

## Solution

### EMERGING MODES OF BUSINESS WS 2

#### Class 11 - Business Studies

##### Section A

1. 

**(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.
2. 

**(d)** A is false but R is true.  
**Explanation:** B2C transactions have business firms at one end and its customers on the other end
3. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:**  
B2C commerce entails a wide gamut of marketing activities such as identifying activities, promotion and sometimes even delivery of products that are carried out online.
4. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** B2E commerce allows a firm to interact with its employees for recruitment, training, development, thus leading to human resource management.
5. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** Companies can conduct online surveys to ascertain who is buying what and what the customer satisfaction level is. This helps the companies to detect customers' choices and make products accordingly.
6. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** E-Business allows direct vertical, horizontal, and diagonal communication i.e., non-hierarchical.
7. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** Intra-B has made possible for the firms to do flexible manufacturing and producing customised products.
8. 

**(b)** Both A and R are true but R is not the correct explanation of A.  
**Explanation:** Both parties involved in B2B Commerce are business firms. Historically, the term e-commerce originally meant facilitation of B2B transactions using Electronic Data Interchange (EDI) technology to send and receive commercial documents like purchase orders or invoices.
9. 

**(b)** Both A and R are true but R is not the correct explanation of A.  
**Explanation:** With E-business, all types of business like sales, administration, inventory management as well as managerial act functionalities like planning, organising and controlling can be carried out over computer networks.
10. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** E-business has the ease of going global as it has no physical existence. Anybody can reach out irrespective of their location and physical barriers.
11. 

**(d)** A is false but R is true.  
**Explanation:** Customers using call centres set up by companies to make toll-free calls for lodging complaints is an example of C2B Commerce.
12. 

**(b)** Both A and R are true but R is not the correct explanation of A.  
**Explanation:** Traditional business provides facility of physical pre-sampling of products that E-business can't offer.
13. 

**(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** In traditional business, company's had to operate through various intermediaries therefore its contact with its customers was indirect.

14. (c) A is true but R is false.  
**Explanation:** E-business is reliant on network of relationships rather than the ownership of resources therefore requires less operating cost than a traditional business incurring huge fixed charges associated with investment in procurement and storage, production, marketing and distribution facilities.
15. (b) Both A and R are true but R is not the correct explanation of A.  
**Explanation:** Intra-B Commerce has lead to easy communication and record-keeping among different departments of a company therefore efficient inventory and cash management.
16. (a) Both A and R are true and R is the correct explanation of A.  
**Explanation:** E-business is a more elaborate term and comprises various business transactions and functions conducted electronically, such as production, inventory management, product development, accounting and finance and human resource management, including the more popular gamut of transactions called 'e-commerce.' while E-commerce only covers a firm's interactions with its customers and suppliers over the internet.
17. (a) Both A and R are true and R is the correct explanation of A.  
**Explanation:** Through Intra B Commerce, there is effective communication and coordination throughout the organisation thus speedier workflows.
18. (c) A is true but R is false.  
**Explanation:** Intra-B is one of the variants of E-Business not of Traditional Business.
19. (a) Both A and R are true and R is the correct explanation of A.  
**Explanation:** B2C Commerce helps the sellers to be in touch with its customers on the round-the-clock basis and to know about the level of their satisfaction.
20. (a) Both A and R are true and R is the correct explanation of A.  
**Explanation:** There is no locational requirements for E-business unlike the traditional business as it is operated through computer networks and physical presence is not required.
21. (b) Both A and R are true but R is not the correct explanation of A.  
**Explanation:** In consumer forums and pressure groups, interactions happen between consumers, therefore it's an example of C2C Commerce. Unlike a host of procedural requirements for setting up an industry/traditional business, e-business is relatively easy to start.
22. (c) A is true but R is false.  
**Explanation:** E-business is a more elaborate term and comprises various business transactions and functions conducted electronically, including the more popular gamut of transactions called 'e-commerce.' while E-commerce only covers a firm's interactions with its customers and suppliers over the internet.
23. (a) Both A and R are true and R is the correct explanation of A.  
**Explanation:** Through C2B Commerce, customers can reach out to businesses as and when they are in need of products, therefore providing the freedom of shopping at will.
24. (b) customers  
**Explanation:** B2C is business or transactions conducted directly between a company and consumers who are the end-users of its products or services. The business-to-consumer as a business model differs significantly from the business-to-business model, which refers to commerce between two or more businesses.
25. (b) C2C commerce  
**Explanation:** C2C Commerce, (Customer-to-Customer) or (Consumer-to-Consumer) - is a business model that facilitates the transaction of products or services between customers.
26. (d) B2B Commerce

