Fundamentals of Environmental Management

(BAF, Degree Course, Mumbai University)

Prof. H.V. Jadhav
M.Sc., FICCE.
Principal incharge
Barns College, Panvel,
Mumbai University,
Technical Adviser,
Government (Maharashtra).

Dr. S.H. Purohit
M.Sc., Ph.D., LL.M., FICCE., MBA
Principal
Mumbai College,
Jai Hind College (Ex. HOD),
Tilak Engg. College, EVS (VF),
Mumbai University,
Legal Adviser.

First Edition : 2012
Preface

There is ‘no doubt’ that the awareness of environmental issues and hence ‘Environmental Management’ has increased in the last decade. We in India are lucky to have this subject included as a compulsory discipline in Universities in India.

With the ever-increasing population we see increased industrialization in the name of development. The global business has created question of ‘sustainability’. In the light of ever-changing business environment, how to face newer challenges.

This book titled: ‘Fundamentals of Environmental Management’ is written for the BAF degree students of Mumbai University. With a success at BBA and MBA by ‘Himalaya Publishing House Pvt. Ltd.,’ there was a challenge to create a Beginners Manual.

We have brought ‘Management’ in sharp focus as it is the time for action. Once the link between ‘Resource Utilization’ and ‘Ecological Devastation’ is clear, the next is to ... times. The solutions for real life situations will come from combined effort of all those who care for ‘environment’.

The book ‘Fundamentals of Environmental Management’ discusses core topics in a language i.e., simple and easy to understand: These are:

- Fundamentals of Business.
- Business and Society.
- Business and Basic Accounts.
- Organisation and Management.

To encourage the interest of the reader we have included — Notable — Important remarks at the end of every chapter and for revision, there are ‘questions’ on all chapters. We believe that ‘case study’ approach of the ‘management’ is most effective for practical learning. It is the concluding chapter of this book.
We wish to 'Thank' our well-wishers.

♦ Dr. M.M. Salunke  — Ex. V.C. Shivaji University  
Director Central University Jaipur

♦ Dr. A.D. Sawant  — Ex. Prof. V.C. Mumbai University  
V.C. Jaipur University

♦ Dr. S.N. Pathan  — Ex. V.C. Nagpur University

♦ Dr. Komal Singh  — Ex. V.C. Amravati University

♦ Dr. Shiv Subramaniam— Ex. V.C. Nurool Island University  
Kanyakumari (Tamil Nadu)

♦ Dr. Kirti Narain  — Ex. Principal Daitting College

♦ Dr. B.B. Sharma  — Principal, Vaze College

♦ Dr. S.S. Barve  — Chairman Bio Tech., EVS,  
Mumbai University

We are grateful to our Publishers, Late Shri. D.P. Pandey, Shri. K.N. Pandey, Shri. Niraj Pandey, Shri. Anuj Pandey and the staff of Himalaya Publishing House Pvt. Ltd., for their encouragement.

We are indebted to 'our parents' and our family, Smt. Hemlata Jadhav and Smt. Sandhya Purohit.

– Prof. H.V. Jadhav  
– Dr. S.H. Purohit

---

### Syllabus

(A) Topics for the Study  
<table>
<thead>
<tr>
<th>Topic</th>
<th>No. of Lectures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fundamentals of Business</td>
<td>08</td>
</tr>
<tr>
<td>2. Business and Society</td>
<td>06</td>
</tr>
<tr>
<td>3. Business and Basic Commercial Information</td>
<td>10</td>
</tr>
<tr>
<td>4. Business and Basic Accounting Information</td>
<td>10</td>
</tr>
<tr>
<td>5. Basic Environmental Challenges</td>
<td>10</td>
</tr>
<tr>
<td>6. Organisation and Management</td>
<td>06</td>
</tr>
</tbody>
</table>

1. **Fundamentals of Business**
   (a) Concept: Business, Profession and Employment
   (b) Comparison of Business, Profession and Employment
   (c) Business Risks - Features and Causes
   (d) Basic Factors of Starting a Business

