Material and Store Management: Introduction, Objectives and Functions

Material management is an approach for planning, organizing, and controlling all those activities principally concerned with the flow of materials into an organisation.
The scope of Materials Management varies greatly from company to company and may include material planning and control, production planning, Purchasing, inventory control, in-plant materials movement, and waste management.

It is a business function for planning, purchasing, moving, storing material in a optimum way which help organisation to minimise the various costs like inventory, purchasing, material handling and distribution costs.

Materials Management thus can be defined as that function of business that is responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide service to the customer, at a pre-decided level at a minimum cost.

OBJECTIVES:

The fundamental objectives of the Materials Management function ,often called the famous 5 Rs of Materials Management, are **acquisition of materials and services:**

- **of the right quality**
- **in the right quantity**
- **at the right time**
- **from the right source**
- **at the right price**

From the management point of view, the key objectives of MM are:

- To buy at the lowest price , consistent with desired quality and service
- To maintain a high inventory turnover , by reducing excess storage , carrying costs and inventory losses occurring due to deteriorations , obsolescence and pilferage
- To maintain continuity of supply , preventing interruption of the flow of materials and services to users
- To maintain the specified material quality level and a consistency of quality which permits efficient and effective operation

- To develop reliable alternate sources of supply to promote a competitive atmosphere in performance and pricing
- To minimize the overall cost of acquisition by improving the efficiency of operations and procedures
- To hire, develop, motivate and train personnel and to provide a reservoir of talent
- To develop and maintain good supplier relationships in order to create a supplier attitude and desire furnish the organisation with new ideas , products, and better prices and service
- To achieve a high degree of cooperation and coordination with user departments
- To maintain good records and controls that provide an audit trail and ensure efficiency and honesty
- To participate in Make or Buy decisions

FUNCTIONS:

1. Materials planning and control: Materials required for any operation are based on the sales forecasts and production plans. Planning and control is done for the materials taking into account the materials not available for the operation and those in hand or in pipe line. This involves estimating the individual requirements of parts, preparing materials budget, forecasting the levels of inventories, scheduling the orders and monitoring the performance in relation to production and sales.

2. Purchasing: Basically, the job of a materials manager is to provide , to the user departments right material at the right time in right quantity of right quality at right price from the right source.

To meet these objectives the activities undertaken include selection of sources of supply, finalisation of terms of purchase, placement of purchase orders, follow up, maintenance of relations with vendors, approval of payments to vendors, evaluating, rating and developing vendors.

3. Stores: Once the material is delivered, its physical controL, preservation, minimisation of obsolescence and damage through timely disposal and efficient handling, maintenance of records, proper locations and stocking is done in Stores.

4. Inventory control: One of the powerful ways of controlling the materials is through Inventory control. It covers aspects such as setting inventory levels, doing various analyses such as ABC, fixing economic order quantities (EOQ) etc.

ABC Analysis & EOQ

A.B.C. System of Selective Inventory Management:

The procedure outlined for fixing minimum quantity (or ordering level) and maximum quantity may not be necessary for every item of material since the effort and the cost of placing an order every now and then may not be worthwhile for items that are very low in value. One should remember that the main aims of the procedure are to avoid interruption of work for want of materials or cost of placing orders repeatedly and to avoid losses arising out of obsolescence and extra interest.

Thus, ABC Analysis technique is based on classifying materials into three categories according to their importance. The A category items are small in number but high in value and are strictly controlled. Perpetual inventory records are maintained in respect of these materials. C category of materials is large in number and of small value.

For items in class 'A', the ordering level will be fixed and a fresh order will be placed as soon as actual stock reaches this level. For items in class 'B', orders are placed on a periodical review and for items in class C, large orders are placed once, say, in a year to cover the whole year's consumption. Since the total investment in these items is low (though the number of them will be very large), there will not be much loss by way of obsolescence or interest but the cost of placing many orders will be avoided.

