

## Section - 4

Q. 2 → What do you understand by finance, explain its various objective? What is payback period and net present value method (NPV)?

Ans → Finance:- The term finance can be defined as the management of the flow of money through an organisation, whether it will be a corporation, school, bank or government agency.

Objective of financial management

Profit  
maximisation

Wealth  
maximisation

Payback period and NPV method:- NPV is calculated in terms of currency while payback method refers to the period of time required for the return on an investment.

Payback, NPV and many other measurement from a number of solution to evaluate project value.