2. **Business and Society**
   (a) Ecology and Business
      (i) Meaning of Environment
      (ii) Ecology and Ecology, Balance
      (iii) Relationship between Ecology and Business
      (iv) Protection of Environment and Need for Pollution Control
      (v) Environment Audit
   (b) Social Responsibilities of Business
      (i) Concept of Social Responsibilities
      (ii) Cases for and against Social Responsibilities
3. Business and Basic Commercial Information
(a) Introduction of Commerce
(b) Classification of Business Activities
   (Business = Industry + Commerce)
(c) Managerial response to Change in Business Environment - MIS Forecasting, Experts, Innovation, Path of Least Resistance
   Acquisition, Merger, Joint Venture etc.
(d) Commercial Terms
   (i) Services
   (ii) Outstanding
   (iii) E-commerce
   (iv) M-commerce
   (v) Infrastructure
   (vi) Bank Assurance
   (vii) Liberalization
   (viii) Privatization
   (ix) Globalization
   (x) Profit

4. Business and Basic Accounting Information
(a) Meaning and Objectives Accounting
(b) Accounting as a Source of Information
(c) Internal and External Users of Accounting Information and their Needs
(d) Basic Accounting Terms - Assets, Liability, Capital, Expenses, Income, Expenditure, Revenue, Debtors, Creditors, Goods, Stock, Voucher, Transaction, Drawings.

5. Basic Economic Challenges
(a) Poverty – Absolute and Relative, Main Programmes for Poverty Alleviation - Swarn Jayanti Programme, Swayam Rojgar Yojna, PM Gram Udyog Yogi
(b) Rural Development Key Issues – Credit and Marketing Cooperatives, Alternatives to Learning, Organic Forming
(c) Employment - Problems and Policies
(d) Infrastructure - Meaning, Types and Problems – A Critical Assessment

6. Organisation and Management
(a) Organisation – Meaning and Features, Structure of Organisation
(b) Management – Meaning Features, Functions, Characteristics, Principles of Management
(c) Difference between Organisation and Management

(B) Question Paper Pattern
1. Question paper should be of 60 marks and of 02 hours duration.
2. 04 Questions to be set.
3. Detailed pattern can be as follows;
   Q 1. Compulsory – Objective Type 15 Marks
      True or false, Mach the following and/or multiple choice questions
   Q 2. Compulsory Questions with internal choice within the question. 15 Marks
   Q 3. Compulsory Questions with internal choice within the question. 15 Marks
   Q 4. Compulsory Questions with internal choice within the question. 15 Marks
      (Note: Questions may be subdivided in to (a) and (b), if necessary, for 8, 7, marks respectively)
**Contents**

1. Fundamentals of Business 1-15
2. Business and Society 16-34
3. Business and Commerce 35-69
4. Business and Accounting 70-86
5. Basic Economic Challenges 87-98
6. Organisation and Management 99-121
7. Guidelines for Solving Case Study 122-124

---

**Detailed Contents**

1. **Fundamentals of Business** 1-15
   - Introduction
   - Characteristics of Business
   - Classification of Human Activities
   - Risk Factors
   - The Planning Flaws
   - Fundamentals of Business
   - Business, Risks and Promotion

2. **Business and Society** 16-34
   - Introduction
   - Scope
   - Market Balance in Environment
   - Ecological Environment
   - Important Factors of Development
   - Man and Natural Environment
   - Ecology of Commerce
   - Ecology of Business and Accounts
   - Objective of Environmental Accounting
   - Population Dynamics
   - The Problem
   - Solutions
   - Green Projects
   - Environmental Audit
   - Requirements
   - Audit Procedure
   - Government
   - Agencies
3. Business and Commerce

- Commerce
- Classification of Commerce
- Importance of Business
- Components of Business
- Industry
- Types of Industries
- Commerce
- Significance of Business
- Business Acquisition
- Consideration for Making an Acquisition
- What is E-Commerce?
- Commerce and Conventional Business Practices
- Characteristics of MIS
- Sales Forecasting
- Range Sale
- Experts
- Innovation
- Joint Venture
- Definition of Joint Venture

4. Business and Accounting

- Meaning of Accounting
- Introduction
- Objectives of Accounting
- Generating Financial Information
- Application of the Financial Information
- Functions
- Types
- Users of Accounting Information
- Basic Information on Accounting
- Need
- Basic Accounting Terms