Advantages of A.B.C. method of Inventory Control:

- It ensures control over the costly items in which a large amount of capital is invested.
- It helps in developing scientific method of controlling inventories. Clerical costs are considerably reduced and stock is maintained at optimum level.
- It helps in maintaining stock turnover rate at comparatively higher level through scientific control of inventories.
- It ensures considerable reduction in the storage expenses. It results in stock carrying stock.
- It helps in maintaining enough safety stock for C category of items. The following graph demonstrates ABC inventory classification.

Disadvantages of A.B.C. method of Inventory Control:

- This technique can be successfully employed only, if there is proper standardisation of materials in the store.

- A good system of codification of materials should be in operation for the success of this analysis.

- The analysis is based on monetary value of the items in use. Other important factors one ignored.

In spite of the above mentioned limitations, the ABC analysis is very popular method of inventory control. It is an effective instrument in reducing the cost of materials in the store house.

E.O.Q (Economic Order Quantity):

Economic Order Quantity (EOQ) is a production formula used to determines the most efficient amount of goods that should be purchased based on ordering and carrying costs. In other words, it represents the optimal quantity of inventory a company should order each time in order to minimize the costs associated with ordering and holding inventory.

EOQ is an extremely effective tool for managers because they can use it to figure out what is the optimal amount of inventory to hold on hand as well as to calculate when to order more merchandise because new sales should be generated.

Formula of Economic Order Quantity (EOQ)

Economic Order Quantity

$$EOQ = \sqrt{\frac{2 \times D \times S}{H}}$$

Q=EOQ units

D=Demand in units (typically on an annual basis)

S=Order cost (per purchase order)

H=Holding costs (per unit, per year)

MARKETING AND SALES

Introduction, Importance and Functions

Marketing and sales deals with the exploration and understanding of **customer** needs, with the response to them through the **development,** production and **sales** of goods and services (including innovation implementation). It also deals with the impact on customers' needs in accordance with the strategic purposes of the organisation.

Marketing and sales are closely linked. While marketing focuses more on pre-sales activities, surveys or understanding the needs of customers, sales processes are closely connected to them and realize the actual **business relationships with customers.**Outlined below are all methods and analytical techniques used in marketing (marketing management) as well as in the **sales process** itself.

Peter F. Dru**ker** considers marketing to be one of the two basic functions of an organization: "*The existence of business organizations is to create customers, the company has two - and only these two - basic functions: marketing and innovation."*

Importance of Marketing and Sales:

1. Marketing Is an Effective Way of Engaging Customers

It's important for your business to engage its customers. Marketing is a tool to keep the conversation going. Engaging customers is different from pushing your offers. Engaging involves furnishing your customers with relevant information about your products and your business as well. It's all about creating fresh content.

Social media is one of the best platforms where you can engage your customers. Some organizations use short videos and other humor-laden tricks to engage their customer base. By engaging your customers, marketing gives them a sense of belonging.

2. Marketing Helps to Build and Maintain the Company's Reputation

The growth and life span of your business is positively correlated to your business's reputation. Hence, it's fair to say your reputation determines your brand equity. A majority of marketing activities are geared towards building the brand equity of the company.

Your business's reputation is built when it effectively meets the expectations of its customers. Such a business is considered a responsible member of the community. The customers become proud to be associated with your products. Marketers use effective communication, branding, PR and CSR strategies to ensure that a business's reputation is maintained.

3. Marketing Helps to Build a Relationship Between a Business and Its Customers

Businesses need to build a relationship of trust and understanding with their customers. Marketing research segments should be based on demographics, psychographics, and consumer behavior.

Segmentation helps the business meet the needs of its customers hence gaining their trust. The product team ensures the business delivers what's promised at the right time. This makes the customers brand loyal. Loyal customers will have the confidence to buy more products from you.

The trust and understanding between the business and its customers make your commercial activities more fruitful.

