



A study on evolution of business: Industry and Commerce

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Abstract : Present age is the age of commerce and industry. Commerce is that aspect of business activity which is concerned with the distribution of goods and services produced by industry. Division of labour, specialization, mechanization and automation are the main features of this age. All the countries are trying their best efforts to increase the business at fast rate in the world. The historical development of business and its processes of development up to now are called evolution of business. Business was not evolved in one or two days, it has passed different stages gradually for development. It is connected with the changes in the economics development of man. Industrial revolution has played a vital role in business.

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Objectives:

- To study the evolution of industry.
- To study the evolution of commerce.
- To study the evolution of business.
- To study the industrial revolution.

Concept:

Evolution of business can be studied under two types:

- Evolution of industry
- Evolution of commerce.

Evolution of industry

Evolution of industry is dated with the evolution of human beings. It is as old as human civilization. It was developed through various stages.

- **Hunting stage-**

At initial stage people were uncivilized. People used to live in jungles or caves and their needs were limited. They covered their body with animal skin and tree leaves. They hunted animals and satisfied their hunger. There was no sign of business at this stage.

- **Pastoral stage-**

In this stage people become a little civilized and they started living in families. As the families started growing, instead of hunting animals they started to pastor animals. Animals were treated as property and this stage is basically called the age of keeping animals. People started living in groups. The want went on increasing and development also started. Barter system came into evolution.

- **Agriculture stage**

Human beings became more civilized than the last stage and got idea about farming and keeping cattle. This stage was the major stage for development of industry. People started domesticating animals and came close to plants. Agriculture was the main



occupation. People were attached to one place and lived in villages. Land and animals were considered as property. Barter system expanded. Other occupations linked with agriculture, it includes many activities:

Handicraft stage: In this stage industrial development for production was carried on by craftsman. No uses of machines, goods were produced with hand tools.

Guild system stage:

In this stage need for a common medium of exchange was felt, trade started growing and markets were established. Slowly craft guilds were replaced with merchant guilds. Means of transportation started developing.

Cottage system stage:

These are the workshop industries, these small scale industries came into existence because of the demand for industrial and consumer goods, payment of wages to the labour traced through this stage.

- **Industrial revolution stage**

The 2nd half of the 18th century, most of the countries in the world experienced industrial revolution which led to change in entire picture of the world. Handicraft was replaced by mechanization, division of labour and specialization took birth, origin of capitalism and labour force. Means of transport, communication, banks and insurance companies were developed. Money and paper credit started being used.

- **Scientific revolution and technical change**

The process of change which started with industrial revolution is not yet complete. The change led to development of science and technology. Large scale production was being done by new and improved techniques. Intervention trade and globalization of trade were started. In this stage, economic planning and policies and trade cycles were also included. Standard of living of people was better than before.

Evolution of commerce

The history of commerce in the various stages of its evolution has a record of gradual removal of hindrances and mainly the flow of goods from the producers to the consumers.

- **Household economy**

In this stage people started hunting animals, agriculture and domestication of animals to feed his family. The production of goods was only to satisfy one's need. There was no market, so people did not exchange goods or services and they were independent. Commerce was still unknown.

- **Barter economy**

Due to the increase in the wants of the family, people started exchanging surplus goods and hence came barter system (exchange of goods for goods) into existence. Means of communication were either absent or wholly primitive and trade was non-existent.

- **Money economy**

In this stage money was originated. People developed coins but there was difficulty in large payment, so paper money was introduced. This stage solved all the problems of barter system as money came into existence. The money as a medium of exchange



helped the expansion of trade. People started producing goods for sale. After the origin of money national and international trade was started.

- **National economy**

In this stage, buying and selling of goods and services was done within the country. The local market converted into regional and city market. Goods were produced not only for local market but also for national market. There was also development in different services like banking, advertising, insurance, warehouse etc.

