

# FACULTY OF JURIDICAL SCIENCES

# Lecture-2



# Importance of Business

Business is a self-employment opportunity for a person to become self-independent. It is not only beneficial to the owner but also makes an impact on society. To get a detailed understanding of the importance of business, let us go through the following points:-

- **Revenue Generation:** It is the key to revenue generation for the business owner since it brings in profit and proves to be a source of income for the owner.
- **Economic Growth:** It is essential for the economic growth of a country since high revenue means higher tax collection.
- **Improves Standard of Living:** A country with more industrial units and companies experience a higher rate of employment and better living standards.
- **Bulk Production:** Manufacturing units involve large-scale production, which ultimately reduces the cost of production, and people get a continuous supply of goods at a reasonable price.
- **Innovation:** It involves brainstorming and generation of new ideas which opens up the way for innovation and creativity.
- **Generates Employment:** It is a long-term process which requires the human resource to function correctly. Therefore, it creates job opportunities.

# Nature of Business

Business is derived from 'busy-ness'. The nature of business is a phrase referring to the overall purpose and existence of a company within a market sector or industry.

When we say nature of a business, it's intimate:

- What type of products and services are sold by a company
- The industry in which the company operations
- Its overall mission and purpose
- Other distinctive characteristics of the business

To have a better understanding of nature of business, we must go through the following points:-

**Regular Process:** It is an activity which is performed repeatedly to generate profit.

**Economic Activity:** The whole sole purpose is maximizing wealth.

**Capital Requirement:** Any venture requires fund depending on the size and its type.

**Deals in Goods and Services:** It is related to manufacturing and offering goods for sale or catering services.

**Risk:** All businesses have a risk factor or uncertainties of failure and loss.

**Profit Earning Motive:** The initial motive of a businessman is making a profit out of his venture.

**Satisfaction of Consumer's Need:** It is concerned with the fulfillment of the customer's demands and needs.

**Social Obligations:** It has some social responsibilities, like creating job opportunities, dealing with licensed products, etc.