4. Marketing Is a Communication Channel Used to Inform Customers

Marketing informs your customers about the products or services you're offering them. Through marketing, the customers get to know about the value of the products, their usage and additional info that might be helpful to the customers. It creates brand awareness and makes the business stand out.

There's stiff competition in the market and you need to be a constant voice to convince the customers. Inform your customers of discounts and other competitive tricks you intend to use. Through communication, marketing helps your business become a market leader. This post explains more about how to gain a competitive advantage.

5. Marketing Helps to Boosts Sales

Marketing utilizes different ways to promote your products or services. Once a product has been advertised, it's already on the radar and this increases your chances of selling it. Customers may want to try your products or services and this will trigger a purchase decision.

When customers are happy about your products or services, they become your brand ambassadors without your knowledge. They will spread the word and your sales will start to increase. Ensure you offer high-quality products and services to complement your marketing efforts.

6. Marketing Aids in Providing Insights About Your Business

Every marketer understands the need for targeting the right audience. However, you must have the right content to share with such an audience. Your marketing strategies can help you establish what business messaging will convince the target audience.

At this point, you have to test different messages and see what works. Once you have tested different sets of messaging on the target audience, you will find a viable baseline for your marketing efforts. It acts as a metric and provides the insight needed to make you avoid guesswork.

7. Marketing Helps Your Business to Maintain Relevance

Every marketer understands the need for disrupting a potential consumer's opinion about other products. But don't make a mistake of taking this chance for granted. Most businesses assume that they will always remain the client's favorite brand because up to now the client has never complained. This is the wrong mindset. You need to find ways to remain at the top of the client's mind.

Every relationship needs to be maintained. Marketing helps your business to maintain a good relationship with customers by making you remain relevant. Don't focus on gaining new customers before addressing the need to retain the present ones.

8. Marketing Creates Revenue Options

During the startup phase, your options are sparse since you're mostly cash-strapped. This limits your options. As your marketing strategies generate more customers and revenue opportunities, you'll begin having options. Having options is comparable to having a nice war chest.

Having options will give you the courage you need to penetrate new markets. You will have the freedom to start letting go of customers who are too demanding to your sanity and well-being.

Without marketing, you will be forced to continue working with clients who you have outgrown and are paying you peanuts.

9. Marketing Helps the Management Team to Make Informed Decisions
Every business is confronted with problems such as to what, when, for whom and how much to produce. A complex and tedious process determine your business's survival. As a result, businesses heavily rely on marketing mechanisms to make these decisions.
Why should you rely on marketing mechanisms? These mechanisms serve as a reliable link between your business and society. They cultivate people's mind, educate the public and convince them to buy.

Functions of Marketing

Marketing is not just selling off goods and services to the customers; it means a lot more than that. It starts with the study of the potential market, to product development, to market share capturing, to maintain cordial relations with the customers.

Following multiple operations of marketing helps the business to accomplish long-term goals:

- **Market Research**: A complete research on competitors, consumer expectations and demand is done before launching a product into the market.
- **Market Planning**: A proper plan is designed based on the target customers, market share to be captured and the level of production possible.
- **Product Design and Development**: Based on the research data, the product or service design is created.
- **Buying and Assembling**: Buying of raw material and assembling of parts is done to create a product or service.
- **Product Standardisation**: The product is graded as per its quality and the quality of its raw materials.
- **Packaging and Labelling**: To make the product more attractive and self-informative, it is packed and labelled listing out the ingredients used, product use, manufacturing details, expiry date, etc.
- **Branding**: A fascinating brand name is given to the product to differentiate it from the other similar products in the market.
- **Pricing of the Product**: The product is priced moderately keeping in mind the value it creates for the customer and cost of production.

•**Promotion of the Product**: Next step is to make people aware of the product or service through advertisements.

•**Warehousing and Storage**: The goods are generally produced in bulks and therefore needs to be stored in warehouses before being sold in the market in small quantities.

•**Selling and Distribution**: To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected wisely.

•**Transportation**: Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.

