

# Understanding the Basics of Finance

## Importance of Financial Management

Financial management plays a crucial role in the optimal utilization of resources. It aids in decision making and control of activities to maximize return on investments.

## Key Financial Concepts

Understanding key financial concepts such as Risk and Return, Time Value of Money and Cost of Capital is essential. These concepts form the basis of any financial decision-making process.

## Role of Financial Markets

Financial markets play a key role in the smooth functioning of an economy. They provide a platform for the issuance and trading of securities, thus facilitating the flow of capital from savers to borrowers.