



# SNS College of Technology

Coimbatore - 35



**19BAE711 – Working Capital Management**

**Unit V - Working Capital Financing**

**Presented by**

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# Guest the topic

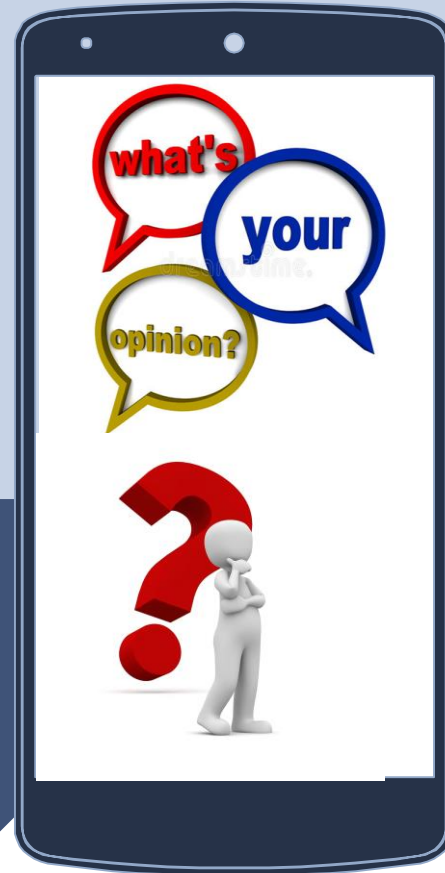




# Recall

- Bank Credit
- Types
- Purpose
- Advantages
- Disadvantages





# What is financing?



# Short Term Financing

- A short term loan is a type of loan that is obtained to support a temporary personal or business capital need.
- As it is a type of credit, it involves repaying the principle amount with interest by a given due date, which is usually within a year from getting the loan.





# Characteristics

- Short term loans are called such because of how quickly the loan needs to be paid off. In most cases, it must be paid off within six months to a year – at most, 18 months.
- Long term loans can last from just over a year to 25 years. Some short term loans don't specify a payment schedule or a specific due date.
- They simply allow the borrower to pay back the loan at their own pace.





# Types of Short Term Loans

- Merchant cash advances
- Lines of credit
- Payday loans
- Online or Installment loans / Commercial Bank Loan
- Invoice financing
- Trade Credit
- Commercial paper



# Advantages



- Shorter time for incurring interest
- Quick funding time
- Easier to acquire







# Intermediate-term financing



- Term loans
- Conditional sales contracts
- Lease Financing

## What is Financial Lease?





# Summary

- Short Term Financing
- Characteristics
- Types
- Intermediate Short Term Financing

SUMMARY





# Assessment

Commercial paper is a part of short term loan

Ans: Yes





# Reference

- <https://corporatefinanceinstitute.com/resources/accounting/short-term-loan/>
- <https://www.britannica.com/money/business-finance/Long-term-financial-operations>



# Reach Us



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*Thank  
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