

Lecture 1

The Importance of Financial Management

Financial management provides pathways to attain goals and objectives in an organisation. The main duty of a financial manager is to measure organisational efficiency through proper allocation, acquisition and management.

The importance of financial management is explained below –

- It provides guidance in financial planning.

- It assists in acquiring funds from different sources.

- It helps in investing an appropriate amount of funds.

- It increases organisational efficiency.

- It reduces delay production.

- It cut down financial costs.

- It reduces cost of fund.

- It ensures proper use of fund.

- It helps business firm to take financial decisions.

- It prepares guideline for earning maximum profits with minimum cost.

- It increases shareholders' wealth.

- It can control the financial aspects of the business.

- It provides information through financial reporting.

- It makes the employees aware of saving funds.