



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: MBA III SEM..

SUBJECT: WORKING CAPITAL MANAGEMENT

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NAME OF FACULTY: DR. PALASH BAIRAGI

LECTURE-34



CASH MANAGEMENT STRATEGIES

Cash management involves decision making at every step. It is not an immediate solution but a strategical approach to financial problems. Following are the strategies of cash management:



Business Line of Credit: The organization should opt for a business line of credit at an initial stage to meet the urgent cash requirements and unexpected expenses.

Money Market Fund: While carrying on a business, the surplus fund should be invested in the money market funds. These are readily convertible into cash whenever required and yield a considerable profit over the period

Sweep Account: The organizations should avail the facility of sweep accounts which is a mix of savings and fixed deposit account. Thus, the minimum balance of the savings account is automatically maintained, and the excess sum is transferred to the fixed deposit account.

Cash Deposits (CDs): If the company has a sound financial position and can predict the expenses well along with availing of a lengthy period, it can invest the surplus cash in the cash deposits. These CDs yield good interest, but early withdrawals are liable to penalties.