



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: MBA III SEM..

SUBJECT: WORKING CAPITAL MANAGEMENT

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LECTURE: 11

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LECTURE-11



Approaches to Working Capital

The financing of working capital is very crucial to management of working capital as it makes a significant impact on the firm's profitability and liquidity position. There are three types of sources of working capital finance, such as short-term financing, long-term financing and spontaneous financing. But working capital should be financed with two sources i.e. short-term and long-term.

The mix of short-term and long-term sources of working capital financing varies in each approach and consequently, the impact of each of the following four approaches on the profitability and liquidity position of the business also varies.

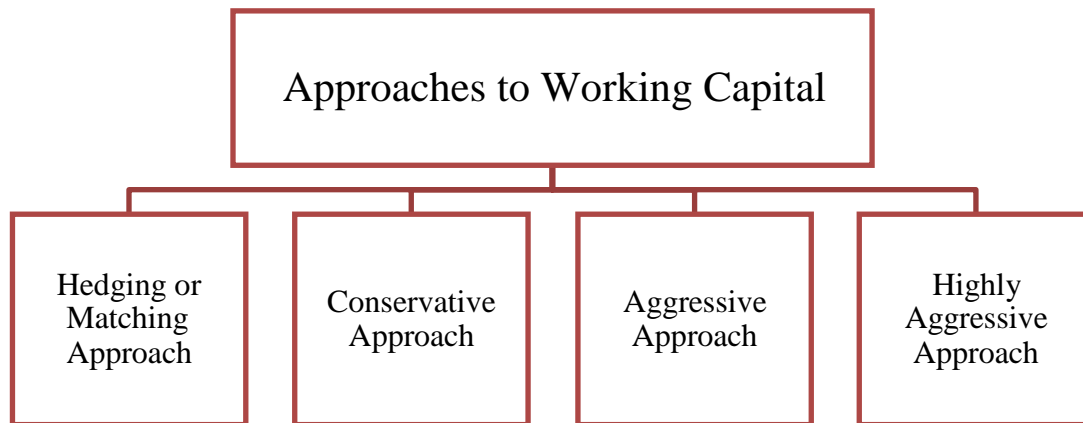


Figure : Approaches to Working Capital