5. Basic Economic Challenges

- Poverty
- The Geographical Location of the Poor
- Causes of Poverty
- Urban Poverty
- Environmental Degradation and Economic Growth
- India's Environmental Policy
Governments Response to Environmental Problems
Important of Poverty
Questions
Rural Development
Employment
Infrastructure

6. **Organisation and Management** 99-121
   - Organisational Structure
   - Business Occupations
   - Meaning
   - Process of Organising
   - Need and Importance
   - Principles of Organisation
   - Nature of Organisation
   - Formal and Informal Organisation
   - Steps in Process of Organising
   - Factors to be Considered in Selecting a Suitable form of Organisation
   - Line Organisation
   - Management
   - Importance of Management
   - Managerial Skills
   - Organisation and Management
   - Questions

7. **Guidelines for Solving Case Study** 122-124
   - Meaning of Case
   - Steps/Process in Case Study Method
   - Industry and Commerce
Fundamentals of Business

Structure:

- Introduction
- Characteristics of Business
- Classification of Human Activities
- Risk Factors
- The Planning Flaws
- Fundamentals of Business
- Business, Risks and Promotion
INTRODUCTION

Business is one useful economic as well as social activity. It is closely related to our personal and social life. Business provides goods and services regularly for the satisfaction of human wants and also for raising social welfare. Business promotes production and making activities, raises rational income, facilitates purposeful use of natural and human resources and generates massive employment opportunities within the country.

Traditionally, business refers to commercial activities aimed at making a profit through production and marketing. Here, consumer is taken for granted and his needs and expectations are not given much attention. Businessmen are interested in collecting wealth and attention was not given to consumer satisfaction or welfare. This old concept of business has undergone a radical change. Business, at present, is consumer oriented as well as service oriented and not merely profit oriented. It is basically for meeting the needs of the people, for giving them satisfaction and convenience and finally for raising their welfare. It is a social activity or service activity rather than purely a profit seeking activity. This indicates that modern concept of business is superior to the traditional concept. It represents a distinct new philosophy. There is consumer orientation or service/social orientation to business. Here, business performs a social function and honors certain social obligations. It is service oriented and not purely profit-oriented.

Today business is regarded as a social institution forming an integral aspect of social system. This social orientation makes business an socially useful activity. By supplying variety of goods and services, business performs a socially useful function. This social orientation suggests new philosophy of business which is favorable to consumers rather than to profit-making. The social orientation to business is due to the growth of consumerism, consciousness about consumer rights, growing market competition and emergence of new concepts such as social obligations of business, business ethics and social audit. The social concept is the essence of changing philosophy of business.

DEFINITIONS OF BUSINESS

1. According to Dictionary of Management by Derek French and Heather Seaward, Business means 'the activities of buying and selling goods, manufacturing goods or providing services in order to make profit.'

2. According to Wheeler B.O. business 'is an institution organised and operated to provide goods and services to society under the incentive of private gain.'

CHARACTERISTICS OF BUSINESS

1. **Buying and Selling:** All business activities are directly/indirectly connected with buying and selling of goods and services. Business provides production activities (introduction of new consumer friendly products, equality and cost control, materials management etc.) and making activities (orderly distribution, pricing, packing, sales promotion, after sale service, etc). These constitute the basic functions of business. Production is essential for such buying and selling. Businessmen, as sellers of goods and services provide convenience and satisfaction to buyers through the provision of form activity, place utility and time utility. Thus, creation of utilities is the essence of business. In return, businessmen receive profit from the buyers. The business of 'Business' is to provide goods and services to people to meet their needs.

2. **Buying and selling i.e., business activities may be undertaken on a small, medium or large scale.** A retailer conducts his retailing on a small scale in the local area with the help of his limited financial capacity whereas joint-stock companies operate at national or even at global level.

CLASSIFICATION OF HUMAN ACTIVITIES

Human activities can be broadly divided into two groups:

(a) **Non-economic Activities**

(b) **Economic Activities**

(a) **Non-economic Activities:** Activities performed out of love and affection, patriotism, sympathy, humanity, sentiments. There is no consideration of money. e.g., Feeding mother, Social Worker, helping friend, etc.

