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A CALL FOR REVIEW OF FINANCIAL MANAGEMENT CURRICULUM IN MANAGEMENT INSTITUTIONS IN DEVELOPING COUNTRIES*

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Introduction

Finance has been described as a lubricant of economic activity, without which the entire business will grind to a halt, and money has been aptly described by Dr. Geoffrey Crowther as the essential invention on which all the rest is based. With unlimited wants and limited financial resources, the financier is concerned with what is produced, requirements of funds (liquid and illiquid), allocation of funds, selection of development priorities, determination of gestation periods, proper monitoring of accounts to avoid cash flow problems and to ensure profitability of the enterprise -- be it in public sector, private sector, industrial, agricultural, co-operative, banking and allied enterprise. The finance manager has to ensure rational decision making at the successive stages of preinvestment and investment as, in the absence of proper appraisal and evaluation and managerial abilities, there will be misallocation of resources, long gestation periods, investment cost-overruns, high rates of industrial mortality or lopsided growth.

Inasmuch as it is an established fact that we have finance/bank managers in organisations and banks who are recipients of IBRD loans and IDA credits and IMF stand by loans, etc. in US dollars or pound sterling or SDRs not knowing the difference between SDRs and US$ and the reasons for day to day exchange rate fluctuations; and again of bank managers advancing loans to a sick industrial unit not knowing the difference between liquidity crisis (cost flow problems) and corporate sickness; yet of bank managers dealing in pension funds not having any technical knowledge of pension fund management. MNC accounting systems, etc., the **need for scientific knowledge of financial management,** a science in an embryonic stage of development in developing countries, on the part of Bank Managers/Executives and Financial Controllers' in corporate and public sector and Government Ministries is **of paramount importance** to ensure maximum returns on capital employed.

There is an **urgent need for a review of academic programmes (curriculum) at the post-graduate and professional levels of preparation** and **professional examinations** (conducted by universities, professional bodies like Institute of Chartered and Cost & Works Accountants, etc.) to incorporate courses like Financial Management as understood in a scientific sense (and not as we are presently treating it as synonymous with Management Accounting and Commercial Law, et.al), Multinational Corporations, Pension Fund Management. International Financial institutions like World Bank, IMF, Asian Clearing Union, West African Clearing Union, Foreign Exchange Management, etc. The need for a growing dialogue between financial management academics and finance managers to provide well-trained and employable financial management professionals is very urgent. Also, the need for scientific financial

* In full recognition of the unique and special techno-economic problems faced by multinational corporation - controlled developing countries in Africa and Asia and after a first-hand study of the economy of Nigeria and fully realizing the fact that the present Financial Management curriculum followed by institutes of management in countries in Africa and in Asia (like India) is a gross misfit to tackle special managerial problems faced by these developing countries, the Managing Editor of **Journal of Financial Management and Analysis** : International Review of Finance Professor M. R. K. Swamy has prepared the financial management curriculum which, we hope, with implementation by management institutions, would benefit the management students of today to become real operational managers as problem-solvers of tomorrow. ... EDITOR

management training programmes for finance and non-finance executives in public sector, private sector and Government Ministries organised by established financial management institutions in co-operation with established Management Professionals Association and allied professional bodies is imperative. Professor Gunnar Myrdal, the renowed economic development expert reminds us:

> ... It would be pathetic if economists in the underdeveloped countries got led astray by the predilections of the economic thinking in the advanced countries... I would instead wish them to have the courage to throw away large structures of meaningless, irrelevant and sometimes blatantly inadequate doctrines and theoritical approaches and to start their thinking afresh from a study of their own needs and problems. [1]

Financial Management, A Science in Embryonic State of Development

Established international development financing institutions like the Organisation for Economic Co-operation and Development (OECD), World Bank, Industrial Credit and Investment Corporation of India (ICICI), Bank of England and financial management experts, to name a few, have highlighted the magnitude of the underdeveloped state of development of the science of financial management with reference to the following parameters --

(i) **Project Formulation :** Lack of knowledge in developing countries of how to formulate a project in such a way that its potential profitability whether from a private or social view point, can be estimated from as firm a basis as possible.[2]

(ii) **World Bank Operations :** According to the Vice-President of the World Bank,

> few people understand what the Bank (referring to the World Bank) does, and fewer still have any conception of our financial structure or financial policies ... It is a sad, but I believe, accurate commentary that some investment managers cannot and do not explain the World Bank to their Boards of Directors or their policy makers. Ours is a complex institution and one with which, admittedly, busy investment managers may not be familiar. [3]

(iii) **International Trade via Multinational Corporations (MNCs) :** MNCS, including transnational banks, have played a prominent role in the internationalization of production and in the growing trade and financial interdependence of the world economy. They are one of the principal means through which financial resources are transferred internationally ... the ability of transnational corporations to shift profits from one country to another through transfer pricing is one manifestation of this issue. In addition, decisions taken by TNCs can lead to sudden changes in the production of their affiliates in different countries, without necessarily taking into account the interests of host countries. This may happen as a result of changes in the costs of production, perceived risks, or the policy environment in different host countries ... although over the years they (TNCs) have tended to reduce their participation in the production of primary commodities in developing downstream processing ... the growing importance of timely information about world marlet conditions gives TNCs a special advantage over producers in individual developing countries. Any assessment of the role of TNCs in international trade must begin with an effort to quantify their global impact on such trade.

