

CUET · BUSINESS STUDIES · CLASS XI · CODE 305

Emerging Modes of Business

CUET unit: Emerging Modes of Business

By UniDrill · NCERT-grounded study material

WWW.UNIDRILL.IN

UniDrill

Snapshot

- The two "emerging modes" are electronic business (e-business) and Business Process Outsourcing (BPO), set within the three strongest trends shaping business: digitisation, outsourcing and internationalisation/globalisation.
- e-business differs from e-commerce; the **scope of e-business** runs along four parties — B2B, B2C, intra-B and C2C — plus the corollary C2B and the variant B2E.
- **Benefits** (ease of formation, convenience, speed, global reach, paperless society) and **limitations** (low personal touch, order-fulfilment lag, digital divide, anonymity-risk, people resistance, ethical fallouts), with a feature-by-feature comparison against traditional business (Table 5.1).
- The **online transaction** has three steps: registration, placing an order, and payment (CoD, cheque, net-banking, credit/debit card, digital cash).
- **Security and safety of e-transactions** fall into three buckets — transaction risks, data storage and transmission risks, and threats to intellectual property and privacy — covering virus levels, cookies, SSL and cryptography.
- CUET historically lifts factual stems on the four scope-directions, the payment modes, the VIRUS full-form and Table 5.1 distinguishing features.

Detailed Notes

2.1 Core concepts

"Mode of business" means the manner of conducting business; the prefix "emerging" signals that the changes are happening here and now and are likely to continue (NCERT §5.1, p. 114). The **three strongest trends shaping business** are: (i) **digitisation** — conversion of text, sound, images, video and other content into a series of ones and zeroes that can be transmitted electronically; (ii) **outsourcing**; and (iii) **internationalisation and globalisation**. The newer modes are not new business — they are new ways of doing business; firms keep evolving better ways to create utilities and deliver value under competitive pressure and rising consumer demands for quality, lower prices, speedier delivery and better customer care.

e-business (NCERT §5.2, p. 115) is the conduct of industry, trade and commerce using computer networks; the most familiar network is the internet, but firms also use more private (and hence more secure) networks for internal functions. On the **e-business vs**

e-commerce distinction: just as "business" is broader than "commerce", e-business is broader than e-commerce. e-commerce covers a firm's interactions with its customers and suppliers over the internet; e-business additionally includes electronically conducted functions such as production, inventory management, product development, accounting and finance, and human resource management. This distinction is the single most frequently mis-set CUET item on this topic.

The **scope of e-business — by function** is wide: almost all business functions (production, finance, marketing, personnel administration) and managerial activities (planning, organising, controlling) can be carried out over computer networks (NCERT §5.2.1, pp. 115-116). The **scope of e-business — by parties** is what NCERT spends most time on. A firm's electronic transactions extend in three directions — (i) **B2B** (firm with other businesses), (ii) **B2C** (firm with customers), and (iii) **intra-B** (within the firm) — plus **C2C** as a fourth direction. NCERT also notes the corollary **C2B** (call-centre complaints from customer back to business) and the variant **B2E** (Business-to-Employees).

B2B commerce (NCERT §5.2.1, p. 116) uses a network of computers for placing orders, monitoring production and delivery of components, making payments, and exercising real-time control over stock-in-transit. Historically the term e-commerce originally meant facilitation of B2B transactions using **Electronic Data Interchange (EDI)** to send and receive purchase orders or invoices. **B2C commerce** (p. 117) entails the wider gamut of marketing — identification, promotion, sometimes even online delivery of products like music or films — at lower cost and higher speed; ATMs are cited as an example of B2C speed-up of money withdrawal. **C2B** (p. 118) is the corollary of B2C: customers use toll-free call centres set up by companies to make queries and lodge complaints round the clock at no extra cost. **Intra-B commerce** (p. 118) uses the intranet to enable flexible manufacturing, customised production, efficient inventory and cash management, plant utilisation, order handling and HRM; **B2E** covers e-recruitment, e-learning, e-mail field reports, and VPN-enabled work-from-anywhere with tele/video conferencing. **C2C commerce** (p. 119) is best suited where there is no established market mechanism (e.g., used books or clothes); **eBay** is the textbook example, supported by mutual rating of buyers and sellers and payment intermediaries such as PayPal that hold money until the goods are shipped and accepted.