- **International economy**

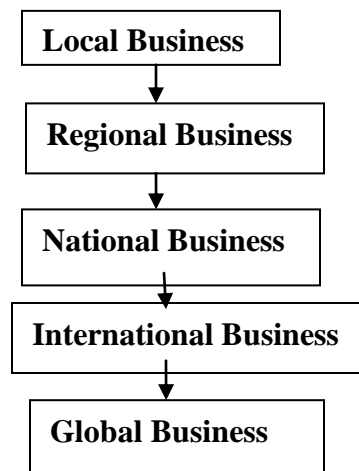
This stage is called global economy. Large scale production and services were started. The globalization of trade introduced to speed up the activities of trade in the international level. Trade started to extend in world market. WTO (world trade organization) was also established to control the level of import, export and evils associated with them.

INTER RELATION BETWEEN INDUSTRY AND COMMERCE

Industry and commerce are two important branches for production and distribution of good in business. Industry is a branch of production which is concerned with manufacturing tangible goods for the use by consumers. Commerce deals with performing several essential services i.e. transport, finance, warehouse, banking, insurance for consumers. Both are essential for success of any business. Without commerce industrial functions would be meaningless, because in the absence of services neither for production nor distribution of goods can take place smoothly. And without industry commercial functions will have no object to serve.

STAGES IN EVOLUTION OF BUSINESS

Evolution of business means its origin, growth and continuous development with expansion in various sectors that contribute and run economics. The main stages are given below:



THE INDUSTRIAL REVOLUTION

“No problem can be solved from the same consciousness that created it. We must learn to see the world a new.” Albert Einstein



The Industrial Revolution is applied to the series of remarkable changes in the British industry which occurred during the second half of the 18th century and the first half of the 19th century. These changes quickly overtook industry in other countries of the world. The world revolution means a fundamental change. The Industrial Revolution marks a major turning point in human history, almost every aspect of daily life was eventually influenced in some way. In the words of Nobel Prize winning Robert E. Lucas, “For the first time in industry, the living standards of the masses of ordinary people have begun to undergo sustained growth, nothing remotely like this economic behavior has happened before.”

Industrial revolution comprised some great changes or developments all of which were interdependent. These changes are as under:

Development of Engineering

Engineers were needed to design machinery for textiles, for coal mining, for making and repairing steam engines and for making tools and locomotives. The revolution could be complete only when trained and skilled engineers were available to industry in sufficient numbers.

Revolution in iron making

A revolution change in the processes and scale of iron making, therefore, became indispensable for the completion of the industrial revolution.

Use of steam power in Textiles

Steam power was applied to the simple operation of spinning. This created a surplus of yarn with those working on old weaving machines and new power driven machines began to be used for weaving purposes also. The use of machines gradually spread over to wool, silk industries etc.

Rise of Chemical Industries

Use of steam power in textiles became necessary to effect suitable changes in the processes like bleaching. Dyeing, finishing or printing, so that production could be accelerated to keep pace with the output of piece goods. This could be achieved only with the creation of chemical industries.

Development of Coal Mining

The development of coal mining was another change in industrial revolution.

Revolution in Transport

Fast and efficient means of transport were needed for the distribution of goods manufactured on large scale in international markets.

Result of Industrial Revolution

The momentum for the industrial revolution started in the 17th century. Technical advances and improved agriculture methods resulted into mass production of goods. The advancement in technology initiated the need for skilled and trained labor and improved work methods for producing goods on large scale. Hence this period witnessed rapid technological improvement and led to the beginning of the industrial revolution.

The only responsibility of business is to maximize profits according to the market principle and within the constraints of the law. If government interference in business is restricted to a minimum, the society will benefit automatically from the activities of the business sector.



Conclusion

Industry and commerce are two sides of the same coin for the success of any business, both are essential for running the business smoothly. It has rightly been said that while commerce is the backbone of industry and industry is the centerpiece of commerce.

After the study of this paper, I can say that the commerce evolved in different stages and took present shape after a long journey. Automation changes the entire picture of trade. Industrial revolution made possible innovation, steam engine, transporting costs cheaper and mass production of goods and services in the market. Automation changed the entire picture of trade. International trade and globalization of trade has given a new definition to commerce and industry in business.

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