Class 11 Business Studies Chapter 5: Emerging Modes of Business - Notes, Important Questions and MCQs (2026-27)

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Class 11 Business Studies Chapter 5, Emerging Modes of Business, explains how the internet and digital technology have changed the way business is done.

These notes cover the meaning of e-business and e-commerce, its scope, benefits and limitations, the steps of an online transaction, payment mechanisms and security and safety of e-transactions.

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Chapter Overview

Electronic business (e-business) means carrying out industry, trade and commerce using computer networks, mainly the internet.

It is wider than e-commerce: e-commerce covers buying and selling online, while e-business includes all business functions – production, inventory management, finance, human resources and customer support – done digitally.

Important Topics and Concepts

E-Business and E-Commerce

- E-commerce covers a firm’s interaction with customers and suppliers over the internet – buying, selling and payment.

- E-business also includes internal processes such as production, inventory management, product development, accounting and HR carried out electronically.
- So every e-commerce activity is part of e-business, but not every e-business activity is e-commerce.

Scope of E-Business

- B2B (business-to-business): transactions between firms, e.g. a manufacturer ordering components from suppliers; enables just-in-time inventory and electronic data interchange.
- B2C (business-to-customer): firms selling to consumers online, e.g. online shopping, ticket booking; also includes after-sales support and feedback.
- Intra-B (within business): interaction among departments and employees of the same firm through intranets – e.g. coordination of production, marketing and HR.
- C2C (customer-to-customer): consumers selling to other consumers through platforms, e.g. used goods marketplaces.
- B2E / employee-related processes like e-recruitment and online training are often grouped within intra-B activities.

Benefits of E-Business

- Ease of formation and lower investment – an online store needs less physical infrastructure.
- Convenience – available 24×7 from anywhere.
- Speed – especially for information-based products like software and media.
- Global reach – sellers and buyers can reach the whole world.
- Movement towards a paperless society – reduces paperwork and improves efficiency.

Limitations of E-Business

- Low personal touch – lacks the warmth of face-to-face interaction.
- Incongruence between order-taking and delivery speed – orders are placed instantly but delivery takes time.
- Need for technology capability and competence of all parties.
- Increased risk due to anonymity – identity and location of parties are hard to verify.
- People resistance to adopting new technology; ethical fallouts such as monitoring employees' emails.

Online Transactions: Steps

- Pre-purchase / registration: the buyer registers with the seller by filling an online form with personal details and creating a password.
- Placing an order: items are selected and added to a virtual shopping cart; the buyer reviews and confirms the order.
- Payment: the buyer chooses a payment mechanism.
- Delivery: physical goods are shipped; information goods like software can be downloaded.

Payment Mechanisms

- Cash on delivery (COD) – payment when goods are received.
- Cheque – collected from the buyer and goods sent after realisation.
- Net banking – transfer from the buyer's account to the seller's.

- Credit and debit cards – card details are entered and verified through the payment gateway.
- Digital cash / wallets – electronic money stored in a digital account; UPI is now widely used in India.

Security and Safety of Business Transactions

- Transaction risks: default on order taking or giving (wrong details, false orders), default on delivery (wrong or late goods), and default on payment.
- Data storage and transmission risks: data may be stolen or modified; viruses and hacking are threats.
- Risks to intellectual property and privacy: personal information can be misused.
- Safeguards include encryption, secure payment gateways, digital signatures, two-factor authentication and trusted certificates.

Resources Required for Successful E-Business

- A well-designed website with easy navigation and adequate bandwidth.
- Technically competent staff to manage the site and systems.
- Reliable logistics for timely delivery and secure payment systems.
- Customer support and grievance redressal mechanisms.

E-Business vs Traditional Business

Basis	Traditional business	E-business
Ease of formation	Difficult	Simple
Physical presence	Required	Not required
Cost of setting up	High	Low
Operating cost	High (rent, staff)	Low
Contact with suppliers and customers	Through intermediaries	Direct
Nature of internal communication	Hierarchical	Non-hierarchical, network-based
Scope	Limited by location	Global
Personal touch	High	Low
Transaction risk	Low	High (anonymity)

Important Definitions and Terms

Term	Meaning
E-business	Conduct of business functions using computer networks, mainly the internet.
E-commerce	Buying and selling of goods and services online.
B2B	Electronic transactions between businesses.
B2C	Electronic transactions between businesses and consumers.
C2C	Transactions between consumers through online platforms.
Intra-B	Electronic interaction within a business.
Payment gateway	System that authorises online card and bank payments.

Term	Meaning
Encryption	Converting data into a code to prevent unauthorised access.
Digital cash	Electronic money stored in a digital account.
Hacking	Unauthorised access to computer systems.

Short Answer Questions

Q1. Distinguish between e-business and e-commerce.

E-commerce covers online buying and selling; e-business is wider and includes all business processes done electronically, such as production and HR.

Q2. What is B2B commerce? Give an example.

Electronic transactions between businesses, such as a car manufacturer ordering parts online from suppliers.

Q3. What is intra-B commerce?

Interaction among departments and people within the same firm using electronic networks like an intranet.

Q4. State two benefits of e-business.

