

## 2: FINANCE:-

The activities associated with banking, leverage or debt, credit, capital markets, money, investments etc. Finance represents money management and the process of acquiring needed funds as a whole. The purpose of finance is to help people save, manage & raise money. Finance needs to have its purpose enunciated and accepted. 3 types of finance are

- Corporate Finance.
- Public Finance.
- Personal Finance.

This is known as finance as a whole.

### • Pay back Period:-

It refers to the time required to recover the funds expended in an investment or to reach the break-even point. Example:- A ₹1000 investment made at the start of year 1 which returned ₹500 at the end of year 1 & year 2 it would have a 2 year pay back period.

### • Net present value method:-

It applies to a series of cash flows occurring at different times. The present value of a cash flow depends on the interval of time between now & the cash flow. It also depends on the discount rate. Net present value accounts for the time value of money.