

CHAPTER II

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The researcher has selected the topic after taking a review of literature in financial management. This study is taken from the books, articles in journals, by way of Ph.D. thesis and M.Phil. dissertations. This work can be done broadly classified into the following important aspects in the area of financial management –

1. Corporate financial behavior.
2. Capital structure planning, including valuation of shares and dividend policies.
3. Allocation of capital resources.
4. Capital markets including development banks and financial corporations.
5. Management of working capital.
6. Financial management of typical organization like small enterprises, public enterprises and transnational corporations etc.

Especially for the present study the following literature are referred, which are more or less related with the study. All these literatures are related with finance, financial management.

Journals -

1. R.Hamsalakshmi and M. Manicham in the article, “Financial Performance Analysis Of Selected Software Companies”.

Finance India published quarterly journal of Indian Institute of finance, Mumbai in September 2005.

The study has been undertaken to examine and understand the management of finance playing a crucial role in the growth. It is concerned with examining the structure of liquidity position, leverage position and profitability position of selected 34 software companies in India quoted at BSE for a period of five years (1997-98 to 2001-02)

Researcher concluded that the liquidity position and working capital position were favorable and good during the period of study. So the creditors were having enough margin of safety. Regarding turnover ratios the efficiency in management of fixed assets and total assets must be increased with respect of debt equity position, it was evidenced that the companies rely more upon the internal financing than debt financing. Return on investment and return of equity was proved that the overall profitability position of selected software companies has been increased at a moderated rate. The development will create large domestic demand over next few years.

2. Shankar Kumar Rao in his article, "Financial Management Approach To Development Of Quality Excellence Model For The Information Technology Industry".

Journal of financial management and analysis (International Review of Finance) published half yearly by Om Sai Ram Centre for Financial Management Research, Mumbai, India - July –December 2007

He concluded that because of the rapid strides in science and technology & the profound impact of information technology on mankind, the role of quality is becoming a key parameter not merely for organization to make profit and flourish, but more from the necessity perspective. Any small error in software creates vital installations can bring about lots of problems. From financial management perspective, to ensure that an optimum level of quality is attained, appropriate quality budgeting is of paramount importance

& organizations have to put all hands on deck to have a smooth flowing investment cycle, so that funds are utilized effectively to achieve the goal of Quality Excellence.

3. V.V.Sesha - Mohan in this dissertation, “Working Capital Management in Corporate Sector in the State of Andhra Pradesh”.

Finance India published quarterly journal of Indian Institute of Finance, Mumbai in September 2008.

Researcher was observed that most of the companies in the sample are either very much under capitalized in the total working capital and its various components. During the work it is observed that the arithmetic sum of the optimal values of the individual components of working capital does not tally with the optimal amount of investment in gross current assets arrived at using the overall model. Likewise, for a given company the estimate of the investment in a given components that is arrived at using the three approaches namely profit trend approach, return on investment approach and the industry wise approach does not tally. Hence the researcher should suggest that the future research on this area may be directed towards finding out causes and the reasons for the above observe anomalies.

Research Projects –

1. “A Study of Profitability and Financial Position of M/S Ahinjar Fabricators And Erectors, Kolhapur”. Submitted to Shivaji Universtiy, Kolhapur for M.Phil. Degree, by V.P.Jadhav , under the guidance of Dr. N.R. Thorat in June 2003.

Researcher observes the Ahinjar Fabricators and Erectors invest its funds in those fixed assets every year which are rented out. Therefore it is suggested that it should be apply its funds in those fixed assets which helps to increase the operating income and not the non operating income.

2. "A Critical Study of Financial Performance & Position of Palus Sahakari Bank Ltd., Palus Dist. Sangli". Submitted to Shivaji Universtiy, Kolhapur for M.Phil. Degree, by Miss. S.J.Jadhav, under the guidance of Prof. Dr. V.S.Patil in December 2006.