The **benefits of e-business** (NCERT §5.3, pp. 121-123) are: (i) ease of formation and lower investment; (ii) convenience — 24×7×365; (iii) speed — cycle time cut because processes go from sequential to simultaneous, money becomes "electronic pulses at the speed of light" via electronic funds transfer; (iv) global reach with internet "truly without boundaries"; and (v) movement towards a paperless society, supported by Information Technology Act 2000 provisions on electronic records and digital signatures. The **limitations** (NCERT §5.4, p. 123) are: (i) low personal touch — less suitable for products like garments and toiletries; (ii) incongruence between fast order-taking and slow physical delivery; (iii) need for technology capability — produces a **digital divide**; (iv) increased risk due to anonymity and non-traceability — impersonation, leakage of

credit-card details, virus, hacking; (v) people resistance to new technology; and (vi) ethical fallouts — companies use an "electronic eye" to track files, e-mail and websites of employees.

The **online transaction** has three stages (NCERT §5.5, p. 125-126): pre-purchase/sale (advertising, information-seeking), purchase/sale (negotiation, deal-closing, payment), and delivery; all except delivery involve only flow of information. The steps in **online trading** are: (i) **Registration** — open an account with the online vendor; password protects the account and shopping cart; (ii) **Placing an order** — use the shopping cart to add/remove items, then "checkout"; (iii) **Payment mechanism** — **Cash-on-Delivery, Cheque, Net-banking transfer (IMPS, NEFT, RTGS), Credit/Debit cards** (popularly called "plastic money") and **Digital Cash** (electronic currency existing only in cyberspace). Credit-card processing requires either manual processing or an online authorisation system such as an **SSL Certificate**.

Security risks in e-business fall into three buckets (NCERT §5.6, pp. 128-130): (a) **Transaction risks** — default on order taking/giving, default on delivery, default on payment; mitigated by identity/address verification, **cookies**, well-established sites, eBay-style ratings, and encryption (Netscape SSL) for credit-card data; (b) **Data storage and transmission risks** — **VIRUS** (Vital Information Under Siege), with Level-1 (on-screen nuisance) through Level-4 (complete destruction); hacking; mitigated by antivirus updates and **cryptography** (encrypting plaintext into cyphertext using a secret key); (c) **Threats to intellectual property and privacy** — once data is on the internet it leaves the private domain, leading to junk-mail dumping and IP leakage. Resources required for successful e-business implementation include the usual money, men and machines, plus additional resources for developing, operating, maintaining and enhancing a **website**, which is not a physical location but an online embodiment of all the content a firm wishes to provide (NCERT §5.7, p. 130).

Business Process Outsourcing (BPO) is the second emerging mode. Key terms include BPO, Call Centres, Verticals (industry-specific outsourcing services like banking BPO), Horizontals (function-specific outsourcing like HR BPO), Captive BPO units (in-house offshore units) and Sweat-shopping (criticism of long shift hours). The summary records that India is "riding high on the global outsourcing business" with gains in employment, capability building, exports and GDP (NCERT Key Terms, p. 130; Summary, p. 131).

2.2 Definitions to memorise

Term	Definition	Page
Digitisation	Conversion of text, sound, images, video and other content into a series of ones and zeroes that can be transmitted electronically.	114
e-business	Conduct of industry, trade and commerce using computer networks; includes e-commerce plus production, inventory, finance and HR functions done electronically.	115

Term	Definition	Page
e-commerce	A firm's interactions with its customers and suppliers over the internet (a subset of e-business).	115
B2B commerce	Electronic transactions where both parties are business firms (e.g., a factory and its component suppliers).	116
B2C commerce	Electronic transactions between a business firm and its end customers, including marketing, promotion and online delivery.	116-117
C2B commerce	Corollary of B2C — customers reach the business via call centres for complaints/queries.	118
Intra-B commerce	Electronic transactions within a firm, conducted over its intranet, supporting flexible manufacturing and cross-departmental coordination.	118
B2E commerce	Business-to-Employees — e-recruitment, e-learning, VPN-enabled work-from-anywhere.	118
C2C commerce	Commerce originating from one consumer and destined for another consumer (e.g., used goods on eBay).	119
EDI	Electronic Data Interchange — technology historically used in B2B to send/receive commercial documents like purchase orders and invoices.	116
VPN	Virtual Private Network — technology that lets employees work from anywhere; "the office goes to them".	118
Cookies	Small data records similar to caller-id, providing telemarketers/sellers with consumer name, address and previous purchase/payment record.	129
VIRUS	Acronym for "Vital Information Under Siege"; a program that replicates itself on other computer systems.	130
Cryptography	Art of protecting information by transforming (encrypting) plaintext into unreadable cyphertext, decipherable only with a secret key.	130
SSL	Secure Sockets Layer — Netscape's encryption technology used by shopping sites to protect credit-card details.	129
Digital cash	A form of electronic currency that exists only in cyberspace, with no physical properties, drawn against a bank account using special software.	128
Plastic money	Popular term for credit and debit cards, the most widely used medium for online transactions.	127
Website	A firm's location on the world wide web — not a physical location but an online embodiment of all the content the firm provides.	130
Digital divide	The division of society on the basis of familiarity and non-familiarity with digital technology.	123

