

Class 11th | Business study



Unit : 1

Nature and Purpose of Business

Lecture - 07

MCQ

“An entrepreneur dealing in fashionable items has a high degree of risk as compared to business involved in necessity goods as fashion keeps on changing and does not last long.”

Which nature of business risk is highlighted here?

- (a) Business risk due to uncertainties.**
- (b) Degree of risk depends on nature and size of business.**
- (c) Risk is an essential part of every business.**
- (d) Profit is the reward of business.**

Reason

MCQ

Business risk is not likely to arise due to

- (a) Changes in government policy**
- ~~(b) Good management~~**
- (c) Employee's dishonesty**
- (d) Power failure**

MCQ

Which type of business risk is arised due to 'floods'? — Q16

- ☒ (a) Natural Cause
- (b) Economic Cause
- (c) Human Cause
- (d) None of these

Natural
Calamity

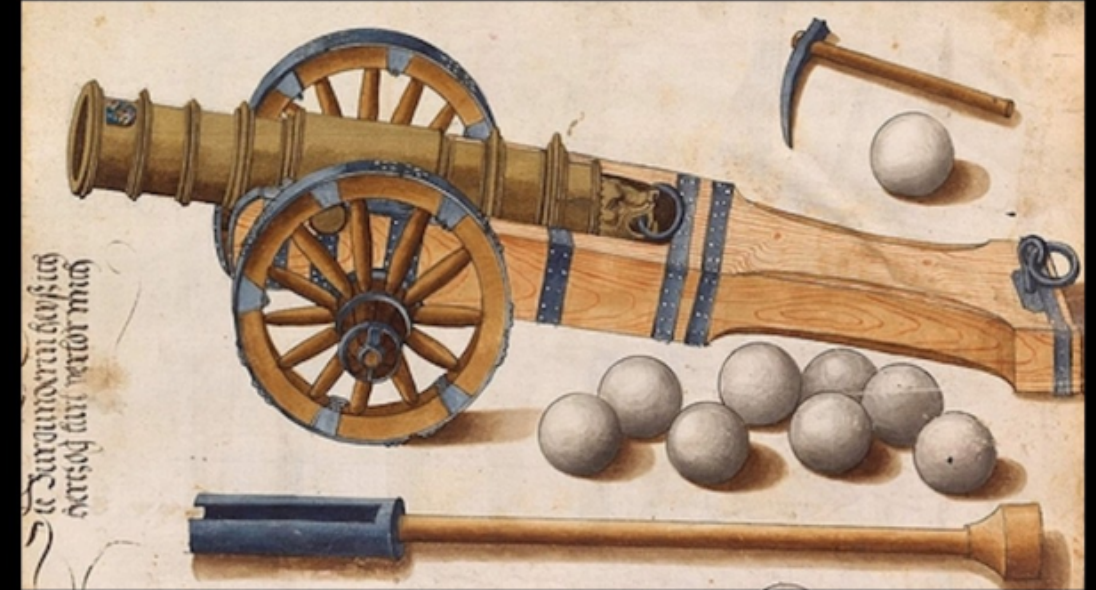
Q. Unemployment is which type of cause
as a Business Risk?

Ans - Economic cause.

HISTORY OF TRADE & COMMERCE

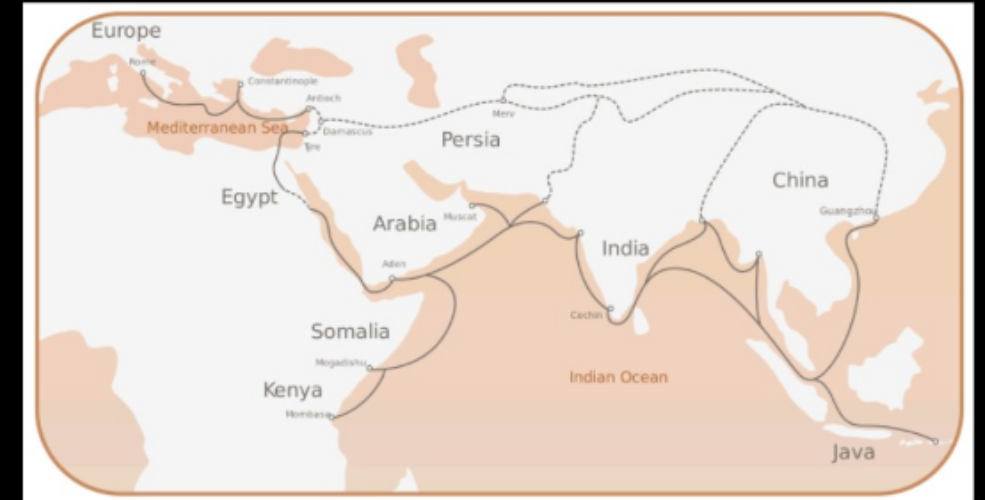
Commerce is a Broad wide term which consists of all those activities, which are necessary for sale, transfer or exchange of goods and services. It provides the necessary link between producers and consumers to ensure proper distribution of goods.

The economic and commercial evolution of any economy depends upon its physical environment. In case of India, Himalayas are in the North, which is bordered by water in the South.



HISTORY OF TRADE & COMMERCE

- **Silk Route:** It was an ^{oldest} ancient network of trade routes that connected the east and the west. A network of roads leading to Silk Route helped India in establishing commercial and political contacts with neighbouring foreign countries. The Silk Route got its name because of the heavy silk trading that was carried out along its length.
- **Spice Route:** The maritime routes linked the east and the west by sea and were used for the trade of spices and known as 'Spice Route'.



HISTORY OF TRADE & COMMERCE

Role of Business in Development of an economy

India had a golden past and business including trade and commerce played a significant role in the prosperity and gains of our country.

