BUSINESS ECONOMICS

By

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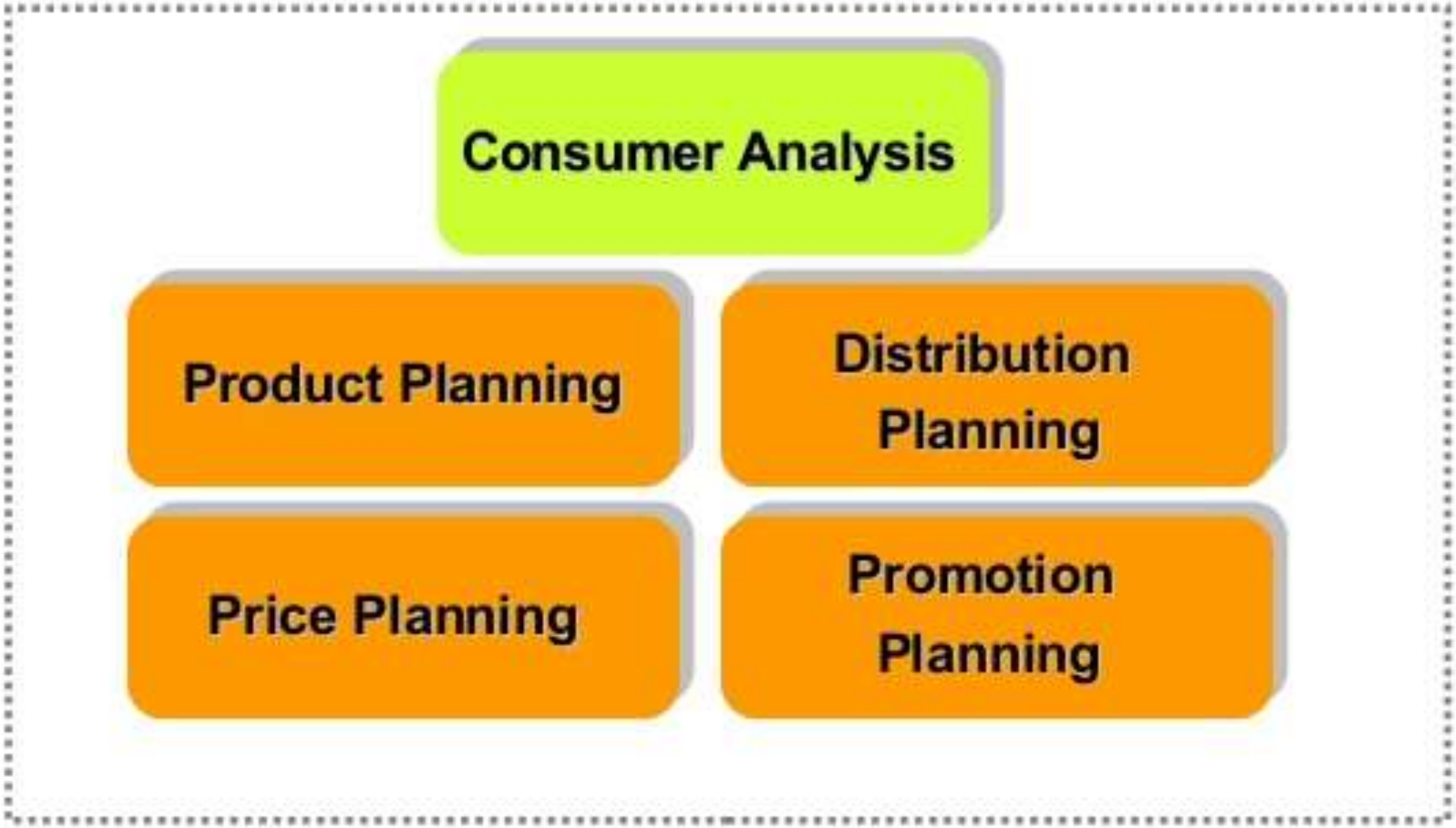
BUSINESS


Consumer Analysis
Product Planning
Distribution Planning
Price Planning
Promotion Planning

Consumer Analysis	Examination and evaluation of consumer characteristics, needs, and purchase processes
Product Planning	Development and maintenance of products, product assortments, product positions, brands, packaging, options, and deletion of old products
Price Planning	Outlines price ranges and levels, pricing techniques purchase terms, price adjustments, and the use of price as an active or passive factor

Distribution Planning

Establishment of channel relations, physical distribution, inventory management, warehousing, transportation, allocation of goods, and wholesaling

Promotion Planning

Combination of advertising, publicity, personal selling, and sales promotion to drive sales revenue

Market Segmentation

Market Segment

The division of a market into different homogeneous groups of consumers

Should be:

- measurable
- accessible by communication and distribution channels
- different in its response to a marketing mix
- durable (not changing too quickly)
- substantial enough to be profitable

Types of Market Segmentation

Geographic	Based on regional variables such as region, climate, population density, and population growth rate.
Demographic	Based on variables such as age, gender, ethnicity, education, occupation, income, and family status

Types of Market Segmentation

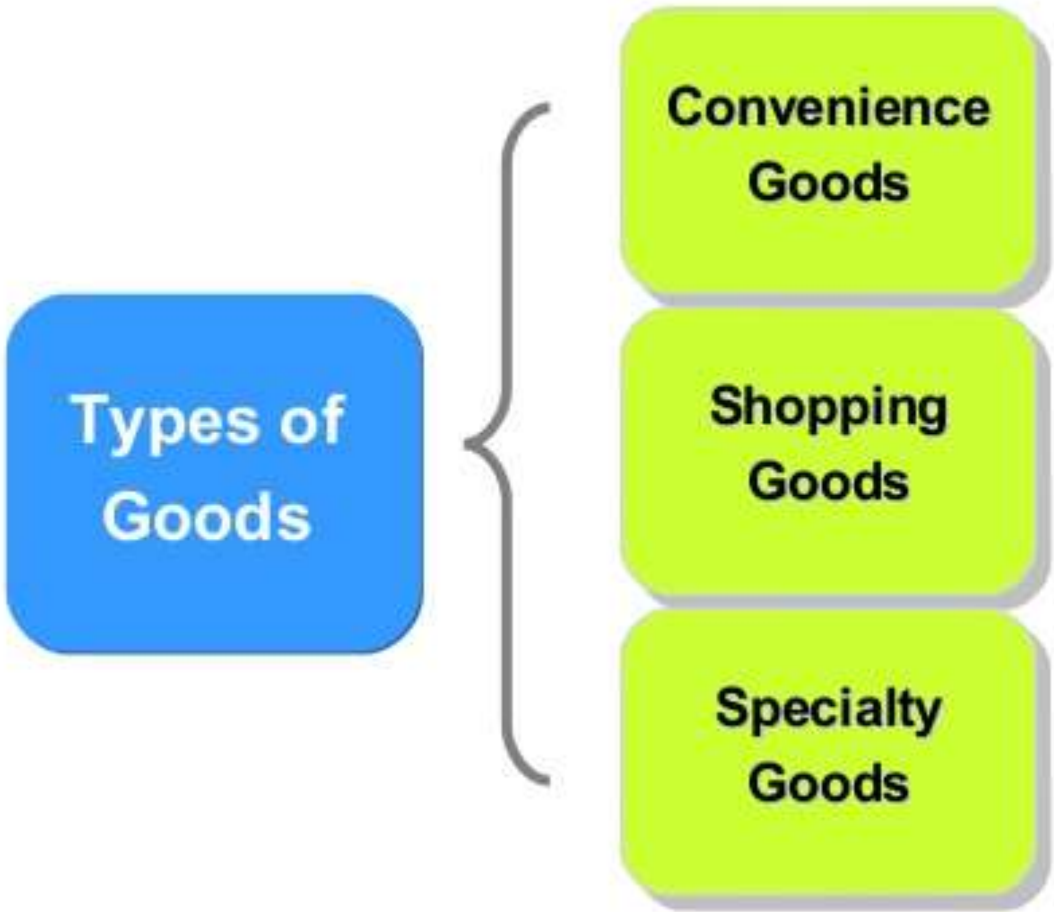
Psychographic

Based on variables such as values, attitudes, and lifestyle

Behavioral

Based on variables such as usage rate and patterns, price sensitivity, brand loyalty, and benefits sought

Products : Types of Goods



Convenience Goods

Convenience Goods

- Those purchased with a minimum of effort, because the buyer has knowledge of product characteristics prior to shopping
- The consumer does not want to search for additional information (because the item has been bought before) and will accept a substitute rather than have to frequent more than one store

Convenience Goods

Convenience Goods

- *Staples* are low-priced items that are routinely purchased on a regular basis, such as detergent, milk, and cereal
- *Impulse goods* are items that the consumer does not plan to buy on a specific trip to a store, such as candy, a magazine, and ice cream
- *Emergency goods* are items purchased out of urgent need, such as an umbrella during a rainstorm, a tire to replace a flat, or aspirin for a headache

Shopping Goods

Shopping Goods

- Those for which consumers lack sufficient information about product alternatives and their attributes, and therefore must acquire further knowledge in order to make a purchase decision

Specialty Goods

Specialty Goods

- Those to which consumers are brand loyal.
- They are fully aware of these products and their attributes prior to making a purchase decision.
- They are willing to make a significant purchase effort to acquire the brand desired and will pay a higher price than competitive products, if necessary.
- For specialty goods, consumers will not make purchases if their brand is not available. Substitutes are not acceptable.