> Unfortunately, comprehensive data on the foreign trade of TNCs exist only for the U.S.A. for 1977. The United Kingdom of Great Britain and Northern Ireland reports on export activities of both home and foreign TNCs but does not collect data on the import side. Information on other countries, based on different samples of the largest TNCs, is patchy and considerably out of date. Among developing countries, very few collect data on trade flows by type of ownership. [4]

(iv) **Overdependence On Conventional Accounting Data :** Overdependence on conventional theory of finance using conventional data prepared by accountants who, according to the Swedish 'Match-King' Ivor Kreuger, **are called,**

> new high priests ... who too have a holy day, the 31st of December, on which we're supposed to confess ... the December ceremony isn't really a law of the gods .. it's just something we've invented ... and **some day people will realise that every balance sheet is wrong because it doesn't contain anything but figures.** The real strengths and weaknesses of an enterprise lie in the plans.[5]

(v) **Public Sector Management Needs Review :** Commenting on the performance of the public enterprises in the Nigerian economy, the words of development banking expert, Alhaji Abdulkadir are relevant to mention here when he says :

> Compared with their counterparts in developed economies as well as in many Third world countries, the performance of public enterprises in Nigeria appear to be contrary to the norm that public enterprises the world over are by and large expected to be self-supporting. Operationally, most of them are grossly inefficient and are much behind in meeting the purpose for which they were established. Financially, they are most unprofitable. They have maintained a consistent record of increasing losses year after year and have depended on Government subsidy for survival ... The performance of public enterprises in this country calls for a drastic review and reorientation. [6]

(vi) **Bankers' Need for more Attention to the Liabilities Sides of the Balance Sheet :** It will be timely for bankers to pay a good deal more attention than has been evidenced recently to the liabilities side of the balance sheet which has all too often been starved of proper attention by excessive management concentration of marketing and asset-led growth ... the banker should always ask why the accounts are late ... that audited accounts should normally be availabe within six months at the end of the accounting year; if not, enquiries should be made to the customer ... delay in producing accounts is always bad news ... it is not sufficient to look not just at the audited balance sheet of a customer, but at the notes attached to the accounta to see what reliance the company has on off-balance sheet finance, by way of leasing or other financial facilities. The balance sheet may need to be restated to allow for such sources of finance, to get a true gearing ratio. [7]

Goal of Financial Management : A Restatement

Weston and Copeland state the goal of financial management in a subtle but potentially profoundly different way from the consensus statement. They state that the financial manager's goal is ... to maximize the value of the organization... (1992, p. 5; emphasis added). The authors further state that ... value maximization is subject to the constraints of the legitimate claims of the different stakeholders. (1992, p. 12; emphasis added). The authors are drawing on Cornell and Shapiro (1987) who identify the firm's claimants as shareholders; creditors; customers; suppliers of materials; services, complementary products and services; distributors; and employees.[8] Using the terminology of the stakeholder theory of management, Cornell and Shapiro identify these explicit or implicit claims to all stakeholders. Explicit claims are redeemable in cash or cash equivalents. Implicit claims consist of such things as assurances of a continuing and timely supply of product to customers and job security for employees. Default on the implicit claims need not result in bankruptcy or liquidation. In Cornell and Shapiro's view, the explicit claims do not influence financial policy because they are senior to those of shareholders and creditors. The authors conclude that only implicit claims are important in determining financial policy because the value of these claims depends on the condition of the firm.

Cornell and Shapiro provide impetus for the growing body of management literature on the stakeholder theory of corporate management. [9] Stakeholders are viewed herein as the firm's constituency that consists of the following groups : shareholders, creditors, employees, suppliers (of all types including independent distributors and the government as a supplier of infrastructure) and customers (including the government as a purchaser). Those entities excluded from the firm's constituency are : competitors, society at large, and the governemnt acting in its role as society's agent. Society at large includes not only those individuals or group excluded from the firm's constituency but the collective (public) interests of individuals within the contituency.

Recent Trends Towards Financial Decision-Making : With the above mentioned premises, it is clear that the new approach to financial statement analysis which is still in the infant stages of development is no longer restricted to the conventionally reported data in financial statements prepared by accountants, and a strong orientation of modern financial analysis towards decision-making is reflected in the following major characteristics as enunciated by Lev : [10]

- financial statement analysis is no longer detached from economic theories and models;

- the construction and verification of financial analysis systems require considerable analytical sophistication; and
- modern financial analysis encompasses non-accounting data, such as security prices, and bond rating; also use is made of unreported data such as market values of assets and management's forecasts of future earnings.

