MIT | School of Distance Education

A

PROJECT REPORT

ON

"Name of Project" = FINANCE MANAGEMENT

"MIT School of Distance Education"

IN PARTIAL FULFILMENT OF

"Enrolled Course Name"

MIT SCHOOL OF DISTANCE EDUCATION, PUNE.

GUIDED BY

"Name of Guide Provided in Guidelines"

SUBMITTED BY

"Name of Enrolled Student"
Abhishek kumar

STUDENT REGISTRATION NO.: MIT2022D01954

MIT SCHOOL OF DISTANCE EDUCATION PUNE - 411 038

YEAR 202X-2X

www.mitsde.com

MIT | School of Distance Education

Exempt Certificate - If you're not able to provide the Project Executed Certificate

To

The Director
MIT School of Distance Education,

Respected Sir,

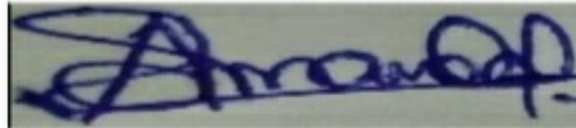
This is to request you to kindly exempt me from submitting the certificate for Project Work due to the reason mentioned below:

Tick the right option

1. As per the Rules of the Organisation
2. ✓ Self Employed
3. Working in Public Sector
4. Full-time Student

Thanking you in anticipation of your approval to my request.

Regards

Student Sign: - 

Student Name:- Abhishek kumar

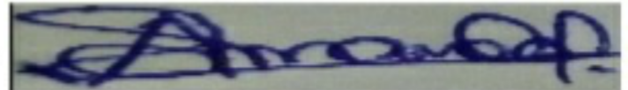
Student ID: MIT2022D01954

MIT | School of Distance Education

DECLARATION

I hereby declare that this project report entitled **"Subject** FINANCE Management bonafide record of the project work carried out by me during the academic year 2022-2024 in fulfillment of the requirements for the award of **"Enrolled Course Name"** of MIT School of Distance Education.

This work has not been undertaken or submitted elsewhere in connection with any other academic course.

Sign:- 

Name:- Abhishek kumar

Student ID: MIT2022D01954

www.mitsde.com

MIT | School of Distance Education

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere thanks and gratitude to **"Guided by"**, Faculty of MIT School of Distance Education, for allowing me to do my project work in your esteemed organization. It has been a great learning and enjoyableexperience.

I would like to express my deep sense of gratitude and profound thanks to all staff members of MIT School of Distance Education for their kind support and cooperation which helped me in gaining lots of knowledge and experience to do my project work successfully.

At last but not least, I am thankful to my Family and Friends for their moral support, endurance and encouragement during the course of the project.

Sign:-

Name = Abhishek kumar
STUDENT ID= MIT2022D01954

www.mitsde.com

Contents

Preface

Chapter 1 Introduction 1

Scope of Financial Management 3

Finance and Business Finance 4

Finance and Production/Marketing/ Quantitative Methods 4

Meaning of Financial Management
.... 7

Nature of Financial Management
.... 10

Aims of Finance Function
....
...... 12

Functions of Controller
....
.... 14

Financial Management and Its Relationship with Other Disciplines 14

Emerging Role of Financial Manager
.... 17

Responsibilities of Financial Manager
.... 19

Functions of Finance Manager
....
20

Importance of Establishing goals for Financial Regulators 22

Financial Management Systems
....
28

Local Government Financial Management
.... 29

Chapter 2 The Scope of Financial Management
.... 32

Definition, Aims, Scope and Functions of Financial Management.................... 32