REASONS FOR INTRODUCING NEW PRODUCT

- To suit the changes in customers needs
- To adopt new technological advances and avoid obsolence
- To match competition
- Product Life Cycle Concept
- To bring down the cost

Customer need analysis

- . Information is required as to the expectation of the customer and to what extent the existing products meet that expectation. Then the gap between the two could be observed

Expectation

- GAP

Level met by the product

IDENTIFICATION OF GAP

- Internal
- Customers
- Competitors
- Outside inventors
- Channel members
- Consultants

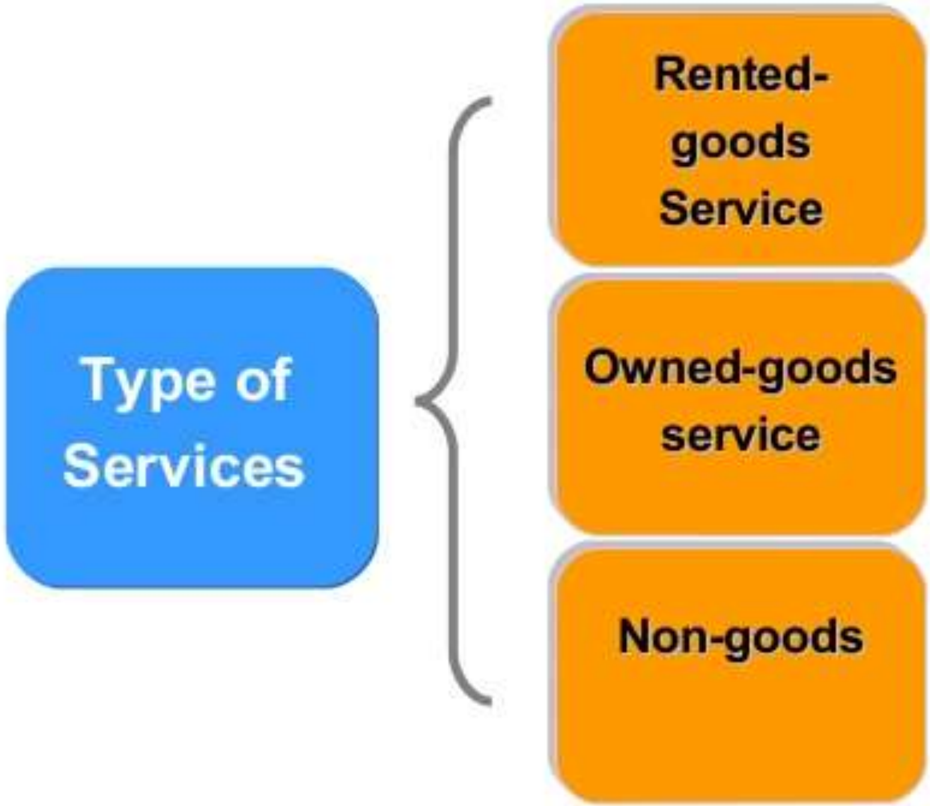
If the *gap* is understood well, one could find opportunities to

- Introduce new products
- Make improvements in existing products
- Make improvements in production process
- Make improvements in supporting services.

Launch product

- First let the company wide employees know about the product and its features and marketing objectives of the firm
- Determine method of launch
- Selection of venue for launch
- Selection of media for launch
- Brief distributors about the product
- Press conference
- Distribute promotional material
- Execution of advertising strategy

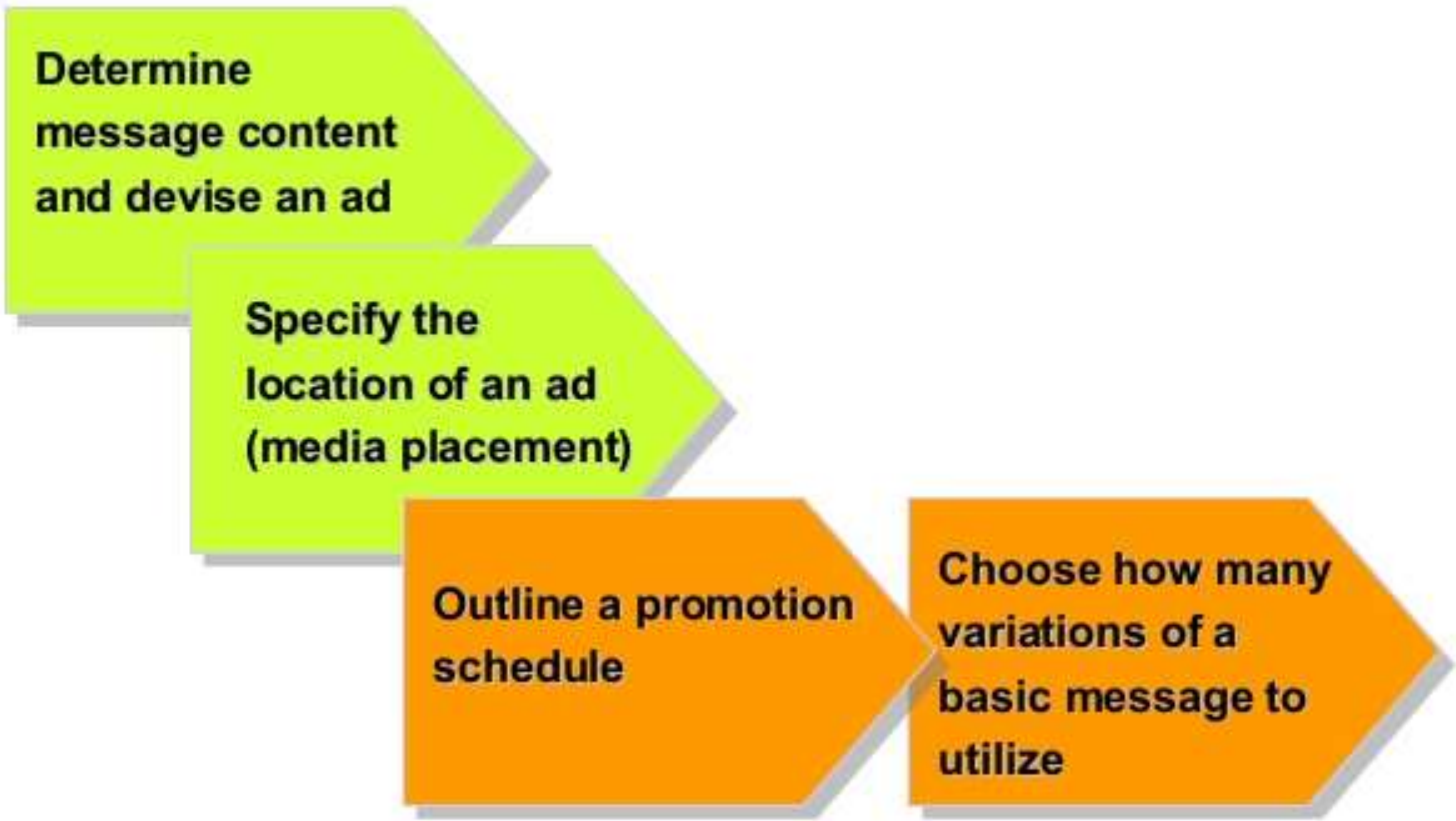
Services


Type of Services
Rented-goods Service
Owned-goods service
Non-goods

Services

Rented-goods Service	Involves the leasing of a good for a specified period of time. Examples include car, hotel room, apartment, and tuxedo rentals
Owned-goods service	Involves an alteration or repair of a good owned by the consumer. Examples include repair services (such as automobile, watch, and plumbing), lawn care, car wash, haircut, and dry cleaning
Non-goods	Provides personal service on the pan of the seller; it does not involve a goods. Examples include accounting, legal, and consulting services

