

ORGANIC GROWTH AND INORGANIC GROWTH



vEcoSys

**Understanding the difference
between organic growth and
inorganic growth**
– By Prof. *Simply Simple*™



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One of our patrons has asked to
clarify these terms

I think an example would help clarify

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Let's imagine there is a "bhelpuriwala" who has a stall in a famous market place. He has been in this business for long and has quite a reputation. He sells "Bhel" under the brand "Golden Snacks"



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With time as his business starts growing. He soon has money to stock other products. So he introduces Sev Puri, Dahi Puri, Delhi Chaat etc under the “Golden Snacks” banner.

The addition of new products gives further impetus to his business. This kind of growth is what we typically call, “Organic” growth.

It is growth that comes from within the same business



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As time goes by and his business grows further, he starts accumulating a lot of money. With all the money at his disposal, he gets more ambitious and wants to invest the money in his business to make it grow even faster. But he realizes that even if he invests the money it would not be possible to grow the business from within in short time span. So he starts to think of another approach to attain quick growth



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He hits upon another idea. He purchases four new snack shops in the same area lock stock and barrel and brings them all under the “Golden Snacks” banner. Such growth which can be purchased and which is essentially from the outside is known as “inorganic” growth.



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Hope this lesson has succeeded in clarifying the difference between Organic and Inorganic Growth

Thinking of Investment

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