Term	Definition	Page
BPO	Business Process Outsourcing — contracting out specific business functions to a third-party provider.	130
Call centre	Specialised BPO unit that handles voice-based interactions with end customers.	130
Captive BPO	BPO unit owned and operated in-house by the parent firm, usually located offshore.	130
Sweat-shopping	Criticism levelled at BPO call centres for long shift hours and stressful working conditions.	131

2.3 Diagrams / processes to remember

The **Business to Business e-Commerce schematic (Figure 5.1, p. 115)** shows a focal firm at the centre with electronic linkages branching to supplier-firms (upstream) and distributor-firms (downstream). The arrows represent purchase orders, invoices, stock-in-transit data and payments. This is the visual most CUET match-the-pair items pick from when they offer "automobile factory and its component suppliers" as a B2B exemplar.

The **Consumer to Consumer e-Commerce schematic (Figure 5.2, p. 121)** is the opposite: a customer with goods to sell → website (advertisement) → customer wanting to buy; product flows one way, money the other. Mutual rating systems and payment intermediaries like PayPal sit on the website between the two consumers. The eBay used-goods marketplace is the canonical example.

The **online-transaction three-stage flow** is a simple linear diagram — pre-purchase/sale (information) → purchase/sale (information + payment) → delivery (physical movement). Only the last stage involves physical movement of goods; everything else is information flow. Re-drawing this three-arrow diagram is the cheapest way to remember why e-business slashes cycle time.

Table 5.1 — Traditional vs e-Business (NCERT pp. 124-125) compares the two modes across fifteen-plus features: ease of formation (difficult vs easy), physical/locational requirement (high vs low), cost of setting up (high vs low), operating cost (high vs low), nature of contact (face-to-face vs faceless), internal communication (sequential vs simultaneous), response time (slow vs instant), organisational shape (tall vs flat), business-process cycle (long vs short), opportunity for inter-personal touch (high vs low), physical pre-sampling (possible vs not possible), ease of going global (limited vs unlimited), government patronage (low vs high), nature of human capital (low-skill possible vs high-skill needed) and transaction risk (low vs high).

Three boxed visuals also test routinely: **Box: Benefits of e-Commerce** with the two-fold split — Business organisation (six benefits including pull supply-chain, win-win for small and big firms) and Consumers/society (eight benefits including e-auctions, e-tenders, customised products) (NCERT p. 117); **Box: Some e-Business Applications**

— e-Procurement, e-Bidding/e-Auction, e-Communication/e-Promotion, e-Delivery, e-Trading (NCERT p. 122); and **Box: IT Act 2000 provisions** — Sections 4 (electronic records), 5 (digital signatures), 6-1 (government use), 7-1 (retention) (NCERT p. 126).

