

تمام کلاسز کی حل شدہ مشقیں MrPakistani ویب سائٹ سے فری ڈاؤن لوڈ کریں۔

Allama Iqbal Open University Solved Assignments Spring 2026

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گھر بیٹھے حل شدہ مشقیں، گیس پیپرز، کتابیں اور خلاصے حاصل کرنے کے لیے رابطہ کریں واٹس ایپ نمبر: 03036940016

نوٹ: ہم طلبہ کے لیے جامع اور معیاری تعلیمی خدمات فراہم کرتے ہیں۔ ہماری خدمات میں علامہ اقبال اوپن یونیورسٹی کے حل شدہ اسائنمنٹس، گیس پیپرز، سابقہ پرچے، تازہ ملازمتوں کی معلومات، آن لائن سی وی تیار کرنا، ملازمت کے لیے درخواست دینا، یونیورسٹی داخلوں میں رہنمائی اور درخواست جمع کروانا شامل ہیں۔ اس کے علاوہ یونیورسٹی سے متعلق طلبہ کے ہر قسم کے تعلیمی اور رہنمائی کے کام میں مکمل تعاون فراہم کیا جاتا ہے تاکہ طلبہ کو ایک ہی جگہ پر تمام ضروری سہولیات میسر آسکیں۔



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Assignment 1

Q.1. What is capitalism? How does it encourage people to become entrepreneurs? Explain the benefits of capitalism over socialism.

Definition of Capitalism

Capitalism is an economic system characterized by **private ownership** of the means of production (land, factories, machinery, resources) and their **operation for profit**. Prices, production, and distribution of goods are determined primarily by **market forces** (supply and demand) rather than by central government planning. Key features include:

- Private property rights
- Freedom of enterprise and choice
- Profit motive as the main driver
- Competition among firms
- Limited government intervention (laissez-faire in its pure form)



How Capitalism Encourages Entrepreneurship

Capitalism creates a fertile environment for entrepreneurs in the following ways:

Factor	Explanation
Profit incentive	Entrepreneurs keep the profits they earn (after tax), which motivates them to innovate and take risks. Higher profit potential attracts more people to start businesses.
Free entry and exit	Anyone with an idea and capital can start a business; failing businesses can close without government obstruction. This reduces fear of failure.
Price signals	Rising prices indicate high demand or scarcity, guiding entrepreneurs where to invest. Falling prices signal oversupply or obsolescence.
Access to capital markets	Banks, venture capitalists, and stock markets provide funds to promising business ideas. Investors seek high returns, so good ideas get funded.
Property rights protection	Entrepreneurs know that their inventions, brands, and assets cannot be arbitrarily seized by the state, giving them security to invest for the long term.



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Conclusion: While partnerships are suitable for small, low-risk, professional practices (law firms, doctor clinics), a private limited company is superior for ventures that require outside capital, limited liability protection, and long-term continuity.

Q.3. Keeping in view the existing financial system of Pakistan, what are the various sources from which businesses can obtain funds for their expansion plans?

Sources of Business Finance in Pakistan

Businesses in Pakistan can raise funds from both **internal** and **external** sources. The financial system includes banks, capital markets, microfinance institutions, and development finance institutions.

A. Internal Sources (Self-generated)

Source	Description
Retained earnings	Profits reinvested in the business instead of distributed as dividends. Most common for established firms.
Owner's savings / personal assets	Sole proprietors and partners inject personal funds.
Sale of surplus assets	Selling unused machinery, land, or inventory to generate cash.

B. External Sources

1. Bank Financing (most common in Pakistan)

Type	Details
Overdraft	Short-term, flexible borrowing up to a limit; interest only on amount used.
Cash finance	For working capital (purchase of raw materials, inventory).
Running finance	Similar to overdraft but with a formal limit and repayment schedule.
Term loans	Medium to long-term (1-10 years) for buying machinery, vehicles, or expansion.



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Lease financing	Bank buys asset (e.g., machine) and leases it to the business; ownership transfers after lease period.
Export refinance	Concessional loans from banks (with SBP refinance) for export-oriented businesses.
Islamic banking modes	Murabaha (cost-plus sale), Ijarah (leasing), Musharakah (partnership), Mudarabah (profit-sharing).

2. Capital Markets (for larger companies)

Source	Description
Initial Public Offering (IPO)	Selling shares to the public on Pakistan Stock Exchange (PSX). Only suitable for large, established firms.
Rights issue	Existing shareholders buy additional shares at a discount.
Term Finance Certificates (TFCs)	Corporate bonds; companies borrow from institutional investors (e.g., mutual funds, pension funds).
Sukuk	Shariah-compliant bonds. Increasingly popular in Pakistan.

3. Development Financial Institutions (DFIs)

Institution	Role
SMEDA	Provides advisory services and facilitates access to finance for SMEs; also guarantees some loans.
PPAF (Pakistan Poverty Alleviation Fund)	Funds micro-enterprises through partner organisations.
Khushhali Bank	Microfinance bank for very small businesses.
NRSP Bank	Rural-focused microfinance.

4. Government and Semi-Government Schemes

Scheme	Description
Prime Minister's Youth Business Loan	Loans up to Rs. 25 million for young entrepreneurs (21-45 years) at concessional mark-up (5%-8%).
SME Asaan Finance Scheme	SBP scheme for small businesses with simplified documentation.
Pakistan Banao Certificate (PBC)	Foreign currency bonds for overseas Pakistanis; indirectly supports business by increasing forex reserves, but not direct business finance.