(b) **Economic Activities:** Human activities which are performed in exchange for a consideration are called economic activities. The consideration can be money or money's worth. Such activities are related to production and exchange of goods and services. These are also called as ‘human occupations’.
Examples:
- A Doctor treats a patient and charges fees.
- A teacher teaches in a college and gets salary.
- A worker works in a factory and gets wages.
- A Businessman does business and earns a profit.

The aim of economic activities is to earn livelihood and/or creation or accumulation of wealth. Economic activities or human occupations can be broadly classified into the following three categories:

- Profession
- Employment
- Business

Profession

Profession is an occupation carried on by professional people like doctors, lawyers, architects etc. It involves understanding of specialised services in return for fees. To be a professional, one requires specialised knowledge in a particular discipline. For instance -

A doctor needs specialised knowledge in medicine.
A lawyer needs a degree in law and so on.

The professionals need to have minimum academic and professional qualifications, so that they can be qualified as professionals. Companies and others may hire the services of professionals, like chartered accountants, legal advisors and others for consideration, i.e., fees for their services. Companies may also appoint them for their regular work and pay them salaries and other allowances.

Employment

Under this occupation, a person agrees to work for someone else. The person who employs is called ‘employer’ and the person who is employed is called employee or worker. The employee enters into an agreement with the employee for a consideration, subject to rules and regulations governing his employment.

Business

The word ‘Business’ is so common that it needs no introduction. Every day you come across the word ‘business’ or ‘businessman’, directly or indirectly. All of us need food, clothing and other requirements. We get our requirements from the shopkeeper. The shopkeeper gets from wholesalers. The wholesaler gets from manufacturers. The shopkeeper (Retailer), wholesaler and the manufacturer are doing business, and therefore, they are called as ‘Businessman’.

In the words of James Stephenson ‘Business is the regular production or purchase and sale of goods undertaken with the object of earning profits and acquiring wealth through the satisfaction of human wants’.

‘Business is a human activity directed towards producing or acquiring wealth through buying and selling activities’.  

L.H. Haney

Business includes all those activities which are directly or indirectly concerned with the production, purchase and sale of goods and services. Therefore, production, marketing, warehousing, Insurance, banking etc are business activities.

Meaning of Business

Economic activities includes profession, employment and business. These three activities are inter dependent and closely related. Business provides goods and services to society and also a source of income to professionals and others. It is one socially useful occupation in which thousands of people are involved/engaged. They earn income through the conduct of business activities. Such income makes their life meaningful. According to Thomas Eveyan, ‘Business includes a wide Varity of occupations concerned with the production of goods and services that are needed by the society in which they live’. In short, business is the most creative socio-economic activity which looks after the material welfare of the society. Business and customers are intimately related. In fact business is for creating customers, for satisfying their needs and for maximising their satisfaction and welfare.

Business is a generic term which compiles of all primary and ancillary activities which are involved in the production and distribution of goods and services. The term business has varied interpretations. For ambitious youth, it is a colorful career for accepting challenges and earning attractive income through profit. For an average consumer, business is the supply
of goods and services required in his daily life. For cultural organisations, business acts as a big portion. For environmentalists, business is responsible for pollution and ecological imbalance. Business is like octopus which has varied ramifications.

The term business literally means a state of being busy. A farmer working in the field, a worker working in a factory or a trader selling goods to consumers are all doing their respective business. However, for the same of convenience, we treat business as an activity connected with production, buying and selling.

The essence of business is buying and selling. Regular, continuous and growing demand for goods and services is the base of business. Business is concerned with the creation of utilities and distribution of such utilities for the satisfaction of human wants and also for securing some economic gain (i.e., Profit). At present, business is regarded as a social institution forming an integral aspect of social system.

1. **Deals in Goods and Services:** Business involves production and distribution of goods and services. All business transactions are dealings in different types of goods and services. Business activity needs to be conducted regularly. A single act of buying and selling cannot be treated as business. Business dealings should be regular and continuous. For example, a small consumer item may be produced and supplied to consumers quickly but the generation and distribution of electricity may take longer period. However, both are termed as business activities.