**Explanation:** B2B (business-to-business), is the exchange of products, services, or information between businesses, rather than between businesses and consumers.

27.

(c) e-Commerce

**Explanation:** e-commerce greatly facilitates and speeds up the entire B2C process.

28.

(c) B2B commerce

**Explanation:** Business to Business Commerce also called B2B, is a type of transaction that exists between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer.

### Section B

29. i. Activities performed in the Division of Mr. Rohtas Gandhi in the modern business vocabulary/terminology is e-commerce. Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.
- ii. Activities performed by both the divisions can be called e-business collectively. e-business refers to all aspects of operating an online business, e-commerce refers specifically to the transaction of goods and services. E-business is similar to e-commerce, but it goes beyond the simple buying and selling of products and services online. E-business includes a much wider range of businesses processes, such as supply chain management, electronic order processing and customer relationship management. E-business processes, therefore, can help companies to operate more effectively and efficiently.
30. E-business
31. i. Modern
- ii. e-business
- iii. a. "The middlemen are disappearing because of business based on Internet." (Shortening the Supply Chain)
- b. "Because now the payment is also made through Internet, the risk of carrying cash by the people has come to an end." (Less Risk in Payment)
- c. "One of the reasons for their satisfaction is that now their doubts are immediately removed." (Quick Solutions of the Doubts)
- iv. Intra-B-Commerce
32. Business to commerce (B2C) is the component of e-business that is being described above. B2C commerce refers to business to customer transactions. B2C commerce includes a wide range of marketing activities undertaken by marketers to promote and sell their products. B2C also includes the customer support services interface provided by the companies, like 24 x 7 helplines. B2C is not restricted to one-way initiatives. C2B (customer to business) is also equally prevalent. It refers to the activities initiated by the customer like shopping online, sending their queries, complaints, grievances through call centres/helplines, etc.
33. **B2C Commerce:** As the name implies, B2C (business-to-customers) transactions have business firms at one end and its customers on the other end. marketing begins well before a product is offered for sale and continues even after the product has been sold. B2C commerce, therefore, entails a wide gamut of marketing activities such as identifying activities, promotion and sometimes even delivery of products (e.g., music or films) that are carried out online.
- C2C Commerce:** Here, the business originates from the consumer and the ultimate destination is also consumers. This type of commerce is best suited for dealing in goods for which there is no established market mechanism, for example, selling used books or clothes either on cash or barter basis. The vast space of the internet allows persons to globally search for potential buyers.
34. E-business, also known as electronic business, is the conduct of business on the internet. Its scope is not only confined to buying and selling of products but also servicing customers and collaborating with business partners. In simple words, it can be defined as the administration of conducting business via internet.
35. B2B commerce i.e. where both the parties involved in e-commerce transactions are business firms. The term e-commerce historically meant facilitation of B2B transactions using Electronic Data Interchange(EDI) technology to send and receive commercial documents like purchase orders or invoices. It involves the following transactions:-
- i. Placing orders.
- ii. Monitoring production.
- iii. Delivery of components.
- iv. Movement of information, money transfer, etc.
- v. Creation of utilities.
- vi. Sending and receiving documents like purchase orders or invoices.
36. e-commerce has become so important in recent days of demonetisation because of the following benefits:

