

Short but specific reports tend to be 'read' and follow up. Large quantum of data should thus be avoided.

6. Budgeting or budgetary control should not be used only as a whipping stick. Positive Performance should be highlighted and appreciated. It is, in other words, a carrot and stick approach.
7. Budgeting is not a mere Financial Exercise. Finance people work on a staff function. They help line people in introducing and implementing the budgetary control. It is the role and responsibility of the people in the line function to have proper and effective budgetary controls. Finance people should help them in doing so. It is therefore a joint responsibility of line and staff functions to make budgeting an effective tool.
8. The exercise of Budgeting and reporting performance should be done within a Strict Time Frame. An intelligently approximated data, received on time, is much more important than a precise but delayed report.

Points to Ponder

2. Can 'budgeting' ensure cost control? If Yes, how?
3. What is a Balanced Scorecard?

p 114

SOME MORE PONDERINGS

1. What role would the recent IT revolution play in the field of Financial Management?
p 115
2. What will be the effect of e-commerce on accounting and Financial Management?
p 116
3. What are primary and secondary markets? How do they help in Financing Projects?
p 116
4. How share prices are determined? What are Indexes, Charts, IDerivatives, Mutual Funds?
p 117
5. What is SEBI? What role does it play in capital markets?
p 118
6. What are 'tips' that one gets about investments? Should one follow them?
p 119
7. What is an ideal portfolio for an Individual Investor?
p 119
8. What are ECBs, ADRs, GDRs, Euro Issues?
p 120
9. What role does taxation play in financial management? What is tax planning?
p 121

10. What is a state or a union budget? How does government maintain its accounts?
p 122
11. Is financial management relevant for a common man? If yes, how?
p 123
12. What are Mergers and acquisitions ?
p 124
13. How is a company valued ? How are shares valued ?
p 125
14. What is a corporate governance ?
p 127
15. What is risk management ?
p 128
16. How to be an effective independent director ?
p 128
17. What is a derivative ? Who are major players of derivatives?
p 129
18. Is Stock Market a bubble ? Some comments on share prices in Stock Market.
p 129

ANSWERS TO POINTS TO PONDER

CHAPTER: 1

General Introduction

1. You may also attempt to answer this question after reading this book! You will perhaps agree that the answer differs. With more understanding and appreciation of situations you will see that the answer depends upon the actual situation. Nothing succeeds like success and so, if you can ensure a fast, safe and steady growth of your owned funds you should feel successful. And to get that, you should excel in all the Functions of Business-Purchase, Marketing, Personnel and so on. Financial success than will be easy and attained!
2. Effective financial management system should have:
 - a. A holistic approach to the business and clear objectives.
 - b. Assessment of the right financial requirements of the business at right time.
 - c. Arrangement of required financial resources on best possible terms at right time, and
 - d. Efficient and effective utilization of the resources, for achieving the objectives.
3. Past data provides you a historical perspective . Real Financial Management is more concerned with decision making and has impact and focus over the future. Hence, Future Projections based on expected growth and anticipated trends are also to be taken into account while managing finance.