

# Enterprise and its types

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# Enterprise- a business venture

- is a business organization
- It provides goods and services
- It Creates jobs
- It Contributes to national income
- Includes Imports and exports
- Promotes sustainable economic development

# Types of Enterprise

- Independent enterprise
- Joint enterprise
- Competitive enterprise
- Supplementary enterprise
- Complementary enterprise

# Independent enterprise or sole proprietorship

- is a type of enterprise that is owned and run by one person and in which there is no legal distinction between the owner and the business entity.
- The owner is in direct control of all elements and is legally accountable for the finances of such business and this may include debts, loans, loss, etc.
- A business entity that operates independent of its parent company but shares in the organizational benefits of scale, influence, and vertical relationships in generating its own revenue and profits.
- In many cases, the parent company shares in the profits of the independent enterprise through upstream dividend payments.

# Joint enterprise

- Activity undertaken together by two or more entities.
- Each has equal rights to control and benefit from it and is equally liable for obligations arising out of it.
- Participation by two or more persons to conspire and/or commit an offense.
- Joint products are those which are produced together  
e.g. cotton and cottonseed,  
wheat and straw etc.

- The quantity of one product decides the quantity of the other products.
- In case of joint products there is no economic decision the make with respect to the combination of products and two products can be treated as one.

# Competitive Enterprises:

Competitive enterprises are those which compete for use of the farmer limited resources, use of resources to produce more of the necessitates a sacrifice in the quantity of other product.

When enterprises are competitive three things determine the exact combination of the product, which would be most profitable.

1. The rate at which one enterprises substitute for the other.
2. Prices of the products and
3. The cost of producing the product.

The rate of which one product substitute for another is known as the marginal rate of substitution.

Two products are said to be supplementary when an increase in the level of one does not adversely affect the production of the other but adds to the income of the farm

i.e enterprise which do not complete with each other but adds to the total income.

For example, on many small farms daily enterprise or a poultry enterprise may be supplementary to the to the main crop enterprises because they utilize surplus family labour and shelter available and perhaps even some feeds, which would otherwise go to waste.



When two products should be product up to the end of supplementary stage.

Some time enterprises are supplementary for one resource but competitive foe another.

In such cases the relationship should be treated as one of competitive.

Even though they are supplementary to one another in respect of other sources

e.g. mixed crops.

# Complementary Enterprises:

➤ Complementary enterprises are those, which add to the production of each other.

e.g. Berseem and maize crops.

➤ Two products are complementary when the transfer of available input for the production of the one product to the production of the other results in increases in the production of both products.

➤ Then two crops are complementary enterprises, the use of resources for the two crops result in the increases production on both the crops.

- Two enterprises do not remain complementary over all possible combinations.
- They become competitive at some stages.
- When both complementary and competitive relationship occurs, the complementary relationship occurs first and then is followed by competitive relationship.



Thank  
you