

CHAPTER- FINANCIAL MANAGEMENT

S.N	CONCEPTS	KEYWORDS
1	Business Finance	<ul style="list-style-type: none"> • Money required carrying out business activities. • Finance is required to establish a business, to run it, to expand it, to modernize it, or to diversify it.
2	Financial Management	<ul style="list-style-type: none"> • It is concerned with <i>optimal procurement as well as the usage of finance.</i> • It aims at reducing the costs of funds procured, keeping the risk under control and achieving effective deployment of funds. • It also aims at ensuring availability of enough funds whenever required and avoiding idle funds.
3	Objective of Financial Mgt.	<ul style="list-style-type: none"> • To maximize Shareholders' Wealth. • Shareholders' Wealth = No. of Equity Shares X Market value of shares.
4	Poor Financial Decisions	<ul style="list-style-type: none"> • Decisions which result in decrease in M.V. of shares.
5	Decision making is efficient	<ul style="list-style-type: none"> • When out of various available alternatives, the best is selected.
6	<ul style="list-style-type: none"> • Financial decisions 	
	Investment Decisions	<ul style="list-style-type: none"> • Concerned with decisions relating to investment in assets. • These decisions include- <ul style="list-style-type: none"> ❖ Capital Budgeting Decisions ❖ Working Capital Investment Decisions
	Capital Budgeting Decisions	<ul style="list-style-type: none"> • Long term investment decision. • Huge amount of Investment • Irreversible decisions. • e.g Replace an existing fixed asset, purchase of new fixed asset.
	Working Capital Investment Decisions	<ul style="list-style-type: none"> • Short term Investment Decisions. • Concerned with the decisions about levels of cash, inventory and receivables. • Affect day- to- day working of a business.
	Financing Decisions	<ul style="list-style-type: none"> • It is concerned with quantum of finance to be raised from various long term sources. • <i>Short term sources are studied under Working Capital Management.</i> • Main sources are Owned Funds and Borrowed Funds.

		<ul style="list-style-type: none"> • A firm has to decide the proportion of funds to be raised from either source.
	Dividend Decision	<ul style="list-style-type: none"> • It is concerned with how much of the profit is to be distributed to the shareholders and how much should be retained in the business.
7	Financial Risk	<ul style="list-style-type: none"> • The risk of default of payment is called financial risk.
8	Floatation Cost	<ul style="list-style-type: none"> • The cost of raising funds is called floatation cost.
9	Financial Planning	<ul style="list-style-type: none"> • The process of estimating fund requirement of a business and specifying the sources of funds is called financial planning. • Blueprint of an organisation's future operations. • Proper matching of fund requirements and their availability.
10	Objectives of Financial Planning	<ul style="list-style-type: none"> • To ensure availability of funds whenever required. • To see that the firm does not raise resources unnecessarily.
11	Capital Structure	<ul style="list-style-type: none"> • It refers to mix between owners' funds and borrowed funds.
12	Financial Leverage	<ul style="list-style-type: none"> • The proportion of debt in the overall capital is called financial leverage.
13	Trading on Equity	<ul style="list-style-type: none"> • It refers to the increase in EPS due to use of debt.

CHAPTER- FINANCIAL MARKETS

.No.	CONCEPTS	KEYWORDS
1	Financial Markets	<ul style="list-style-type: none"> • A financial market is a market for the creation and exchange of financial assets.
2	Money market	<ul style="list-style-type: none"> • Deals in short term securities maturing in less than one year. • Treasury bills, Commercial papers, Certificates of Deposits, Call Money and Commercial bill.
3	Capital market	<ul style="list-style-type: none"> • Deals in long term securities maturing in more than one year like Equity shares, Preference shares, Debentures etc.
4	Primary Market	<ul style="list-style-type: none"> • Also known as New Issue Market. • Deals with new securities being issued for the first time.
5	Secondary Market	<ul style="list-style-type: none"> • It is a market for sale and purchase of existing securities.
6	Stock Exchange	<ul style="list-style-type: none"> • It is an institution which provides a platform for buying and selling of existing securities.
7	Dematerialisation	<ul style="list-style-type: none"> • The process of holding securities in an electronic form is called Dematerialisation.
8	Depository	<ul style="list-style-type: none"> • Depository is like a bank and keeps securities in electronic form on behalf of the investor.

CHAPTER-MARKETING

S.N o.	CONCEPTS	KEYWORDS
1	Market (traditional sense)	<ul style="list-style-type: none"> Place where buyers and sellers gather to enter into transactions involving exchange of goods and services.
2	Market (modern sense)	<ul style="list-style-type: none"> It refers to set of actual and potential buyers of a product or a service.
3	Marketing (traditional sense)	<ul style="list-style-type: none"> It referred to as performance of business activities that direct the flow of goods and services from producers and consumers.
4	Marketing (modern sense)	<ul style="list-style-type: none"> Marketing is a <i>social process</i> wherein people interact with others, in order to act in a particular way, rather than forcing them to do so.
6	Marketing Activities	<ul style="list-style-type: none"> Product designing or merchandising Packaging, warehousing, transportation, packaging, selling and distribution, advertising and pricing.
10	Marketing management	<ul style="list-style-type: none"> Choosing a target market. Focus on getting, keeping and growing the customers. (creating demand) Creating and developing superior values for customers.
13	<ul style="list-style-type: none"> Marketing Philosophies 	
	The Production Concept	<ul style="list-style-type: none"> Problem was number of producers were limited. Focus on production of goods at large scale and reducing average cost of production.
	The Product Concept	<ul style="list-style-type: none"> Mere availability and low price could not ensure increased sale. Emphasis was shifted from quantity of products to quality of products.
	The Selling Concept	<ul style="list-style-type: none"> The product quality and availability did not ensure the survival and growth of firms anymore. It was assumed customers will not but unless they are convinced and motivated. Focus on aggressive selling and promotional techniques.
	The Marketing Concept	<ul style="list-style-type: none"> It assumes that in long run profits maximization can be done by identifying the needs of prospective buyers and satisfying them.