- i. No physical currency is required to make payment for commerce transactions made, e-money or online payments are made which becomes convenient for buyers and sellers.
  - ii. e-commerce creates a wide market because of the wide use of internet globally, e-commerce has covered almost the entire world, so demonetisation has hardly affected business profits/operations.
  - iii. e-commerce not only gives facility of online payment through debit card, credit card, EFT etc, but also inculcates a sense of financial discipline as well as security of transactions, proving very economical in the times of demonetisation.
  - iv. e-commerce is most economical in terms of operation of activity no need to invest in maintenance of shop. easy to conduct business through the technology.
37. An automated teller machine (ATM) is an electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Anyone with a credit card or debit card can access cash at most ATMs.
38. e-business can be defined as the conduct of industry, trade and commerce using the computer networks. e-business is a more elaborate term and comprises of various business transactions and functions conducted electronically called "e-commerce". e-commerce covers a firm's interaction with its customers and suppliers over the internet. Different types of activities taking place in e-business are as follows:
- i. Business to Business commerce.
  - ii. Consumer to Consumer commerce.
  - iii. Business to Consumer commerce.
  - iv. Intra-business commerce.
39. Data stored in the system is exposed to a number of risks. The vital information may be stolen or modified to pursue some selfish motives or just for fun. Such risks may be due to:
- i. Virus (Vital Information Under Siege): Virus is a program (a series of commands), which imitates itself on other computer systems. The protection from a virus attack can be provided by installing and timely updating anti-virus programs and scanning disks before using them. Data may be intercepted in the course of transmission.
  - ii. Hacking: Hacking refers to unauthorized access to a computer network. The data can be protected by using cryptography, which involves transmission (encryption) of data into some unreadable form (known as cyphertext) to ensure privacy.
  - iii. A threat to intellectual property and privacy risks.
40. The branch of e-business suggested by Tejas is 'Intra-B Commerce'. Intra-B Commerce transactions may be conducted for:
- i. Inventory and cash management
  - ii. Reporting by employees to their seniors.
  - iii. Human resource management
  - iv. Recruitment and selection
  - v. Training, development, and education.

41.

Basis of Difference	Traditional Business	e-Business
Ease of Formation	Difficult to form	Easy to form
Operating Cost	In traditional business, operating cost is high due to fixed charges being associated with investment in procurement and storage, production, marketing and distribution facilities.	Operating cost is low as a result of reliance on network of relationships rather than ownership of resources.
Nature of contact with the suppliers and the customers	It involves indirect contact with the suppliers and customers through intermediaries.	There is direct interaction with suppliers and customers.

42. The given statement is refuted. e-commerce deals only with the distribution of goods and services, whereas, e-Business is a wider term. e-Business not only includes e-commerce but also include other electronically conducted business functions like production, accounting, finance, personnel, administration, etc. So, it can be safely stated that the scope of e-Business is wider than that of e-Commerce.
43. i. **B2B Commerce:** Here, both the parties involved in e-commerce transactions are business firms, and, hence the name B2B, i.e., business-to-business
- ii. **B2C Commerce:** As the name implies, B2C (business-to-customers) transactions have business firms at one end and its customers on the other end.

- iii. **Intra-B Commerce:** Here, parties involved in the electronic transactions are from within a given business firm, hence, the name intra-B commerce.
  - iv. **C2C Commerce:** Here, the business originates from the consumer and the ultimate destination is also consumers, thus the name C2C commerce
44. 'VIRUS (Vital Information Under Siege)' has caused damage to the computer system of Singtel Ltd. and the type of e-business risk under which VIRUS comes is 'Data Storage and Transmission Risk'.  
The protection from VIRUS attack can be provided by installing anti-virus programmes. This anti-virus programme needs time updation for its efficient working.
45. i. Default on Order taking/giving  
ii. Default on Delivery  
iii. Default on Payment

### Section C

46. e-business, also known as electronic business, is the conduct of business on the internet. Its scope is not only confined to buying and selling of products but also servicing customers and collaborating with business partners.

