

Section-5

Ques.1 A project requires an outlay of Rs 1,00,000 and yields annual cash inflow of Rs 25,000 for 7 years. Calculate the payback period for the given project?

"Finance is the life blood of industry". Elucidate this statement with suitable examples.

Pay back period.

Annual cash = 100,000

Inflow = 25000 for 7 years

$$\text{Pay back period} = \frac{100,000}{25000} = 4$$

4 years are calculated for the pay back period of the given project.

Finance is the life blood of business. It flows in mostly from sale of goods and services. It flows out for meeting various types of expenditure. The activating element in any b/s which may be an industrial or commercial undertaking is the finance. Finance plays an very imp. role in the day-to-day lives of each individual or corporation. It is a very wide term and it can be said to be the study of the science of managing funds.

An imp. aspect of finance is that individuals and corporations deposit money in a financial institution, especially banks, which in turn lend out money and charge an interest for their services.