2. **Profit Motive:** Profit motive is important in all business activities. It acts as a driving force behind all business activities. Profit is also treated as the measuring rod of success in business. Profit is necessary in business for survival and growth of business. Many traditional definitions of business refer to ‘private gain’ as the objective in business. Consumer satisfaction is equally important in business. Moreover, there is justification for profit-making but not for profiteering which is one unfair and unethical practice as it is unfair to consumers and the society at large. The purpose of business goes beyond earning profit. It is an important social institution which provides goods and services, creates employment opportunities and offers better quality of life to the people.

Along with profit making, business has to accept/honor certain social responsibilities/obligations, related to different social groups.

For example, business has to supply quality goods and services to consumers at their prices. In addition, it has to pay fair wages, provide attractive working conditions and liberal welfare facilities to employees. Business has to pay proper taxes, fees, duties, etc. regularly to the government. In addition, business has to pay regular dividend and raise shareholders value. Finally, business has to contribute liberally for education, health, recreation and welfare of the entire society. These are universally treated as social responsibilities of business.

3. **Risks and Uncertainties Involved:** Business activities are always risky and uncertain. Every businessman has to undertake substantial risks in his business. A business enterprise may suffer loss due to a number of possible reasons such as changes in technologies, changes in consumer tastes and preferences, changes in socio-economic conditions, growing market competition and introduction of substitutes.

4. **Well Organised and Socially Useful:** Business is now well organised, professional as well as socially responsible activity. It is managed by properly trained and qualified persons. Business is not merely for profit-making. It is for social good. Business enterprises, now, use a part of profit earned for discharging social obligations. They take interest in providing better life and welfare to different social groups and the community at large.

5. **Creative and Dynamic:** Business activities are creative as they are normally for the convenience of consumers. They are never changing. This is natural that business has to create ideas under changing economic, social and technological environment. Modern business is dynamic as it has to change and adjust its activities as per the environmental factors.

6. **Represents Occupation:** Business represents one important human occupation useful for the purpose of earning a living, it is a gainful human activity. People engaged in it includes manufacturers, traders, and bankers and so on.

7. **Globalisation of Business:** The scope of business activities is fast expanding in recent years. As a result, the local business is now converted into global business in which all countries participate freely and secure different benefits.
8. **Government Control/Intervention:** Government has to keep effective supervision and control on business (also called social control). There is adequate justification for government control on business for the protection of interests of different social groups. Such control exists in all countries through suitable laws, rules, procedures, sanctions and permissions.

9. **Business is a Process and also an Organisation:** Business activity needs two essentials for its orderly working. These are - a process and an organisation. The process means the method in which the business activity is managed while organisation means the mechanism/machinery which provides assistance for the orderly/smooth conduct of business activity.

**Need of Business**

- **Satisfaction of Human Wants:** One of the functions of business is to satisfy human wants. The wants of customers are satisfied only because of buying and selling activities undertaken by the businessmen. Business improves the standard of living of people. Its primary function is to satisfy human wants by supplying goods and services regularly.

- **Meaningful use of Natural and Other Resources:** Business is needed in order to use available natural resources meaningfully. Business activities are necessary for utilising natural resources (land, labor etc.) purposefully. It creates goods and services for meeting the needs of the society.

- **Creation of Employment Opportunities:** Business is needed as it has huge capacity to generate employment opportunities in different areas such as production, marketing, transport, insurance, banking and so on. A large section of the population earns its regular income by means of business.

- **Creation of Rich and Developed Country:** Business is needed in order to make country rich, developed and self-sufficient. Business builds up wealth in the form of goods and services. It facilitates industrial development. It earns foreign exchange by exporting goods. Business is responsible for raising the rate of capital formation in an economy.

**Starting a Business**

The steps in setting up a small industrial enterprise are as follows -

1. **Deciding to go into Business:** This is the most crucial decision a youth has to take, shunning wage employment and opting for self-employment/entrepreneurship.

2. **Analysing Strengths/Weaknesses:** Having decided to become an entrepreneur the young person has to analyse his/her strengths/weaknesses. This enables to know what type and size of business would be most suitable. The strengths and weaknesses may vary from person to person.

