**Project**

**Business establishment recommendation system based on country's economic freedom**

**Team “Northern Lights”**

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**Introduction**

**What is the focus of the project?**

Main aim of the project is to build a database that can help businesses/organizations choose a suitable country for them to start or extend their presence/investment in.

**In what ways can this database help investment decisions?**

This database provides various factors like social, judicial, financial etc., of various countries which determine their economic freedom indices which the organizations/businesses can leverage to decide a suitable country for their investment.

**What is economic freedom?**

Economic freedom/Economic liberty is the ability of people of a society to take economic actions. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please.

**What are factors contributing to economic freedom?**

The major important aspects of economic freedom are personal choice, voluntary exchange, freedom to enter markets and compete, and security of the person and privately owned property.

Degree of Economic freedom is measured based on the following five broad sectors:

**Sector 1:** Government Size - As government spending, taxes, and the size of enterprises under government control rise, government decision-making replaces individual freedom and economic freedom declines.

**Sector 2:** Legal System and Property Rights - A key component of both economic freedom and civil society is the protection of people and their legally acquired property. In fact, it is the most crucial aspect of governing.

**Sector 3:** Sound Money - Inflation reduces the value of savings and wages that have been earned legally. So sound money is crucial to preserving property rights. It is more difficult for people to plan for the future and make effective use of their economic freedom when inflation is high and volatile.

**Sector 4:** Freedom to Trade Internationally - Economic freedom is impacted when businesses and people from other countries are not allowed to freely exchange goods and services, including buying, selling, making contracts, and other activities.

**Sector 5:** Regulation - Governments may create onerous regulations that restrict your ability to exchange goods and services, obtain credit, employ or work for anyone you choose, or freely run your business in addition to using a variety of other tools to restrict international trade.

**How do these factors of economic freedom influence the decision making of investors/businesses?**

Nations with greater economic freedom have stronger economies, with higher gross domestic product per person. Free trade is a key element of economic freedom.

For example, to establish software/hardware companies in a country, the country needs to have a strong social law and order, whereas for a company that manufactures armaments, a country with conditions leading to civil war is more suitable.

Hence, the factors that determine economic freedom play a very important role in influencing business decisions.