1. What do you understand by the term business? Discuss its characteristics and Scope.

⇒ <u>The term Business :-</u> The 'Business' implies busyness or the state of being busy. But this is not the proper concept of Business as it covers every human activity.

Business is an economic activity as it is concerned with earning money and acquiring wealth. It is the human activity directed towards the acquistion of wealth through production and exchange of goods and services. A Business enterprise is an economic Activity. it is engaged in the production and / or distribution of goods and services in order to earn profit and aquire wealth.

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⇒ **Characteristics of Business :-** Compared to other human occupations, a business has got the following characteristics.-

1. **Dealings in goods and services :-** A Business is constantly and continuously engaged in the production and distribution of goods and services. Goods may be consumption items or production items.

2. **Exchange, sell or transfer :-** All business activities have one thing in common that all are engaged in selling or exchanging the goods or services for value.

3. **Regularity or continuity of dealings :-** The activities of exchange are recurring in nature. one or two isolated deals do not constitute business. Business requires ~~a~~ series of transactions. For example, if a person

sells his watch and gets money for it, it is not business unless he keeps a stock of watches and keeps on selling and maintaining his stock.

4. Profit motive :- Profit motive is a striking feature of business which separates it from other activities of human beings. Business is done primarily with a view to make profit.

5. uncertainly or risk :- There is no business without risk. Risk stands for some possibility of loss. The element of risk is found in almost all economic activities in a small or great degree.

=> Business scopes can be classified in to two broad categories.

(1) Industry (2) Commerce

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⇒ **Business**

- Industry
  - Primary
    - Extractive industries
    - genetic industries
  - Secondory
    - Manufacturing Industries
    - Constructional Industries
- Commerce
  - Trdde
  - Auxillaries to trade.

Commerce

- Trade
  - Home Trade
    - Wholesale Trade
    - Retail Trade
  - Foreign Trade
    - Import
    - Export
    - Re-export
- Auxilianies To Trade
  - Banking
  - Transport
  - Insurance
  - were housing
  - Advertising
  - Other services.

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1. Industry :- The term 'industry' is used to the processes by which useful things are extracted from the environment and transformed, processes, fabricated and turned into useful products.

Industry is divided into four boards types :-

(i) Extractive Industries :- These industries extract, draw out or raise their product from earth, water or air.

2) Genetic Industries :- The example of genetic industry are poultry farming, cattle breeding, saplings, etc. These industries are engaged in breeding and multiplying certain species of plants and animals.

3) Construction Industry :- The industries engaged in the construction of building, dams, bridges, roads canals, etc. are called construction industry.

4.) Manufacturing industries :- These industries are concered with the conversion of raw meterials or semi-finished products into finished goods. Such industries create 'Form' utility.

- These can again be sub-divided -

(i) Analytical
(ii) Synthetical
(iii) processing
(iv) Assembling

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2. <u>Commerce</u> :- The second branch of Business is 'commerce' which is concerned with the exchange of goods and services between producers and consumers. It consists of 'Trade plus Aids to Trade'.

- Elements of Commerce. -

The elements of commerce include the process of buying and selling and all those activities which facilitate trade such as storing, grading, packaging, financing, insuring and transporting.

A → Trade :- Trade is that branch of commerce which is concerned with the sale i.e. transfer or exchange of goods and services

— Types of Trade —

(1) Home Trade :-

(a) Retail Trade :- It involves the sale of goods to the ultimate

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Consumers.

(b) Wholesale Trade :- It is a trade in bulk. The wholesaler purchases goods in comparatively larger quantities from the producers and sells in smaller quantities to retailer

2. Global Trade :- It refers to the purchase and sale of goods by the traders located in foreign countries. Here payment are required to be made in foreign currency.

a) Import Trade :- it relates to the purchase of foreign goods for home consumption.

b) Export Trade :- it relate to the supply of domestic goods to foreign buyers.

c) Entrepot Trade :- It involves the

the import of foreign goods for exporting them to foreign countries.

B -> **Auxiliries to Trade :-** In addition to Commerce also includes several "Aids to Trad", which facilited exchange of Goods and services. These auxiliary services may be describe as below.

1) Transportation

2) Warehousing

3) Insurance

4) Packaging

5) Banking

6.) Advertising.

7.) Other services → Stock Exchange.

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2. Define Business organisation. Explain its characterstics and nature of business organisation?

=> Defination => The term business has already been defined. Organisation refers to the assembling of various element of business eg. work frorce, capital, raw materials, machinery, energy, information, etc. in order to establish a harmoniou and functional relationship among them. Thus, a business organisation may be define as the art of establising effects coordination between difference components of Business so as to accomplish predetermined objectives

Louis Allen, "Organisation is the process of identifying and grouping work to be performed, defining

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and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives"
In the words Allen, organisation in an instrument for achiving organi-zational goals.

⇒ ~~Natur~~ Characteristics of Business Organisation

1. Economic activity :- Business is an economic activity of production and distribution of goods and services. it provides employement opportunities in difference sectors like banking, Insurance, transport, industries, trade etc

2. Division of labour :- This is the most important element of any organisation structure. Total efforts are diveded

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into logical groupings and each group is assigned certain specified activity which are to be performed by appropriately qualified person in a Business organisation.

3. Coordination :- Having divided up the work for purposes realising common Goals or objectives it becomes necessary to link up or integrate the various divisions, functions or activities. For the purpose.

4. Accomplishment of common objectives :- Organisation are formed to achieve certain goals. An Business organisation has no meaning unless it built around certain clear-cut goals.

5. Authority Responsibility structure :- An

Business Orgnisation structure Consists of various positions arranged in the hierarchy with a clear definition of authority and responsiblity associated with each of thes positions. For example at the top is the chief executive officer and below him are mangers and workers.

5.

6. Communication :- Every Organisation have certain well established links and methods of Communications. An Efficient system of Communication ensure proper understanding between different persons working in an organisation.