Global reach and convenience of 24×7 operation.

Q5. Why is personal touch low in e-business?

There is no face-to-face interaction between buyer and seller, so the warmth of personal dealing is missing.

Q6. What is COD?

Cash on delivery – the buyer pays when the goods are delivered.

Q7. Name two transaction risks in e-business.

Default in delivery (wrong or late goods) and default in payment.

Q8. How can online transactions be made safe?

Through encryption, secure payment gateways, strong passwords and two-factor authentication.

Long Answer Questions

Q1. Explain the scope of e-business.

B2B commerce links firms with suppliers and distributors, enabling online orders, inventory management and just-in-time supply.

B2C commerce lets firms sell directly to consumers, offering online shopping, payments and after-sales service.

Intra-B commerce connects departments of the same firm, and C2C commerce lets consumers trade with each other through online platforms.

Q2. Discuss the limitations of e-business.

It needs technological capability; the anonymity of parties raises risks of fraud.

People may resist new technology, and there are ethical concerns such as monitoring of employees' communications.

Q3. Describe the steps involved in an online transaction.

Registration: the buyer creates an account with personal details and password.

Ordering: the buyer adds products to the cart and confirms the order.

Payment and delivery: payment is made by COD, cheque, net banking, cards or digital wallets, and goods are delivered physically or electronically.

MCQs with Answers

1. E-business is ___ e-commerce.(a) Narrower than (b) Same as (c) Wider than (d) Unrelated toAnswer: (c) Wider than

2. A firm ordering components online from suppliers is:(a) B2C (b) B2B (c) C2C (d) Intra-BAnswer: (b) B2B

3. Consumers selling used goods to other consumers online is:(a) B2B (b) B2C (c) C2C (d) Intra-BAnswer: (c) C2C

4. Interaction among a firm's departments via intranet is:(a) B2B (b) Intra-B (c) C2C (d) B2CAnswer: (b) Intra-B

5. Which is a limitation of e-business?(a) Global reach (b) Low personal touch (c) Convenience (d) Lower investmentAnswer: (b) Low personal touch

6. Converting data into code is called:(a) Hacking (b) Encryption (c) Phishing (d) SpammingAnswer: (b) Encryption

7. COD stands for:(a) Cash on demand (b) Cash on delivery (c) Cheque on delivery (d) Credit on demandAnswer: (b) Cash on delivery

8. Which is NOT a payment mechanism?(a) Net banking (b) Credit card (c) Shopping cart (d) Digital cashAnswer: (c) Shopping cart

9. Setting up cost of e-business is:(a) High (b) Low (c) Same as traditional (d) ZeroAnswer: (b) Low

10. A virtual shopping cart is used while:(a) Registering (b) Placing an order (c) Paying (d) DeliveringAnswer: (b) Placing an order

Quick Revision Points

- E-business ⊃ e-commerce.
- Scope: B2B, B2C, intra-B, C2C.
- Benefits: easy formation, convenience, speed, global reach, paperless.
- Limitations: low personal touch, delivery lag, tech needs, risk, resistance, ethics.
- Online transaction: registration → order → payment → delivery.
- Payments: COD, cheque, net banking, cards, digital cash/UPI.
- Risks: transaction, data storage and transmission, privacy and IP.

- Safeguards: encryption, secure gateways, two-factor authentication.
- E-business vs traditional business table.
- Resources: website, skilled staff, logistics, support.

Chapter Summary

E-business uses computer networks to carry out all business functions, while e-commerce focuses on online buying and selling. Its scope covers B2B, B2C, intra-B and C2C transactions. It offers low cost, convenience, speed and global reach but lacks personal touch and carries higher risks due to anonymity.

Online transactions follow registration, ordering, payment and delivery, with payments made by COD, cheques, net banking, cards or digital cash. Security measures such as encryption and secure gateways protect against transaction and data risks.

Exam Tips and PYQ Pattern

- Case studies often describe a transaction – identify whether it is B2B, B2C, C2C or intra-B.
- Learn the e-business vs traditional business table.
- List benefits and limitations as separate points.
- Mention modern Indian examples like UPI for payment mechanisms.
- Write the four steps of an online transaction in order.
- Use the term “anonymity” when explaining risk.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the Class 11 Business Studies Part A of the NCERT Class 11 Business Studies textbook, prescribed in the CBSE 2026-27 syllabus.

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Yes. Use the free PDF link at the top of this page – no signup needed.

What is the difference between e-business and e-commerce?

E-commerce is online buying and selling; e-business includes all business functions conducted electronically.

What are the main types of e-business?

B2B, B2C, intra-B and C2C.

Is outsourcing part of this chapter for 2026-27?

The CBSE 2026-27 syllabus focuses on e-business – concept, scope, benefits, limitations and security. Check your school’s syllabus copy for any additional topics.

Conclusion

Emerging Modes of Business connects business studies with everyday digital life. Revise the scope, comparison table and security points, practise case studies, and download the free PDF.

Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE business studies educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 11 Business Studies textbook, Business Studies (Class XI) (NCERT reprint 2026-27, rationalised syllabus), and the CBSE syllabus for the 2026-27 session. Last checked on 28 November 2026.