country too much dependent on imports from foreign countries.
- ii. **Inhibition of growth of home industries:** international business may discourage the growth of indigenous industry.
- iii. **Import of Harmful Goods:** international business may lead to import of luxurious goods, dangerous goods, etc. it may harm the well-being of people.

OR

- i. Because of legal restrictions on their movement across the nations.
 - ii. Variations in the socio-cultural environment of different nations restrict the mobility of labour as it is found difficult to adjust in other country's socio-cultural conditions.
 - iii. Geographic influences and economic conditions also come in a big way in the movement of factors of production across countries.
 - iv. Change in foreign currency between different countries.
22. Double insurance occurs when an insured party obtains multiple policies from different insurers, while reinsurance involves the transfer of risk from one insurer to another. Double insurance focuses on protecting the policyholder, whereas reinsurance aims to assist the ceding company in managing risk.

OR

Marine insurance is applicable only when you have an insurable interest in the insurable property at the time of loss. This means you must stand at benefit if the goods reach their destination safely and on time.

A warranty may be express or implied. The implied warranties of sea worthiness and legality are true implied warranties in that their existence is assumed at law and would form part of any contract of marine insurance unless inconsistent with an express warranty in the contract.

23. As retailers remain in direct and constant touch with the buyers, they serve as an important source of collecting market information about the tastes, preferences and attitudes of customers. Such information is considered very useful in taking important marketing decisions in an organisation.
24. The preference shareholders enjoy two preferential rights over equity shareholders:
- i. Right to receive a fixed rate of dividend before any dividend is paid to equity shareholders.
 - ii. Right to receive repayment of capital on winding up of the company, before the capital of equity shareholders is returned.
25. The name of trade of 'Rakhi Footwear Ltd.' is 'Chain Store'. Its main merits/advantages are the following:
Merits of Chain Store are as follows:
1. Economies of scale: As there is central procurement, the multiple-shop organisation enjoys the economies of scale.
 2. Elimination of middlemen: By selling directly to the consumers, the multiple-shop organisation is able to eliminate unnecessary middlemen in the sale of goods and services.
 3. No bad debts: Since all the sales in these shops are made on cash basis, there are no losses on account of bad debts.
 4. Transfer of goods: The goods not in demand in a particular locality may be transferred to another locality where it is in demand. This reduces the chances of dead stock in these shops.
 5. Low cost: Because of centralised purchasing, elimination of middlemen, centralised promotion of sales and increased sales, the multiple shops have lower cost of business.
26. Business is the buying, selling and exchange of goods and services for profit motive. Business activities can be classified into the following two broad categories:
- i. Industry: It refers to economic activities in which raw materials are processed and converted into useful products. During the process, value addition to the raw materials takes place, and the final products have a higher value compared with the raw materials. For instance, a piece of cloth has a higher value than the cotton from which it is produced. Therefore, we can say that industries produce goods that are readily consumable by the final consumers. Among the major activities that are performed by industry are production, processing and manufacturing. Industries are classified into three categories:
 - a. Primary Industry - it includes activity connected with the production of wealth directly from natural resources etc.
 - b. Secondary Industry - This industry is concerned with converting raw material into finishing product.



c. Tertiary Industry - These industries are concerned with providing those services which facilitate the flow of goods and services.

ii. Commerce: Unlike industry, commerce does not involve manufacturing or production. It basically involves trading and its related activities. Commerce includes exchange of goods and services. It primarily aims at the circulation of these goods and services so as to keep them within the reach of the final consumers. The major commercial activities are transportation, advertisement, packaging, warehousing, banking, communication, etc. Hence, it can be said that commerce bridges the gap between the producers and the consumers. Trade can be further classified into two-internal and external trade.

OR

The business risk may be defined in terms of the possibility of occurrence of unfavourable events; which maximize chances of losses and minimize chances for gain, in business.

The nature of business risk is explained below:

- i. **It arises due to uncertainties:** A business is started and operated on the basis of forecasts and assumptions about the likely future events which may or may not hold good. Therefore, the uncertainty of the expected or unexpected event may cause a risk of loss to the business.
- ii. **Risk is an essential part of every business:** Every business is exposed to one or the other kind of risk. Risks can not be eliminated though they can be minimized by making suitable provisions in advance.
- iii. **Profit is the reward of the risk:** An entrepreneur undertakes risks of investing his capital under the expectation of higher profits. Profit is thus the reward for risk-taking.
- iv. **Degree of risk depends mainly upon the nature and size of business:** The nature of the business (a type of goods and services produced) and the size (volume of production) of the business determines the amount of risk. Larger the scale of business, higher will be the possibility of risk.

