

5. TYPES OF BUSINESS FINANCE IN PAKISTAN

All businesses, small ones and big units require finance. They need money for investment in fixed asset such as land, building, machinery etc. Once business is in operation, money is needed

for working capital such as purchase of raw material, payment of wages, gas electricity bill etc. A gaining concern also requires extra capital to cover a temporary cash flow crisis, to purchase new improved machinery or simply to expand the business. The financial requirements of a business, on the basis of time duration, are usually classified under three main heads; short, medium and long term finance. These three types of finance along with their sources are now discussed in brief.