M. Com. Sem. ~~III~~ I
Subject – Business Finance
Topic – Importance of Financial Management

Following are the importance of Financial Management –

I. From Business Point of View –
For business point of view, effective financial management is the backbone of operations and strategic growth. From this point of view, following are the importance –

1. In acquiring sufficient funds – Financial Management is very helpful in acquiring sufficient funds for business.
2. Proper Utilization of funds – Proper financial planning helps in proper utilization of funds. It helps companies manage cash flow, navigate economic shifts and avoid financial crisis.
3. Increase in profitability – By controlling cost, optimizing resources and identifying profitable opportunities financial management boosts overall profitability. It provides

financial support by reinvestment in the institution. ~~Profi Profit~~ use of profit for reinvestment is a best source of finance.

4. Financial Decision Making - It helps in the financial decision making. Financial management provides valuable informations through forecasting and financial analysis.

~~Maximization of wealth - financial management helps ind.~~

iii From Personal Point of view -

1. Maximization of wealth - Financial management helps individuals build ~~wher~~ wealth over time through smart savings and investment.
2. Useful for investors - A sound financial management demonstrates accountability and a clear plan, which makes individuals and organisations more attractive to potential investors.
3. Useful for Banks, Financial institutions etc - Financial Management is very helpful for Banks and financial institutions in decision making.

→