27. Difference between traditional business and e-business:

Basis of difference	Traditional business	e-business
Ease of formation	It is difficult to form.	It is very simple to form.
Cost of setting up	The cost of setting up is high.	The cost of setting up is low.
Physical presence	It requires physical presence.	It does not require physical presence.
Business processes and length of the cycles	The business process cycle is long.	The business process cycle is short.
Government patronage	Shrinking	Increasing(IT sector is among the topmost priorities of the government)

28. Business finance is that business activity which is concerned with the acquisition or conservation of capital funds in meeting the financial needs and overall objective of a business enterprise.

The significance of finance can be summarized as under:

- i. Meeting expenses concerning the establishment of the business.
- ii. Finance is required for purchasing fixed assets and current assets.
- iii. Prompt payment of debts builds creditworthiness of the business, so funds can be easily borrowed.
- iv. The smooth functioning of the business.
- v. Meeting day to day expenses of the business.
- vi. Bridging the gap between production and sales. The availability of funds is necessary to carry on production activities continuously.
- vii. The availability of adequate finance at the proper time in the hands of competent management ensures the success of the business.

OR

Difference between equity shares and preference shares:

S.No.	Basis of Differentiation	Equity Shares	Preference Shares
1.	Definition	Also known as ordinary shares. Equity share is the foundation of the company as it raises fund. These cannot be converted to preference shares.	Preference shares are the shares which promise the holder a preference over



			the equity shares. These can be converted to equity shares.
2.	Dividend	Equity shares do not have the right to receive a dividend. Under this, the rate of dividend is fluctuating.	Under preference shares, based on time, cumulative or non-cumulative are entitled to the dividend. Here, the rate of dividend is fixed.
3.	Voting rights	Voting rights under general meeting.	Do not have any voting rights.
4.	Types	These are considered as ordinary shares and thus they do not have any types.	These come in various types like Convertible and non-convertible, Cumulative and non-cumulative.
5.	Liquidation	During liquidation, shareholders will have a residual right over the asset even after the repayment to preference shares of the company.	The shareholders will have first right after the repayment.
6.	Participation rights	They are primarily responsible for the management of the company.	Do not have any participation rights in the company's management.

29. Business ethics refers to a set of moral values or standards or norms that govern the activities of a businessman. Ethics defines what is right and what is wrong.

Elements of business ethics:

- i. Identification: It means that businessmen should be competent enough to rank and identify the ethical issues in order of importance.
 - ii. Evaluation: It means that businessmen must develop the rules and regulations in order to evaluate the ethical issues of the business.
 - iii. Imagination: A businessman should be imaginative enough that he should think about society before taking any decision about the business. He must be aware of the areas towards which people are sensitive.
 - iv. Tolerance: Businessmen must have the quality to tolerate ethical disagreement.
 - v. Obligations: The business decision taking process should be evaluated so that it must fulfill ethical obligations.
30. a. The type of contract that a company may enter into before obtaining the Certificate of Commencement of Business is known as Provisional Contract.
- b. A contract made by a public company after incorporation but before it is entitled to commence business is provisional, and is not binding on the company. But, as soon as the certificate to commence business is obtained the contract becomes binding on the company automatically. Therefore, 'Good Earth Ltd.' can enforce the contract and recover the price for its supplies from Wellspring Ltd. after it obtains the Certificate of Commencement of Business.
31. a. The next step that Ved has to perform in order to successfully complete his first work assignment is securing payments from the importer is as follows:
- i. In order to secure payment, the exporter notifies the importer about the shipment of goods. He forwards the documents required by the importer in order to claim the title of goods on their arrival at his/her country and get the customs clearance through his/her banker with the instruction that these may be delivered to the importer after acceptance of the bill of exchange.
 - ii. The process of submission of the relevant documents to the bank for the purpose of securing the payment from the bank is called 'negotiation of the documents'.
 - iii. These documents include a certified copy of the invoice, bill of lading, packing list, insurance policy, certificate of origin and letter of credit.
 - iv. On receiving the bill of exchange the importer releases the payment. The exporter's bank receives the payment through the importer's bank and is credited to the exporter's account.
 - v. On receiving the payment for exports, the exporter has to obtain a bank certificate of payment which certifies that after negotiation of the necessary documents the payment has been received in accordance with the exchange control regulations.
 - vi. He can get immediate payment from his/her bank on the submission of documents by signing a letter of indemnity.
- b. Pre-Shipment Inspection can be defined as a systematic inspection of the sample of goods, which are selected randomly from all batches of the order. Some of the benefits of pre-shipment inspection are as follows:-
- (i) Exporters could reduce their risks to receive poor quality and non-compliance goods.