Benefits of e-business:

- i. **Ease of formation and lower investment requirements:** Unlike a host of procedural requirements for setting up an industry, e-business is relatively easy to start. The benefits of internet technology accrue to big or small businesses alike. In fact, the internet is responsible for the popularity of the phrase 'networked individuals and firms are more efficient than networked individuals'.
- ii. **Convenience:** The Internet offers the convenience of 24 hours, 7 days a week, 365 days a year business that allows shopping well after midnight.
- iii. **Speed:** The Internet has high speed. This benefit becomes all the more attractive in the case of information regarding intensive products.
- iv. **Movement towards a paperless society:** Dependence on paperwork has been considerably reduced through the internet. Many companies and even the government departments and regulatory authorities are going in this direction.
- v. **Global reach:** The Internet has a global reach throughout the world.

Factors responsible for the growth of the importance of outsourcing:

- i. **Confidentiality:** Outsourcing depends on sharing a lot of vital information and knowledge. If the outsourcing partner does not preserve the confidentiality and says, for example, passes it on the competitors, it can harm the interest of the party that outsources its processes.
- ii. **Sweat shopping:** As the firms that outsource seek to lower their costs, they try to get the maximum benefit from the low-cost manpower of the host countries.

47. a. The three limitations because of which Wasim may be hesitant to implement his friend's suggestion are:
- i. Low personal touch as e-business does not require any face to face interactions between the buyer and seller.
  - ii. Incongruence between order taking/giving and order fulfillment speed as the placing of an order takes place on the click of a mouse, but the physical delivery of the product takes time. Moreover, due to technical reasons, the websites may not be accessible sometimes.
  - iii. The need for technology, capability, and competence of parties to e-business is required.
- b. Resources required for successful e-business implementation is a website of the firm which needs to be developed, operated and maintained.
- c. The three benefits that Wasim can avail of by venturing into e-business are:
- i. Ease of formation and lower investment requirements as less procedural requirements are involved and it is relatively easy to start with not much investment.
  - ii. Global reach as on the internet there are no boundaries since both the seller and the buyer have worldwide access.
  - iii. The movement towards a paperless society is propagated as the use of the internet has considerably reduced dependence on paperwork.

48.

Basis of difference	Traditional business	E-business
<b>1. Ease of formation</b>	It is difficult to form.	It is very simple to form.
<b>2. Cost of setting up</b>	The cost of setting up is high.	The cost of setting up is low.
<b>3. Physical presence</b>	It requires physical presence.	It does not require physical presence.

<b>4. Business processes and length of the cycles</b>	The business process cycle is long.	The business process cycle is short.
<b>5. Government patronage</b>	Government patronage is declining in traditional business.	Government patronage is increasing in E-business.
<b>6. Ease of global access</b>	Less	Much, as cyberspace is without boundary.
<b>7. Nature of contact with the suppliers and the customers</b>	It involves indirect contact with the suppliers and customers through intermediaries.	It involves direct contact with the suppliers and the customers.