After full recognition of the state of imperfect knowledge of the science of financial management, a science of recent origin in the industrialized (developed) countries of the world, the Financial Management Association of USA (according to the authoritative source of reference -- **Ulrich's International Periodicals Directory)** -- launched in 1970 the first-ever journal in the world -- **Financial Management** which has been widely used as an authoritative source of reference for policy decisions followed by India's Om Sai Ram Centre for Financial Management Research - **Journal of Financial Management and Analysis,** established to develop the science of financial management in the context of developing countries, that will enable managers in all sectors of the economy as well as scholars to deal with techno-financial/economic problems faced by developing countries.

From the foregoing it is evident that, successful management of an organisation (be it in public or private sector or small business or cooperative) depends on a proper blend of financial management theory to business practice and this depends on finance managers' exposure not only to balance sheets but also to modern management techniques to grasp problems as they arise from various quarters like overpricing and underinvoicing of import and export bills through transfer pricing, foreign exchange risks, bond issues, debt swaps, project performance and cash flow management, purchasing power parity and black markets, capital investment decision as and when organisations face liquidity crunch and cash management problems etc. In other words, the Finance Manager's office is the spinal cord of the organisation -- Any undigested and non-financial management science - based decision will land the organisation in unmanageable management crisis. Thus, the need for need-based financial management curriculum in higher educational institutions and management training institutions in developing countries is a matter of urgent necessity.

Need-Based Financial Management Curriculum In Educational Institutions and Institutes of Management in Developing Countries :

It is an established fact that success or failure of financial management decision by the finance manager depends on his thorough grasp of macro-economic analysis of variables as they pertain to his organisation. At this point the words of Divine Sri Sathya Sai Baba (Divine Chancellor's address at the convocation of Sri Sathya Sai Institute of Higher Learning (Deemed University), Prasanthinilayam, India, November 1985) are highly relevant to quote here :

> ... Do not turn them into experts in Mathematics, unable to add up a simple domestic bill; scholars in the Geography of America, but unable to direct a pilgrim who desires to know in which direction Westminster Cathedral or London Mosque lies; prodigies in Algebra who are helpless when asked to define the area of their own rooms; past masters in drill and gymnastics, but, all at sea, when requested to sit silently; proficient in Botany, but, ignorant of the uses of the common Tulsi (basil leaf) plant, found in the courtyard of every Indian home! They can draw realistic pictures of dogs and foxes, but, their handwriting remains an illegible scribble. How can be expect that any culture will be preserved and fostered by these products of our educational system?

It is no accident that, for example, we have finance managers in organisations -- who are recipients of International Bank for Reconstruction and Development loans in US Dollars or Special Drawing Rights or credit from the soft-lending associate of the World Bank, the International Development Association (IDA), not knowing the difference between IDA credit and IBRD loans, SDRs and US $ terms of financial assistance; sickness and cashflow problems not knowing the difference between funds' flow and cash flow, etc.

Financial management analysts ought not to be hesitant of stressing basic economic truisms. In financial discussions nowadays, terms like SDRs, Euro-dollars, debt-equity and interest rate swaps, stock market scams, Super 301, TRIAD, TRIM, TRIP, gearing ratios, credit worthiness, floating and two-tier foreign exchange rates, transfer pricing, overinvoicing of imports, economics of MNCs, commercial banks' resources, etc. are bandied about so freely that one is tempted to think that everyone understands them. But this is by no means the case. In full recognition of the urgent need for a proper blend of financial management theory an practice, the need for modern financial management knowledge on the point of Finance Managers' and Accountants is of paramount importance. A close examination and analysis of syllabi (academic programmes) of the Institute of Cost and Works' Accountants of India (ICWA); University of Mumbai (Bombay) Master of Management Studies/Post Graduate Diploma in Management Studies; Associateship of the Institute of Bankers' (London); Institute of Chartered Accountants of Nigeria; University of Illinois at Urbana-Champaign (USA) Graduate programmes in Accountancy, Business Administration, Economics and Finance, etc. reveal the following -

Firstly, the academic programmes by themselves do not serve the needs and challenges posed by modern business, co-operative and public sector organisations;

Secondly, economic analysis and theories are detached from the minds of a professional accountant, save in exceptional cases;

Thirdly, most developing countries' in Africa and Asia are over-dependent on multinational corporations parented in Western developed countries for capital and technology -- finance managers, ignorant of financial management operations of Multinational Corporations, will be a liability to the organisation.

Suggested Improvements in the Financial Management Degree Programme

The student majoring in financial management as per degree courses listed below establishes a core of basic knowledge in the area of accounting, statistical methods, banking, insurance, marketing, economic development and economic analysis (theory), Quantitative Techniques, in addition to specialised courses in the area of managerial finance covering agriculture, multinational corporations, commercial banks, co-operative banks, international financial institutions, finance of international trade, financial management in the corporate sector and in the government sector and in government parastatals and Military and Police Departments, etc. These will prepare the student's mind by providing with an ability to become a practical financial manager enabling him to find practical (realistic) solutions to problems confronting developing countries whose problems are quite different from those of developed countries.