Archaeological evidence have shown that trading activities were the mainstay of the economy in ancient times.

Trade was carried by both water and land commonly known as silk route, maritime route or spice route. Goods were traded both internally and to the foreign lands which generated surplus income.



Ancient times → Trading was mainstay

New times → Agriculture

HISTORY OF TRADE & COMMERCE

Role of Business in Development of an economy

Many people were engaged in various economic activities such as agriculture and domestication of animals, weaving cotton dyeing fabrics, making clay pots, utensils and handicrafts, etc.

Family based workshops (Karkhanas) for manufacturing were very important components of economic life.



HISTORY OF TRADE & COMMERCE

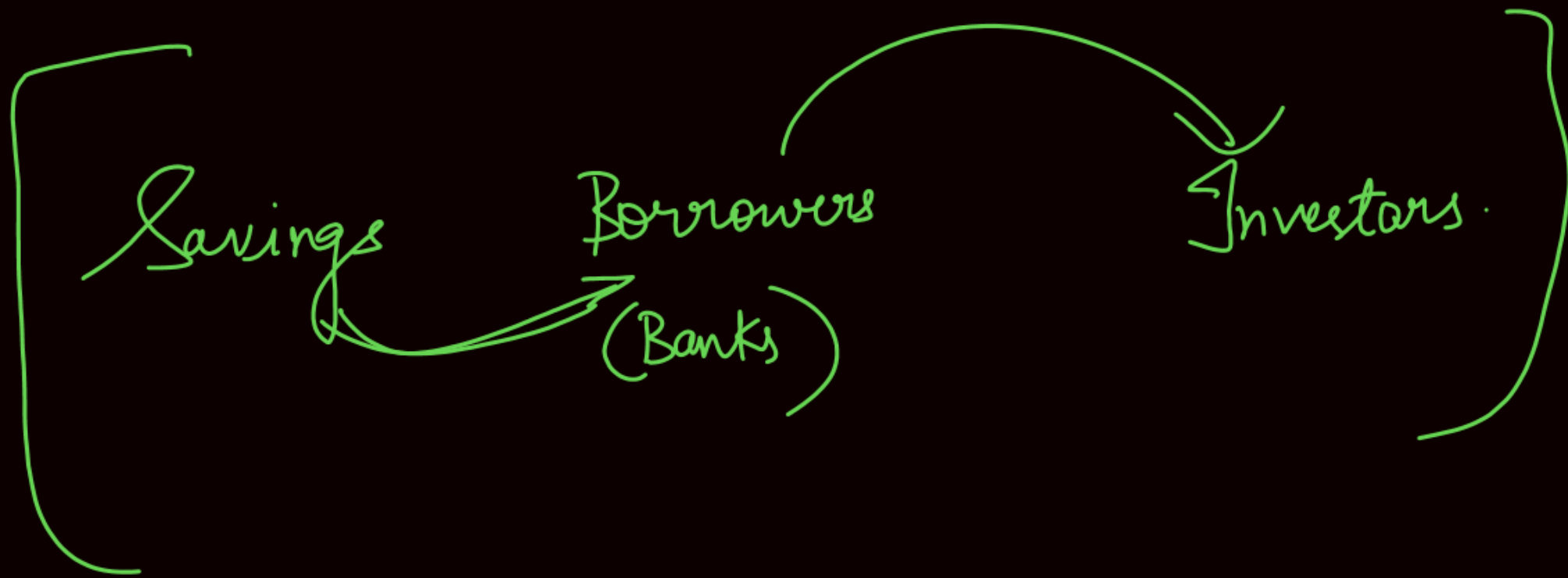
The money generated from these activities, led to growth of Indigenous banking system to finance the trading activities.

To transfer money from one hand to another for trading activities Hundis were used these were called chitties in southern region.

Hundi became very popular. Hundi involved a contract which-

- Warranties the payment of money. It indicated an unconditional promise.
- Could be transferred through valid negotiation..
- Different types of Hundis as used by Indian merchants were-





HISTORY OF TRADE & COMMERCE

- **Darshani Hundi**: A hundi payable at sight is called Darshani hundi. It is negotiable and is like a demand bill. It should be presented for payment within a reasonable time of its receipt by the holder.
- **Muddati or Miadi Hundi**: It is one which is payable after a specified period of time like a 'time bill'. Banks usually provide loans against the security of such hundis. *say 1yr or 2yrs.*
- **Shahjog Hundi**: This is a hundi made payable only to a Shah (a respectable person of financial worth and substance in the market). It may be muddati or darshani and can be transferred freely from one person to another by mere delivery. However, it is not payable to bearer. Liability over who received payment.

HISTORY OF TRADE & COMMERCE

- **Namjog Hundi**: It is a hundi payable to the party named in the hundi or his order.
- **Dhanijog Hundi**: It is a hundi which is made payable to the owner or a holder or bearer- owner.
- **Jokhmi Hundi**: The term 'Jokhmi' has been derived from the Hindi word 'jokhim' meaning 'risk'. Such a hundi is usually drawn against goods shipped on a vessel and implies a certain risk involved in the shipment of goods. Jokhmi hundi is payable only when the goods arrive in safe and sound condition. If the goods are lost in transit, the consignor cannot claim payment of the hundi from the consignee .

HISTORY OF TRADE & COMMERCE

- **Jawabee Hundi**: A hundi, which is in the form of letter or recommendation to a banker for payment of a certain sum of money to a specified person, is termed as jawabi hundi.
- **Firmanjog Hundi**: This hundi is made payable to the order of payee. It is just opposite of dhanijog hundi which is payable to the bearer only.

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