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Editorial Note

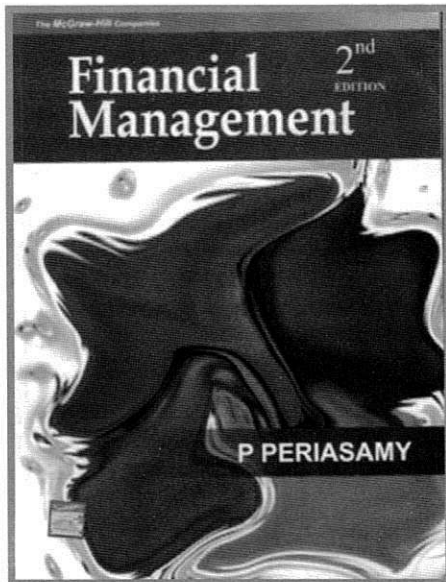
In the recent times higher education has become more and more interdisciplinary. An educated individual is expected to understand the basic issues of almost all the subjects apart from the main area of his specialization. For instance a trained management graduate is expected to have an orientation of all the functional areas along with his main specialization. Needless to say that he should possess the skills of computer along with mathematical and statistical skills. The decision making capacity of the trained graduates improves with all these newly acquired traits.

The B-schools realizing this emerging trend in the business environment are modifying their curriculum by introducing the new concepts. The educated post-graduate student at all levels is expected to be multi-skilled and ready to work in the new and dynamic environment. Personality development oriented courses are being given as add-on modules for better employability.

Recognizing these trends in the higher education and the requirement in the job market, we have encouraged articles of interdisciplinary nature in the present issue. The articles range from study of exports, accidents, pollution and other related issues. A book review on an important topic of financial management has also been included in this issue. All these articles are applied in nature and demonstrate the use of statistical techniques for writing good research articles. Therefore it is hoped that the research papers published in the present issue will serve as a good reference for researchers in all fields.

Dr. T. V. G. Sarma

Editor



Financial Management 2nd Edition

P. Periasamy

The Tata McGraw-Hill Education
Private Limited,
New Delhi.

ISBN-13: 978-0-07-015326-4

The book “Financial Management” 2nd edition by the P Periasamy takes an international view of managing the funds for the company. The conviction of the author that it is necessary to make use of available all the resources at its maximum level, which may lead to earn profit and also to increase in organizational turnover. The book describes these issues in the finance perspective. It becomes necessary to have the right knowledge of procurement of fund and its well utilization as day-by-day the market is changing, customers test, competitor's policy, production policy, cost structure, employee turnover and depending upon this the requirement of the fund also are changing. So the author is throwing light on this entire changing scenario especially on the fund management. Moreover with their experience of the changing scenario and market conditions, the authors include an innovative perspective to the practice by the management for the greater fund management and traveling towards the profit. Beyond the discussion of fund management in the company the author has discussed the other finance related various topic which are also important

while taking the crucial financial decision which are normally missing in other books.

The term financial management has been defined differently by various authors. The most acceptable definition of financial management deals with procurement of funds and their effective utilization in the business. There are, thus, two basic aspects of financial management procurement of funds and an effective use of these funds in the business. Because the funds in the company are equally important as blood is important for the human body. In the globalised competitive scenario it is not enough to scout for available ways of raising finance but resource mobilization has to be undertaken through innovative ways or financial products which answer the needs of investors. Multiple option convertible bonds can be sighted as an example. Funds can be raised indigenously as well as abroad. Foreign Direct investment (FDI) and Foreign Institutional Investors (FII) are two major routes for raising funds from foreign sources. Obviously, the mechanism of procurement of funds has to be modified in the light of the

requirements of foreign investors.

The book is classified according to the background, techniques of financial analysis, long-term investment decisions, financial decisions, dividend policy decisions and current assets management. The systematic approach has been used by the author throughout the book.

