

1. Details of Module and its structure

Module Detail	
Subject Name	Business Studies
Course Name	Business Studies 01 (Class XI, Part- 1)
Module Name/Title	Business Services – Part 1
Module Id	kebs_10401
Pre-requisites	Basic knowledge of functioning of Business Services
Objectives	After going through this lesson, the learners will be able to understand the following: <ul style="list-style-type: none">• Define Goods• Define Services• List the features of Services• Explain the features of Services• Differentiate between Services and Goods• Recall the Types of Services
Keywords	Services, Intangible, Inconsistency, Inseparable, Inventory, Involvement, Goods

2. Development Team

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1. Introduction

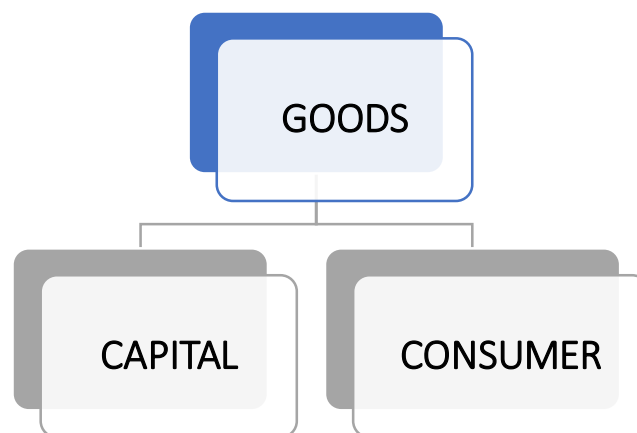
Economic activities that are intangible in nature and are an interaction between the service provider and the consumer are called services. Services of the Doctors, Lawyers, Use of transportation, telecom services and other such services that support the purchase and sale of goods come under services. They provide satisfaction of wants and can/cannot be related to the sale and purchase of goods.

Any product that is tangible in nature and involves transfer of ownership from one person to another is a Good. It is a physical product and is delivered from the seller to the buyer.

2. Meaning of Goods

A good is a physical product capable of being delivered to a purchaser and involves the transfer of ownership from seller to customer. Goods are also generally used to refer to commodities or items of all types, except services, involved in trade or commerce.

Goods are classified into two types:



i. Capital Goods: Capital goods are tangible assets i.e. they have a monetary value and are usually a physical form. They are the goods that are used in producing other goods, rather than being bought by consumers directly.

Capital goods include tangible assets, such as buildings, machinery, equipment, vehicles, and tools that an organization uses to produce goods.

ii. Consumer Goods: Consumer goods are any products that are used by consumers and have no future productive use. It is any good purchased for consumption and not used for any other production of any good. They are also called final goods.

Examples of consumer goods include food, clothing, vehicles, electronics, and appliances.

3. Meaning of Services

The Economic activities that provide satisfaction of wants and is not linked to sale or its purchase does not result in the ownership of anything physical is called as a Service. It is consumed at the point of sale. For E.g.: Transfer of Goods through postal service, Using the services of a Doctor, use of roads for travelling etc.

Accounting, Banking, Consultancy, Insurance, Medical Treatment or Transportation are all a part of services.

Thus, no transfer of possession or ownership takes place when services are sold. It is a transaction in which no physical goods are transferred from seller to buyer. For example, you can only seek advice from the doctor, you cannot purchase him.

4. Nature of Services



i. Intangibility

In literal terms 'Intangible' means 'not having physical presence' or 'unable to be touched'. Services are intangible in nature i.e. they cannot be seen or touched but can be experienced. For E.g.: The telephone service given by different telecom companies is a service that can be

experienced by the consumers and cannot be touched or seen. The doctor's treatment or teacher's teaching cannot be touched likewise entertainment cannot be touched. Thus, all these services can be experienced.

ii. Inconsistency

In literal terms 'Inconsistency' means 'not staying the same throughout'. Services are inconsistent in nature i.e. A service cannot give the same amount of efficiency all through. They require maintenance and up gradation from time to time so as to satisfy the customers. Every customer or a consumer has a different demand or an expectation from a product, thus it is inconsistent in nature. For E.g.: Software on mobile phones and on computers require regular updates as per the needs of the consumers to keep them satisfied. Similarly, every telecom service provides a number of options to its customers so as to satisfy their needs.

iii. Inseparability

In literal terms 'Inseparability' means 'incapable of being separated'. Services cannot be separated from production and from the consumer's experience from them. The moment a service is produced it has to be consumed unlike a tangible product that can be consumed after a few days also. The services are produced and consumed at the same time period but cannot be separated from their providers or manufacturers. For E.g. A doctor can provide his services only if there is any patient.

iv. Inventory

In literal terms 'Inventory' means 'keeping a stock'. Services are intangible in nature i.e. they can only be experienced and cannot be touched or seen and that makes them perishable too. A producer can keep a stock of extra goods but cannot keep a stock of services. Therefore, they have to be produced as per the demand. For E.g.: An Air Ticket can be saved by the traveller, but the service can be availed by the traveller (consumer) only on the date mentioned on the ticket.