Four Key Steps to Advertise



Distribution Planning

Marketing channels and distribution

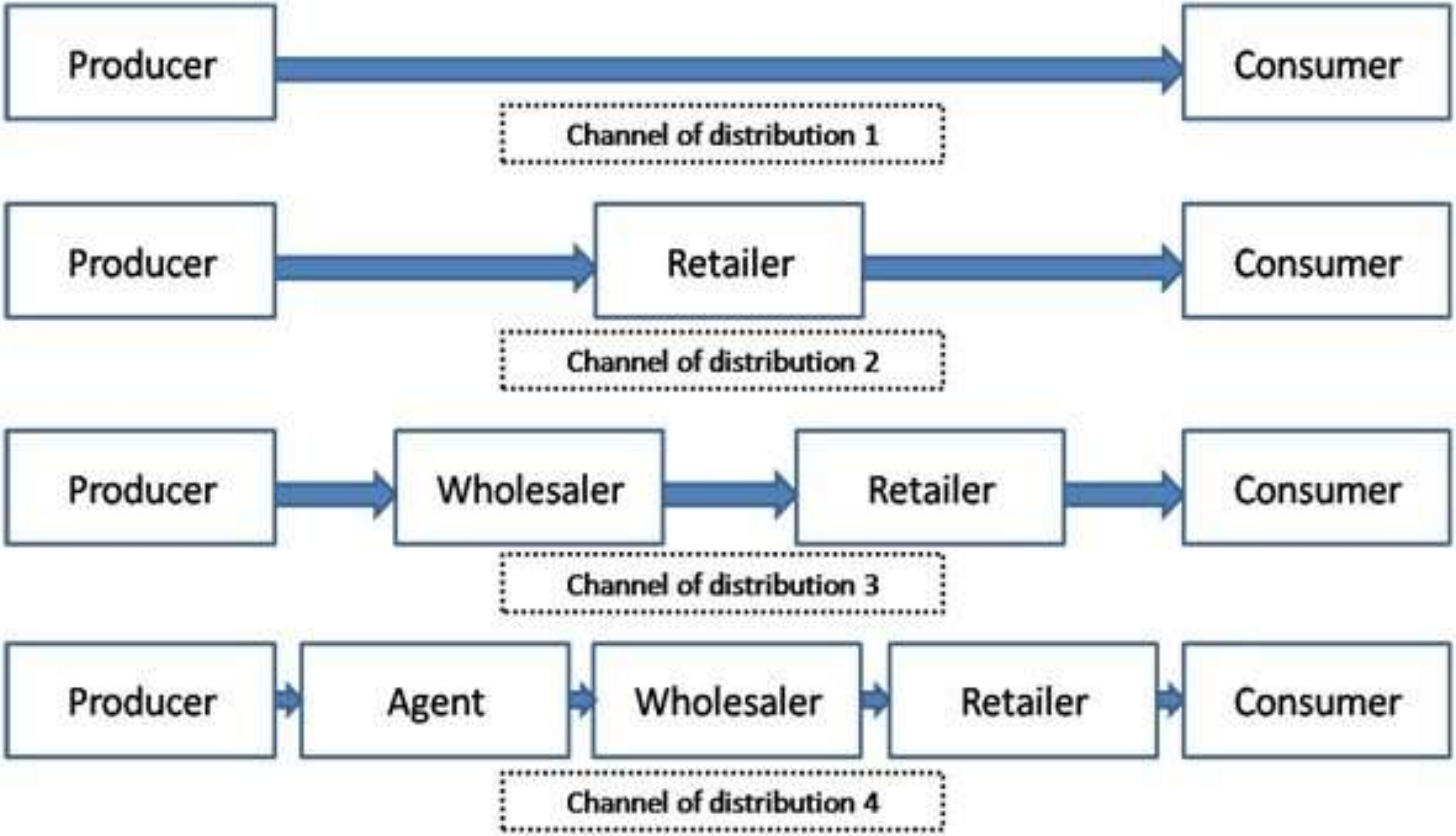
- Marketing channels are set of interdependent organizations involved in the process of making the product or service available for use or consumption.
- They are the set of pathways a product or service follow after production.

intermediaries

- Intermediaries are the middlemen and signify those individuals in the channels that either take title to take goods and sell at profit.
- They are directly involved in process of flow of goods from manufacturer to consumer.

Types of intermediaries

1. Merchant middlemen
   i. Wholesalers
   ii. Retailers
2. Agents
   i. Brokers
   ii. Commission agents
   iii. Selling agents
   iv. Factors
   v. Clearing agents
   vi. auctioneer


Producer
Consumer
Channel of distribution 1
Producer
Retailer
Consumer
Channel of distribution 2
Producer
Wholesaler
Retailer
Consumer
Channel of distribution 3
Producer
Agent
Wholesaler
Retailer
Consumer
Channel of distribution 4

wholesalers

- **Functions of wholesalers:**

1) Assembling and buying.
2) Warehousing.
3) Transporting.
4) Financing.
5) Risk bearing.
6) Grading, packing and packaging.
7) Dispersing and selling.
8) Providing market information.

Services of wholesalers

1. Service to manufacturers-

- Economies of scale.
- Saving in time and trouble.
- Better use of capital.
- Price stabilization.

2. Services to retailers-

i. Saving in cost and time.
ii. Economy in transport an packing.
iii. Better use of limited factors.
iv. Expert knowledge.

retailers

- Retailing includes all activities directly related to the sale of goods and services to the ultimate consumer for personal or non-personal use.

Services of retailer

- **To manufacturer and wholesaler**

1. Offer opportunity.
2. A big relief.
3. Provision of information.
4. Reduce the risk of loss.

- **To the consumers**

1. Largest choice.
2. Relief from storage.
3. Extra service.
4. Supply of information.

Marketing Mix

MBAHelp24.com

The Four P's of Marketing

Product

- Quality
- Design
- Brand Name
- Features
- Packaging
- Services

Price

- List Price
- Discounts
- Credit Terms
- Entrance into the market

Place

- Channels
- Coverage
- Transportation
- Location
- Logistics

Promotion

- Advertising
- Personal Selling
- Direct Marketing
- Sales Promotion
- Public Relations

Understanding The Concept of Needs, Wants and Demands

Needs

- States of deprivation
- Physical - food, clothing, shelter, safety, water
- Social - belonging and affection
- Individual - knowledge and self-expression

Wants

A want is a product desired by a customer that is not required for us to survive. So, want is the complete opposite of need, which is essential for our survival.