•**Customer Support Service**: The marketing team remain in contact with the customers even after selling the product or service to know the customer’s experience, and the satisfaction derived.

Physical Distribution: Meaning, Importance and Its Functions

Physical distribution is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics. You often will hear these processes be referred to as **distribution**, which is used to describe the marketing and movement of products.

Physical distribution (P.D) is the set of activities concerned with efficient movement of finished goods from the end of the production operation to the consumer. Physical distribution takes place within numerous wholesaling and retailing distribution channels, and includes such important decision areas as customer service, inventory control, materials handling, protective packaging, order procession, transportation, warehouse site selection, and warehousing. Physical distribution is part of a larger process called "distribution," which includes wholesale and retail marketing, as well the physical movement of products.

Physical distribution creates 'time' and 'place' utility, which maximises the value of products "by delivering them to the right customer at the right time and right place."

The distribution channel is the movement of goods and services between the point of production and the point of consumption through organization that performs a variety of marketing activities. The major participants in the distribution channel are; producers, intermediaries and consumers.

It ican be concluded that:

(i) Physical distribution is science of logistics.
(ii) Physical distribution is the main mid-look between manufactual and creation of demand.
(iii) Physical distribution is a management of flow of commodity and flow arrangement simultaneous to distribution channel of the commodities of company and inside the firm/company.

(iv) Physical distribution is related to the receipt of proposed and manufactured commodities, collection, and material handling storage, transportation, packaging and inventory control etc., functions.

Importance of Physical Distribution:

1. Creation of utilities: The physical distribution function of a firm provides the place and time dimensions which contribute a basic element of marketing mix. The major components of physical distribution are transportation and warehousing.

2. Improved consumer services: In general terms, 'consumer service' is the service provided to the customer from the time of order placed till the product is delivered. Customer service in physical distribution function consists of providing products at the time and location corresponding to the customer needs.

3. Cut in distribution costs: The prices paid by the user consist of not only production costs but also delivery costs. Experts have estimated that the physical distribution costs are in the range of 20 to 25 percent of the price.

4. Increased market share: A new look and approach to physical distribution can contribute beyond the attainment of the twin objectives of improving consumer satisfaction and dealer profit margins. An increased market share one of the major aims of any growth aspiring marketing unit can be possible. There are definite ways in which an efficient physical distribution system can contribute towards this end.

5. Price stabilisation: Physical distribution can contribute considerably to the attainment of the situation of price stabilisation. Physical distributional components are capable of bringing about much desired price stabilisation.

Functions of Physical Distribution:

Physical distribution is part of a larger process called "distribution," which includes wholesale and retail marketing, as well the physical movement of products. The physical distribution functions include transportation and storage of goods. Until the goods have been sold out they should be kept safe and after selling they should be transported from one place to another.

1. Warehousing: Produced goods should be safely kept in warehouse until demanded by market, the same is called warehousing. A firm needs warehouses as storage facilities for finished goods. One objective of physical distribution is to decide how many warehouse locations the firm needs, and where to locate them.

If the warehouses are too far away from the consumer, it might mean a slower time to deliver the product to the customer. On the other hand, if it is close to the customer location, the cost of the warehouse might increase the total cost of distribution.

2. Inventory Control: There is a trade-off between having too much inventory on hand, with its incurred additional costs, and not having enough inventories on hand to satisfy shifting customer demand. Another objective for physical distribution is to put in suitable inventory policies so as to bring down the total cost of the physical distribution function.

Goods should be kept collected in stock to supply them at right time and place to the customers when demanded. This task is called inventory management.

3. Transportation and Logistics: One factor that influences the decision is the cost of transportation. The company has to make decisions relating to what mode of transportation to use for its physical distribution. For instance, it could truck the products, ship them, send them by train, or fly them. Sending a product by air is faster for international delivery, but it is also likely to be more expensive. Other decisions related to transportation include how often to transport goods, or the frequency of transportation, and the transportation route.