Thus, the demand and supply need to be managed as the service has to be performed as and when the customer asks for it. They cannot be performed earlier to be consumed later.

v. Involvement

Receiver of the services is always involved in the process by modifying the services as per the requirement. An opportunity is given to the customer to modify the services so as to receive efficient and effective services. For e.g.: Telecom providers such as Airtel, Jio, Vodafone are giving different data plans as per the need of the consumer and also modify them as per the

requirement of the customer. The participation of the customer in the service delivery process is essential.

Thus, we can conclude, Services are those separately identifiable, essentially intangible and economic activities that provides satisfaction of wants, and are not necessarily linked to the sale of a product or another service.

5. Difference between Services and Goods

Goods

Goods include every type of tangible property such as Land, Building, Machinery, Furniture, Cloth, vehicles, jewellery etc. They are produced by manufacturers.

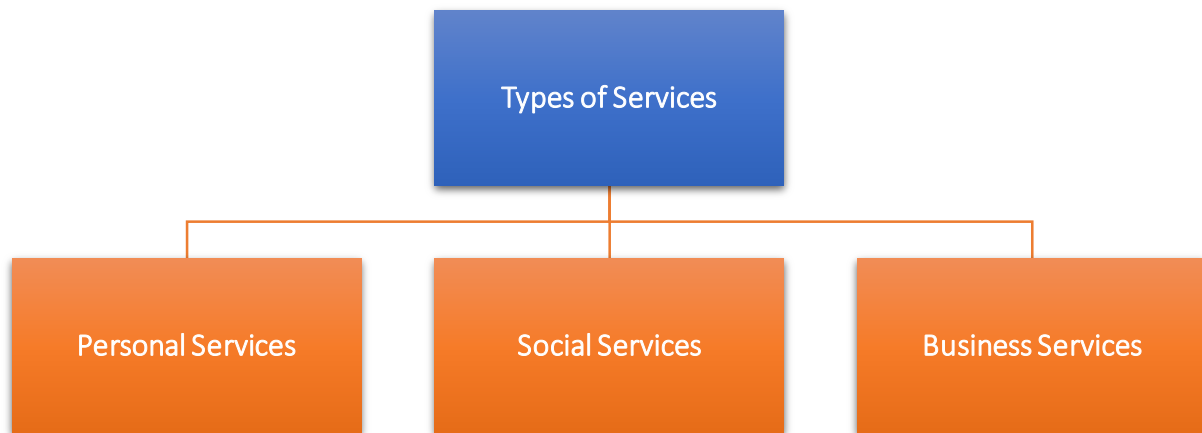
Services

It is an act that cannot be touched or viewed but can only experience. For E.g.: Service of Doctors, lawyers, Teachers, Telecom etc.

Basis	Services	Goods
Process	An activity of experience	An activity of Purchase or sale of an object.
Example	Visiting a Dentist for treatment	Purchase of medicines from the chemist
Transfer of Ownership	No	Yes
Variability	Diversified	Identical
Inventory	They cannot be stored	They can be stored
Production and Consumption	It happens simultaneously.	There is a time lag between production and consumption of goods.
Return	They cannot be returned once they have been experienced.	They can be returned.
Tangible/ Intangible	Intangible	Tangible
Inconsistency	Consumers get different services as per their needs.	Standardized products are delivered to everyone.
Involvement	Consumers are involved while the service is being devised for them.	Consumers are not involved at the time of production of services.
Inseparability	Service cannot be separated from the service provider.	Goods are separate from its seller.

6. Types of Services

Services are classified into three broad categories as shown below:



i. Personal Services

Services that are made personalized specifically for an individual customer are known as personal services. They are neither consistent nor constant; they differ from customer to customer and are experienced differently by different customers. No two service providers provide similar services to a customer, depending upon the demand of the customer the services are altered. For eg: Firms like Makemytrip, Yatra organize personalized trips for its customers as per their requirement. Similarly, all restaurants serve food as per the need of the customers.

ii. Social Services

Social activities such as working with old age homes, teaching kids from economically weaker section of the society for free or for a very nominal fee, improving the standard of living of poor people and various such activities come under social services. These acts of services are done voluntarily or for a nominal fee. They are provided in pursuit of certain social goals. These social goals help in uplifting the standard of living for some usually the economically weaker section of the society.