Without a strong foundation of basics of financial management like elements of accounting, banking, insurance, marketing, economics, the student will find it hard to understand the major financial management courses in later years. For example, in the second year, he will have courses in business finance, central banking in selected developing countries of Asia and Africa, economic planning in the concerned developing country; management of multinational corporations (in addition to some ancillary courses like commercial law, company taxation, practice of banking). In the third year, he will have courses like management of country; finance of international trade; commercial banks' and co-operative banks' financial analysis in addition to ancillary courses like management accounting, structure and management of insurance in the concerned country, group insurance management of pension, marketing management, funds' management in the Police and Military Departments, agricultural meteorology, etc.

In the final year, the financial management major will have courses like corporate and public sector financial management, financial institutions -- national and -- international like World Bank Group, International Finance Corporation, International Monetary Fund -- money, banking and credit (applied Keynesian economics), industrial projects analysis in developing countries, public finance and debt management, petroleum ecnomics, project appraisal and evaluation (management approach) and management of capital structure of development banking in developing countries.

There is an urgent need for a growing dialogue between financial management academics and finance managers to provide well-trained and employable financial management professionals. Also, scientific financial management training programmes for finance and non-finance executives in both public and corporate sectors and Government parastatals, organised through established financial management institutes in the country, is a matter of urgent necessity to avoid financial wastes and to maximise returns on capital employed.

SUGGESTED FINANCIAL MANAGEMENT CURRICULUM

Curriculum (Course Description)

FIRST YEAR

Course	No. of credits
Major (1-2)	
1 Micro Economic Theory	3-4
2 Macro Economic Theory	
Ancillary Courses (3-8)	
3 Statistical Methods	3-4
4 Principles of Insurance	3
5 Elements of Banking	3
6 Elements of Accounting (Accounting Principles)	3-4
7 Elements of Marketing (Marketing Management Principles)	3
8 Elements of English Language (Business and Technical writing)	3
Total	24/27

SECOND YEAR

Course	No. of credits
Major (1-4)	
1. Business Finance	3
2. Central Banking in the Developing Countries of Africa and Asia (selected countries)	3
3. Economic & Financial Planning	3
4. Financial Management of Multinational Corporations	3
Ancillary Courses (5-8)	
5. Practice of Banking	3
6. Company Taxation (Nigeria)	3-4
7. Commercial Law (Nigeria)	3-4
8. Intermediate Accounting	3-4
Total	24/27

THIRD YEAR

Course	No. of credits
Major (1-4)	
1. Management of Agricultural Finance	3
2. Current Economic and Financial Problems of the Country	3-4
3. Finance of International Trade	3
4. Financial Analysis Commercial Banks	3
Ancillary Courses (5-9)	
5. Management Accounting	3-4
6. Structure and Management of Insurance in Nigeria	3
7. Group Insurance	3
8. Comparative Banking Systems	3
9. Marketing Management	3
Total	27/29

FOURTH YEAR

Course	No. of credits
Major (1-8)	
1. Financial Management	3
2. International Financial Institutions	3
3. Money, Banking and Credit (Advanced Monetary Economics)	3
4. Industrial Project Analysis in Developing countries	3-4
5. Public Finance	3
6. Petroleum Economics	3
7. Project Appraisal and Evaluation (Management Approach)	3-4
8. Financial Management of Capital Structure Development Banks	3-4
Total	24/27

Notes

Without a strong foundation of basics of finance like elements of accounting, banking, insurance, marketing, the student will find it hard to understand the major courses in Finance in later years.

(i) With this background, the first year contains two courses in Finance, Major and the other six are ancillary (core) courses.

(ii) In the second year, the ratio of major to ancillary courses is 50 : 50

(iii) By the time the student enters the third year, his mind is prepared to tackle specific areas of Finance Major like : Agricultural Financing, Current Economic and Financial problems of Nigeria, Finance of International Trade and related ancillary courses.

(iv) In the 4the year, all courses belong to Finance Major, and these are highly analytical, at the same time, very relevant courses, useful for tackling day to day problems controntring financial and allied institutions.