Demands

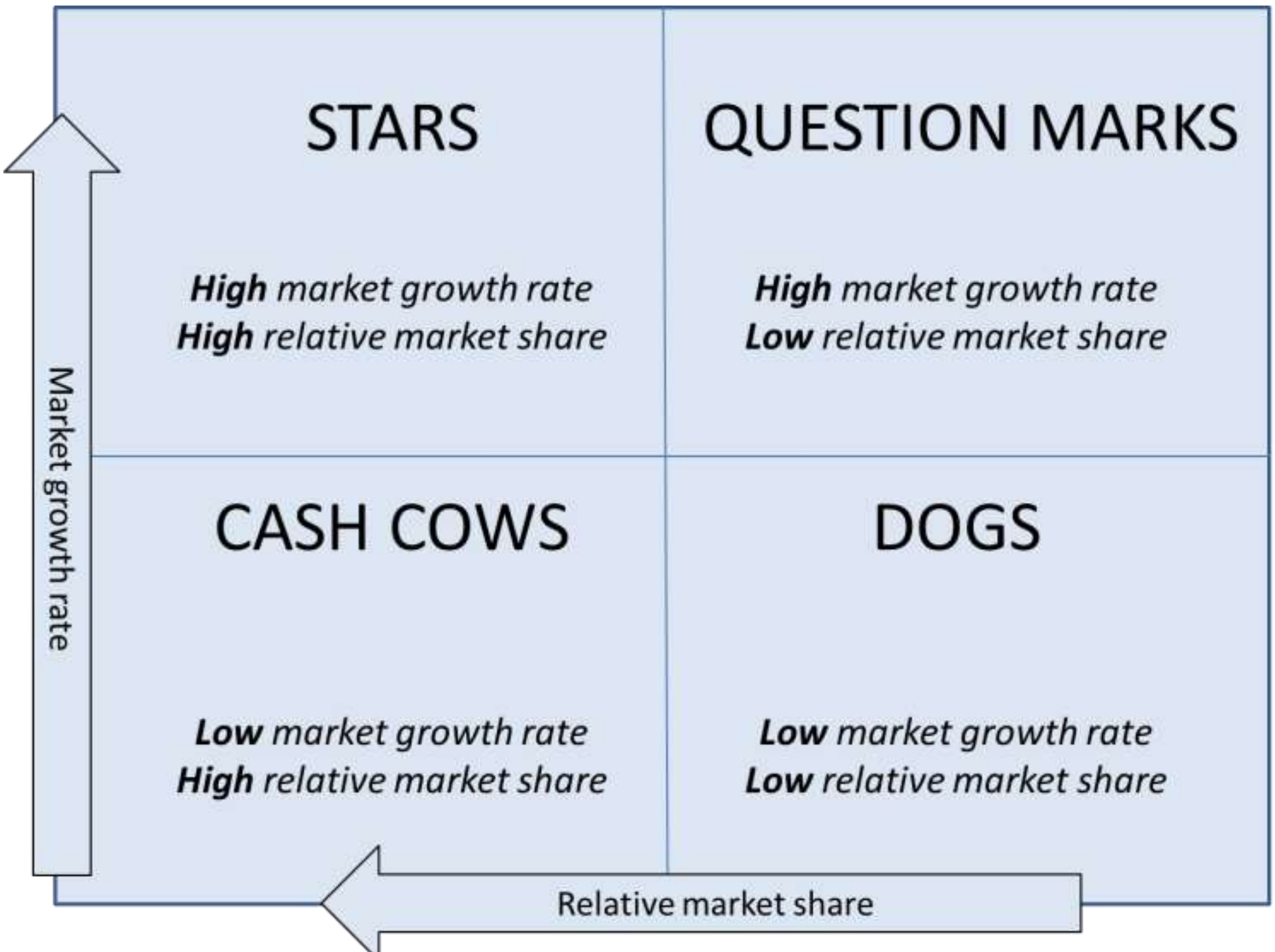
If a customer is willing and able to buy a need or a want, it means that they have a demand for that need or a want.

SWOT ANALYSIS

ANSOFF MATRIX

	Existing product	New product
Existing market	**Market penetration** (existing products in existing markets)	**Product development** (new products in existing markets)
New market	**Market development** (existing products in new markets)	**Diversification** (new products in new markets)

BCG MATRIX
Boston Consulting Group analysis



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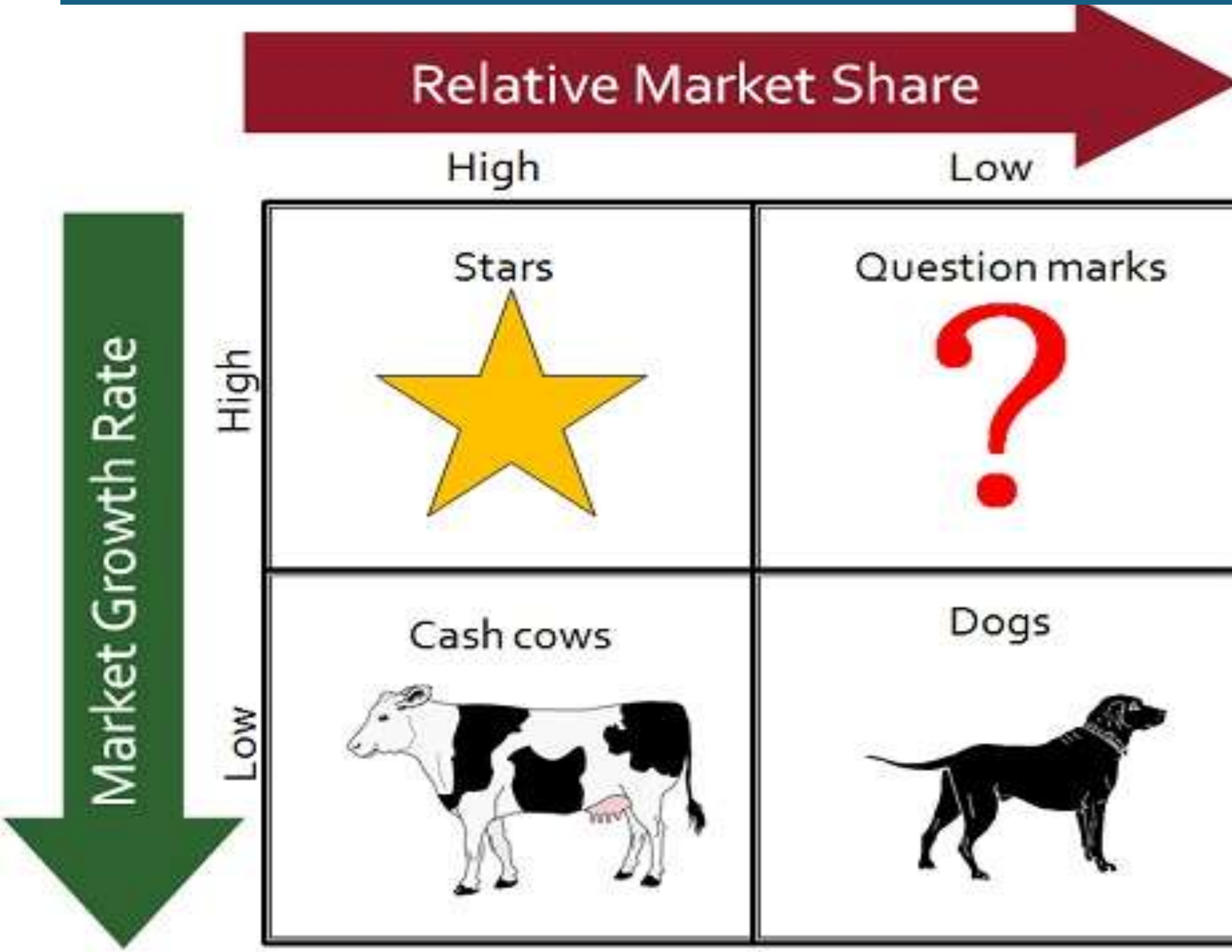

TYPES OF BUSINESS ORGANIZATIONS

TYPES OF BUSINESS ORGANIZATIONS

- Sole Proprietorship: is a business wholly owned by a single individual. It is the easiest and the least expensive way to start a business and is often associated with small storekeepers, service shops, and professional people such as doctors lawyers, or accountants.

- One major disadvantage of sole proprietorship is unlimited liability since the owner and the business are regarded as the same, from a legal standpoint.

ADVANTAGES :

1. Easy to start
2. Easy to close
3. No registration
4. No profit sharing
5. Freedom of decision making
6. Information remains with owner
7. No corporate tax

DISADVANTAGES :

1. Unlimited liability
2. Less employee benefits
3. Limited funds
4. Limited life
5. Loss in absence

TYPES OF BUSINESS ORGANIZATIONS

- Partnerships: A partnership is a legal association of two or more individuals called partners and who are co-owners of a business for profit. Like proprietorships, they are easy to form. This type of business organization is based upon a written agreement that details the various interests and right of the partners and it is advisable to get legal advice and document each person's rights and responsibilities.

ADVANTAGES :

1. Relatively easy to start
2. Ability to raise funds
3. More skilled person
4. Loss sharing
5. No loss in absence
6. Team work

DISADVANTAGES :

1. Unlimited liability
2. Profit sharing
3. Conflicts
4. Limited life
5. Transferability is difficult

Joint Stock Company

- **Definition**
- A Joint Stock Company is a **voluntary association** of **individuals** for **profit**, having its capital divided into transferable shares, the ownership of which is the condition of membership.
- A company is an incorporated association of persons formed usually for the pursuit of some commercial purpose.