Objectives of Financial Management
.... 35

Objective of Financial Management in a Multinational Corporation 36

Importance of Financial Management 46

Approaches of Financial Management 48

Elements of Financial Management 50

Functions of Financial Management 51

Areas of Decision Making in Financial Management 53

Goals of Financial Management 54

Core Financial Management Decisions
.... 61

Evolution of Financial Management
.... 62

Assessment of Financial Management
.... 62

Chapter 3 Financial Planning Management
.... 65

Definition of Financial Planning
....
65

Financial Planning for Life Goals
.... 72

Investment and Financial Planning
.... 75

Investing in Financial Planning

....
94

Importance of Financial Planning
.... 99

Preface

Financial management is the process of planning funds, organizing available funds and

controlling financial activities to achieve the goal of an organization. It includes three

important decisions which are investment decisions, financing decision and dividend

decision for a specified period of time. Investment decision includes working capital decision

and capital budgeting decision. Financing decision involves identifying sources of financing,

determining the duration and cost of financing and managing investment return.

Finance is an important concept for business owners to grasp. It encompasses every

facet of their business, and even with the best product and marketing plan in the world a

business can still fail without proper financial planning. Finance and financial management

encompass numerous business and governmental activities. In the most basic sense, the

term finance can be used to describe the activities of a firm attempting to raise capital

through the sale of stocks, bonds, or other promissory notes.

Financial management systems include budget planning and implementation systems,

procurement systems, financial statement preparation systems and audit systems. These

systems are utilized across government and apply equally to ministries and other government

agencies that may be implementing a budget support or sector loan, an investment project

loan, a line of credit or a grant.

Financial Planning is the process of

estimating the capital required and determining it's

competition. It is the process of framing financial policies in relation to procurement,

investment and administration of funds of an enterprise.

An understanding of determinants of cash inflows and outflows alone is not adequate

in managing cash. It is necessary to forecast cash flows by our understanding on the

determinants of cash flows of the firm. Cash forecasting is the core of cash management.

A firm, which is not forecasting the cash flows as a section of managing the cash flows, will

face unanticipated cash shortage. In order to mitigate the unanticipated cash shortage,

typically the firm will either delay the payment procedure or resort to emergency borrowing.

Delay in payments to suppliers will affect the price or delay in supply, causing increased

cost or expensive manufacture delays.

Capital budgeting involves determining the most advantageous investment options for

your small business's liquid assets. Accountants use several complex calculations to analyze

possible investment returns, but many small businesses lack personnel with awareness of

the complexity of capital budgeting. Simply estimating yearly returns in cash flow doesn't

offer your small business an accurate representation of an investment's real return value.

The present book highlights, considers and discusses various contemporary issues of

banking. It is hoped that the present book will meet fully the requirements of both categories

of readers, practical and academics.

– Author

MIT | School of Distance Education

Introduction

Many of the concepts and terms introduced

here will be ubiquitous throughout

the text and making an effort to come to grips with them now will produce its

reward later. A unifying model of the financial management process is being

particularly introduced by this chapter. This model will serve as an integrated and

coherent frame of reference for our approach to the study of financial management

throughout this text. The model puts a stress on the link between an organization's

financial management and its general management processes.

Like such other management disciplines al human resource and marketing

management, financial management does

not exist in isolation but is an integral

part of the general management of any organization. As such, it is similarly affected

by the key changes and trends which are impacting on general management in the

broader business environment today. For instance, in common with most other

aspects of business, financial management is becoming an international affair. The

remarkable advancements in communications and information technology have

greatly facilitated the sustained progress towards the greater internationalization

of business and finance. These advances have lowered costs and increased the

efficiency and attractiveness of conducting international business —so much so

that the world is now virtually a global marketplace. The positive impact of this

advancement on the financial manager is that a firm's investment and financing

decisions are being taken more frequently in an international business context.

The most remarkable new trend in finance has been the shift to a global financial

marketplace. This has been greatly aided by changes such as the deregulation and

liberalization of financial markets, the explosion in the range of new financial products

Financial Management and services available to the financial manager, a practice referred

to as financial

innovation, and the trend by financial institutions to build up their worldwide network

of operations. Over the coming years these trends will undoubtedly continue and

seemingly at a faster pace to have a profound effect on business and finance world.