(ii) Exporters could follow the production process and take corrective actions before the production is finished and goods are packed.

(iii) Exporters could make sure when the product will be finished and when the goods will be available for the shipment.

32. An entrepreneurship Development Programme consists of three broad stages:- (i) Pre-training Stage. (ii) Training or Development stage. (iii) Post-training or Follow-up stage.

i. Stage: Pre-training Stage:-

The first stage of Entrepreneurial Development Programme is the pre-training stage. It includes the preparations required to launch the programme. This stage involves the following main activities:

- a. Creation of Infrastructure for training.
- b. Development of training syllabus.
- c. Selection of faculty.
- d. Designing tools and techniques for the selection of trainees.
- e. Formation of the selection committee.

ii. Stage: Training or Development:-

The process of training helps an entrepreneur in gaining written and practical knowledge and to accept new technology. ED training is usually more effective when linked to finance and other services such as marketing, quality assurance and productivity improvement. During this stage, the training programme is implemented to develop motivation and skills among the participants. Its should aim to provide both theoretical and hands-on practical knowledge to various trainees. Some methods of training are:

- a. Lecture method
- b. Individual instructions
- c. Group instructions
- d. Demonstration method
- e. Seminars
- f. Meetings
- g. Conferences, etc.

iii. Stage: Post Training or Follow-up:-

The third stage of Entrepreneurial Development Programme is the post-training stage. This phase involves a follow up meeting and a follow-up register to ensure the success of the entrepreneurial development program. It includes preparing and maintaining a separate file for each trainee. Passing the desired information to the entrepreneur well in time. Post-training support services are rendered to the participants who have successfully completed the entrepreneurship.

OR

The institutional support provided by the government are as follows:

i. National Bank for Agriculture and Rural Development (NABARD):

- a. This bank was established in the year 1982 with the main aim to promote rural development. It has designed and implemented many strategies and schemes for the development of rural business.
- b. Besides agriculture, it supports cottage and rural industries and rural artisans by offering counselling and consultancy services and easy credit facilities.
- c. It also organises training and development programmes for rural entrepreneurs.
- d. It provides financial support to agriculture, small industries, cottage and village industries and rural artisans.

ii. The Rural Small Business Development Centre (RSBDC):

- a. This centre was established by the World Association for Small and Medium Enterprises. (WASME) NABARD sponsors this centre.
- b. The main objective of this centre is to provide management and technical support to current and prospective entrepreneurs in rural areas.
- c. Several programmes on rural entrepreneurship, mobile clinics and training, awareness and counselling camps, etc. have been organised by RSBDC in various villages.
- d. It has organized several programs on rural entrepreneurship, skill up-gradation workshops, training programs, etc. in various villages.

iii. The National Commission for Enterprises in the Unorganised Sector (NCEUS): It was set up in September 2004.

Following are its main objectives:

- a. To create more employment opportunities particularly in the rural areas.



- b. To increase the competitiveness of the small units in the emerging global environment.
- c. To recommend measures for improving the productivity of small enterprises in the informal sector.
- d. To provide facilities in the areas of credit, raw materials, technology, etc.

iv. **Rural and Women Entrepreneurship Development (RWED):**

- a. The main objective of this development programme is to promote a conducive business environment and to build institutional and human capacities that will encourage the entrepreneurial initiatives of rural people and women.
- b. To create a business environment in order to encourage initiatives from rural and women entrepreneurs.
- c. To enhance human and institutional capacities needed to develop entrepreneurship ability and hence increase productivity.
- d. It provides training and advisory services.

