



SECTION -2

SCOPE OF FINANCIAL MANAGEMENT

This Section include

- **Scope of Financial Management:**
- **Expanding Scope of Financial Management:**

2.1. SCOPE OF FINANCIAL MANAGEMENT

- 2.1.1 Financial Management is all about acquisition of funds from financial markets, deploy them in the organization's business activities, efficiently allocating resources, ensuring risk-return trade-off, invest surplus funds in securities, generate revenue through operations and handle the returns by reinvesting and for meeting out the repayment obligations.

2.2. EXPANDING SCOPE OF FINANCIAL MANAGEMENT

- 2.2.1 Financial Management today covers the entire gamut of activities and functions given below. The head of finance is considered to be important ally of the CEO in most organizations and performs a strategic role. His responsibilities include:
- a. estimating the total requirements of funds for a given period.
 - b. raising funds through various sources, both national and international, keeping in mind the cost effectiveness;
 - c. investing the funds in both long term as well as short term capital needs;
 - d. funding day-to-day working capital requirements of business;
 - e. collecting on time from debtors and paying to creditors on time;
 - f. managing funds and treasury operations
 - g. Ensuring a satisfactory return to all the stake holders;
 - h. paying interest on borrowings;
 - i. repaying lenders on due dates;
 - j. maximizing the wealth of the shareholders over the long term.
 - k. Interfacing with the capital markets ;

OVERVIEW OF FINANCIAL MANAGEMENT



- l. Awareness to all the latest developments in the financial markets;
- m. Increasing the firm's competitive financial strength in the market &
- n. Adhering to the requirements of corporate governance.

The above aspects of Financial Management are covered in greater details under different chapters.