The Internet, the World-Wide Web, and electronic commerce (e.g. electronic money

and payments systems and electronic retailing), for example, are comparatively recent

innovations which have changed radically, in a relatively short period of time, the

way individuals and businesses operate and

communicate.

With these changes and new trends, the financial manager is confronted with a

greater range of challenges, opportunities and options for enhancing the investing

and financing activities of the firm, but they also have their inherent risks. The

challenge for the financial manager is to explore the options, take advantage of the

opportunities they present, while taking care to manage the risks.

From an organizational point of view, the process of financial management is

associated with financial planning and financial control. Financial planning seeks to

quantify various financial resources available

and plan the size and timing of

expenditures. Financial control refers to monitoring cash flow. Inflow is the amount

of money coming into a particular company, while outflow is a record of the

expenditure being made by the company. Managing this movement of funds in relation

to the budget is essential for a business. At the corporate level, the main aim of the

process of managing finances is to achieve the various goals a company sets at a

given point of time. Businesses also seek to generate substantial amounts of profits,

following a particular set of financial processes. Financial managers aim to boost the

levels of resources at their disposal. Besides, they control the functioning on money

put in by external investors. Providing investors with sufficient amount of returns on

their investments is one of the goals that every company tries to achieve. Efficient

financial management ensures that this becomes possible.

Strong financial management in the business arena requires managers to be

able to:

1. Interpret financial reports including income statements, Profits and Loss

or P&L, cash flow statements and balance sheet statements

2. Improve the allocation of working capital

within business operations

3. Review and fine tune financial budgeting, and revenue and cost forecasting

4. Look at the funding options for business expansion, including both long

and short term financing

5. Review the financial health of the company or business unit using ratio

analyses, such as the gearing ratio, profit per employee and weighted

cost of capital

6. Understand the various techniques using in project and asset valuations

7. Apply critical financial decision making techniques to assess whether to

proceed with an investment

8. Understand valuations frameworks for businesses, portfolios and

intangible assets.

Introduction

MIT | School of Distance Education

SCOPE OF FINANCIAL MANAGEMENT

Scope of financial management is vast and important to business. It is involve

in all level of management and all fields of human activities. We can prove that

without good financial management, no

organization can be alive. Organization is

helpful for people and wants welfare of public. But, it need fund, money and cash

and for getting it, it uses techniques of financial management. So, financial

management makes his place everywhere.

We can divide financial management scope into three major parts:

1. Financial Management in New Companies: A new company spends large

amount on production and marketing but it should ignore proper use of

its fund. Financial management's gateway is new company and if new

company ignores financial management study, it means it is ignoring cash,

inventory, debtors and fixed assets management. Past study reveals that

big organization or companies did not trade even one year and before

one year they took their baggage and became liquidated. Why? Because,

given debt was demanded from these companies by creditors. By

answering no, court had liquidated them.

2. Financial Management in Old Companies: Old company can survive in

long run, if it is capable to pay debt timely, to pay salary on time and to

pay other daily expenses. Because old company has good reputation in

financial market, so financial management's some part like working capital

management is very significant. Old company should try to increase

growth rate by using new techniques of financial management.

3. Financial Management in NGO: In this material age, every work is

becoming business. Only NGO are working not for profit aim. Its aim is

not to earn money but here is also question of its existence. Like survive

of company, NGO can live only and only after proper management of its

cost and management of cost can be taught only in financial management.

So, NGO are also under the scope of financial management. Every NGO

wants to provide free services long time. Without, use the techniques of

financial management, NGO starts misuse the scarce sources of public.

After revealing this fact, public may reduce to donate to NGO, so NGO

should be aware about financial management.