2.4 Common confusions / NTA trap points

1. **e-business vs e-commerce is the standard trap** — e-commerce is the **narrower** subset (customer/supplier-facing internet transactions); e-business includes all electronically-conducted functions including HR, finance, production. Distractors often invert this (NCERT §5.2, p. 115).
2. **Scope by parties has FOUR directions** — B2B, B2C, intra-B, C2C — plus the corollary forms C2B (call-centre complaints) and B2E (employee-facing). Do not confuse C2C (between two customers) with C2B (customer-to-business).
3. **EDI is historically a B2B technology, not B2C** — it was the original e-commerce, used for purchase orders and invoices (NCERT p. 116).
4. **VIRUS expansion** — "Vital Information Under Siege", NOT "Vital Information Resources Under Seizure" or similar wrong expansions NTA likes to plant (NCERT p. 130).
5. **Payment modes list** — Cash-on-Delivery, Cheque, Net-banking (IMPS/NEFT/RTGS), Credit/Debit cards, Digital Cash — five modes. Do not forget Cheque, which students often overlook (NCERT p. 127-128).
6. **SSL is paired with credit-card protection**, while **cryptography** is paired with data-transmission risk — easy to mis-pair in match-the-following.
7. **Virus levels 1-4** — Level 1 is on-screen annoyance, Level 4 is complete system destruction. NTA can mix these up (NCERT p. 130).
8. **Three categories of e-business risk** — transaction, data-storage-and-transmission, IP-and-privacy. Do not merge them into two (NCERT §5.6, p. 128-130).
9. **B2B vs Intra-B** — both are business-side, but B2B is across firms while Intra-B is within a single firm. CUET stems sometimes describe an intranet HRM module and dare the student to mis-classify it as B2B.
10. **Digital cash vs plastic money** — digital cash is currency existing only in cyberspace (drawn from a bank via software); plastic money is the umbrella term for credit and debit cards (NCERT p. 127-128).

2.5 Case examples

- **eBay used-goods marketplace (NCERT § 5.2.1, p. 119)** — the named example of C2C commerce. eBay supports mutual rating of buyers and sellers and uses payment intermediaries (PayPal) that hold money until goods are shipped and accepted. It is the canonical CUET stem for any C2C question.

- **indiatimes.com online retail (NCERT § 5.2.1, p. 117)** — example of B2C commerce, where the firm interacts with end customers via the internet for promotion and delivery.
- **Automobile-component sourcing networks (NCERT § 5.2.1, p. 116)** — used as the B2B example: an automobile factory linked electronically to its component suppliers, with orders, deliveries and payments routed over a private network using EDI.
- **ATMs (NCERT § 5.2.1, p. 117)** — cited as a B2C example illustrating speed-up of money withdrawal. ATMs let banks deliver a customer-facing service 24×7 without branch contact.
- **Indian BPO industry (NCERT Summary, p. 131)** — India is "riding high on the global outsourcing business" with gains in employment, capability building, exports and GDP. The Indian BPO industry is the live evidence that outsourcing is no longer a marginal mode but a mainstream way of doing business.

Practice MCQs

Q1. Which of the following is NOT one of the three strongest trends shaping business (NCERT §5.1)?

- A. Digitisation
- B. Outsourcing
- C. Internationalisation and globalisation
- D. Vertical integration

Q2. Which statement correctly distinguishes e-business from e-commerce?

- A. e-commerce is broader; e-business is only customer-facing transactions.
- B. e-business and e-commerce mean exactly the same thing.
- C. e-business is broader and additionally includes production, inventory, finance and HR functions; e-commerce covers only a firm's internet interactions with its customers and suppliers.
- D. e-commerce includes intranet-based HR processes; e-business excludes them.

Q3. Match the form of e-commerce with its example: | Form | Example | |---|---| | (i) B2B | (P) eBay used-goods marketplace | | (ii) B2C | (Q) Component-supply network for an automobile factory | | (iii) Intra-B | (R) Online retail purchase at indiatimes.com | | (iv) C2C | (S) VPN-enabled work-from-anywhere with internal video conferencing |

- A. (i)-Q, (ii)-R, (iii)-S, (iv)-P
- B. (i)-P, (ii)-Q, (iii)-R, (iv)-S
- C. (i)-R, (ii)-P, (iii)-Q, (iv)-S
- D. (i)-Q, (ii)-P, (iii)-R, (iv)-S

 **7 more MCQs + answer key**

Get UniDrill Pro · ₹199/year · unidrill.in/pricing

PYQ Alignment

This chapter is a high-frequency CUET 2023-25 chapter: expect 5-7 MCQs each year, mostly factual recall on the four scope-directions of e-business (B2B/B2C/intra-B/C2C), the five payment modes, the VIRUS acronym, and one or two Table 5.1 comparison statements (cost of setting up, business-process cycle, transaction risk). Assertion-reason items are popular on the e-business vs e-commerce distinction. See the cross-subject PYQ pool at [/pyq/business-studies](http://pyq/business-studies) .