4. Order Processing: In processing the order of the customer, the company might have to move it through a number of channels. It could go from the manufacturer to the wholesaler to the retailer, and finally reach the consumer. Some companies have found ways to cut down on the multiple middlemen involved in this classic distribution system. If the order processing system is efficient, then the business can avoid other costs in other functions, such as transportation or inventory control.

5. Packing and Material Handling: After the order has been received from customers; the order should be kept recorded and sent to store and account sections. This task is called order handling. If the quantity of goods is not sufficient in the store to meet the demand, information is given to factory for production. If the goods as demanded are stock in store, they should be packed properly and then only they should be dispatched to the customer. Efficient and proper equipment cuts down material handling cost and save from breaks and damages. Nature of goods, package size, and packing method etc., also determine the sorts of handling equipment.

Promotion Mix

A marketing plan is focused on the target market and made up of four key elements. These four elements are also knows as the 4*P*s. One *P* is called the promotional mix and it contains advertising, public relations, personal selling and sales promotion. They are used as tools to communicate to the target market and produce organizational sales goals and profits.

Promotion-mix refers to an optimum combination of different promotional tools and techniques; with a view to maximizing sales and profits. The need for promotion-mix arises because all promotional tools and techniques are not equally effective and appealing. Promotion mix imparts a variety to the promotional efforts of the marketing manager.

Five Major Elements of Promotion Mix:

1. Advertising: "Any paid form of non-personal communication of ideas, goods or services by an identified sponsor in the "prime media" – i.e., television, newspapers, magazines, billboard posters, radio, cinema, etc. – 'The American Marketing Association'.

Advertising is intended to attract and to inform.

2. Personal Selling: "Any paid form of personal communication of ideas, goods and services by any representatives of the organization." – 'The American Marketing Association'

Face to face communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale".

3. Sales Promotion: "Any paid form of short-term communication of ideas, goods and services by offering some incentives to encourage the sales." – 'The American Marketing Association'

A variety of short-term incentives to encourage trial or purchase of the product. Providing incentives to customers or to the distribution channel to stimulate demand for a product.

4. Public Relation: "Any non-paid form of non-personal communication intended to create a positive image of the organization through involvement in social welfare activities." – 'The American Marketing Association'

It is an indirect communication about the product, brand or business by placing information about it in the media without paying for the time or media space directly but by getting involved in some social activities or by sponsoring some events. Otherwise known as "public relations" or PR.

5. Director Marketing: "Any paid form of personal and long-term communication of ideas, goods and services using direct communication platform such as – emails, newsletters, etc." – 'The American Marketing Association'

Direct marketing uses direct approaches to connect and communicate with the specific customers and prospects using emails, mails, business letters, telephone, and fax etc. It helps the marketer to create a dialogue with the customer for immediate and quick response.

Conclusion:

The main objective of marketing communication is to exchange the information about the product and organization with the help of promotion in order to create awareness amongst the customers and all other stakeholders. Thus promotion plays an important role in marketing communication and is considered as one of the most important components of the marketing communication.

Sales Promotion: Meaning, Objectives and Techniques

Sales promotion is a type of Pull marketing technique. If you have a product which is new in the market or which is not receiving a lot of attention, then you can promote this product to customers via sales promotion. You can use various techniques like giving discounts on the product, offering 1 + 1 free schemes, etc etc.

When a brand wants to increase the sales of its products, it uses Sales promotion. The brand can increase the sales by attracting new customers to their products or by retaining the old customers by various means. The company can also motivate the dealers and distributors of their channel to perform better for their brand, and to get their stock moving.

Promotion means to increase. Therefore, sales promotion is a continuous process to increase the sales. Therefore, it can be said that any process whose purpose is to increase sales is sales promotion. When a retailer is giving a calendar or any other gift to his customers, he is following sales promotion.

