

Course Title: Intro To Business

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Answer 1

→ Industry :-

The production side of business activity is referred as industry. It is a business activity, which is related to the business raising, producing, processing or manufacturing of products.

The product are consumer's goods as well as producer's goods.

Consumer goods are goods which are used finally by consumer. e.g. food grains, textile, cosmetics, UCR, etc.

Producer's goods are the goods used by manufacturers for producing some other goods. e.g. Machinery tools, equipments, etc.

→ Types of industry :-

1) Cattle Industry :-

Cattle industry are engaged in re-production and multiplication of certain species of plants and animals with the objects of scale. The main aim to earn profit from such sale. e.g. plant nurseries, cattle rearing, Poultry, cattle breeding, etc.

2) Manufacturing Industry :

Manufacturing industry are engaged in transforming raw material into finished product with the help of machine & man power. The finished good can be either consumer goods or producer goods e.g. textile, textiles, chemicals, sugar industry, paper industry, etc.

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ANS B/ FACTORS OF PRODUCTION:

An economic term to describe the inputs that are used in the production of goods or services in the attempt to make an economic profit. The factors of production include land, labour, capital and entrepreneurship.

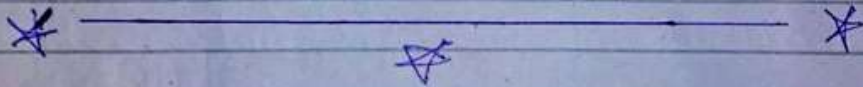
i) LAND:

It refers to all natural resources which are free gifts of nature. Land, therefore includes all gifts of nature available to mankind both on the surface and under the surface eg. soil, river, waters, forests, mountains, deserts, air, sun etc.

ii) LABOUR:

Human efforts done mentally or physically with the aim earning income is known as labour. Thus labour is a physical or mental effort of human being in the process of production. The compensation given to labourers in return of their productive work is called wages or compensation of employees.

* → Land is a passive factor whereas labour is an active factor of production. Actually it is labour which in cooperation with land makes production possible. Land & Labour are also known as Primary factor of production as their supplies are determined more or less out-side the economic system itself.



Ans 2

Explanation of SWOT analysis:-
SWOT.

ANALYSIS.

Swot (strengths, weakness, opportunities and Threats) analysis is a frame work used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors as well as current and future potential.

A SWOT Analysis is designed to facilitate a realistic, fact based, data driven look at strengths and weaknesses of an organization, its initiatives, or an industry. The organization needs to keep the analysis accurate by avoiding pre-conceived beliefs or gray areas and instead focusing on real-life contexts. Companies should use it as a guide and not necessarily as a prescription.

• STRENGTHS.

Strength describes what an organization excels at and what separates it from the competition. a strong brand, loyal customer base, a strong balance sheet, unique technology and so on. For example Va hedge fund may

have developed a proprietary trading strategy that returns market-beating results. It must then decide how to use those results to attract new investors.

• WEAKNESS =

Weakness stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive. a weak brand, higher-than-average turnover, high levels of debts, an inadequate supply chain or lack of capital.

• OPPORTUNITIES =

opportunities refer to favorable external factors that could give an organization a competitive advantage. For example if a country cuts tariffs, a car manufacturer can export its car into a new market, increasing sales and market share.

• THREATS =

Threats refer to factors that have the potential to harm an organization. For example a drought is a threat to a wheat producing company as it may destroy or reduce its crop yield.

Diagram



QUE - No. 3 - part a, -

ANS -

Sole PROPRIETORSHIP

^{Sole proprietorship}
is legally a form of business enterprise in which an individual owns a business, assumes all risks & operates it for his own personal interest. ^{Sole} proprietor here is the sole owner, manager, controller, financier & risk bearer. he wears many hats of financial planning, marketing development, business strategies risks etc.

CHARACTERISTICS -

① Ownership

The business is owned by a ^{singular} individual.

② Management & control

Being small in size it is managed by the owner himself.

③ Finance -

The necessary capital to run the business is provided by the sole owner. however he may borrow from others

sources such as bank or friends as need arises.

④ Risk -

The proprietor himself bears all the risks. Nobody else has any stake in the business.

⑤ Unlimited liability -

The ~~sole~~ sole trader is personally liable for the debts of the business. The creditor can lay claim not only on his business assets but also his personal property such as car, house, furniture etc. to recover the loan.

Advantages -

① Sole Authority -

The sole proprietor has full authority to manage his business as he likes. He prepares the plan, invests his money, supervises the business and enjoys the profit. He is the king of his business.

② Sole claim on profit -

The sole trader receives full profit of the business. He also bears the full risk of loss.

③ Secrecy -

A sole trader, being the organizer himself, maintains a high standard of secrecy of profit.

④ Self employment -

The sole business trading provides business career to large number of persons with small means.

⑤ Power of start and close

The business - The sole trader can start any lawful business. He also has the right to close the business as and when he like.

DISADVANTAGES -

① Burden of unlimited liability -

The most serious disadvantage of sole proprietorship

is the burden of unlimited liability.

- (2) Weak bargaining position :-
 The sole trader ^{both} as buyer & seller has weak bargaining position compared to big business unit.
- (3) Technological progress :-
 The technological progress is often difficult to carry for the sole trader because a few such businessmen can afford the heavy capital outlay.
- (4) Absence of specialized :-
 The sole trader is not in a position to hire the various service expert like qualified accountant, salesmen etc.
- (5) Competitive business :-
 Business is very competitive these days. It requires hardwork. A sole trader cannot bear the burden of work for long time.



Q.3 - part b.

ANSWER -

Partnership -

partnership is an association of two or more individuals, not exceeding 20 (in banking 10) who agree to share profit of a lawful business which is managed and carried on either by all or by any or some of them acting for all.

Harvey definition -

partnership is the relation between persons contracting to carry on a lawful business in common with a view of private gain.

Characteristics -

* Formation -

There must be at least 2 and maximum 20 and all the persons must be competent to contract in banking maximum partners are 10.

* Management *

In a partnership business every partner has a right to take part in its management.

* Unlimited Liability *

The liability of the partner is not limited to his invested amount.

* Restriction on Transfer of interest *

No partner can transfer his share to any other person without the prior consent or willingness of all other partners.

* Financing *

Capital in the firm is not necessary that all partners contribute equally, some partners have skill so they not contribute capital.

Advantages *

* advantages of secrecy *

The partner can keep the business secret to themselves. The firm is not required

by law, to publish its profit & loss account & balance sheet.

* Large capital -

Partnership have more capital to business by the joint effect of the partners. Partnerships normally in strong position to raise capital & expand business.

* Easy to form -

Partnership can be easily organized. There are not complicated legal formalities involved in the establishment of partnership business.

* Profit incentive -

The profit are shared by the partners as per agreement. They are encouraged to do more work to earn more profit.

* Tax advantage -

After payment the tax are divided among the partners. They pay tax to government on their share of profit.

