

Basic Introduction to Economy

For objective questions based exams

Market is a place that brings together sellers and buyers. **MARKETS** for different goods can be formal or informal.



WHAT IS FINANCIAL MARKET ?

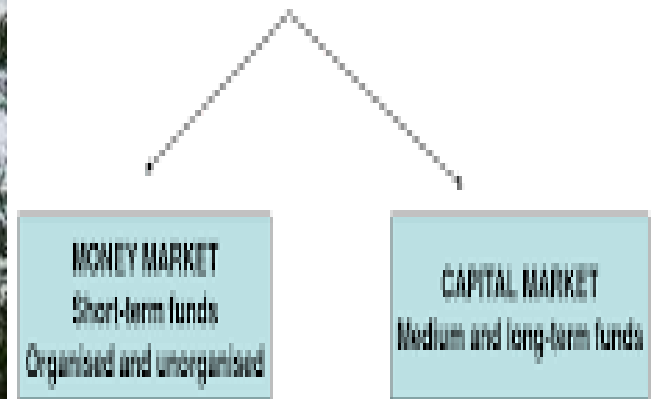


Bombay Stock Exchange Limited
BSE
The edge is efficiency

The Financial Market

- The term 'Financial Markets' refers to all those organisations and institutions which lend funds to business enterprises and government/public authorities.

FINANCIAL MARKETS



The Market Price

- When the producer comes to sell the goods in a market, he /she has to **recover all the cost of producing the goods**, plus **taxes** levied on those goods, **plus his profit**.
- When goods are purchased in bulk, a rebate per unit, is allowed by the whole-seller.
- This enables the retailer or the buyer to get cheaper goods from the whole-seller.
- The retailer then adds his own costs and profit to sell it to the consumer.

As such, the price for a good, paid by a consumer includes-

- 1) the producer's cost + profit;
- 2) the whole seller's cost + profit;
- 3) the retailer's cost + profit;
- 4) plus tax levied

Taxes are levied by the local municipal corporation, the state government and the central government.

Therefore, the retail price paid by the Consumer is four times more than the Cost of producing that good.



Taxes on Goods and Services

- As such, the Minimum Retail Price (MRP) for the goods, paid by a consumer includes-
 - 1) the producer's cost + profit;
 - 2) the whole seller's cost + profit;
 - 3) the retailer's cost + profit;
 - 4) plus taxes levied on that good
- Taxes are levied by the local municipal corporation, the state government and the central government.
- Therefore, the retail price paid by the consumer, is three to four times more than the actual cost of production.



GST from 1st April, 2016 – a single tax that includes all the Central and State taxes.

- Tax collection is a complicated process as multiple taxes are involved.
- To simplify the process, the Government combined the municipal and central levies, in one single tax called ‘Value Added Tax’ or VAT. You can see this VAT added at the end as a % amount in any bill received after purchase of anything.
- To simplify the process further, Central Government is planning to implement GST from 1st April 2017. Under it, the Central and State taxes will be collected at the single point of sale.
- GST means the Goods and Services Tax. As a preparatory step, the Service Tax has been increased to 14% for 2015-16. After the GST is introduced, the GST rate is expected to be between 16% to 18%

Media- is a means to communicate information
(1) to a large number of people, (2) over long distances, in (3) the shortest time possible

- Media Modes from 19th Century till 2000 AD:

- 1) Print media – Newspapers, Journals, Special focus Magazines.
- 2) Audio- visual media – Radio and Television, cinema, DVD.
- 3) Landline based Telephones, Telegraphs, and Postal services

These modes are a one-way means of communicating information.



World Radio Broadcast

Advertisements develops brands and position the product with the right consumers

1. Brand Development for products involves helping the consumer to recall the name of the product, and to buy it on a regular basis.

2. Advantages of Standardization of products are that National and International Standards exist for all products. This helps in saving time on checking the Quality, and makes trade easier for certified goods.



Mobile represents Media, Market and Advertisement



THANK YOU