3. **Training:** The above analysis may reveal glaring deficiencies, which requires to be made up through training. Such training could be for-
   (a) Developing skills for entrepreneurship
   (b) Developing technical/work skills for proposed product/project.
4. **Environmental Scanning:** It is essential to study and understand the environment in which to operate ensures enterprise success. It is also known that the business opportunities and threats in the environment in which to operate ensures enterprise success. It is also to know the business opportunities and threats in the environment that helps in proper project identification and selection.

5. **Product Selection:** The next step is to decide what business to venture into, the product or range of products that shall be taken up for manufacture and in what quantity. The level of activity will help in deciding the size of business and form of ownership. Several number of project ideas through environmental scanning, short list a few items, closely examine each one of these and zero in on to a final product/s.

6. **Market Survey:** It is easy to manufacture an item but difficult to sell, so it is prudent to survey the market before embarking upon production and ensure the product chosen is in sufficient demand; ascertain changes in product design required; determine demand supply lag, extent of competition, potential share of the market possible, pricing and distribution policy etc. the principle is to produce what people demand in a form and quantity that can be easily sold.

7. **Form of Ownership:** A firm can be constituted as proprietorship, partnership, limited company (public or private), Co-operative society etc. this depends on the type, purpose and size of the business. Decision of ownership can also be made on the basis of recourses in hand or from the point of saving taxes.

8. **Location:** The next step is to decide on the place where the unit is to be located i.e. hired or owned. The size of plot, covered and open area and the suitability of site has to be decided. The location can be of ownership subject to no-objection certificate from municipal corporation/local body. The industry can be located based on availability of skills, resources or market. Foot- loose can be established anywhere.

9. **Technology:** To manufacture any one item various processes are available information on all these available technologies should be collected and the best one should be identified. This will be useful in determining the machinery and equipment to be installed.

10. **Machinery and Equipment:** Having chosen the technology, the machinery and equipment required for manufacturing the chosen products have to be decided, suppliers must be identified and their costs should be estimated. Planning well in advance for machinery and equipment especially if it has to be procured from outside the town, state or country (that is to be imported).

11. **Project Report:** After deciding on the form of ownership, location, technology for manufacturing, machinery and equipment, feasibility report can be prepared. The economic and technical feasibility of the product is selected has to be established through a project report. A project report that may be prepared is helpful in formulating the financial, production, marketing and management plans, obtaining finance, shed, power registration, new material quotas etc.

12. **Finance:** To obtain money certain steps and follow specified procedures to obtain it. A number of financial agencies will give loans on concessional terms. Under TRYSEM and MRY schemes entrepreneurs are also eligible for subsidies, which obviate the need for margin money.

13. **Provisional Registration:** For registration required application is to be submitted on provisional basis to local DIC or Directorate of Industries on prescribed form. This is not essential but it is desirable as it enables to avail various government facilities, incentives and assistance schemes including financial assistance from NSIC or SFC.

14. **Technical Knowhow:** The technical know how is required to be arranged through TCO, NSIC, SSIDC, private consultants SISI, foreign collaborators or even machinery suppliers. Facilities are available.

**RISK FACTORS**

**Top Reasons why Businesses Fail?**

**The Marketing Aspect**

Marketing keeps your products selling and money flowing into your business, which makes your business run. It is crucial that you do it effectively. Some of major mistakes made while marketing are as follows

1. **Ignoring Competition:** Today customers go where they can find the best products and services, and the best value - even if that means breaking off long-term relationships. Monitor your
competitors and don't fear to copy their best ideas (without violating
the law, of course). Better yet, devote time to formulate a new
business model, products or services that can give you an edge.

2. **Ineffective Customer Service:** Once you attract customers,
you will have to work hard to keep them. Customer service is the
key aspect of your business. If you don't follow through with
your customers, they will find someone who will. Marketing
Myopia is one of the common mistakes committed by the business
today. This is the inability to look at the need of the customers.

3. **Failing to Validate Your Customers:** This may sound obvious,
but too many entrepreneurs assume they know exactly what their
customers need without bothering to ask. Take the time to learn
about your customers, and build your business plan around their
needs and desires.

4. **Lack of Internal Marketing:** Above all, it is necessary to market
yourself to your employees itself. This is called internal marketing.
This helps in integrated marketing and overall commitment of the
organisation (including employees) to the customers.