MEANING OF FINANCIAL MANAGEMENT

Financial management is one of the most important functional areas of

management, because the success of a company greatly depends on the proper

utilisation of its financial resources. The importance of financial management cannot

be over-stressed. Some people feel that a financial manger is useful only in the

private enterprises. However, sound financial management is necessary in all

organisations—profit or non- profit, where funds are required. A financial manager

is as essential in a centrally planned economy (like that of Soviet Russia) as in a

Financial Management capitalist set up. This is because the financial manger plays a crucial role in making

the best use of resources. Most sick mills taken over by Government recently are

merely sick because the funds were squandered or mismanaged. Actually, even in

a boom period when a company makes high profits, there is a danger of liquidation

just because of bad financial management. Many such companies either over-trade

or over-expand without an adequate financial base.

Financial management is concerned with managerial activities like raising

and utilisation of funds for economic purposes. It deals with planning, organising,

directing and controlling financial activities of the enterprise. Financial activities

should not be only limited to procurement of funds, but also to other aspects of

financing like ascertaining the financial needs of raising sufficient funds, cost of

financing capital, budgeting, maintaining liquidity, lending and borrowings

policies and management of fixed and current assets, valuation of firm and

dividend policy.

It focuses on financial decision making within the firm. It is going through a

process of further change and development electronic data processing systems and

further application of the tools of operations research will lead to its greater

refinement and sophistication.

Financial management necessarily optimises the output from a given input of funds. It attempts to use the funds in the most productive manner. In a country like

India, where resources are scarce and the demands on funds are many the needs for

financial manager is enormous. If proper financial management techniques are

used, most of our enterprises can reduce their capital employed and improve their

return on investment. It is thus very clear that just men and machines are to be

managed properly finance has also to be well managed.

the acquisition and financing of long-term and

short-term credits for the firm.

As such it deals with the situations that require selection of specific assets/

combination of assets, the selection of

specific liability/combination of liabilities

as well as the problem of size and growth of an enterprise. The analysis of these

decisions is based on the expected inflows and outflows of funds and their effects upon .

EVOLUTION OF FINANCIAL MANAGEMENT

The nature and scope of financial management has evolved and widened over

time.

Its evolution may be divided broadly in three phases:

1. Traditional,

2. Transitional and

3. Modern phase.

In the words of Ezra Solomon – “Corporate finance has changed from a primary

descriptive study to the one that includes rigorous analysis and normative theory,

from a field that was concerned primarily with procurement of funds to one that

includes management of assets, allocation of capital and valuation of firm in overall

market, and from a field that emphasized external analysis of firm to one which

emphasizes decision making within the firm”.

The Traditional Phase (Till Early 1940's)

The Traditional phase lasted for about four decades till the early 1940's. In this

phase, the focus of financial management was mostly on events of episodic nature

like procurement of capital, engagement with major lenders like banks, issuance

of securities, debt servicing, expansion, merger and compliance with legal aspects.

The approach was mainly descriptive.

Financial management was viewed mainly from the viewpoint of the investment

bankers, lenders, and other outsiders.

In this traditional phase finance was a part of economics and no separate

attention was paid to finance. Business owners were more concerned with

operational activities:

a. Finance function was concerned with procuring of funds to finance the

expansion or diversification activities. Finance function was not a part

of regular managerial operations.

b. Finance function was viewed particularly from the point of supplier of

funds i.e., the lenders, both individuals and institutions.

c. The focus of attention was on long term resources and only the long

term finances was of concern.

d. The treatment of different aspects of finance was more of a descriptive

nature rather than analytical.

e. Finance was concerned with procuring funds primarily by issue of

securities such as equity shares, preference shares and debt instruments.

The Transitional Phase (1940 – Early 1950’s)

The Transitional phase began around the early 1940’s and continued till early

1950’s. Financial management had almost similar nature and scope during this

phase as during the traditional phase.

However, there was an increasing emphasis on planning, procuring, managing

and controlling funds to meet day to day financial needs of the business. Financial

issues were begun to be analyzed in an analytical framework.