33. Multinational company is a company whose business operations extend beyond the country in which it has been incorporated. Multinational company has their head office in one country, but they carry on business operations in other countries, known as host countries. For example, L.G., Samsung, Philips, etc.

Multinational company has the following features:

- i. **Huge capital resources:** These enterprises are characterized by possessing huge financial resources and the ability to raise funds from different sources as they enjoy high credibility in the capital market. Because of their financial strength, they are able to survive under all circumstances.
- ii. **Foreign collaboration:** MNCs may collaborate with the companies in the public and private sectors. Big industrial houses wanting to diversify and expand have gained by collaborating with MNCs in terms of patents, resources foreign exchange, etc.
- iii. **Advanced technology:** These enterprises possess technological superiorities in their methods of production. They are able to conform to international standards and quality specifications, thus leading to the industrial progress of the country by optimally exploiting local resources and raw material.
- iv. **Product innovation:** These enterprises are characterized by having highly sophisticated research and development departments engaged in the task of developing new products and superior designs of existing products.
- v. **Marketing strategies:** Multinational company use aggressive marketing strategies in order to increase their sales in a short period. They have more reliable and up-to-date information about the market.

34. The objective of the business should not always be economic. There is no doubt that economic objective is very important for existence and development of a business, but economic objectives can be achieved only when a business has social standing. In other words, the objective of business should be to earn profit through social service. According to Henry Ford, Service first and profit next should be the motive of every businessman. According to F. E. L. Bresh, "Business has no meaning unless it serves and satisfies a customer at a profit."

The social objectives of a business may be summarized as follows:

- i. **Produce quality goods:** The objective of the business is not only to provide goods to the society but also to provide goods and services of high quality. A businessman can earn a good profit by selling adulterated goods but he cannot carry on his business for a long time like this.
- ii. **To charge fair prices:** The social objective of the business is not only to provide quality goods to society but also at reasonable prices. Undue profits earned by increasing the prices of the goods will not last long and will hamper the reputation of the business in the society.
- iii. **To provide employment:** The social objective of the business is also to provide employment to the society. With the development of business, the need for employees arises. Thus, the business needs the services of good employees. So, the business should provide opportunities for meaningful work.
- iv. **To provide regular and fair returns to investors:** It is also a social objective of business to provide regular and fair returns to investors. Investors invest money and bear risk. So, investors must be suitably rewarded.
- v. **To promote the progress of society:** Business is a part of society. The society provides a regular market for goods and services of the business apart from factors of production. The progress of the business is linked with the progress of society.

OR

Industry is concerned with the production or processing of goods and materials. It refers to economic activities that relate to the conversion of resources into useful products.

The various types of industries are:

- I. **Primary Industries** - It is concerned with all those activities, which involve the extraction and production of natural resources and reproduction and development of living organisms, plants, etc.

It can be classified further into two types:



- i. **Genetic Industries:** These industries relate to breeding plants and animals for their use in future reproduction, like a poultry farm, fish hatchery, etc.
- ii. **Extractive Industries:** These industries relate to the extraction of products from natural resources like farming, mining, hunting, etc.

II. **Secondary Industries:** Secondary industries involve the conversion of materials that have already been extracted at the primary stage into goods for final consumption or for further processing by other industries. These industries may be further divided as follows:

- i. **Construction Industries:** These industries relate to the construction of monuments, buildings, flyovers, dams, bridges, roads, etc.
- ii. **Manufacturing Industries:** These industries are engaged in the production of products for final consumption and creating form utilities. Manufacturing industries may be further divided into four types:
 - a. **Analytical Industry:** In this industry, the basic raw materials are analyzed and separated into different finished products. For example, crude oil is processed into many finished products such as kerosene, petrol, diesel etc.
 - b. **Synthetic Industry:** In this industry, two or more raw materials are combined together in the manufacturing process to make the final product. For example, various chemicals are mixed together to manufacture cement.
 - c. **Processing Industry:** These industries deal in products which involve successive stages for manufacturing finished products. For example paper industry etc.
 - d. **Assembling Industry:** These industries create a new product by assembling different component parts like the automobile industry etc.

iii. **Tertiary industries:** These industries provide service facilities and support services to primary and secondary industries.