**The Financial Aspect**

Finance is the life-blood of a business and its effective management
is one of the important factors for the success of the business. Poor
finance can lead to disasters ultimately leading to closure of business.
Some of the important factors to be considered are as follows -

1. **Lack of Foresight:** This may also be referred to as overlooking
the risks or not expecting the unexpected, due to lack of foresight:
   (a) Unfavorable gearing and leverages
   (b) Inappropriate diversion of capital
   (c) Overtrading
   (d) Improper tax planning
   The above are some of the common mistakes committed.

2. **Cash Flow Problem:** This is probably the most common problem
in business, and could turn serious enough to shut you down.
You need to know how to track the money coming into and out of
your business even a profitable venture will flounder if it runs
short of cash. In addition, you must learn to make cash flow
projections that will help you decide how much money you can
afford to spend and warn you of imminent trouble.

**The Inappropriate Team**

The top management leads the business through its whole life cycle.
Selection of an inappropriate team, who are the main decision makers, can
hamper the success of the business. Successful business owners tend to
be adopt a number of risks, from accounting to marketing to hiring. If you
lack the veracity, partner with someone who can complement you with
his or her expertise. Some of the common problems faced are;

1. Lack of cohesion and effective team building
2. Ineffective managing and feedback
3. Inability to cope up with the fast changing business environment
   and resistance to dynamic changes.

**The Technological Aspect**

This is concerned with the technology employed for production and
manufacturing. Here the main concerns is the operational issues such as

1. Technological obsolescence
2. Quality standards
3. Benchmarking

The main laggings in this section are;

1. **Lack of Awareness:** The new technology and latest upgrading
   are not known due to lack of sufficient awareness. This leads to
   obsolescence of your technology employed and further leads to
   hamper your competitiveness.

2. **Lack of Sufficient Networking:** This is related to the above as
   lack of awareness is the result of lack of networking. There are
   no sufficient contacts and sources of information about the new
   technology.
THE PLANNING FLAWS

The major flaws done at the planning stage are as follows -
1. Unrealistic and non precise goals.
2. No strict deadlines.
3. Lack of reevaluation on reaching a milestone.

FUNDAMENTALS OF BUSINESS PROFESSION AND EMPLOYMENT

Important Points
1. The economic activities leads to creation of utilities.
2. Special attributes are required for profession.
3. Employment is next to business and profession.
4. Modern business is a socio-economic activity.
5. Professional is a self employed person.
6. Infrastructure is quite useful to promote business.
7. Employment provides regular income to individuals.
8. Employment is non-economic earning regulator income.
9. Industry and Commerce are two branches of business.
10. Business is connected with two basic aspects namely buying and selling of goods.
11. Professional charges is nothing but fees for his services.
12. Praying, eating, sleeping are non - economic activities.
13. People prefer employment for regular income which involve limited risk.
14. Consumers are given good importance in the modern concept of business.

Questions
1. Define business.
2. Explain the features of it.
3. What is business?
4. Justify the need of business and explain its branches.
5. What are the components of business?
6. What is a profession?
7. What are the characteristics of profession?
8. Explain the terms Business, Profession, employment.
9. Comment on the following - Business, Profession and employment are complementary to one another.

BUSINESS, RISKS AND PROMOTION

Important Point
1. Risk is the price of earning profit.
2. People start Business mainly for earning profits.
3. Risk is in repeatable part of business.
4. Businessmen cannot avoid all business risk.
5. Business risks includes insurable and uninsurable risks.
6. Fall in market demand is one type business risk.
7. Risk is an essential element in the business.
8. Insurable risks are those which can be insured.
9. The promoter is the person who plans to start new business activity.
10. Idea (discovery) of promoting business opportunity is the first (Indicial) step in starting of a business activity.
11. Loss of goods during travel (transit) is an insurable risk of business.
12. The element of promotion includes discovery of business opportunity.

Questions
13. What is business risk? State and explain the causes of business risk.
14. Explain any four factors of starting business.
15. Describe the steps in promoting a new venture.
16. Explain the factors to be understood while starting a business.
17. Write notes on -
(a) Types of business risk
(b) Basic factors of starting business
(c) Business risk
(d) Promoter