According to **Philip Kotler**, sales promotional tools have three distinctive characteristics:

1. Communication – They gain attention and usually provide information that may lead the consumer to the product.
2. Incentive – They incorporate some concession, inducement, or contribution that gives the value to the consumer.
3. Invitation – They include a distinct invitation to engage in the transaction now.

Objectives of Sales Promotion:

1. To introduce a new product.
2. To increase the inventories of middlemen and consumers.
3. To increase a products rate of use among existing consumers.
4. To attract new customers.
5. To counter a competitors sales promotion and other activities.
6. To reduce the extent of a seasonal decline in sales.
7. To make it easier for salesmen to secure more orders and arrange displays in retail stores.

Techniques of Sales Promotion:

1. Distribution of Free Samples – It is a very effective way of sales promotion. When consumers get free sample of the goods which is shortly to be introduced or has just been introduced in the market, they get an opportunity to test the product and examine its merits before they decide to purchase it.

2. Coupons – It is also an effective promotional tool. Coupon is a sort of certificate which is kept inside the package. It is also distributed by mail or door-to-door. The customer presents the coupon to a retailer concern and gets the goods delivered. This gives the consumer to test the quality and fitness of the product offered for sale to his own conditions. The ultimate motto is to increase the sale of an existing product or to introduce a new product.

3. Premiums – In this method, a purchaser is offered another product free of cost or at less than its actual cost. Premium as a promotional tool is used for various purposes like to introduce a new product, to attract new customers, to improve off season sale, to discourage competitions, etc.

4. Price-Off Promotion – This device of consumer oriented sales promotion provides an opportunity to the purchasers to get the product at a reduced price. This device is generally used to attract consumers for a particular period on a particular occasion. It is available in two forms – first, the reduction in price and the second, more than one item is packed and made available at a reduced price. We find this device generally at the time of festivals.

5. Fairs and Exhibitions – Display of goods in fairs and exhibitions also leads to sales promotion. Now-a-days, fairs and exhibitions are held at national and international levels. In such exhibitions, there is not only product promotion, but the industrialists also get some innovative ideas which prompt them to develop their products for benefit of all.

6. Buying Allowance – It is a short-term device which is used to induce the middlemen for promoting sales. In this method, the middleman gets buying allowance after purchase of goods more than a fixed point. It is generally paid in cash. In few cases it is also deducted from the total payment.

7. Free Goods – This is also an important sales promotion device meant for the middlemen. In this method, the middlemen get few goods free of cost, particularly after crossing the minimum limit.

Financial Management: Introduction, Importance and Functions

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.
Financial management may be defined as planning, organising, directing and controlling the financial activities of an organisation. According to Guthman and Dougal, financial management means, "the activity concerned with the planning, raising, controlling and administering of funds used in the business." It is concerned with the procurement and utilisation of funds in the proper manner. Financial activities deal with not only the procurement and utilisation of funds but also with the assessing of needs for funds, raising required finance, capital budgeting, distribution of surplus, financial controls, etc.

Basically it includes three types of decisions:

- Financing Decision
- Investment Decision
- dividend Decision

Objectives of Financial Management

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

- To ensure regular and adequate supply of funds to the concern.
- To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders.
- To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
- To ensure safety on investment, i.e, funds should be invested in safe ventures so that adequate rate of return can be achieved.
- To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

Importance of Financial Management

Financial management is one of the most important aspects in business. In order to start up or even run a successful business, you will need excellent knowledge in financial management. So what exactly is this form of management and why is it important? Read on to find out more.Financial management refers to the strategic planning, organising, directing, and controlling of financial undertakings in an organisation or an institute. It also includes applying management principles to the financial assets of an organisation, while also playing an important part in fiscal management. Take a look at the objectives involved:

- Maintaining enough supply of funds for the organisation;
- Ensuring shareholders of the organisation to get good returns on their investment;
- Optimum and efficient utilization of funds;
- Creating real and safe investment opportunities to invest in.

