BUSINESS AND GOVERNMENT

A business is an organization where people work together. In a business, people work to make and sell products or services. Other people buy the products and services. The business owner is the person who hires people for work. A business can earn a profit for the products and services it offers.

here are 4 main types of business organization: sole proprietorship, partnership, corporation, and Limited Liability Company, or LLC. Below, we give an explanation of each of these and how they are used in the scope of business law.

business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities. ... The term business also refers to the organized efforts and activities of individuals to produce and sell goods and services for profit.Apr 22, 2019

Business economics, also called Managerial Economics as a field in applied economics uses economic theory and quantitative methods to analyze business enterprises and the factors contributing to the diversity of organizational structures and the relationships of organizations with labour, Capital ,land ,taxes international trade and product markets. Managerial Economics consists of that part of economic theory which helps the business manager to take decisions. Business involves decision-making. Decision making means the process of selecting one out of two or more alternative courses of action. Economic theories help to analyze the practical problems faced by business organizations. Business economics integrates economic theory with business practice. It is a special branch of economics that bridges the gap between economic theory and business management. It deals with the use of economic concepts and principles for decision making in a business unit. It is called Business Economics or Economics of the organizations. Every business is operated by some resources and these are limited . Business economics tells the techniques about how to utilize resources for maximum satisfaction . Both micro and macro economics tools are used in business economics . But micro economics are so related to business economics because for effective operating of business , micro economics helps to optimize demand , production and pgovernment.

A group of people that governs a community or unit. It sets and administers public policy and exercises executive, political and sovereign power through customs, institutions, and laws within a state.rice and factor price theories.

Role of the Government towards the Development of the Country

Role of the Government Can Broadly Be Divided Into Two Parts:

1. Direct Role:

The government is a social-welfare organisation. It works for the benefits of the common people without making any motive to maximise profit.

Hence, the main agenda of the government is welfare maximisation.

The direct involvement of the government towards the country's development is summarised below:(a) Agricultural Growth:

India is an agro-based country. The main occupation of the Indians is agriculture and its allied activities like farming, poultry, cattle rearing, fishing, animal husbandry etc. According to recent statistics, about 67 per cent of the labour force in India is engaged in agriculture. They are producing about 22 per cent of the country's GDP (Gross Domestic Product).

However, due to defective planning and improper implementation the productivity of Indian agriculture is very poor. Improper land tenure system, wrong landholding inadequate credit system, primitive technology and old system of ploughing and irrigation etc. are the main reasons behind low productivity of Indian agriculture. To overcome all these difficulties, government adopts several measures, including land reforms, new tenancy system, economic subsidy etc. for the growth of per hectare agricultural production.

(b) Industrial Growth:

In the Second Five Year plan the Government of India had given huge emphasis on the development of basic and heavy industries like steel, iron, cement, power etc. Although consumer goods industries are growing up properly, but the capital goods industries have lost their momentum. Most of the industries have become sick and weak. To save these situations, in 1991 the Government of India adopted New Industrial Policy.

By the policy of privatisation, the government gives enough licence to the private sectors for developing consumer goods industries along with few heavy engineering goods. However, the core basic industries like defence, railway, power and energy etc. are still under the government hand. Proper credit facilities and adequate subsidies are also provided to the industrialists to increase their scale of production.

(c) Development of Socio-Economic Infrastructures:

in order to maintain a smooth functioning between agriculture and industrial sectors, a sound socio-economic infrastructure is necessary. Thus, government is investing huge amount money of for the development of overhead capitals like energy, power, transport, communications, education, health, housing etc. Moreover, the government is also giving stress on the development of other tertiary sectors like banking finance, insurance etc.

(d) Efficient Utilisation of Resources:

All the countries have different types of natural and economic resources for their own use. These resources are used optimally to satisfy maximum wants among the economy. This will enable the country to achieve the path of economic development. Hence, efficient utilisation of domestic resources is the main role of the government.

(e) Maintain Law and Order:

the government or the state plays an important role in maintaining peace law and order within the economy through effective administrative system. The state runs defence, police and court to maintain peace and order both externally and internally.

(f) Social Distributive Justice:

To implement social distributive justice, i.e., to reduce inequalities between rich and poor, the government plays a vital role in an economy. The government takes several measures in this context, such as;

(i) Progressive Taxation:

Here rate of taxation increases along with the increase in income. For example, rich or high income earning people will give more taxes, while poor people will either pay low taxes or no taxes at all.

(ii) Economic Subsidy:

The state gives economic subsidies to the poor people for the consumption of necessary goods. Again, it also gives subsidies to the poor farmers for buying their seeds, fertilisers, pesticides etc. during the time of cultivation.

(g) Control of Monopoly:

the state adopts several controls to give benefits to the citizens. The Government of India took the policy of MRTP (Monopolies and Restrictive Trade Practices) Act to control the economy from the hand of few monopolists and also to stop consumers, exploitation. Moreover, the state also adopts social monopoly like Indian Railway, Post & Telegraph to give a bit of relief' to the common mass.

(h) Active Participation:

The state actively participates into the economy on the following grounds:

(i) To maintain price stability or to control inflation;

(ii) To stop black marketing, by the policy of price ceiling;

(iii) Direct intervention during the time of political disorder or chaos;

(iv) Direct participation during financial or economic crisis,

v) Sole intervention during the time of war emergency or natural disasters,

vi) Regular supply of essential commodities to the weaker section of the society through effective Public Distribution System (PDS).

2. Indirect Role:

in spite of several direct roles, the government also plays different indirect roles for the rapid economic development of the country.

These indirect measures or roles are briefly given below:

a) Fiscal Policy:

All the government policies related with public revenue and expenditures, i.e., taxes and subsidies, are related with fiscal policies. With the proper implementation of these policies the state tries to raise economic development of the country.

It helps to perform following functions:

i) To control inflation,

ii) To increase capital formation,

(iii) To maintain equalities of income and wealth;

(iv) To stabilize market.

(b) Monetary Policy:

The government along with the Central Bank with the help of this policy controls the money market. In India, Reserve Bank of India (RBI) along with all the commercial banks tries to control and regulate the money supply. During the time of inflation, i.e., excessive rise in price level, the government with the help of RBI checks the money supply and credit creation. On the other hand, during deflationary situation money supply increases.

(d) International Trade Policy:

According to Simon Kuznets, “Trade is the engine of economic growth.” The government controls and regulates the trade policies by imposing tariffs, quotas, duties etc. The main intention of the trade policies to regulate exports and imports for improving the Balance of Payment (BOP) situations and increasing the stock of foreign exchange reserves. All the above measures, i.e., both direct and indirect roles, are performed by the government to achieve economic development and to create the concept of Welfare State.

BY AMIT KUMAR SRIVASTAVA

(DEPARMAENT OF M.B.A)

B.S.COLLEGE DANAPUR