M. Com. Sem. I

Subject - Business finance

Topic - financial Management and its functions. (Part - I)

Financial Management is a most important of a business organisation. It means, financial management is that part of business ~~by~~ which related with planning and control of financial resources of any ~~financial~~ institution. It collect finance and proper use of finance for the institution. It includes financial decisions, investment decisions, divided decisions, capital budgeting, budgetary control etc.

According to Joseph L. Massie, "Financial Management is the operational activity of a business that is responsible for obtaining and effectively utilising the funds necessary for efficient operations".

According to Wheeler, "Financial management is the activity which is concerned with the acquisition and administration of capital funds and overall objectives of business enterprise."

According to Joseph F. Broddy, "Financial Management is that area of business management devoted to a judicious use of capital and careful selection of the sources of capital in order to enable a spending unit to move in the direction of reaching its goals."

On the basis of above meaning and definitions of Financial Management, we may be say that financial Management is the planning, organising, directing and controlling of an organisation's financial resources. It involves effectively raising funds, investing them effectively and maximising profitability while minimising risk for achieving financial goals.

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