The Modern Phase (Since Mid-1950's)

The mid 1950's marked the beginning of the Modern phase in financial

management owing to increasing competition, growth opportunities, globalization,

breakthroughs in economic theories and development of quantitative methods of

analysis.

This led to development of a more analytical and empirical approach to decision

making. Management or insider's view point became central to financial

management.

Thus the modern approach views financial management in a broad sense and

provides a conceptual and analytical framework for financial decision making.

The finance function covers both acquisitions of funds as well as their allocations.

Development of Theory of Portfolio Management by Harry Markowitz in 1952,

Theory of Leverage and Valuation of firm by Modigliani and Miller in 1958 and

Option Valuation Model by Black and Scholes in 1973's are regarded as milestones

in the evolutionary journey of modern financial management.

Since then, the fields of capital budgeting, capital structure, efficient market

hypothesis, option pricing theory, agency theory, financial derivatives and risk

management, valuation model, dividend policy, working capital management,

financial modelling, financial engineering, international finance and behavioural

finance to name a few, have seen fascinating developments.

With the on-going endeavours of various academicians, researchers, practitioners

and regulators, we are poised to see many more significant advancements in these

and upcoming areas, which would add further dimensions to financial management.

NATURE OF FINANCIAL MANAGEMENT

Prof. S. C. Kuchhal has given three broad views on financial management simply

providing the funds needed by the business or enterprise on terms that are most

favourable in the light of its objectives.

The approach is concerned almost exclusively with the procurement of funds

and could be widened to include instruments institutions and practices through

which funds are raised. It also covers the

legal and accounting relationship between

a company and its sources of funds.
Financial management is certainly broader

than procurement of funds-these are other
functions and decisions too.

At the other extreme there is a definition,
which considers that finance is

concerned with cash. Since every business
transaction involves cash directly or

indirectly finance may be assumed to be
concerned with everything that takes place

in the conduct of a business obviously it is
too broad.

The third approach which is more appropriate
consider financial management

as procurement of funds and their effective

utilization in the business – though

there are other organizations like school, associations, government agencies etc.

where funds are procured and used.

Financial management has to not only see that funds can be raised for installing

plants and machinery at a cost but it has also to see that additional profits adequately

compensate for the costs and risks born by the business while setting up the project.

Thus, from the point of view of a corporate unit financial management is related

not only to ‘fund-raising’ but encompasses a wider perspective of managing the

finances for the company efficiently.

In the developed state of a capital market raising funds is not a problem but the

real problem is to put the capital resources to deal with tasks like ensuring the

availability of funds allocating costs, forecasting financial requirements, doing

profit- planning and assessment of return on investment and assessment of working

capital etc. Financial management to be more precise is concerned with investment

financing and dividend decisions in relation to objectives of the company such

relation to objectives of the interests of the shareholders.

They are upheld by maximization of shareholder’s wealth which depends upon

increase in the net worth-capital invested in the business plus ploughed back profits

for growth and prosperity of the company.

It is for such a reason that the market is prepared to pay a lower or higher price

for the shares of some company or the other. Nature of financial management

therefore can be judged by the study of the nature of investment decisions, nature

of financing decisions and the nature of dividend decisions.

OBJECTIVES OF FINANCIAL MANAGEMENT

The financial management is generally

concerned with procurement, allocation

and control of financial resources of a concern.

There can be several objectives of financial management such as:

(i) To ensure regular and adequate supply of funds.

(ii) To ensure adequate returns.

(iii) To ensure optimum funds utilization.

(iv) To ensure safety on investment.

(v) To plan a sound capital structure and so on.

SCOPE OF FINANCIAL MANAGEMENT

Financing a business involves multiple short-term and long-term decisions which

by itself widens the scope of financial management. Short-term financial decisions

primarily relate to day-to-day capital needs of the business firm or managing working

capital. These decisions influence the liquidity and profitability of the firm. On the

other hand, long-term financial decisions are concerned with financing the

enterprise, investment of funds and administration of earnings.