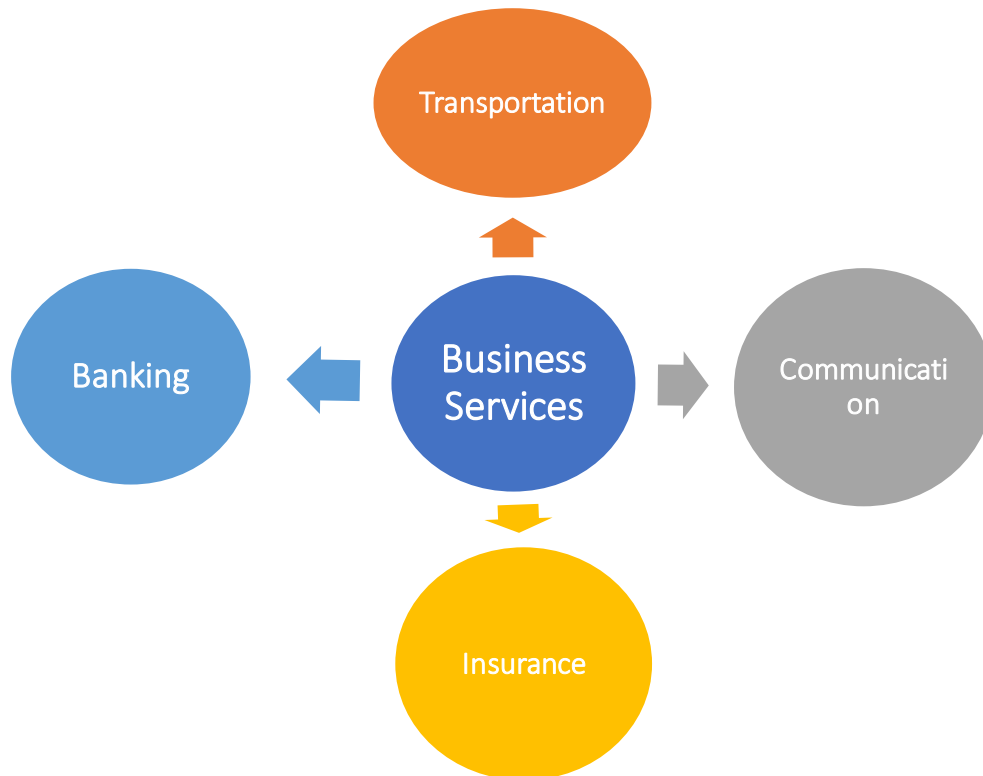
iii. Business Services

Services that support an enterprise for producing tangible goods are included in business services. Information Technology, Banking, Insurance, Transportation etc are examples of such services that help in the production of goods.

Information Technology supports the technical aspect of procurement, buying and selling, keeping a record of all the transactions, maintenance of records etc.

Business enterprises look towards banks for availability of funds; insurance companies for getting their plant, machinery, goods, etc., insured; transport companies for transporting raw material; and finished goods, and telecom and postal services for being in touch with their vendors, suppliers and customers.

Thus, the major services included under business services are as follows:



Briefly the services are described but they will be discussed in the next modules in detail. Hence, the business services are as follows:

(a). Banking

A bank is financial institution that accepts money deposits from the public. It solves the problem of finance. Businessman receives money and pays money in large amounts. It is risky to carry large amount of cash from one place to another. Here comes banking as a solution. Banking solves the problem of payment and facilitates exchange between buyer and seller. Cash, overdraft, loans etc are some of the services provided by a bank. There are four types of bank namely Commercial Bank, Cooperative Bank, Specialized Bank and Central Bank. (To be discussed in Module 2)

(b). Insurance

Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. It can also be called as a financial instrument that helps to cover the loss due to any uncertainty by paying

for it on behalf of the owner. There are different types of Insurance such as Life insurance, Fire insurance, Marine insurance etc. (To be discussed in Module 3)

(c). Communication

Communication services are helpful to the business for establishing links with the outside world viz., suppliers, customers, competitors etc. The main services which help business can be classified into postal and telecom (To be discussed in Module 4)

(d). Transportation

Transportation comprises freight services together with supporting and auxiliary services by all modes of transportation i.e., rail, road, air and sea for the movement of goods and international carriage of passengers. (To be discussed in Module 5)

Summary

- Goods include every type of tangible property such as Land, Building, Machinery, Furniture, Cloth, vehicles, jewelry etc. They are produced by the manufacturers.
- Goods are divided into Capital goods and Consumer goods. A service is an act that cannot be touched or viewed but can only experience. For E.g.: Service of Doctors, lawyers, Teachers, Telecom etc.
- The Economic activities that provide satisfaction of wants and is not linked to sale or its purchase and does not result in the ownership of anything physical is called as a Service.
- The Features or characteristics of services are Intangibility, Inconsistency, Inseparability, Inventory and Involvement.
- Services are classified into three broad categories: Personal Services, Social Services and Business Services.
- Services that are made personalized specifically for an individual customer are known as personal services.

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- Social activities such as working with old age homes, teaching kids from economically weaker section of the society for free or for a very nominal fee, improving the standard of living of poor people and various such activities come under social services.
 - Services that support an enterprise for producing tangible goods are included in business services.
 - Business services are divided into four types of services Banking, Communication, Transportation and Insurance.
 - A bank is financial institution that accepts money deposits from the public. There are four types of banks Commercial Banks, Cooperative Bank, Specialized Banks and Central Banks.
 - Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.
 - Insurance can also be called as a financial instrument that helps to cover the loss due to any uncertainty by paying for it on behalf of the owner.
 - Communication services are helpful to the business for establishing links with the outside world viz., suppliers, customers, competitors etc.
 - Transportation comprises freight services together with supporting and auxiliary services by all modes of transportation i.e., rail, road, air and sea for the movement of goods and international carriage of passengers.