

Business Structure in India

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I. INTRODUCTION

Every human activity has some objectives and business, as one of the most important human activities. There is a most common belief that money making is the objective of business. Business relates to various activities connected with manufacturing, trading transportation, insurance, warehousing, banking and finance. It thus embraces all activities pertaining to production and acquiring of wealth. Business involves the utilization of such wealth for the purpose of producing or availing goods and services to the society to satisfy human wants. The pressure of supply and demand creates opportunities for starting a business. Business activities relate to the creation of a customer and sales of goods and services for earning an income.

The business may be defined:

In the ward of prof. Haney : “Business may be defined as an activity directed towards producing or acquiring wealth though buying or selling goods”.

The principal objective of business is to earn a profit. No one starts business just for the fun of it or for pleasure, but he starts for earning. Money – chasing is the primary economic objective of to buy the products and services. For this, we needs to attract more customers for its existing as well as new products. The satisfied customers mean repeat sales. And the repeatsales are an essential business should be to produce better quality goods and supple them in proper time and at rightprice.

Scope of business:

There are two main components of business-

(A Industry

(B Commerce

- **Industry:** Industry is concerned with production of goods by adopting a process through utilization of material resources raw materials. The following are the various types of industries.

- **Primary Industries:** These are concerned with growing of crops fish catching, fruitand vegetable growing, forestry. There are nature oriented industry and needs minimum human efforts.
- **Extractive industries:** Such industries are concerned with extracting the productsfrom natural sources such as earth, sea and air Natural gas, oil exploration and mining are the some examples of extractive industries. These are also known as extractiveindustries.
- **Manufacturing industries:** These are engaged in producing goods. These industries are engaged in conversions of f raw materials in to semi finished or finished or finishedproducts. Factory production is the outcome of manufacturingindustries.
- **Genetic industries:** These are concerned with breeding plants and animals for theiruse in further reproduction. These are engaged in reproduction of plants and animals with the object of earning profit from their sale. Poultry farming, cattle breeding and nurseries are some examples of geneticindustries.
- **Construction industries:** They are concerned with the making of constructions of buildings, bridges, rods, dams, airports, canals etc. These industries provide infrastructure essential for proper and efficient conduct of main economic activities. The remarkable feature of these industries is that their products are not sold in the sense of being taken to the marked.They are constructed at fixedsites.
- **Commerce:**The term commences refers to the process of buying and selling goods including all activities which facilitate trade such as banking, transporting, warehousing, insurance and advertisement. The principal function of commerce is to remove the hindrances of person distribution of products until they reach to the consumers. The concept of commerce including two types namely:

- **Trade (ii) Auxiliary (Aids) to trade**
- **Trade:** Trade is the final state of business activity and involves sale and purchase of products. It is to facilitate the transfer of goods from the seller to the buyer (trade) that all the other activities are undertaken. The normal classification of trade is
 - (a) Internal of domestic Trade, and (b) International or foreign Trade
- **Internal of domestic Trade:** Internal trade also known as home trade or domestic trade comprises buying and selling of goods within the bounds of a country. All transactions connected with it, such as payment and transporting, are national, and no external agency is involved. Internal trade may be further classified into wholesale trade and retail trade.
- **Wholesale trade:** Wholesale trade relates to purchase of goods in large quantities from producers and growers and their resale to retailers in small lots. It serves as a link between the manufacturers or retailers in small lots. It serves as a link between the manufacturers or producers and the retailers who sell them to the ultimate consumers.
- **Retail trade:** Retail trade is the last link in the economic chain whereby human wants are satisfied. The retailer assembles at a convenient place various types of products from numerous sources and supplies in small quantities to consumers.
- **Foreign or International Trade:** Foreign or international trade refers to buying goods from, or selling commodities to traders doing business in foreign lands. This type of trade involves payment for goods in the currency of the country or the supplier of goods and the use of international means of transport. International Trade may be further classified into Import trade and Export trade.
- **Import Trade :** Import trade is meant buying goods from suppliers in foreign land.
- **Export trade:** Export trade selling to buyers in foreign countries.
- **Auxiliary (Aide) to trade:** There are certain functions such as 1) Banking, 2) transporting, 3) Warehousing, 4) Insurance and 5) Advertising these constitute the main auxiliary functions helping internal and international trade.
- **Banking:** Business activities cannot be undertaken unless funds are available for acquiring assets and meeting the day-to-day expenses. Necessary funds can be obtained by businessmen from banks. Thus the banking help business activities to overcome the problem of finance. Banking generally lends money by providing overdraft, cash credit facilities, loans and advances to business. Banks also undertake collection of cheques, remittance of funds to different places and discounting of bills on behalf of traders.
- **Transporting:** production of goods generally takes place in particular locations. But these goods are required for consumption in different parts of the country. Transport performs the function of carrying goods from producers, wholesalers, retailers and finally customers.
- **Warehousing:** It is generally a time lag between the production and consumption of goods. This problem can be solved by sorting the goods in a warehouse. This is an arrangement made for storage of goods to prevent loss or damage. Warehousing helps business units to overcome the problem of storage and facilitates the availability of goods when needed. Prices are thereby maintained at a reasonable level through continuous supply of goods.
- **Insurance:** Business involves types of risks, factory building machinery, furniture etc. must be protected against fire, theft and other risks. An insurance company performs a useful service of compensating for the loss arising from the damage caused to goods through fire, theft, the hazards of sea, transportation. Thus it protects the traders from the fear of loss in all such cases. On payment of a nominal premium the almost total loss or damage if any, can be recovered from the insurance company.
- **Advertising:** Advertising performs the function of bridging the information gap about the availability and uses of goods between traders and consumers. Goods are advertised to inform consumers about their uses, quality, prices etc. Advertising helps in providing information about available goods and inducing consumers to buy particular items. It is practically impossible for producers or traders to contact each and every consumer. But advertising makes it possible to meet virtually producers and customers by expressing the producers' views to customers by the various methods of advertising. Advertising plays the prime role in contacting sellers and consumers with the advertising media. Advertising helps in providing information about available goods as well as new production.

II. CONCLUSION-

Each and every person of the society engaged in some work to earn a money. Money help the buying and selling transactions. And here is the birth of business. Every work was performed to earn a money. After some time this is called a business. The principal objective of business is to earn a profit. There is only the one valid definition of business purpose to create a customer. Business involves the basic industries, Processing and manufacturing industries including the network of auxiliary services like distribution, banking insurance, transport, warehousing and so on which serve and assist the world of business as w whole.

REFERENCE BOOK-

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