Functions of Financial Management

- **Estimation of capital requirements:** A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

- **Determination of capital composition:** Once the estimation have been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

- **Choice of sources of funds:** For additional funds to be procured, a company has many choices like-

    - Issue of shares and debentures
    - Loans to be taken from banks and financial institutions
    - Public deposits to be drawn like in form of bonds.

  Choice of factor will depend on relative merits and demerits of each source and period of financing.

- **Investment of funds:** The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

- **Disposal of surplus:** The net profits decision have to be made by the finance manager. This can be done in two ways:

    - **Dividend declaration -** It includes identifying the rate of dividends and other benefits like bonus.
    - **Retained profits -** The volume has to be decided which will depend upon expansional, innovational, diversification plans of the company.

- **Management of cash:** Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintainance of enough stock, purchase of raw materials, etc.

- **Financial controls:** The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

Elementary knowledge of Income tax, Sales tax, Excise duty, Custom duty and VAT

Income Tax: An income tax is a tax that governments impose on income generated by businesses and individuals within their jurisdiction. By law, taxpayers must file an income tax return annually to determine their tax obligations.12 Income taxes are a source of revenue for governments. They are used to fund public services, pay government obligations, and provide goods for citizens. Certain investments, like housing authority bonds, tend to be exempt from income taxes. An income tax is a tax imposed on individuals or entities (taxpayers) that varies with respective income or profits (taxable income). The tax rate may increase as taxable income increases (referred to as graduated or progressive rates). The tax imposed on companies is usually known as corporate tax and is levied at a flat rate. However, individuals are taxed at various rates according to the band in which they fall. Further, the partnership firms are also taxed at flat rate. Most jurisdictions exempt locally organized charitable organizations from tax. Capital gains may be taxed at different rates than other income.

Sales Tax: A sales tax is a tax paid to a governing body for the sales of certain goods and services. Usually laws allow the seller to collect funds for the tax from the consumer at the point of purchase. Hence sales tax is a consumption tax imposed by the government on the sale of goods and services. A conventional sales tax is levied at the point of sale, collected by the retailer, and passed on to the government.

Excise Duty: An excise tax is a legislated tax on specific goods or services at purchase such as fuel, tobacco, and alcohol. Excise taxes are intranational taxes imposed within a government infrastructure rather than international taxes imposed across country borders. A federal excise tax is usually collected from motor fuel sales, airline tickets, tobacco, and other goods and services. Excise taxes are primarily for businesses. Consumers may or may not see the cost of excise taxes directly. Many excise taxes are paid by merchants who then pass the tax on to consumers through higher prices. Merchants pay excise taxes to wholesalers and consider excise taxes in product pricing which increases the retail price overall.

Excise duty is a form of tax imposed on goods for their production, licensing and sale. An indirect tax paid to the Government of India by producers of goods, excise duty is the opposite of Customs duty in that it applies to goods manufactured domestically in the country, while Customs is levied on those coming from outside of the country.

Custom Duty: Custom duty is a type of indirect tax that is levied on all the goods that are imported to the country as well as some goods exported from the country. The duty levied on the former is referred to as import duty while that on the latter is referred to as the export duty. To simplify it, any tariff that is introduced on goods across national borders is referred to as custom duty. The duty levied depends on the value of the goods, its dimensions and weight along with a lot of other criteria. While value-based duties are called valorem duties (VAT), quantity-based duties are called specific duties.

In other words, a tax levied on imports (and, sometimes, on exports) by the customs authorities of a country to raise state revenue, and/or to protect domestic industries from more efficient or predatory competitors from abroad.

Customs duty is based generally on the value of goods or upon the weight, dimensions, or some other criteria of the item (such as the size of the engine, in case of automobiles).

VAT: A value-added tax (VAT) is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed.

In other words, it is levied at each stage in the chain of production and distribution from raw materials to the final sale based on the value (price) added at each stage. It is not a cost to the producer or the distribution chain members, and whereas its full brunt is borne by the end consumer, it avoids the double taxation (tax on tax) of a direct sales tax.

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