Programme Design and Semester System and Grading Structure

The B.Sc degree programme will be conducted on a Semester basis. There will be eight semesters spread over a period of 4 years. The duration of each semester shall be about 20 weeks and the maximum work load shall be between 24 and 27 contact hours. The credit load for the 4 - year degree programme shall be 198/209 credit hours distributed as follows :-

Contact hours per week :

I Year :	24 hours a week x 40 (2 semesters)	=	960
II Year :	- do -	=	960
III Year :	27 hours a week x 40	=	1080
IV Year :	24 hours a week x 40	=	960
Total contact hours for 4 - year degree programme		=	3960

Semester Credits			No. of credits
1st Year	1st semester	24	48
	2nd "	24	
2nd Year	1st "	24	48
	2nd "	24	
3rd Year	1st "	27	54
	2nd "	27	
4th Year	1st "	24	48
	2nd "	24	
Total No. of credits (A)			198/209

Industrial Attachment / Training

Students for the B.Sc degree programme are required to spend the long vacation (say July-September, i.e., 3 months) each year for the duration of the 4 - year programme, attached to a financial institution or Government body dealing in Finance for obtaining practical experience.

Students are required to submit a project report after every practical training to the lecturer concerned which will be evaluated followed by a viva-voce (oral interview).

Total No. of credits for 4 turns of practical work at 2 credits for each	(B)	8
Total No. of credits for B.Sc degree programme (A + B) :		206/217

Research Project Work and Long Vacation Practical Training

The work will be assigned by the lecturer in-charge of the particular field after consultation with the student basing on his professional background and his ambition in the near future in tune with the field he is specialising in. The student shall work under the direct supervision of the lecturer in-charge and a project work committee will be appointed by the concerned faculty consisting of one external assessor, lecturer in-charge of the project and the Dean of the Faculty to study the Project Report and appraise after a viva voce (oral interview) on the Project Report, and the project work is assigned 2 credits.

Grading

Keeping in tune with international standards and acceptance, letter grading shall be used for evaluating the performance :

Marks	Grade
75% and above	A
65% - 74%	B
55% - 64%	C
63% - 50%	D

There shall be no grade lower than 'D' - However, 'P' grade (between 40% - 49%) in any one course is acceptable. Only those students who score 'D' grade and above will only be eligible for the award of the B.Sc degree.

Notes :

(i) Any student not scoring the prescribed minimum in a particular course will be required to re-register (but not to attend classes).

(ii) Students will be permitted to proceed from 1 semester (or 1st year) to 2nd semester (or 2nd year), etc irrespective of their passing the examinations of the previous semesters. In other words, a student not scoring 'D' in a particular course in one 1 semester will not waste one year - He will go to II semester, but will be attached to a lecturer in that particular course as per stipulated rules.

RECOMMENDED SYLLABUS FOR SELECTED AND RELEVANT COURSES IN FINANCIAL MANAGEMENT

• Central Banking in the Developing Countries of Africa and Asia (Selected Countries)

Rise of central banks; economic and social and financial structure of the countries; currency boards as the precursors of the central banks; structure and design of the central banks; objectives and functions of the central banks; the central banks and their monetary reserves; twin role of central banks - bankers' bank and as engine of economic development; promotional role of the central banks; differences between the central banks and commercial banks and development banks; central banks as financial advisers and exchange control administrators; central banks as mentors of financial cum economic policy of the Government through qualitative and quantitative methods of credit control.

Effectiveness of these roles of central banks in relation to I.M.F. and other international financial cum-development oriented institutions. Present role of central banks in the developing countries.

• Business Finance

Types of finance. The availability of finance. Internal and external financing of modern corporations. Finance and its relationship to the overall operation and management of the corporation. Stock exchange practice and regulations. Management of financial resources. Measurement of success in attaining corporate financial goals by the best use of short-term and long-term financial resources. Capital gearing and optimal financing. Capital budgeting routines and procedures.

• Economic and Financial Planning

Different aspects of economic development, economic growth models of Harrod - Domar, Feldman, Mahalanobis and Hicks, economic consideration, financial aspects, sources of finance. Economy through study of Development Plans specific areas of economic and industrial development, small-scale and large-scale and agro-based industries, nationalisation, appraisal of various development plans, deficit financing, inflation, taxation and public debt, financial institutions, problems of rural and industrial under-development and population explosion, food problem and food policy, agricultural and industrial development policies, tariff policy, financial and import policy, foreign private investment, climate and policy of foreign investment, foreign trade policy, centre-state relations, revenue allocation between centre-state, economic (monetary and fiscal) policy.

• Financial Management of Multinational Corporations (MNCs)

Aim : The aim of this course is to enable students choose and proper course in functional finance, especially in the area of corporate financial management. The exposure in this course is to several aspects of MNCs and their sources of financing development projects in developing countries.

Course Content

What is a MNC, growth of MNCs in industrialised and spread of subsidiaries of MNCs in developing countries. Rationale for transfer of capital (material and human) from developed to developing countries at a price. Profit maximisation as the goal of MNCs, discussion of theory of risk and uncertainty of Professor Frank Knight; elasticity of expectations.