Meaning

- A JSC is a type of corporation or partnership involving two or more individuals that own shares of stock in the company.
- Certificates of ownership ("shares") are issued by the company in return for each financial contribution.
- The shareholders are free to transfer their ownership interest at any time by selling their shareholding to others.

Key Features of JSC

- A voluntary association of persons who generally contribute capital to carry on a particular type of business.
- Persons who contribute capital become members of the company.
- Company has a legal existence separate from its members, which means even if its members die, the company remains in existence.
- This type of company needs huge capital investment.
- The total capital of a JSC is called **share capital** and it is divided into a number of units called **shares**.
- Members are also called shareholders.

MICRO ECONOMICS

Economics

Dictionary meaning :

The science *that deals with the production, distribution, and consumption of goods and services, or the material welfare of humankind.*

A science concerned with the process or system by which goods and services are produced, sold, and bought.

Definition :

- “**Economics** is the study of how people choose to use resources.
- Resources include the time and talent people have available, the land, buildings, equipment, and other tools on hand, and the knowledge of how to combine them to create useful products and services.

- **A social science** that studies how individuals, governments, firms and nations make choices on allocating scarce resources to satisfy their unlimited wants.

- **Economics** is the study of the production and consumption of goods and the transfer of wealth to produce and obtain those goods. Economics explains how people interact within markets to get what they want or accomplish certain goals

Scarcity and choice

"Economics is a science which studies human behavior as a relationship between ends and scarce means which have alternative uses"

a)

Here "ends" refer to wants. Human beings have wants which are unlimited in number. If one want is satisfied another crops up . since human wants are unlimited, one is compelled to choose between the more urgent and the less urgent wants. That is why economics is called a science of choice.

- b) Although wants are unlimited yet the means to satisfy them are strictly limited. No doubt’ there are certain free goods which also satisfy human wants. Yet most of the things that we want are scarce.

c)The scarce means are capable of alternative uses. These alternative uses are of varying importance; some are more urgent and others less urgent.

Micro economics

Micro economics: The branch of economics that analyzes the market behavior of individual consumers and firms in an attempt to understand the decision-making process of firms and households.

Micro economics : Microeconomics (from Greek prefix *mikro* - meaning "small" and economics) is a branch of economics that studies the behavior of individuals and small impacting players in making decisions on the allocation of limited resources.

- —“Microeconomics is the study of the economic actions of individuals and well defined groups of individuals.”

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Microeconomics vs macro economics

1.Microeconomics is the study of particular markets, and segments of the economy.

Macro economics is the study of the whole economy.

2. Micro economics looks at issues such as consumer behaviour, individual labour markets, and the theory of firms.

Macro economics looks at 'aggregate' variables, such as aggregate demand, national output and inflation.

6. Micro economics is concerned with:

- Supply and demand in individual markets
- Individual consumer behaviour . e.g. Consumer choice theory.
- Individual labour markets – e.g. demand for labour , wage determination.
- Externalities arising from production and consumption.

Input and Output

- In economics, **factors of production** are the *inputs* to the production process. *Finished goods* are the *output*.

- **Inputs** : are commodities or services that are used to produce goods and services. An economy uses its existing technology to combine inputs to produce outputs.
- **Outputs:** are the various useful goods or services that result from the production process and are either consumed or employed in further production.

- Consider the production of "**pizza**". The eggs , flour , heat, pizza oven and chef's labor are the inputs. The tasty pizza is the output.

Theory of Demand & Supply

Demand :

An economic concept that describes a consumer's desire and willingness to pay a price for a specific good or service.

Holding all other factors constant, the price of a good or service increases as its demand increases and vice versa.

Demand

- **Demand** is a buyer's willingness and ability to pay a price for a specific quantity of a good or service. Demand refers to how much (quantity) of a product or service is desired by buyers at various prices.

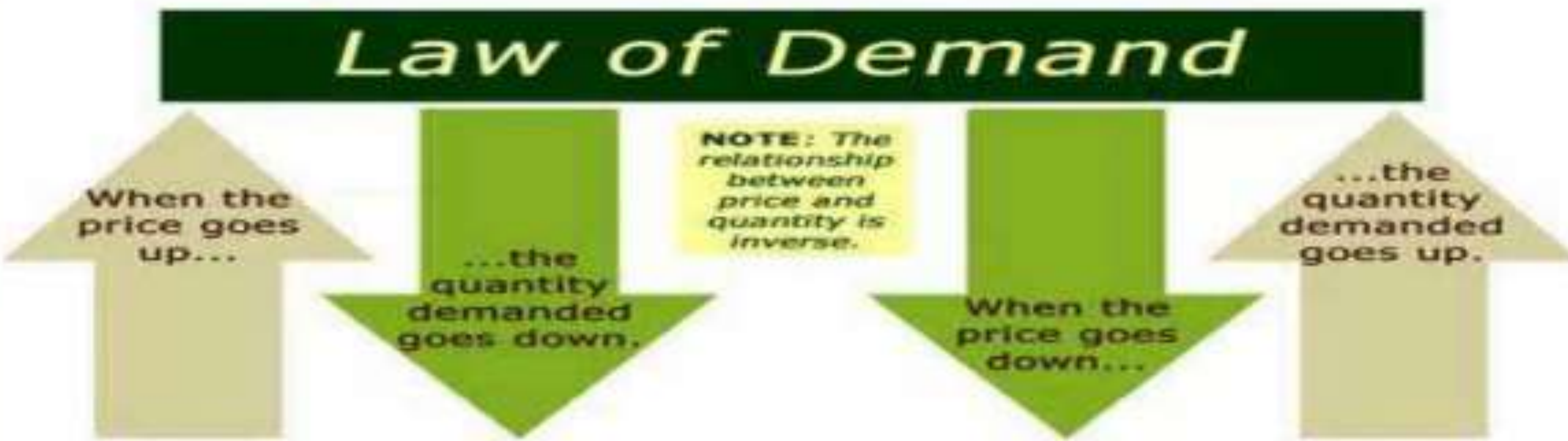
A person is said to have demand , if he has the followings-

1. Willingness to purchase
2. Ability to purchase
3. Intention to pay

The Law of Demand

The law of demand states that, if all other factors remain equal, the higher the price of a good, the less people will demand that good.

In other words, the higher the price, the lower the quantity demanded.



Determinants of Demand

- The following determinants cause shifts in the entire demand curve:

1. Change in consumer tastes
2. Change in the number of buyers
3. Change in consumer incomes
4. Change in the prices of complementary and substitute goods
5. Change in consumer expectations

supply

- Supply represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price.

- In economics, **supply** refers to the amount of a product that producers and firms are willing to sell at a given price all other factors being held constant.

Factors affecting supply

Good's own price: The basic supply relationship is between the price of a good and the quantity supplied.

Prices of other goods: if the price of substitute goods increases ,supply of concerned goods will increase.

Conditions of production: The most significant factor here is the state of technology. If there is a technological advancement in one good's production, the supply increases.

- **Expectations:** If the seller believes that the demand for his product will sharply increase in future the firm owner may immediately increase production in anticipation of future price increases. The supply curve would shift out.
- **Price of inputs:** Inputs include land, labor, energy and raw materials. If the price of inputs increases the supply curve will shift left as sellers are less willing or able to sell goods at any given price.
- For example, if the price of electricity increased a seller may reduce his supply of his product because of the increased costs of production.
- **Number of suppliers:** As more firms enter the industry the market supply curve will shift out driving down prices.

- **Government policies and regulations:** Government intervention can have a significant effect on supply.
- Government intervention can take many forms including environmental and health regulations, hour and wage laws, taxes, electrical and natural gas rates and zoning and land use regulations.

- **Other factors--**

  1.Tax and subsidy

  2.weather

  3.joint product (raw hide and beef)

Determinants of Supply

- The following determinants cause shifts in the entire supply curve:

1. Change in input prices
2. Change in technology
3. Change in taxes and subsidies
4. Change in the prices of other goods
5. Change in producer expectations
6. Change in the number of suppliers

- Any factor that increases/decreases the cost of production decreases/increases supply.

Equilibrium

When supply and demand are equal (i.e. when the supply function and demand function intersect) the economy is said to be at equilibrium . At this point, the allocation of goods is most efficient because the amount of goods being supplied is exactly the same as the amount of goods being demanded.

Thus, everyone (individuals, firms, or countries) is satisfied with the current economic condition. At the given price, suppliers are selling all the goods that they have produced and consumers are getting all the goods that they are demanding.

