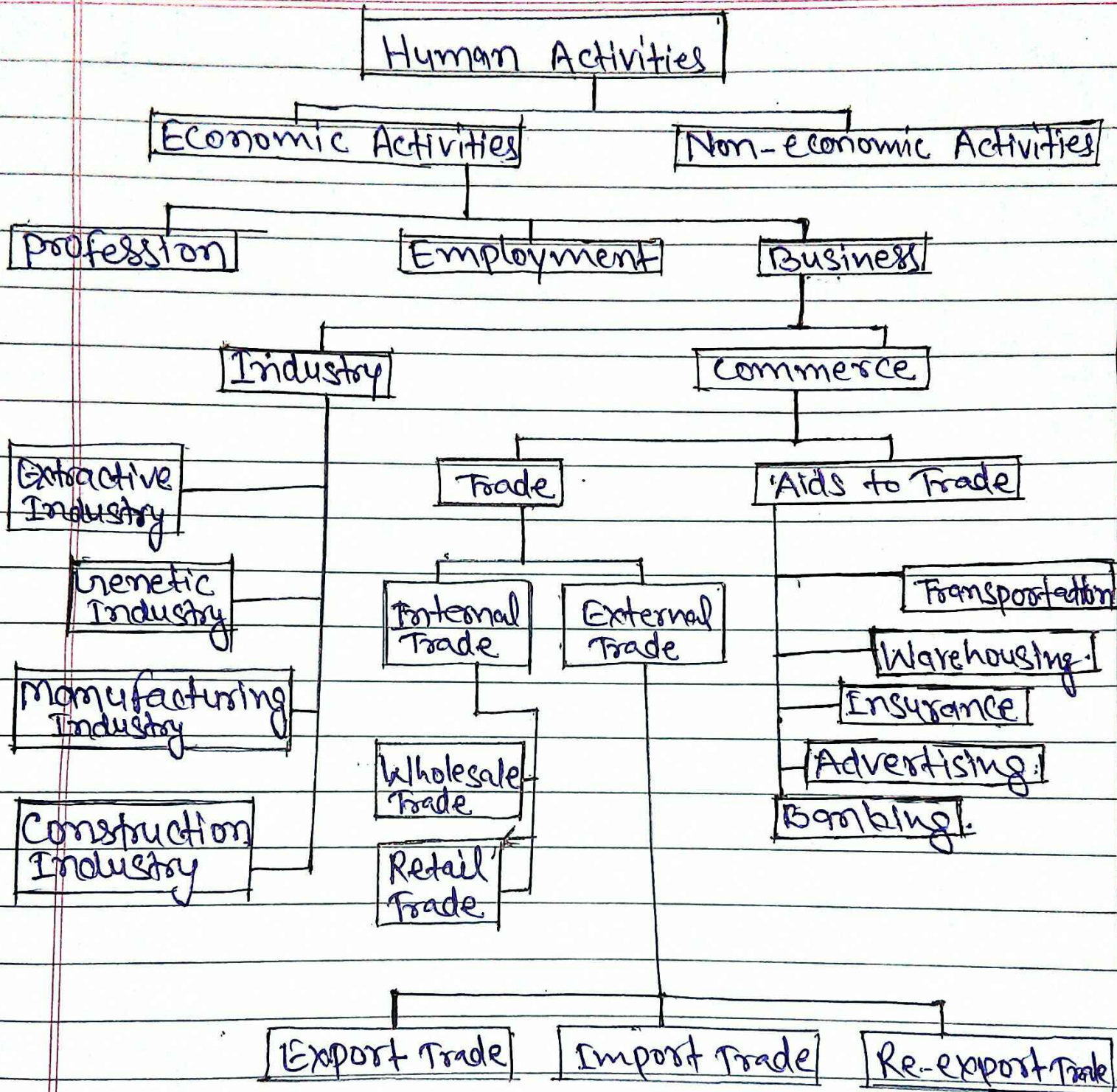


# \* Nature and scope of Business.



## \* Nature and scope of business.

\* Human Activities - All the activities in which we participate from morning till night are called "Human Activities."

1. Non-Economic Activities - Those activities which are conducted due to love and affection, social obligation, religious obligation and patriotism etc. but not for earning money.

2. Economic Activities - Those activities which are undertaken for earning money or livelihood. These economic activities are concerned with production, exchange and distribution of goods and services.

Economic activities can

classify in three groups.

① Employment ② profession ③ Business.

i) Employment - Activities of working with an employer under agreement or rules of service.

ii) profession - Activities which involves the rendering of personalised services of

a specialised nature based on professional knowledge, education and training. Ex- Doctor, Lawyer, C.A. etc.

iii) Business - An activity of production and/or exchange of want satisfying goods and services carried with the primary intention of earning profits.

## \* Essential features of Business -

- Dealing in goods and services.
- production and/or Exchange.
- Continuity and regularity in dealings.
- profit motives.
- Element of risk.

\* Objectives of Business - It can be listed under three broad headings -

i) Economic objectives - Some main economic objectives are -

- Earning of satisfactory profits.
- Exploring new markets and creation of more customers.
- Growth and Expansion of Business operations of the firm.

2) Social Objectives -

- providing more and more employment opportunities to the people in the country.
- Supply of quality goods to the community.
- Providing goods at reasonable prices.
- production of goods in accordance with national interests and priorities.

3) Human objectives - Some of the major human objectives of business are -

- Fair deal to employees in terms of wages and incentives.
- Providing better working conditions and environment to the employees.
- Provide job satisfaction.
- provide the employees more and more promotional and growth opportunities.

We do either production or exchange of goods and services in business. So, we now study about (i) Industry  
(ii) Commerce.

(1) Industry - Activities engaged in the production of goods and services by utilising available resources.

There are various approaches of classifying industries. All these are listed below -

A) On the basis of nature of activity -

- Extractive Industries - Ex - Mining, Farming, Fishing.
- Genetic Industries - Ex - Nurseries, Cattle breeding.
- Manufacturing Industries - Ex - Iron & steel, Cement, Electronics.
- Construction Industries - Ex - Building, Roads, Canals, Dams.

B) On the basis of the nature of goods produced.

- Consumer goods industries.
- Producer goods industries.

C) On the basis of the level of investment.

- Heavy Industry.
- Light Industries.

D) On the basis of the size of the activity -

- Small scale Industries.
- Large scale Industries.

- E) On the basis of area of Operations,
- Regional Industries.
  - National Industries.
  - Multinational Industries.

Q) Commerce - All the activities which establish link between the producers of goods and consumers of these goods and maintain a smooth and uninterrupted flow of goods between them come under Commerce. We can classify the whole range of commerce activities into two categories - ① Trade. ② Aids to Trade.

\* Trade - Activities of buying and selling of goods and services. There are two types of trade -

a) Internal trade - The trade takes place within the boundaries of the country. Wholesale trade and Retail trade are the main part of Internal trade. Both work as a middleman between producer and consumer.

b) External Trade - The trade takes place across the boundaries of a country. It refers to the trade between nations. We can classify foreign trade into three categories -

- i) Import Trade - When a country buys goods from another country. For example, India bought testing kit from china.
- ii) Export Trade - When a country sells goods to another country. For Example - India sold hydroxychloroquine to ~~the~~ U.S.A. and many countries in the world.
- iii) Re-export Trade - When the goods are imported from one country and the same goods are exported to another country. This is also called entrepot trade.

\* Aids to trade - Activities which facilitate the trade are called aids to trade. It may be classify into five categories -

- Transportation - Land, Air and Water transportation.
- Warehousing.
- Insurance
- Advertising
- Banking.