Analysis of equipment leasing contracts, discussion of the concept of leasing, distinction between sale and lease, growth of leasing in industrialised countries and developing countries. Role of transborder data flows in socio-economic development of developing countries (selected countries). Evolving sound internal performance evaluation system by familiarisation with recent trends in exchange rates, new accounting rules, interest rate structure, concept of transfer pricing, market structure. Analysis of profits, orders placed for equipment, revenue and asset management, cash flow and returns on capital employed. Financial planning for foreign currency movements especially now that there are no par values for currencies; trading with equity and trading on equity with borrowings from the developing country's financial institutions and the investing public, short-term lending by MNC - associated financial institutions at unbearably high interest rates.

• Practice of Banking

Relationship of Banker and Customer

General and special relationship between banker and customer involved in all features of elements of banking transactions and banking business; special relationship involved in mandates and power of attorney, appropriation of payments, set-off, secrecy.

Banking Operations

Payment by cheques and other instruments; mandatory function of the banker; respective rights and duties of drawee, banker and drawer; statutory protection. Clearing system. Collection of cheques and other instruments; the **Bills of Exchange Act 1882,** and kindred enactments; discounting of bills. Standing orders. Bankers' opinions. Safe custody. Advice on investments.

Types of Account-Holder

The practice in opening and conduct of accounts in credit and debit for the following: private customers (including infants and married women), joint customers, executors, administrators and trustees, solicitors, unincorporated clubs, societies, etc. parochial church councils, local authorities, liquidators and receivers. Steps to be taken on death, mental disorder, bankruptcy, winding up, or in cases of garnishee or other legal process.

Securities for Advances

A detailed knowledge is required of the following securities, their suitability or otherwise as banking cover, their valuation method and form of charge, precautionary measures to ensure good title, release on payment or realization on default; Stocks and shares (quoted and unquoted), life policies, land and buildings, guarantees, debentures, book debts, ships, produce and goods. Hire purchase agreements.

Advances to Customers

The principles of good lending; secured and unsecured advances to private and trading customers; assessment of balance sheets for lending purposes.

Bank Services

Practical problems on the full range of bank services offered to personal and corporate customers (e.g. export finance, investment, taxation factoring, leasing, corporate advice). Information required as basis for bank lending/ financial advice.

• Management of Agricultural Finance

A brief survey of cooperative and agricultural banks in selected countries which covers, among other things, definition of a cooperative bank; expected functions of a cooperative bank; analysis of financial statements of cooperative banks and derivation of significant financial ratios; based on case studies of all cooperative and agricultural banks in Nigeria, analysis of their operations are done in terms of their deposits; investments; loans guaranteed and loans recovered; sectoral distribution of credit; types of security offered for obtaining loans and advances by peasant farmers and rich farmers; Conventional and unconventional methods of borrowing practised. Appraisal of agricultural financing arrangements by the apex bank and rural development and agricultural financing institutions.

• Finance of International Trade

Methods of entry into overseas markets. Sources of advice, information and assistance. Avoidance of, and protection against risks in international trade. Routine foreign banking transactions. Methods of payment. Documentary collections. Foreign exchange transactions, spot and forward. Financial services; Documentary credits; acceptance credits, negotiations, loans and advances. Confirming house facilities Factoring, Exchange and trade control practice in the U. K. and in broad outline in other major trading countries.

Problems stemming from the government system, exchange rates and controls; monetary reserves and international liquidity; international monetary co-operation. Special financial management problems of the multinational firm liquid assets, cost of capital, ownership and financial structure, accounting practices.

Financial problems of International business; financial services to exporters, importers, investors, fund-seekers, and firms operating abroad, International cooperations of banks; lending and investment criteria; foreign money and capital markets; government and inter-government sources of funds.

• Financial Analysis of Commercial Banks

Nature, ownership and control of commercial banks in selected developing countries; derivation and interpretation of financial ratios derived from banks' statement of accounts; distribution of banks' assets and liabilities.

Functions of commercial banks in a dynamic economy - sectoral distribution of bank credit by commercial banks and merchant banks via - a - vis credit guidelines fixed by the Central bank; significance of credit deposit ratio; cash - reserve ratio; creation of new money; profit earnings by commercial banks vis-a-vis loan default by customers; cost analysis of customers' accounts - current and savings accounts.

Analysis of bounced cheques and cheque transactions in a dynamic economy; rationale for setting up branches in rural areas and appraisal of rural banking programmes; Effectiveness of the Central Bank control over commercial banks, and appraisal of commercial banks as engine of economic growth.

• Financial Management

Aim : Inasmuch as it is well recognised that the science of financial management is in infant stages of growth in developing economies like Nigeria and India and that experiences have shown that the tools of financial management for solving problems facing industrialised economies (take-off stage) and those facing economies in the pre-take off stages are quite different, the need for evolving latest management techniques to tackle problems of a dynamic economy is imperative. The aim of this specialised course is to help students choose suitable and proper career in functional finance. The exposure in this course is to all institutions existing/emerging for raising funds (lit a Central Bank, commercial banks, development banks, international fund raising institutions like World Bank Group, International Monetary Fund, Stock Exchange, Isuzu Trust, agricultural financial institutions, Multinational Corporations (including oil and non-oil companies) and mechanics of raising funds and repayment of loans.