For efficient working of the bank the researcher gives following suggestion.

1. For improving the profitability bank must give attention towards the proper investment of quick assets.
2. For maintaining standard position for dept equity ratio in future period to increase outsiders fund and short term fund.
3. For increasing net profit ratio bank should adopt effective cost control program, suitable training facility should be provided to the staff.

3. "A Critical Study Of Working Capital Management in Warana Sahakari Dudh Utpadak Sangh Ltd., Amrutnagar, Kolhapur." Submitted to Shivaji Universtiy, Kolhapur for M.Phil. Degree, by S.A.Kamble, under the guidance of Prof. Dr. V.S.Patil in June 2007.

Researcher observed that the warana dairy has a not good position of working capital. The researcher gives the following suggestions for improving the working capital position -

1. The dairy has to maintain its ability to pay the dues from borrowers and credits. It is essential to create working capital fund.
2. The dairy has to maintain the position to repay the dues and to meet current liabilities.
3. The dairy has to collect amount from debtors on time to time.
4. The dairy has to maintain uniformity in collection of debtors in future also.

5. For getting credit facilities from creditors the dairy has to pay its dues in time.
 6. The dairy has to generate maximum sources of fund for making stability and growth.
- 4) "Financial Management Of Zilla Parishad : A Comparative analysis of Sangli & Aurangabad zilla Parishad". Submitted to Shivaji University, Kolhapur for Ph.D. Degree, by Shri B.P. Bhairat, under the guidance of Dr. V.M.Hilage in Nov. 2000.

Researcher gives following suggestions for the effective management of the revenue and expenditure which would enhance the overall impact of the zilla parishad performance towards the Sangli & Aurangabad districts.

1. Necessity of New Act.
 2. Implementations of new productive programs.
 3. Simple working process.
 4. Training to local readers.
 5. Augmenting the resources like self raised sources, govt grants, capital receipts etc.
 6. Effective planning and controlling over expenditure i.e. administrative expenditure, expenditure on education, expenditure on public works, expenditure on Sanitation and public health, miscellaneous expenditure & capital expenditure etc.
 7. Setting up of new organs for better financial aid and financial control like Panchayat Raj Finance Commission, Panchayat Raj Finance Corporation and Agricultural Research Institutes.
 8. The simple and flexible accounting system.
- 5) "A Study Of Performance Evaluation of Selected Banks In Satara district". Submitted to Shivaji University, Kolhapur for Ph.D. Degree, by

Mr. J.R.Lanjekar, under the guidance of Dr. K.V.Bachute in September 2001.

Researcher concluded that the survival, efficiency and growth of a bank depend upon its level of profitability. The increased profitability can be achieved through by a dynamic approach towards the asset – liability management, control and reduction over the non-interest expenditure and increased in the income of the bank.

Researcher said that ‘Competent management, efficient personnel asset –liability management and standard customer service are the four essentials of a successful bank’.

6) “A Study of Financial Analysis of Mahalaxmi Hospital Ltd., Kolhapur.” (Lotus Hospital & Research Centre.) Submitted to Shivaji University, Kolhapur for Ph.D. Degree, by Dhanashree Sham Deshpande, under the guidance of Mrs. Maindargi V.V. in March 2007.

Researcher observed that the lotus hospital has low profitability and is working on thin ice. Because of the hospital is holding excess stock of medicine, stock is increasing over the years, though the hospital income is declining. This has affected the working capital as reflected in the ratio of total income to net working capital. Researcher suggested that the lotus hospital should make proper employment of funds. It should reduce the closing stock of medicine some measures like strict control wastage, pilferage and misuse of medicine. Finally researcher concluded that any hospital built on the strong foundation of profitability, liquidity and solvency will earn name in the medical profession.

In short, this chapter deals with the review of various earlier studies in respect of Financial Management and comprises the articles in journals and periodical research studies etc. The next chapter particularly deals with the Brief History and profile of the company.