49. C2C (customers -to-customers) is the component of e-business which is being described above. It refers to the transactions between two customers. C2C is most suitable for dealing with goods for which there is no established market mechanism. An excellent example of this is found at eBay and OLX portals for selling used books, electronics, clothes, etc. PayPal as a payment intermediary is a good example of C2C commerce which allows the buyer to send the money to PayPal instead of purchasing items directly from an unknown, untrusted seller and also notifies the seller that they will hold the money for them until the goods have been shipped and accepted by the buyer. Moreover, another important C2C area of interactive commerce is the formation of consumers' forum and pressure groups. Like a vehicle owner in a traffic jam can alert others via message on radio about the traffic situation of the area he is stuck in or an aggrieved customer can share his experience with a product/ service/vendor and warn others by writing a message and making it known to the entire group and so on.
50. a. The various benefits of e-Business are:
- i. Ease of Formation and lower investment requirements: It is very easy to form and start an e-business. It does not need any procedural requirements and does not require investment in the shop, stock or display like in the case of traditional business.
  - ii. Convenience: e-business offers the advantage of accessing anything, anywhere, anytime. It enables the customers to shop at their own convenience at any time (24x7).
  - iii. Speed: Information moves very fast through the internet, which speeds up the process of buying and selling. Through electronic funds transfer technology of e-commerce, money can be instantly transferred.
- b. The limitations of e-Business are:
- i. Low Personal Touch: It lacks a personal touch with customers as it is conducted over the internet.
  - ii. Incongruence between Order taking/giving and order fulfillment speed (Delay in delivery): The transactions of sale or purchase are generally finalized quickly. However, the physical delivery of goods often takes a long time.
  - iii. Need for Technology Capability and Competence of Parties to e-business: Parties to the e-business require a fairly high degree of familiarity with the world of computers.
51. Intra-B Commerce is the component of e-business which is being described above. It relates to electronic transactions through the use of intranet for managing interactions and dealings among various departments and persons within a firm. Intra-B Commerce facilitates flexible manufacturing. Through closer computer-based interactions among the other departments, it helps the firm to make inventory and cash management efficient, increases the productivity of plant and machinery, ensures effective handling of customers' orders and so on. The workflow is efficient as the decision making is faster due to better coordination within and among different organizational units as they are well informed.
- B2E commerce refers to a firm's interactions with its employees. These days the various aspects like personnel recruitment, interviewing and selection, training, development, and education sending field reports are carried out via e-commerce so that the management can have them on a real-time basis.
- Virtual Private Network (VPN) technology would mean that employees can work from wherever they are, and at their own speed and time convenience. The meetings can be held online via tele/video conferencing.
52. The various types of electronic transactions and networks used by 'Splendor Ltd.' by quoting lines from the paragraph are as follows:
- i. **B2B commerce:** 'The company interacts through a network of computers with a number of other business firms which may be suppliers or vendors of diverse inputs; or else they may be a part of the channel through which a firm distributes its products to the consumers.'
  - ii. **B2C Commerce:** 'The company carries out a number of promotional activities and sometimes even delivery of products (e.g., music or films) that are carried out online.'
  - iii. **C2B Commerce:** 'The company has set up call centers for the customers to make toll free calls, to make queries and lodge complaints round the clock at no extra cost to them.'