Important decisions involved in financial management of a business unit may

be summarized as:

- INVESTMENT DECISION

A prospective investment to be made by any

business unit must be evaluated in

terms of risk involved, cost of capital involved and expected benefits from it. Hence,

the two major components of investment decision are capital budgeting and liquidity.

Capital budgeting, in simple terms may be understood as the one related to

capital allocation and commitment of funds in permanent assets which would yield

earnings in future.

It also takes into account the decisions related to replacement and renovation of

old assets. One of the major responsibilities of a finance manager is to strike a

balance between fixed and current assets so as to maximize the profitability along

with maintaining the desired degree of liquidity for the unit.

Taking these decisions is not a child's play, it involves extensive estimation of

costs and benefits which may not be ascertained with certainty and are unknown.

☐ FINANCING DECISIONS

Financing decisions of the firm deals with the financing mix or the financial

structure of an organization. Financing a company requires important decisions related

to methods and sources of finance, relative proportion and choice between alternative

sources, time of floatation of securities, etc. Investment needs of an organization can

be met by various sources of funds. It is the job of the finance manager to devise the

optimum combination of finance structure for an organization which involves

minimum cost for raising the funds and maximizes the long term market prices of the

company's shares. Also, a balance between debt and equity has to be maintained

while financing so that an adequate return on equity is-generated with minimum risk

involved. Both the returns and risk of equity capital is affected by the use of debt or

financial leverage. In order to maximize the per share value of a company's capital,

the financial manager is entrusted to take the best possible decisions related to the

methods of issuing securities and the time to raise funds for the company.

- [ ] DIVIDEND DECISION

There has to be an appropriate, well thought dividend policy for a firm in case

it wants to maximize on its wealth. One of the major decisions while formulating

an appropriate dividend policy is to choose between the two alternatives – one,

distribute all the profits among shareholders. Two, retain a part of profits and

distribute the rest as dividends. The finance manager is also expected to study

various opportunities available for investing in order to have further growth and

expansion while deciding upon the dividend payout ratio. The dividend payout

ratio is the proportion of net profits to be paid out to shareholders as profits. Besides

this, other considerations that are borne in mind of a finance manager are dividend

stability; forms of dividends i.e., cash dividends or stock dividends, etc.

WORKING CAPITAL DECISIONS

These decisions relate to working capital needs of the firm i.e. current assets

and current liabilities of the unit. While current assets comprise cash, receivables,

inventory, short-term securities, etc.; current

liabilities consist of creditors, bills

payable, outstanding expenses, bank overdrafts, etc. When we talk of current assets

and liabilities, we refer to all those assets and liabilities which have their maturity

within an accounting year.

- [ ] AIMS OF FINANCE FUNCTION

All functions of finance are performed by all the responsible executives of the

finance department aiming at solving the organizational problems both at micro

and macro level, such aims and objectives are listed below-

Introduction

- FUNDS RISING

Getting required amounts of funds from different forms and from both internal

and external sources like shares, debentures, loans, retained earnings in the required

proportion is the fundamental or prime function of the finance executives in the

finance department.

- FUNDS ALLOCATION

After the procurement of funds from various sources in required quantities, the next

function of the finance executives is the allocation of these funds on profitable projects.

PROJECT SELECTION AND RISK-RETURN-TRADE-OFF

While allocating the huge capital funds, choosing the best project or the asset.

AIMS OF FINANCE FUNCTION

All functions of finance are performed by all the responsible executives of the

finance department aiming at solving the organizational problems both at micro

and macro level, such aims and objectives are listed below =

- [ ] FUNDS RISING

Getting required amounts of funds from different forms and from both internal

and external sources like shares, debentures, loans, retained earnings in the required

proportion is the fundamental or prime function of the finance executives in the

finance department.