		<ul style="list-style-type: none"> • Focus on Customers' satisfaction. • Role of firm is to <i>'identify a need and fill it'</i>.
	The Societal Marketing Concept	<ul style="list-style-type: none"> • Extension of marketing concept. • Any activity which satisfies human needs but is detrimental to the interests of the society cannot be justified. • Long term welfare of society.
14	Marketing Mix	<ul style="list-style-type: none"> • The Combination of controllable variables chosen by a firm to prepare its market offering is called Marketing Mix. • Marketing mix can be described as set of marketing tools that a firm uses to achieve its marketing objectives in a target market.
15	Elements of Marketing Mix	<ul style="list-style-type: none"> • Product Mix • Price Mix • Place or Physical Distribution Mix • Promotion Mix.
16	Product Mix	<ul style="list-style-type: none"> • Product means goods or services or 'anything of value' or tangible and intangible attributes of a product which is offered to the market for sale. • Product is offered <i>for attention, acquisition, use or consumption.</i>
17	Branding	<ul style="list-style-type: none"> • The <u>process</u> of giving a name or sign or a symbol etc. to a product is called branding.
18	Packaging	<ul style="list-style-type: none"> • <u>Act</u> of designing and producing the container or wrapper of a product.
19	Labelling	<ul style="list-style-type: none"> • <u>Process</u> of indicating and providing detailed information about the product, its contents, brand name, method of use, ingredients etc.
20	Price Mix	<ul style="list-style-type: none"> • Price money represents the sum of values that consumers exchange for the benefit of having or using the product. • Price may be defined as the amount of money paid by a buyer in consideration of the purchase of a product or a service. • Pricing is used as a regulator of the demand of the product. • Price is the single most important factor affecting the revenue and profits of the firm.
21	Physical Distribution Mix	<ul style="list-style-type: none"> • It is concerned with making the goods and services available at the right place, so the people can purchase the same.

		<ul style="list-style-type: none"> There are two decisions relating to this aspect- <ul style="list-style-type: none"> ❖ Physical movement of goods and services from producers to consumers. ❖ Channels or intermediaries in the distribution process.
22	Promotion mix	<ul style="list-style-type: none"> Promotion refers to the use of <u>tools of communication</u> with the twin objectives of <ol style="list-style-type: none"> informing potential customers about the product and Persuading them to purchase it.
23	<ul style="list-style-type: none"> Sales Promotion Techniques 	
	Rebate	<ul style="list-style-type: none"> Offering products at special prices to clear off excess inventory. Discount of Rs.10000 for a limited period.
	Discount	<ul style="list-style-type: none"> Offering products at less than list price. E.g. discount upto 50% or 50+40% discount.
	Refunds	<ul style="list-style-type: none"> Refunding a part of price paid by customer on some proof of purchase. Commonly used by food companies to increase their sales. e.g return of empty wrapper etc.
	Product combinations	<ul style="list-style-type: none"> Offering another product as gift along with the purchase of a product. E.g. ½ kg rice with a bag of 5 kg atta.
	Quantity gift	<ul style="list-style-type: none"> Offering extra quantity of the product. 500 g extra sauce in maggi's tomato ketchup. Buy two get one free. Take a 2 night 3 days package at the Hotel and get an extra night stay at just Rs.100.
	Instant Draws and Assigned Gift	<ul style="list-style-type: none"> Scratch a card or burst a cracker and instantly win car, computer, refrigerator with the purchase of a TV.
	Lucky Draw	<ul style="list-style-type: none"> Offer of a bathing soap to win gold coin on lucky draw coupon.
	Usable Benefit	<ul style="list-style-type: none"> Purchase goods worth Rs.3000 and get a holiday package. Get a discount voucher for accessories on Apparel purchase of Rs.1000. Get Rs.500 off for movie tickets on purchase of goods worth Rs.5000.
	Full finance @ 0%	<ul style="list-style-type: none"> Offer easy financing on sale of consumer durable products like electronic goods or automobiles such as 24 easy installments.

	Sampling	<ul style="list-style-type: none"> • Offer of free sample say free conditioner pouch with bottle of a shampoo.
	Contests	<ul style="list-style-type: none"> • Competitive events to win prizes. like <ul style="list-style-type: none"> ❖ quiz or ❖ application of some skills or ❖ answering some questions
24	Public Relations	<ul style="list-style-type: none"> • Necessary to manage public opinion and the company's relation with the public on regular basis. • To monitor attitude of public and generate positive publicity. • Build goodwill of the business.

KEYWORDS