Disequilibrium

- Disequilibrium occurs whenever the price or quantity is not equal to P* or Q*.

- <u>Excess Supply</u>

- If the price is set too high, excess supply will be created within the economy and there will be allocative inefficiency.

Elasticity Of Demand

Elasticity of Demand…

- In market place for making real price decision, the business person needs to know the quantitative impact of price change on quantity demanded.

- Thus in the most real world situations economist and business analysts cannot just get away by saying "if we raise our prices our sales will fall OR if income rises this quarter then our demand will increase".

- The question that needs to be answered is "By how much". To measure this we use the concept "ELASTICITY".

- 'Elasticity' is the measure of responsiveness of one variable to the change in another.

…Elasticity of Demand

- The degree of responsiveness in quantity demanded to a change in price.
- It represents the rate of change in quantity demanded due to change in price.
- Thus it measures the effect of a change in any factor affecting demand on the total consumption expenditure on a product.

Types of Demand Elasticity

- There are mainly three types of elasticity of demand.

1. Price Elasticity of Demand
2. Income Elasticity of Demand
3. Cross Elasticity of Demand

Price Elasticity of Demand…

- ‘Price’ is one of the important determinants of demand that affects the quantity demanded. Price elasticity of demand measures the relationship between price and quantity demanded for a particular commodity.

- Price elasticity of demand is defined as “a measure of the responsiveness of demand to the change in price”.

- Thus price elasticity of demand shows the relative amount by which the quantity demanded will change in response to the change in price of a particular commodity.

Perfectly Inelastic Demand (e = 0)...

- Irrespective of any change in price, if the quantity demanded remains constant then such a demand is termed as perfectly inelastic demand.

- Thus in this type of elasticity change in price fails to bring about any change in the quantity demanded.

- It is also termed as zero elasticity and is a case of total unresponsiveness

For instance, Wheat, Rice, Sugar etc

Relatively Elastic Demand (e > 1)...

- When percentage change in quantity demanded is more than percentage change in its price then such a demand is termed as elastic.

- Elastic demand is also termed as 'more elastic' demand or 'relatively elastic' demand.

For instance, Restaurants, Education, Entertainment, Online shopping etc

Relatively Inelastic Demand (e < 1)…

- When percentage change in quantity demanded is less than percentage change in price then such a demand is termed as inelastic demand.

- Inelastic demand is also termed as ‘less elastic’ demand or ‘relatively inelastic’ demand.

For instance, Medical care, Tobacco products, Petrol etc

Unitary Elastic Demand (e = 1)…

- When the percentage change in quantity demanded is proportionate or equal to the percentage change in price then such a demand is termed as unitary elastic demand.

Price	Quantity Demanded
100	30
200	20
300	10

Income Elasticity of Demand

- It shows the change in quantity demanded as a result of a change in consumers income.

- Income Elasticity

  = (Proportionate change in quantity demanded)/

  (Proportionate change in income)

Cross Elasticity of Demand

- Cross elasticity of demand measures the degree of responsiveness of demand of a commodity to the change in price of another related commodity (whether a substitute or complementary good).

- Thus cross elasticity measures the extent to which the price of a substitute or complementary good affects the demand of a particular good.

- **Cross Elasticity** = (Proportionate change in quantity demanded of a commodity / Proportionate change in the price of related commodity)

Types of Cross Elasticity

- From business people to planners the concept of cross elasticity of demand is equally important as that of price and income elasticity.

- Following are the three types of cross elasticity:

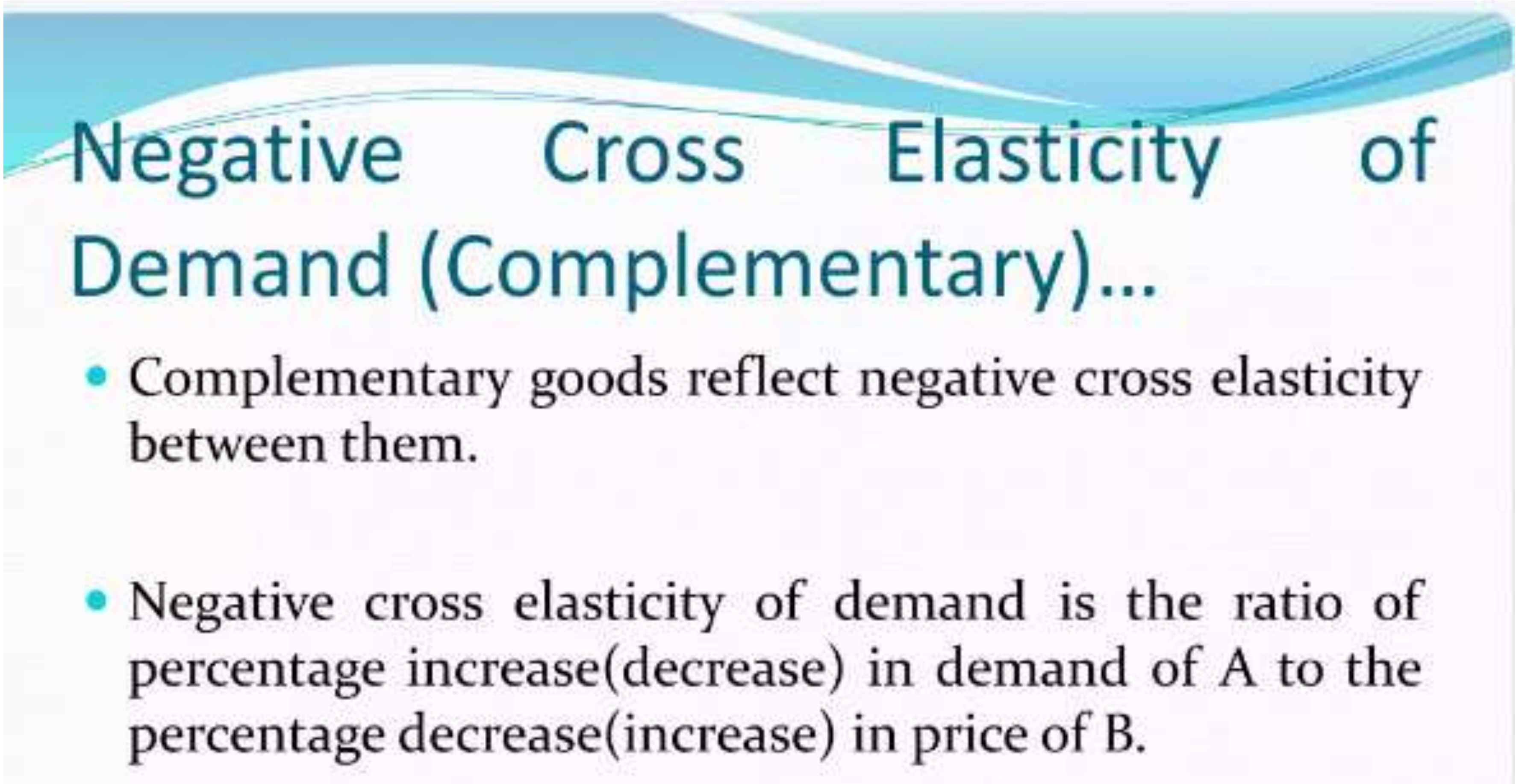
1. Positive Cross Elasticity of Demand
2. Negative Cross Elasticity of Demand
3. Zero Cross Elasticity of Demand

Positive Cross Elasticity of Demand (Substitute)…

- Substitute goods reflect positive cross elasticity of demand.
- Positive cross elasticity of demand is the ratio of percentage increase(decrease)in the demand of A to the percentage increase(decrease) in the price of B.

For instance, Petrol and CNG, Coke and Pepsi etc

Netflix and Amazon?



For instance, Petrol and Petrol cars, Tax on food and impact on restaurants etc

Zero Cross Elasticity of Demand

- If two products are not at all related or zero relation exists between them then these goods are said to have zero cross elasticity.

- Thus when price of one product have no effect on the demand of another, then it is termed as zero cross elasticity.

- Example: price of cars and demand for books have no relation between them and so have zero cross elasticity of demand.

