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***QUESTION NO 1(a):***

***Answer::***

***INDUSTRY:***

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

industry and types of industries

The products are consumer's goods as well as producer's goods. Consumer goods are goods, which are used finally by consumers. E.g. Food grains, textiles, cosmetics, VCR, etc. Producer's goods are the goods used by manufacturers for producing some other goods. E.g. Machinery, tools, equipments, etc.

Expansion of trade and commerce depends on industrial growth. It represents the supply side of market.

***Types of industry:***

***1. Primary Industry***

Primary industry is concerned with production of goods with the help of nature. It is a nature-oriented industry, which requires very little human effort. E.g. Agriculture, farming, forestry, fishing, horticulture, etc.

***2. Genetic Industry***

Genetic industries are engaged in re-production and multiplication of certain spices of plants and animals with the object of sale. The main aim is to earn profit from such sale. E.g. plant nurseries, cattle rearing, poultry, cattle breeding, etc.

***3. Extractive Industry***

Extractive industry is concerned with extraction or drawing out goods from the soil, air or water. Generally products of extractive industries come in raw form and they are used by manufacturing and construction industries for producing finished products. E.g. mining industry, coal mineral, oil industry, iron ore, extraction of timber and rubber from forests, etc.

END

***QUESTION NO 1(b):***

***Answer::***

***1. Land/Natural Resources***

“Land” is quite a broad category as a factor of production in that it refers to all natural resources. These resources are gifts that are given by nature. Some typical examples of natural resources are water, oil, copper, natural gas, coal, and forests. They can range from land used for agriculture to that used for commercial real estate, as well as the natural resources derived from land.

These resources can be renewable, such as forests, or nonrenewable such as oil or natural gas. The income earned from land or other such natural resources is called rent. Although land is undeniably crucial to most forms of production, just how essential it really is varies depending on the industry. For instance, land is a central focus of virtually all agriculture but is much less important to a tech company that is quite literally operating in the virtual sphere.

Land was designated as the origin of economic value by the physiocrats, a collection of French economists who came before the better-known classical political economists (Smith, Ricardo, Marx, and others).

***2. Labor***

Four Factors of Production labor

Labor, as a factor of production, involves any human input. It is any work done by people contributing to production. The quality of labor depends on the workforce’s skills, education, and motivation. Generally speaking, the higher the quality of labor, the more productive the workforce. Labor was considered to be the main source of economic value according to early, influential political economists (several of whom are described in the first section of this article).

Examples of labor range from the very physical to primarily mental work that goes into production. On the mental side of this factor of production are labourers like artists producing art, or programmers creating software. On the more physical side of labor might be food service workers, construction workers, or factory workers.

If someone has ever paid you for a job, you have contributed labor resources to the production of goods or services. The income earned by labor resources is called wages. It is the largest source of income for most people.

In production, wages are paid based on workers’ skill levels as well as the time invested in work. Labourers with a great deal of training and education are considered to be “highly skilled” and are paid higher wages than less trained workers. So-called skilled or highly-trained workers are described as “human capital” (referencing the third factor of production, capital, described in the next section).

Nations with high levels of such human capital tend to be more efficient and productive than countries with lower levels of this valuable resource.

***End***

***Question no 2:***

***Answer::***

***SWOT ANALYSIS:***

SWOT analysis is a business analysis process that ensures that objectives for a project are clearly defined and that all factors related to the project are properly identified. The SWOT analysis process involves four areas: Strengths, Weaknesses, Opportunities and Threats. Both internal and external components are considered when doing SWOT Analysis, as they both have the potential to impact the success of a project or venture.

The following is a brief summary of SWOT Analysis components:

***Strengths***

Strengths in SWOT analysis are the attributes within an organisation that are considered to be necessary for the ultimate success of a project. Strengths are resources and capabilities that can be used for competitive advantage. Examples of strengths that are often cited include:

Strong brand names

Good reputation

Cost advantages of proprietary know-how

***Weaknesses***

The factors within the SWOT analysis formula that could prevent successful results within a project are Weaknesses. Weaknesses include factors such as an abundance of rivalry between departments, a weak internal communication system, lack of funding and an inadequate amount of materials. Weaknesses can derail a project before it even begins. Other Weaknesses include:

Weak brand name

Poor reputation

Ineffective and high cost structure

***Opportunities***

Opportunities are classified as external elements that might be helpful in achieving the goals set for the project. These factors could involve vendors who wish to work with the company to help achieve success, the positive perception of the company by the general public, and market conditions that could make the project desirable to the segment of the market. Additional Opportunities include:

Arrival of new technology

Unfulfilled customer needs

Taking business courses (training)

***Threats***

These external factors could gravely affect the success of the project or business venture. The possible threats that are critical to any SWOT analysis include a negative public image, no ready-made market for the final product and the lack of vendors who are able to supply raw materials for the project. Some other threats include:

Trend changes

New regulations

New substitute products

***QUESTION NO 3(a):***

***Answer::***

***Sole proprietorships***

A sole proprietorship is a business that is run by a single individual who makes all the decisions, although the proprietor may engage employees. The sole proprietor is personally entitled to all of the profits and is responsible for any debts that the company incurs.

***Advantages of forming a sole proprietorship***

Sole proprietorship is the simplest and most flexible business structure.

The sole proprietor has total control and full decision-making power over policies, profits and capital investment.

It is easy to close down the business.

Profits from the business will be taxed at the sole proprietor's marginal tax rate, which may be lower than the corporate (limited company) tax rate. Also, business losses can be offset against the other income of the proprietor (for more details on profits tax please go to another topic – Taxation).

***Disadvantages of forming a sole proprietorship***

Risks that are taken by the sole proprietor may result in personal bankruptcy.

The death or prolonged illness of the sole proprietor will lead to the end of the business.

Due to the limitations of a one-person business, the sole proprietor may not be able to raise additional capital from outside sources to expand the business.

***Characteristics of Sole Trader-ship (Proprietorship***)

***Sole Ownership***

Single person is the owner in this type a of business. That person is responsible for all the things relating to the business. He himself bears all the risk and organise the whole business. On the closure of business he is personally liable for all gains and losses.

***Unlimited Liability***

The liability of a sole trader is unlimited. On the occasion of any loss in the business, not only the business assets, but also the private assets of the sole trader (house, shop or land etc.) can be sold for recovery of losses.

***Limited Work Area***

The work at of a sole proprietor business is limited because the capital acquiring and organisational skills of a person are limited. Thus, the progress of sole proprietorship is limited to the resources of its owner.

***Sole Right on Capital***

The arrangement of Capital to be invested in the sole trade, has to be done by the proprietor. Thus, he has full right on the capital.

***Sole Management***

The sole proprietor is himself responsible for the control and management of the business. With the expansion of the business, the proprietor can organise staff for his own convenience, but he himself deemed to be responsible for the work done by the managers.

***Question no 3 (b):***

***Answer::***

***Partnership***

***Definition***: The term partnership, is used to mean a business structure wherein two or more individuals, come together for undertaking a lawful business and have agreed to share the profits and losses arising from it. The management and operation of the business should be performed either by all the partners or any of them, acting for all the partners.

The Partnership is the relation which subsists between individuals, who have decided to pool their money, skill and resources in business, to share profits and losses, in an agreed ratio. The members of a partnership, are jointly known as the partnership firm and severally known as partners.

In India, it is governed by the Indian Partnership Act, 1932 and is formed as per the provisions of the act. It is started through a legal agreement between partners, called as partnership deed. It lays down the terms and conditions regulating partnership, such as profit and loss sharing ratio, nature of the business, duration of business, duties and obligations of partners, capital contributed by each partner, manner of conducting business and so on.

***Characteristics of Partnership***

***Membership***: At least two persons are required to begin a partnership while the maximum number of members is limited to 100. Further, all the individuals entering into partnership must be legally competent to do so, as they have to enter into a contract to become partners. Thus, minors, insolvent and lunatic persons cannot become members, but a minor can be admitted to partnership, to share profits.

***Unlimited liability***: The members of a partnership have unlimited liability, i.e. they are collectively and individually liable for the firm’s debts and obligations. So, if in case business assets are not adequate to repay liabilities, personal assets of all or any partner can be claimed by the creditors to realise the outstanding amount.

Sharing of profit and loss: The main purpose of the partnership is to share profit in the agreed ratio. However, in the absence of any agreement between partners, the business profits or losses are divided equally among all the partners.

***Mutual Agency***: The partnership business is undertaken by all the partners or any of the partner, who acts on behalf of all the partners. So, every partner is a principal as well as an agent. Further, the acts of partners bind each other as well as the firm.

Voluntary Registration: The registration of partnership is not mandatory, but it is recommended, as it offers certain benefits, e.g. in case of any conflict among partners, any partner can file suit against other partner or if there is any dispute between firm and outside party, then also the firm can file a case against that party.

***End***