



QUICK REVIEW!



BUSINESS

AWARENESS-3

IMPORTANT BUSINESS

TERMINOLOGIES

(XAT, TISS-MAT, TISS-NET, CMAT, SSC, IIFT, BANKS)

Blue Chip:

A blue chip is a nationally recognized, well-established, and financially sound company. Blue chips generally sell high-quality, widely accepted products and services.

India's leading blue chip companies today are State Bank of India (SBI), Bharti Airtel, Tata Consultancy Services (TCS), HDFC Bank, etc.

Hedging:

A risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, or securities.

Example: Diversification.

Top Line and Bottom Line:

The top line refers to a company's gross sales or revenues. It is generally the topmost figure of a financial statement.

A company's bottom line is its net income, or the "bottom" figure on a company's income statement.

Hockey Stick: (In aspects of a start-up company)

When a start-up experiences steady growth and then a sudden rise, so that on a graph it looks a bit like a hockey stick

Angel Investor

An angel investor is a high net worth individual who puts their own finance into the growth of a small business in the early stage as seed funds for debt or equity ownership.

They invest in the formative stages of the startup's business and usually start contributing funds when the startup has something to present, such as a prototype of the product or service.

Venture Capitalist

Venture Capitalist enter in the later stages of development of a start-up for a portion of equity or debt ownership in an effort to advance the growth of the company by developing its market share.

Unicorns

Start-ups that have been valued at more than \$1 billion. Although in reality, unicorns are beyond start-up stage.

India is home to 31 Unicorns today, with consumer service startups leading the charts. Examples: Quikr, Zomato, Swiggy, etc.

(Source: dailyhunt.in)

Decacorn and Hectocorn

Decacorn is a word used for those start-up companies over \$10 billion. Decacorn is an evolved version of a unicorn. Ex. Paytm

While hectocorn is used for such a company valued over \$100 billion.

MVP (Minimum Viable Product)

A minimum viable product (MVP) is a development technique in which a new product or website is developed with minimum sufficient features so as to attain the highest return on investment.

Shell corporations

A shell corporation is a company with financial assets but no significant business activity. Shell corporations don't create products, hire employees, or generate revenue. Rather, they store money and engage in financial transactions.

Shell corporations can be used for illegal purposes like money laundering or legitimate purposes like storing funds in the early stages of a start-up.

Kaizen

Kaizen is a Japanese term meaning "change for the better" or "continuous improvement." It is a Japanese business philosophy regarding the processes that continuously improve operations and involve all employees.

Ponzi Scheme

A Ponzi scheme uses cash from new customers or investors to pay returns to existing investors. It does little legitimate business, but just recycles money.

Stagflation

Stagflation is the combination of high inflation and stagnant economic activity coupled with rising unemployment, or the worst of both worlds – has become a buzzword again.

Tax Haven

A country or area with low tax rates where companies may hold investments to try to minimise the amount of tax they have to pay.

Holacracy

In a holacracy, instead of hiring a person to fill a pre-defined role (such as that outlined in a job description), people opt to take on one or more roles at any given time and have flexibility to move between teams and roles if they have skills or insights that would prove beneficial to the organization.

Bootstrapping:

Bootstrapping is building a company from the ground up with nothing but personal savings and, with luck, the cash coming in from the first sales.

In simple terms, a bootstrap is a business launched by an entrepreneur with little or no outside cash or other support.

Pivot: (In the context of a start-up)

A pivot is essentially a shift in business strategy to test a new approach regarding a start-up's business model or product after receiving direct or indirect feedback.

B2C and B2B:

B2C and B2B are two forms of commercial transactions.

B2C, which stands for business-to-consumer, is a process for selling products directly to consumers.

B2B, which stands for business-to-business, is a process for selling products or services to other businesses.

Gazumping:

The process whereby a seller who has already accepted one buyer's offer then goes on to accept a higher offer, pushing the first buyer out of the picture.

It can occur at any point before contracts are exchanged, as until the papers are signed there is no legal obligation for either party to buy or sell.

Break-even Point:

The break even point is the production level where total revenues equals total expenses.

Total profit at the break-even point is zero.

Collateral:

Collateral is something lenders can use to give security against a loan. Often this is a major asset such as a house.

Economies of Scale:

The cost advantages obtained by a business when buying an item in bulk. The price of an item usually decreases as the amount bought increases.

Golden Hello:

An attractive package (typically a bonus, or stock options) that are offered to a senior employee as an incentive to join the company.

Gross Domestic Product (GDP):

Gross Domestic Product or GDP, is the value of everything that is produced within the country's domestic territory in a particular financial year.

During the calculation of GDP, the primary focus is to capture the goods produced or services rendered within the nation's border, whether the output is produced by the residents or non-residents of the country.

Gross National Product (GNP):

Gross National Product or GNP is the total market value of everything (i.e. goods and services) produced by the residents of the country during a particular accounting year.

GNP includes the income earned by the country's nationals within and outside the country, but it excludes the income earned by the foreign citizens and companies within the country.

Gilt-edged Securities:

Gilt-edged securities are high-grade bonds issued by certain national governments and private organizations.

Since these securities are government guaranteed securities, they are completely safe as regards payment of interest and repayment of principal.

Insolvency:

When a company becomes unable to pay off its creditors, or its liabilities exceed its assets.

IPO & FPO:

Initial Public Offerings (IPO): An IPO is a company's first issue of shares to the general public.

FPO: A follow-on offering is an issuance of additional shares made by a company after an initial public offering.

Black swan:

A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences

1. Insider Trading

2. FPIs

3. FIIIs

4. Sunk Cost

Assignment Term!

Thanks a lot for watching!

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