Determinants of Elasticity

- Nature of commodity
- Availability/range of substitutes
- Extent/variety of uses
- Postponement/urgency of demand
- Income level
- Amount of money spend on the commodity
- Durability of commodity
- Purchase frequency of a product/time
- Range of prices
- Others

MACRO ECONOMICS

- **Macroeconomics** (from the Greek prefix *makro-* meaning "large" and economics) is the study of the macroeconomy. It is a branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole, rather than individual markets.

- "Macroeconomics is the branch of economics concerned with aggregates, such as national income, consumption, and investment "
- The Economist's *Dictionary of Economics* defines Macroeconomics as "The study of whole economic systems aggregating over the functioning of individual economic units.

- **Macroeconomics :** The word “Macro” comes from a Greek word “Makros” which means large. Macroeconomics is concerned with aggregates and averages of the entire economy, such as national income, savings and investments, aggregate demand and supply

Macro economics is concerned with

- Monetary / fiscal policy. e.g. what effect does interest rates have on whole economy?
- Reasons for inflation, and unemployment
- Economic Growth
- International trade and globalisation
- Reasons for differences in living standards and economic growth between countries.

MAJOR CONCERNS OF MACRO ECONOMICS

- Aggregate Demand
- Aggregate Supply
- Saving
- Inflation/Deflation
- Economic growth
- Unemployment
- Trade Cycle
- International Trade
- Economic Planning (Fiscal policy/Monetary Policy)

IMPORTANCE OF MACRO ECONOMICS

- It explains the working of the economy as a whole.
- It examines the aggregate behaviour of Macro Economics entities like firms, households

  and the government.
- It is very useful to the planner for preparing economic plans for the country's development.
- It is helpful in international comparison.

- Its knowledge is indispensable for the policy-makers for formulating macro-economic policies such as monetary policy, fiscal policy, industrial policy, exchange rate policy, income policy, etc.

- It explains economic dynamism and intricate interrelationship among macroeconomic variable, such as price level, income, output and employment.

IMPORTANCE OF MACRO ECONOMICS

- Study of problems relating to economic growth or increase in per capita real income forms part of macro economics
- Macro economics also studies trade among different countries. Theory of international trade, tariff, protection etc. are subjects of great significance to macro economics.

GROSS DOMESTIC PRODUCT - GDP

- **Gross Domestic Product (GDP)**: GDP is the sum of money values of all final goods and services produced within the domestic territories of a country during an accounting year.

  GDP= C+I+G+(X-M)

- **GDP at market price:** includes the final value of goods and services also includes indirect taxes and excludes the subsidies given by the government.

- **GDP at factor cost** is the money value of final goods and services based on the cost involved in the process of production.

  Gross Domestic Product at factor cost

  = GDP at Market Prices –Indirect Taxes+ Subsidies

USES OF NATIONAL INCOME DATA

- National income is the most dependable indicator of a country's economic health.
- Difference between GDP and GNP indicates the contribution of net income earned abroad
- Necessary for Economic planning: useful aid in judging which sectors should be given more emphasis
- A measure of economic welfare.
  - higher aggregate production implies more and more goods and services being available to people
- Helps in determining the regional disparities, income inequality and level of poverty in a country.
- Helps in comparing the situations of economic growth in two different countries.

PUBLIC FINANCE

Public Finance is the study of the income and expenditure of the State. It deals only with the finances of the Government. Scope of Public Finance consists in the study of the collection of funds and their allocation between various branches of state activities which are regarded as essential duties or functions of the State.

PARTS OF PUBLIC FINANCE

1. Public Expenditure
2. Public Revenue
3. Public Debt

PUBLIC EXPENDITURE

1. It involves the judicious expenditure of public funds on the most important and socially and economically relevant activities of State.
2. The term "Public Expenditure" refers to the expense incurred by the Government for its own maintenance and also for the preservation and welfare of society and economy as a whole.
3. It refers to the expenses of public authorities, Central, State and local Governments, for protecting the citizens and for promoting their economic and social welfare.

PUBLIC REVENUE

1. In a broad sense, “Public Revenue” includes all the income and receipts, irrespective of their source and nature, which the Government obtains during any given period of time.
2. It will include even the loans raised by Government. In a narrow sense, it will include only those sources of income of Government which are described as revenue resources.
3. The source includes Taxes, Fees, Price, Fines and penalties, Gifts etc

PUBLIC DEBT

1. It's a loan raised by Government and is a source of public finance which carries with the obligation of repayment to the individuals, along with interest, from whom the debt was raised.
2. Bonds, Treasury Bills etc

PRIVATE FINANCE

1. Private finance helps an organization raise cash to avoid limited time frame monetary shortfalls.
2. This method typically serves a firm that is not listed on SECP or is unable to seek financing on such markets.
3. A private financing plan also may be suitable for a nonprofit entity.

CORPORATE DECISIONS

1. INVESTMENT DECISION
2. FINANCING DECISION
3. OPERATING DECISION

INVESTMENT DECISION

The **Investment Decision** relates to the **decision** made by the **investors** or the top level management with respect to the amount of funds to be deployed in the **investment** opportunities. Simply, selecting the type of assets in which the funds will be invested by the firm is termed as the **investment decision**

TYPES OF INVESTMENT DECISION

1. SHARES (Equity market)
2. BONDS (Issue bonds and generate funds from public)
3. LONG TERM ASSET (Financing or Cash basis)
4. REPLACEMENT OF ASSETS
5. MERGER
6. ACQUISITION
7. PRIVITIZATION (PIA, PSO, AIRPORTS, SEA PORTS, TERMINALS ETC)
8. DISSOLUTION
9. BUSINESS EXPANSION and etc

FINANCING DECISION

The **Financing Decision** is yet another crucial **decision** made by the **financial** manager relating to the **financing**-mix of an organization. It is concerned with the borrowing and allocation of funds required for the investment **decisions.**

TYPES OF FINANCING DECISION

1. WORKING CAPITAL MANAGEMENT (AR AND AP)
2. CASH FLOWS (FINANCING,OPERATION AND INVESTMENT)
3. LIQUIDITY RATIO (Debt burden ratio)
4. INTEREST PAY OFF (IMF, ADBP, Commercial banks etc)
5. SHORT/LONG TERM LOANS (IMF, ADBP, Commercial banks etc)
6. LEASE FINANCING
7. CASH CONVERSION CYCLE and etc

OPERATING DECISION

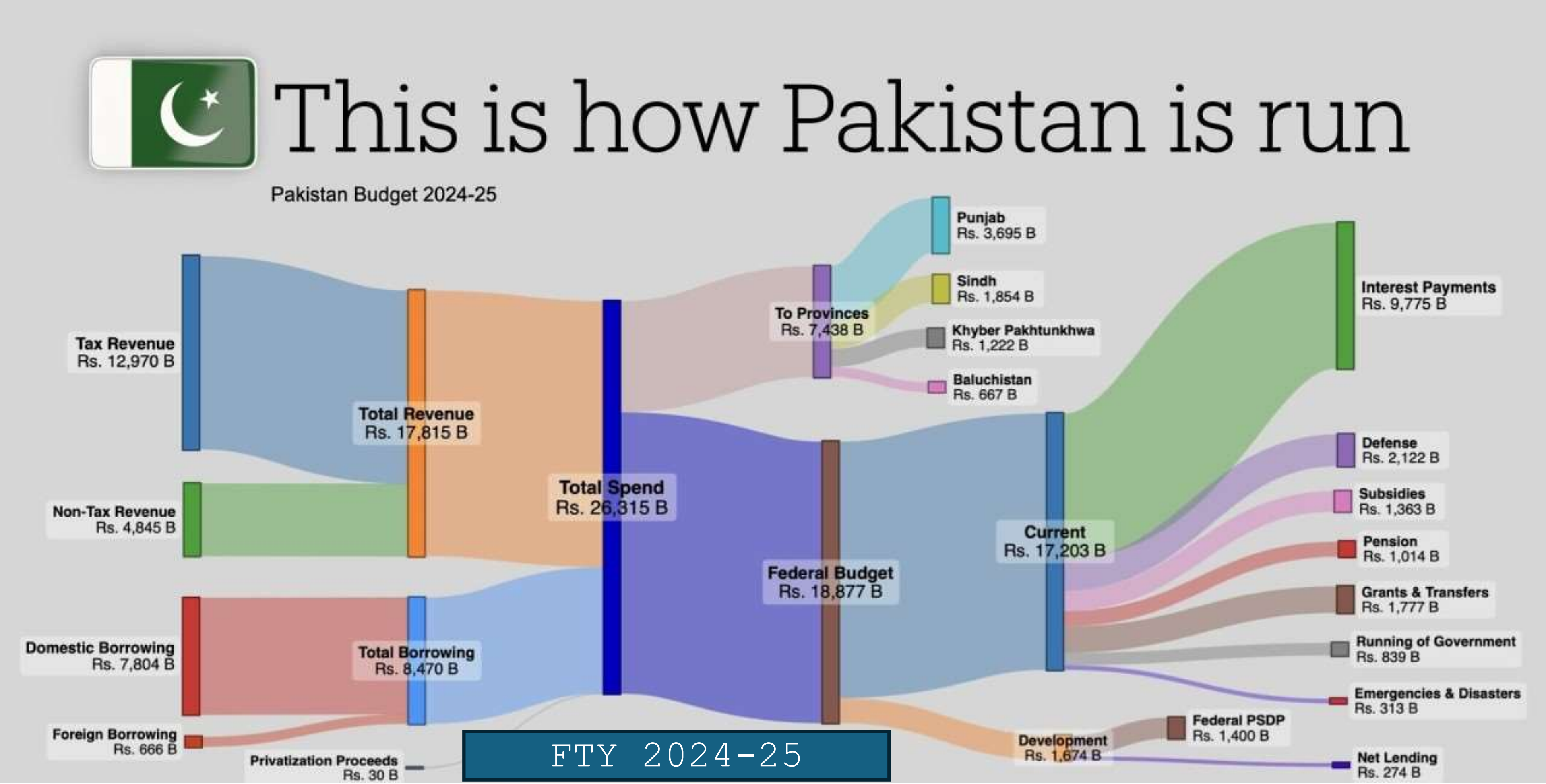
Operating decisions are **decisions** made to manage day to day business. The most common **type** of repeatable **decision** is the **operational decision.** These involve the daily business **decisions** that are done in high-volume by every business.