Part 1 covers the basis of financial management theory and practice; it also introduces the systems model that serves as the frame work of the book. To provide the perspective of the book, Part1 includes chapter financial management and its nature and scope in the corporate line, its goals and objectives, various function of financial management, to maintain optimum capital employed and increase the return on investment, the financial manager has to consider the various applications of financial management techniques, methods, procedures etc. the scope and nature of financial management is closely related to the field of economics, marketing and production accounting. The study of functions, objectives and various techniques of financial management is an important field of study for student of commerce and management.

Part 2 throws light on financial statements analysis and planning, statement of changes in financial position i.e. funds flow statement analysis (working capital basis), cash flow statement analysis (cash basis) and Accounting Standard-AS3 (Revised) cash flow analysis and the financial statement analysis through ratio analysis. The relevant principles, or guides, for each function are summarized in Appendix given at the end of the book.

The financial management at domestic and international perspectives of managing are emphases upon in each of the parts closing section. The closing for parts 5 to 12 have an international and financial focus section that

gives special attention to important issues capital budgeting, risk analysis in capital budgeting, risk and return analysis in portfolio investment, sources of Long-term Finance as shares, debentures and term loans, financing from capital markets and exports financing etc. To exemplify the global competitiveness of financial management of the companies, various live cases have been discussed in each part closing, and to asset new entrepreneurs, the authors include a long term survival financial planning outline in the format expected by business professional.

The basic purpose of this book is to assist the readers and students to develop a thorough understanding of the various financial management concepts, principles, techniques and important theories of financial management in a systematic way. Although there are a good number of standard books on 'Principles of Financial Management', there are differences in the adoption of the best methods of applying these principles. A significant highlight of this book is the method of presentation, comprehensive coverage of topics and an emphasis on lucidity. While writing this book, the author has taken special efforts to adopt a simple language and style of presentation and follow a student-friendly approach.

Part 1 (Chapters 1) includes discussion on nature and scope of financial management, need of finance, types of finance, importance of financial management, major areas of financial management, objectives of financial management and other important decision criterion. Part2 (Chapters 2 to 4) presents new techniques of financial analysis for which, financial statements analysis and planning, funds flow and cash flow in revised format as per AS-3 and ratio analysis are important areas are discussed here. The various issues of long term investment decisions in Part3 (Chapters 5 to 12) presents new techniques of long term

investment decision for which, capital budgeting, risk and return in portfolio investments, financing from capital markets and exports financing, measurement of cost of capital, importance and status of mergers, amalgamation and acquisition or takeovers and lease financing these many important areas are discussed here.

Financial decisions are discussed in Part 4 (Chapters 13 to 16) with the help of leverage analysis which is one of the important topic in the risk analysis, capital structure planning, capital and capitalization and the designing of capital structure-approaches to establish target capital structure. The dividend policy decision part has been discussed in this in Part 5 (Chapter 17) focus on factors affecting dividend policy, bonus shares concepts, stock splits and ratio analysis for dividend policy. Part 6 (Chapters 18 to 23) deals with the current assets management includes working capital management, planning and financing of working capital, management of cash and marketable securities, management of accounts receivable, inventory management and reporting to management.

The appendices at the end summarize the principles, or guides, for the managerial function of procurement of fund, utilization of fund, financial statement analysis, risk and return in portfolio investment. The principles allow the students and managers to check whether organizational financial problems can be traced to the violation of financial

managerial principles. Also at the end the author has given glossary which more useful the young readers, researchers and also the student community. There after the author has taken lot of pain to make available the objective type of question with four options to each objective. These questions are apart from the questions given at the end of the each chapter, which help to the reader to check their own knowledge after reading the particular chapter and can make the self assessment on their own. Overall the book gives a very clear insight into the basic of financial management. In every chapter wherever it is necessary the author has given the graphs, flow charts, diagrammatic and the tabular presentation of the important concepts are very handy for the readers understanding. The success or otherwise of any business undertaking depends primarily on earning revenue that would generate sufficient resources for sound growth. To achieve this objective; the management should discharge its functions efficiently and effectively. The financial management systems are highly useful to the management for effective planning and control. A regular system of financial management is considered as a better guidance for prompt decision making. Hence it is necessary to have a good financial management system at the organizational level. The book therefore is a must read for students and young researchers who interest is to understand financial management concepts and shape new organizations on the new financial management principles.

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