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5. Non-Bank Financial Institutions (NBFIs)

Source	Description
Modarabas	Profit-sharing companies that raise funds through certificates and invest in businesses.
Leasing companies	Specialise in lease financing (e.g., ORIX Leasing).
Venture capital funds	Provide equity to start-ups with high growth potential (e.g., Sarmayacar, Indus Valley Capital).
Private equity	Invest in established private companies in exchange for ownership.

6. Informal and Alternative Sources

Source	Description
Family and friends	Common for very small start-ups.
Trade credit	Suppliers allow payment after 30-90 days; effectively short-term financing.
Angel investors	Wealthy individuals invest in early-stage businesses (emerging in Pakistan's tech sector).
Crowdfunding	Platforms like LaunchGood, Indiegogo; still limited in Pakistan.

Summary Table by Business Size

Business Size	Best Sources
Micro / Sole proprietorship	Personal savings, family loans, microfinance banks, PM Youth Loan.
Small / Medium (SME)	Bank term loans, leasing, SMEDA facilitation, trade credit, angel investors.
Large / Corporate	IPOs, rights issues, TFCs, syndicated bank loans, term finance certificates, sukuk.

Conclusion: Pakistan's financial system offers a range of sources, from traditional bank loans to capital market instruments. Small businesses often rely on bank financing and government schemes, while large corporations access the stock exchange. Businesses should match the source with their stage of growth, risk profile, and repayment capacity.



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Steps in the Organising Process

Step	Activity
1. Review plans and goals	Determine what tasks need to be done.
2. List all activities	Identify all work required to achieve the plan.
3. Group activities	Create departments or teams based on function, product, geography, or customer.
4. Assign activities	Allocate tasks to specific individuals or positions.
5. Delegate authority	Give people the power to make decisions and use resources.
6. Coordinate	Ensure departments and individuals work together smoothly.

Forms of Organisational Structure

Structure	Description
Line organisation	Direct authority flows from top to bottom; simple, suitable for small firms.
Functional organisation	Specialised departments (e.g., HR, finance) advise line managers; common in medium firms.
Line and staff	Combines line authority with staff experts (advisors).
Matrix structure	Employees report to both a functional manager and a project manager; used for complex projects.
Divisional structure	Separate divisions for each product, region, or customer group.

Importance of Organising

- Avoids confusion and duplication of effort.
- Establishes clear accountability.
- Enables efficient use of resources.
- Facilitates communication and coordination.
- Provides career paths and specialisation.

Relationship Between Planning and Organising

- **Planning** decides **what** to do and **why**.
- **Organising** decides **who** will do it and **how** resources will be arranged.
- Without planning, organising lacks direction. Without organising, plans cannot be implemented.



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Example: A pizza chain plans to open 10 new outlets in Lahore (planning). Then it organises by hiring a real estate manager to find locations, a construction team, and store managers, and creates a regional operations structure (organising).

Conclusion: Planning and organising are the foundation of management. Planning sets the destination, organising builds the vehicle to reach it.

Q.5. Without marketing, a business will not be able to make sufficient profits. What are the 4Ps of marketing? Explain its elements.

The 4Ps of Marketing (Marketing Mix)

The marketing mix is a set of controllable, tactical marketing tools that a firm blends to produce the desired response from its target market. E. Jerome McCarthy first proposed the 4Ps in 1960. They are: **Product, Price, Place, Promotion.**

1. Product

Definition: The tangible good or intangible service offered to customers to satisfy their needs or wants.

Elements of Product:

Element	Explanation
Core product	The basic benefit or problem-solving service (e.g., a phone's core product is communication).
Actual product	Physical features: design, brand name, packaging, quality level.
Augmented product	Additional services: warranty, after-sales service, installation, delivery.
Product line	A group of related products (e.g., different flavours of a drink).
Product mix	All products offered by a company (e.g., Nestlé sells coffee, baby food, chocolate).

Decisions: What to produce, what features to include, branding, packaging, labelling, product life cycle management.



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Example in Pakistan: Qarshi (Herbal products) offers health drinks, syrups, and personal care items – each with different formulations, packaging sizes, and brand names.

2. Price

Definition: The amount of money customers must pay to obtain the product. Also the only P that generates revenue (others are costs).

Elements of Price:

Pricing Strategy	Explanation	Example
Cost-plus pricing	Add a profit margin to the cost of production.	A bakery sets price = cost + 40% margin.
Penetration pricing	Low price to gain market share quickly.	New mobile network offers very low rates initially.
Skimming pricing	High price to maximise profit from early adopters.	New iPhone model priced very high at launch.
Competitive pricing	Price similar to competitors.	Petrol prices determined largely by market.
Value-based pricing	Price based on perceived value to customer.	Luxury watches priced far above manufacturing cost.
Psychological pricing	Rs. 999 instead of Rs. 1,000 to appear cheaper.	Common in retail.

Factors affecting price: Cost of production, competition, demand elasticity, legal regulations, company objectives (profit vs market share), and economic conditions.

Example: In Pakistan, telecom companies offer low voice call rates (penetration) to attract users, then charge for data and value-added services.

3. Place (Distribution)

Definition: Making the product available to customers at the right time, in the right quantity, and at the right location.

Elements of Place:



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