For instance:

When a customer contacts your business, places an order, or does any form of interaction, it involves **operational decisions**

TYPES OF OPERATING DECISION

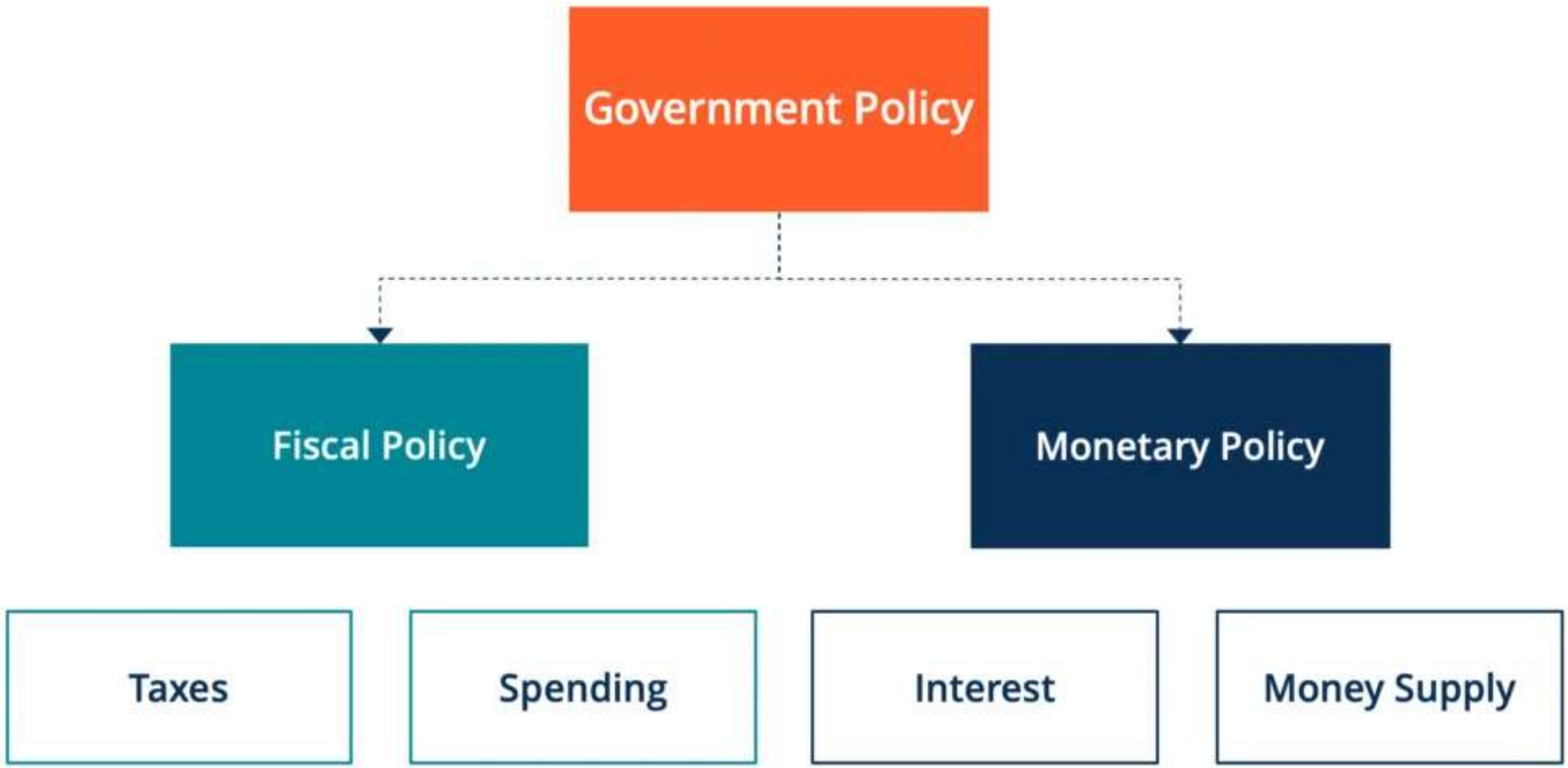
1. Design of Goods and Services
2. Quality management
3. Process and capacity design
4. Location strategy
5. Human resource and Job design
6. Supply chain management
7. Inventory management
8. Distribution management etc


This is how Pakistan is run
Pakistan Budget 2024-25
Tax Revenue
Rs. 12,970 B
Non-Tax Revenue
Rs. 4,845 B
Domestic Borrowing
Rs. 7,804 B
Foreign Borrowing
Rs. 666 B
Privatization Proceeds
Rs. 30 B
Total Revenue
Rs. 17,815 B
Total Borrowing
Rs. 8,470 B
Total Spend
Rs. 26,315 B
To Provinces
Rs. 7,438 B
Federal Budget
Rs. 18,877 B
Punjab
Rs. 3,695 B
Sindh
Rs. 1,854 B
Khyber Pakhtunkhwa
Rs. 1,222 B
Baluchistan
Rs. 667 B
Current
Rs. 17,203 B
Development
Rs. 1,674 B
Interest Payments
Rs. 9,775 B
Defense
Rs. 2,122 B
Subsidies
Rs. 1,363 B
Pension
Rs. 1,014 B
Grants & Transfers
Rs. 1,777 B
Running of Government
Rs. 839 B
Emergencies & Disasters
Rs. 313 B
Federal PSDP
Rs. 1,400 B
Net Lending
Rs. 274 B
FTY 2024-25

TAX GENERATION AND TAX COLLECTION ?

MULTIPLIER AFFECT

ROLE OF ECONOMIC ACTIVITIES ON TAX/GDP


Government Policy
Fiscal Policy
Monetary Policy
Taxes
Spending
Interest
Money Supply

FACTORS TO CONSIDER BEFORE INVESTING

FUNDAMENTAL ANALYSIS

1. ANNUAL REPORTS
2. FUND MANAGER REPORTS
3. FINANCIAL RATIOS
4. SWOT ANALYSIS

TECHNICAL ANALYSIS

1. TREND ANALYSIS
2. HISTORICAL DATA AND PATTERN
3. CANDLESTICK BAR
4. SOFTWARES

CAPITAL BUDGETING

1. ACCOUNTING RATE OF RETURN (ARR)
2. PAY BACK PERIOD
3. INTERNAL RATE OF RETURN (IRR)
4. PROFITABILITY INDEX
5. NET PRESENT VALUE (NPV)

MARKET SENTIMENTS/RUMORS/SPECULATIO