- ☐ FUNDS ALLOCATION

After the procurement of funds from various sources in required quantities, the next

function of the finance executives is the allocation of these funds on profitable projects.

- ☐ PROJECT SELECTION AND RISK-RETURN-TRADE-OFF

While allocating the huge capital funds,

choosing the best project or the asset

for investment of funds using the different capital budgeting techniques, keeping

in mind the risk patterns to manage projects to keep them at profitable levels is

another key function of finance, which is regarded as Risk-return-trade-off.

- [ ] DIVIDEND PAYOUT

The Profit planning and allocation i.e. disposable profits is the third major

function of finance. The rate of dividend declared and the stability of dividends i.e.

Dividend payout is the most important function of finance. Retained earnings i.e.

maintaining residual profits to meet future contingencies is also a key function

along with the dividend function.

- [ ] MAINTAINING LIQUIDITY/SOLVENCY

Is the major responsibility of every organization for the smooth functioning of

all its activities is the most important finance function? Every organization has to

maintain sufficient amount of working capital to meet its day-to-day requirements.

- [ ] REPORTING AND AUDITING

Information reporting of all audited documents to both internal and external

users is also an important finance function in every organization, which is mandatory

for all the organizations as per the companies' act of 1956.

- ▢ BUDGETING AND CONTROLLING

Through the preparation of various budget statements to estimate the financial

requirements of a stipulated period to control the costs in the organization for long

run survival is another finance function of the organization.

- ▢ UNDERSTANDING CAPITAL MARKETS AND EPS MAXIMIZATION

To meet these objectives, the organization has to keep a close touch with the

developments which take place in the capital markets. Because it is the right place Management

This capital mix decision decides the size of benefits accrues to the owners of

the company i.e. equity shareholders through the maximization of earnings per share.

The following are the relationship between financial management and other

functional areas of business:

- FINANCIAL MANAGEMENT AND PRODUCTION DEPARTMENT

The financial management has a very important role to play in interaction with

the production management as the cost of production is part of total cost.

Production Managers can help in maximising the profits by holding the cost of

production under control. He can control the cost by making productive use of

equipment, controlling the inventory of work in progress, minimising the ideal

time and work stoppages and capacity utilisation.

In addition to above, the production department has to take decisions like increase

in capacity utilisation, installation of safety devices, replacing machinery, etc. All

the decisions have financial implications and therefore should be evaluated in the

light of the objective of the maximisation of the shareholders' wealth.

FINANCIAL MANAGEMENT AND

MARKETING DEPARTMENT

Marketing Managers should have a working knowledge of financial management.

Because marketing managers have to make various decisions, which have the impact

on the profitability of the business. The marketing department is entrusted with the

responsibility financing, marketing, selling, advertisement and other related policies

to achieve the sales target.

Marketing department is also required to frame credit and collection policies to

maintain and increase the market share, creating a brand name, to acquire a

competitive edge, pricing promotion, product, mix distribution policy, etc. For all

these different policy decisions all of which have financial implications are to be

taken.

- [ ] 🧐FINANCIAL MANAGEMENT AND HUMAN RESOURCE

DEPARTMENT i.e., PERSONNEL DEPARTMENT

HRM is relating to the recruitment training and placement of the staff for the

firm. This department has to work with the financial manager, while evaluating

different schemes of training programmes, employees welfare, economy in

manpower, computerisation, incentives schemes, revision of pay scales, etc.

The best possible option should be identified keeping in view of both the

employees and the interest of the firm. While taking decisions in this case financial

implications are to be considered.

- FINANCIAL MANAGEMENT AND MATERIALS MANAGEMENT

Materials constitute a substantial portion of cost of production which can be

controlled. The inventory of any items is required to maintain an optimum level

i.e., neither excessive nor inadequate. For this purpose, waste can be reduced also

by keeping strict vigil on the financial implications.

END OF PROJECT REPORT