- iv. **Intra-B Commerce:** 'The company makes use of intranet for managing interactions and dealings among various departments and persons within the organisation.'
  - v. **B2E Commerce:** 'The company provides Virtual Private Network (VPN) technology because of which it is not necessary for the employees to come to the office. Instead, in a way the office goes to them and they can work from wherever they are, and at their own speed and time convenience. Meetings can be held online via tele/video conferencing.'
  - vi. **C2C Commerce:** 'The company uses financial intermediaries like PayPal in order to facilitate payments online.'
53. The following are the few limitations of the electronic mode of business:
- i. **Low personal touch:** High tech it may be, e-business, however, lacks the warmth of interpersonal interactions. To this extent, it is the relatively less suitable mode of business in respect of product categories requiring high personal touch such as garments, toiletries etc.
  - ii. **Incongruence between order taking/giving and order fulfilment speed:** Information can flow at the click of a mouse, but the physical delivery of the products takes time. This incongruence may play on the patience of customers.
  - iii. **Need for technology capability and competence of parties to e-business:** Apart from the traditional 3R's (reading, writing and arithmetic), e-business requires a fairly high degree of familiarity of the parties with the world of computers.
  - iv. **People resistance:** The process of adjustment to new technology and a new way of doing things cause stress and a sense of insecurity. As a result, people may resist an organizations plan of entry into e-business.
  - v. **Ethical Fallouts:** Companies use an 'electronic eye' to keep track of the computer files, e-mail account and the websites visited by their employees or others who use their network systems which are not considered right on ethical grounds.
  - vi. **Increased risk due to anonymity and non-traceability of parties:-** Interest transactions occur between cyber personalities. As such, it becomes difficult to establish the identity of the parties. Moreover, one doesn't know even the location from where the parties may be operating. It is riskier, therefore, transacting through the internet.
- No, the above limitations are not severe enough to restrict its scope because websites are becoming more and more interactive to overcome the problem of 'low touch'. Communication technology is continually evolving to increase the speed and quality of communication through the internet.
54. a. Besides hacking, VIRUS is the other type of risk associated with data storage and transmission. 'VIRUS' means Vital Information Resource Under Siege. It is a program (a series of commands) that replicates itself on the other computer systems.
- b. A business can protect itself from these types of risks by installing an anti-virus which will help to protect the data files, folders, and systems from virus attacks. In order to curb the interception of data in the course of transmission, cryptography may be used. It refers to the art of protecting information by transforming it (encrypting it) into an unreadable format called 'ciphertext'.
- c. The different kinds of transaction risks involved in e-business are:
- i. Default on order taking/giving when either the seller denies that the customer placed the order or the customer denies that he placed the order.
  - ii. Default on delivery when the intended delivery does not take place, goods are delivered at the wrong address, or goods other than those ordered may be delivered.
  - iii. Default on payment when the seller does not get the payment for the goods supplied, whereas the customer claims that the payment was made.
55. B2C is the exchange of goods or services over the internet between online stores and individual customers. The following are the various salient aspects of business-to-consumer (B2C) commerce.
- i. **Wide coverage:** The term 'B2C commerce' refers to the transactions between a business firm and its customers; B2C e-commerce enables businesspersons to extend their trade to a large number of consumers by providing them online global access to their products. It can be said that B2C e-commerce has shrunk the world, and that international boundaries do not play any role.
  - ii. **Effective promotion:** Compared with the traditional product promotional methods (advertisements in newspapers, on the radio and on hoardings), products can be promoted and advertised in a more innovative and interactive manner with the use of multimedia and animations through B2C e-commerce. Using e-commerce, sellers can promote their products either on their own websites or on social networking sites such as Facebook, Twitter and Gmail.
  - iii. **Low promotional costs and quick post-sale services:** B2C e-commerce benefits businessmen because of its low promotional costs. In addition, it also enables them to provide post-sale services through their registered call centres, which facilitates cheaper and provide faster resolution of complaints compared with traditional post-sale services.
  - iv. **Consumer-friendly payment methods:** B2C e-commerce provides a wide range of payment options such as via debit cards, credit cards, cash on delivery and equated monthly instalment (EMI) schemes, which are consumer-friendly. These methods

save time and effort and are also considered safe, by and large.

- v. **Easy access:** Unlike the traditional modes of business, e-commerce provides easy accessibility to consumers round the clock. At any time during the day, throughout the year and in all seasons, customer can contact the registered call centres and support centres.
- vi. **Customised goods:** In view of the growing complexities and competition in today's world, custom-made goods have become the need of the hour. In this scenario, e-commerce has emerged as a boon for businessmen, as it allows them to manufacture products according to the individual tastes and preferences of their customers.

#### Section D

56. State True or False:

- (i) **(b) False**  
**Explanation:** False, it refers to transactions between business firms with its employees.
- (ii) **(a) True**  
**Explanation:** True
- (iii) **(a) True**  
**Explanation:** True
- (iv) **(a) True**  
**Explanation:** True
- (v) **(a) True**  
**Explanation:** True
- (vi) **(b) False**  
**Explanation:** False, net banking transfer is an online transaction.
- (vii) **(a) True**  
**Explanation:** True
- (viii) **(b) False**  
**Explanation:** False, it refers to electronic transactions are from within a given business firms.
- (ix) **(a) True**  
**Explanation:** True
- (x) **(a) True**  
**Explanation:** True
- (xi) **(a) True**  
**Explanation:** True
- (xii) **(a) True**  
**Explanation:** True
- (xiii) **(a) True**  
**Explanation:** True
- (xiv) **(b) False**  
**Explanation:** False, smart cards can be used as electronic wallets
- (xv) **(a) True**  
**Explanation:** True
- (xvi) **(a) True**  
**Explanation:** True
- (xvii) **(a) True**  
**Explanation:** True
- (xviii) **(b) False**  
**Explanation:** False
- (xix) **(b) False**  
**Explanation:** False, cheques are accepted by vendors.

(xx) **(b)** False

**Explanation:** False