Financial Management is a highly relevant course for policy makers, planners and investment analysts, etc. It being the case, the students are exposed to the analytical aspects of financial management and such analyses are applied to the developing countries case studies.

Course Content

Nature and significance of finance and finance function and economic activity; Introduction and theory of financial management - income - expenditure theory of financial management; role of an accountant and of a finance manager; sources and uses of funds; funds generation by banks, corporate sector, etc; cash flow and funds flow; investment cycle; locked up capital and unlocking of capital; capitalisation - over-capitalisation and under-capitalisation; guidelines for good business; sickness and fore-warning financial indicators; who is a sound bank manager, investment/finance manager; capital formation and role of money and near-money (liquidity);

.Preparation of balance sheet (model) incorporating stock and flow concepts; derivation of financial ratios; modes of financing (short-term, medium-term and long term- Internal and external sources); financing asset requirements (asset - led growth); measurements of capital/debt trap; management of (inventory/stock) working capital; capital budgeting; cash budgeting; project investment cycle (referring to tools of management evolved during pre-investment phase, investment phase); project evaluation/appraisal; capital gearing; leverage; trading on equity and trading with equity; mergers and amalgamations and acquisitions; dividend policy/formulation and appraisal.

As and when circumstances demand, topical issues (not included above) will be discussed in the class.

• Financial Institutions

Aim : As this course is meant for those students with bias for Finance, the aim is to expose students to the mechanics of various fund-raising institutions like Central Bank, commercial banks, insurance companies, stock exchange, new issues market, development - agricultural and industrial - banks, World Bank Group - IMF, IDA, IBRD, IFC, etc. In a nutshell, the aim of this course is to introduce the students to the operations of various financial institutions emphasising Nigeria's role in each of these financial institutions. The course is handled in an analytical way backed up statistics (data).

Course Content

Nature and role of savings and investment; investment as prime mover of economic development; nature of business and profit making and returns on capital employed; different forms of financial institutions like commercial banks, Central Bank, insurance companies, World Bank Group (IDA, IBRD, IFC) I.M.F., stock exchange, companies raising fresh capital; merchant bankers; Isuzu Trust; anatomy of Bombay Nigerian Stock Exchange and comparative studies of New York and London Stock Exchange; Rationale for establishing Stock Exchanges at say Mumbai, Tokyo, Lagos. Port-Harcourt and Kaduna, Kochi, Coimbatore, etc. and determining the potentials for setting new ones with a view to boost investment activities in the country; portfolio analysis of these financial institutions supported by detailed financial statement analysis of each of the financial institutions. Additional topics may be included as circumstances warrant.

• Money, Banking and Credit (Advanced Monetary Economics)

Aims : As this course is meant for those students with specialisation in Finance, the syllabus aims at imparting an in-depth analysis of money, banking and credit aimed in the main to expose the students to the tools of modern aggregate economic analysis with the developing economy in perspective.

Objectives

General : It is a very advanced analytical course with a nice blending of theory to practice, as theory is the foundation of sound monetary administration of any country — be it developing or developed.

Course Content : Case studies of the developing country's financial - cum - economic problems will be discussed in the class. For e.g. from Central Bank Reports, one will come across **Index Number of Consumer Prices.** Students will be taught how to compute index numbers and determine the rate of inflation or deflation in a country and to formulate anti-inflationary policies, etc. Students will be encouraged to conduct research on topical economic issues and present papers in seminars conducted in the class.

Introduction; Nature and significance of money as the wheel of economic activity; kinds of money; functions of money; money in a capitalist economy vis-a-vis price mechanism; measurement of changes in the value of money (Index Number of Consumer Prices); Equations of Exchange - - Quantity Theory of Money. Central Bank, commercial banks and significance of liquidity ratios and deposit multiplier; banking as a prime mover of economic development; cash as a barren asset; speculative motive and interest rate mechanism; gold standard (various stages); role of gold, parity, US $, Naira, Indian rupee - origin, growth and functions; comparative study of banking system in selected countries; analysis of credit system and the state of capital market; Gresham's Law; mint ratio, reflections on Nigerian monetary and economic issues; circle of money, banking and credit.

As and when circumstances demand, additional topics of topical importance will be discussed in the class.

• Industrial Project Analysis in Developing Countries

Introduction, different stages in the preparation of an industrial project, relation between general planning and the selection of projects. Analysis of past and present demand, different methods of estimating future demand include projection of the trend, problem of uncertainties in demand estimates and how to take them into account.

Technical Studies : The fields covered by technical studies include choosing the right production process, choosing machinery, equipment, etc. with the characteristics for the job, right unfit detailed requirements of plant, equipment and supplies, choosing the right location; cognition of mistakes most frequently made like insufficiency of preliminary study and analysis, failure to consider alternative solutions.

