

BUSINESS AND ITS TYPES

SUBJECT : (ENTREPRENEURSHIP)

CHAPTER NUMBER: 5

CHAPTER NAME : CONCEPT OF MARKET

CHANGING YOUR TOMORROW

BUSINESS

- Business is an economic activity which involves production or processing and sale or exchange of goods and services at regular basis with an aim of earning profit.
 - (a) An economic activity i.e. the aim of this activity is to earn money.
 - (b) Dealing in either production, purchase, procurement of goods or render service or both.
 - (c) All the activities performed under business aims at satisfying human needs and wants.
 - (d) To be called as business, an activity must be done on regular basis.
 - (e) Profit earning is the primary goal of a business.
 - (f) Risk, i.e., probability of incurring losses or earning inadequate profits, is inherent in all the businesses.

SCOPE OF BUSINESS

- Transport
 - Insurance
 - Banking
 - Warehousing
 - Advertising
- The scope can be extended to:
- (1) To production of goods
 - (2) To rendering of services
 - (3) To distribution of goods.
 - (4) Rendering distribution assistance
 - (5) Rendering financial assistance

INDUSTRY

- Industry refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers, such as:
 - (a) The making or manufacturing of goods, i.e., connected with conversion of resources into useful goods.
 - (b) Growing, producing, processing, assembling, extracting, constructing, fabricating, breeding etc. of products.
 - (c) Imparting utility to goods using mechanical appliances and technical skills.
 - (d) A group of firms producing similar or related goods, e.g., textile industry, film industry etc.

OUTCOME OF INDUSTRIAL ACTIVITY- GOODS

- "Goods" are the final outcome of any industrial activity which utility wise either may be:
 - 1. Producer's Goods:** The goods produced are used by other enterprises as raw material for further production.
For example, plant and machinery, equipment, tools etc.
 - 2. Consumer Goods:** The goods used by final or ultimate consumers for deriving personal satisfaction. For example; jams, clocks, edible oil etc.

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TYPES OF INDUSTRIES

- **Primary industries:**
- Primary industry includes those activities which are concerned with extraction, producing and processing or extraction of natural resources. The primary industry can be further classified into following types:
 - Extractive industries
 - Genetic industries

- **Secondary:**
- Secondary industries which are concerned with the transformation of the materials provided by primary industries are referred as secondary industries. For example – the mining of gold is primary activity but manufacturing gold jewelry is secondary. They may be of:
 - Manufacturing industries
 - ✓ Analytical
 - ✓ Synthetic
 - ✓ Processing
 - ✓ Assembling
 - Construction industries

- **Tertiary or Service:**
- Tertiary units bridge the gap between the producers of goods and services and their consumers. They help in removing various hindrances which arise during the production and distribution of goods and services:-
- Transport facilitates the movement of goods from one place to another.
- Banking provides credit facilities to industrial and trading firms besides providing banking services.
- Insurance covers various kinds of business risks
- Warehousing provides storage facility to the producers and traders
- Advertising provides information to consumers.

COMMERCE

- Commerce is concerned with all those activities which facilitate exchange of goods/services or relates to the transfer of goods from one place of production to ultimate consumes.
- Commerce can be classified into two broad range of activities:

A. Trade

B. Auxiliaries or Aids to trade

TRADE

- Trade is referred as the nucleus of commerce around which other aids/auxiliaries revolve.
- **Types**
 - (i) Home or internal trade: When buying and selling of goods take place within the boundaries of a country i.e. inside a Nation is called as Home, Domestic or Internal trade. They are classified as: wholesale and retail trade
 - (ii) Foreign or external trade: Buying and selling of goods between two or more nations is called as foreign or International. They are classified as: import, export and entrepot trade.

AUXILIARIES TO TRADE

- Transportation
- Communication
- Banking
- Insurance
- Warehousing
- Advertisement and salesmanship

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