Forecasting costs cover principal methods of estimating costs, principal sources of error in estimating costs which include, among other things, estimate of investment expenditure too low, failure to allow for working capital, overoptimistic estimates of costs and outputs in the early years of operation and so explicit assumptions made as to the future trend of costs. Estimating investment expenditure, estimating operational costs and earnings, preparing income and expenditure schedules. Analysis of these schedules.

Problems of project financing and implementation cover techniques of financial analysis, financial precasting techniques, sources of financing like foreign and domestic and choosing between domestic and foreign capital. Preparation of dossier in connection with applications for a loan, a grant or participation.

• Petroleum Economics

Aim : The aim of this specialised course is self-explanatory in the context of oil producing and oil consuming countries. The economy like Nigeria is a mono-sector economy solely dependent on crude oil production - - In addition, till 1979, the country's oil production was wholly controlled by multinational corporations. As oil revenue is a function of oil price and as oil price is determined by OPEC, the course is a highly relevant one for policy makers, planners and investment analysts, etc. The students are exposed to various analytical aspects of the economics of crude oil pricing and production.

Course Content

Understanding the oil system : Drilling of oil in undeveloped / developing regions of the world by western oil companies; Research by western technicians revealing oil as a source of energy; Different sources of energy; Coal, crude oil and uranium; Depleting reserves of coal and technological advancement resulting in turning to petroleum for purposes of economic development. Oil agreement between oil countries and oil companies.

Unit of gradation for oil - AP1° Gravity : This determines high grade low grade and medium quality crude. Depending on AP1° gravity, posted prices are fixed.

Definition of posted prices; allowances and royalties. How are profits determined and how they are distributed between the operating Government and the Operating Oil Company.

Price mechanism plays a vital role in determining oil profits : Oligopolistic and monopolistic situations Usefulness of keeping regular track of price movements for oil on a global basis. (Mention relevance of highly expensive daily oil publication).

Relationship between oil companies and oil Government : How important is one to the other. List major oil companies operating in oil producing countries, mainly interested in quoting lower prices for oil and the oil Governments demanding higher prices for crude oil.

Growth of OPEC : Emerging factors in making OPEC a powerful Organisation in breaking up Cartels' activities.

Present Position of OPEC

Oil Governments establishing petrochemical industries : Like refinery, urea plants, etc. and non-petroleum based industries; Give illustrations : Explain that the oil companies were flaring up natural gas but technological advances awakened the oil producing countries to exploit/use the natural gas resources.

Explain that the traditional concept/definition of economic development will not apply to oil producing countries : There is a need for evolving a special theory of economic development.

Discuss oil crisis caused by OPEC's increase in oil prices : and damage caused to the oil consuming countries. **Tendency to set up national petroleum corporations :** in oil producing countries and importance of research.

Economics of petroleum is economics of price : crude oil price variation results in fluctuations in oil reserve : This results in fluerations in-bank reserves ($) held by the oil producing countries. Bank reserve fluctuations result in fluctuations in exchange rates. This resulted in the collapse of the international monetary system and we are not having fixed exchange rate system - we have floating exchange rate mechanism.

Oil **crisis : led to world financial crisis as the world did not understand oil economics.**

Need for solid research in oil economics : Drilling, profit sharing and pricing and above all efficacy of the theory of oil economic development and oil financial policies.

- **Project Appraisal and Evaluation**

Project Appraisal Methodologies : Introduction, definitions, a methodology for the appraisal of non-directly productive projects. Planning, project selection, appraisal and evaluation include, among other things, the information needs of a project appraisal exercise, different types of project appraisal, difficulties of a project appraisal/evaluation exercise, desirable characteristics of a project appraisal methodology.

Social cost - benefit analysis, cost effectiveness analysis, Prou and Chervel appraisal methods, project appraisal in reality.

Management Approach to Development Activities : The project cycle -discussion, social indicators as elements of an information system include the use of social indicators within a management system for development activities, definition and characteristics of social indicators, possible errors in social indicators and a taxonomy of social indicators. Determination of costs and benefits of a project. Setting up a monitoring evaluation/system for social programmes cover review of current reporting/evaluation practices, major problems of current monitoring/evaluation efforts, types of evaluation, setting up a monitoring/evaluation system for a Government Agency and for a specific programme or project which cover questions like what should be monitored/evaluated; what can be monitored/evaluated; the choice of a monitoring/evaluation design and data collection,

processing and presentation.

- **Financial Management of Capital Structure in Development Banks**

Definition and functions of development bank; term-lending (maturity period); Interest rate structure; development banks as agents of long-terms financiers for profits with long gestation period; sources of financing of development banks; lending policies of suppliers of development finance; examination of significant ratios like debt - equity ratio and its relation, for example, with the cost of equity (or market value of shares) of development finance institutions; liquid assets/loans to total assets ratio; gear ratio used for evolving optimal capital structure of development finance institutions; capital structure decision making and evolving of dividend policy as related to investment decisions.

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