GENERIC ELECTIVE (GE) COURSES

GE 2: FINANCIAL MANAGEMENT OF FAMILY BUSINESS

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Financial Management of Family Business GE-2	4	3	1	0	Class XII	NA

Course Objectives:

- To familiarize students with various financial and quantitative techniques of analysis required at different stages for management of family business.

- To acquaint the students with qualitative aspects related to starting a new venture and various options for financing.

Learning Outcomes:

On successful completion of his course, the learner will be able to:
- Understand the process of screening of ideas and carrying out appraisal of new venture
- Learn various quantitative methods for demand forecasting and financial projections
- Evaluate projects using capital budgeting techniques
- Evaluate risk for business projects and identify alternative sources of financing

Course Contents

Unit 1: Capital Investments & Starting a Venture   **(9 hours)**
Capital investments importance and difficulties, types of capital investments, phases of capital budgeting, levels of decision making, facets of project analysis, key issues in major investment decisions. Generation of ideas, monitoring the environment, corporate appraisal, tools for identifying investment opportunities, scouting for project ideas, preliminary screening, project rating index, sources of positive net present value.

Unit 2: Demand Forecasting & Financial Projections   **(12 hours)**
Methods of demand forecasting: qualitative methods – jury of executive and Delphi method. Time series projection methods: trend projection, exponential smoothing and moving average method. Causal methods: chain ratio, consumption level, end use, bass diffusion, leading indicator and econometric method. Uncertainties in demand forecasting, improving forecasts, coping with uncertainties.

Financial estimates and projections: cost of project, estimates of sales and production, cost of production, working capital requirement and its financing, profitability projections, projected cash flow statement, projected balance sheet and multi-year projections.

Unit 3: Capital Budgeting & Project Selection   (12 hours)
Project appraisal: market appraisal, technical appraisal, financial appraisal, economic appraisal, and managerial appraisal. Project cash flows: components of cash flow, basic principles of cash flow estimation, cash flows for a replacement project. Biases in cash flow estimation: overestimation and underestimation of profitability. Time value of money: concept, present and future value of a single amount, present and future value of an annuity. Investment evaluation criteria: payback period, accounting rate of return, net present value, profitability index, internal rate of return (IRR), modified internal rate of return (MIRR). Assessment of various methods, investment evaluation in practice.

Unit 4: Risk Analysis and Financing   (12 hours)
Risk Analysis: sources and measures of risk. methods of assessing risk: sensitivity analysis, scenario analysis, break-even analysis, simulation analysis, decision tree analysis. Managing risk. Project selection under risk – judgmental evaluation, payback period requirement, risk adjusted discount rate method, certainty equivalent method. Risk analysis in practice.
Financing: capital structure, choices of financing, internal accruals, equity capital, preference capital, debentures (or bonds), term loans, raising capital in international markets, venture capital, private equity, venture capital vs private equity. Credit rating and appraisal by financial institutions – what information they want and how they appraise.

Essential Readings:
1. Chandra, P, *Projects – Planning, Analysis, Selection, Financing, Implementation, and Review*. 2019 Edition. McGraw Hill Education.
2. Agrawal, R., & Mehra, Y. S. (2017). *Project Appraisal and Management*. Taxmann Publications.

Essential Readings:
1. Chandra, P. (2019). *Projects: planning, analysis, selection, financing, implementation, and review.* Mcgraw Hill Education (India) Private Limited.
2. Agarwal, R, & Mehra, Y. (2021). *Project Appraisal and Management*. Taxmann Publications.

Additional Readings:
1. Goodpasture, C. J (2004): *Quantitative Methods in Project Management*. J. Ross Publishing.
2. Chandra, P. (2019). *Financial management : theory and practice.* Tata Mcgraw-Hill Pub.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

GE4: FUNDAMENTALS OF ECONOMETRICS

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Fundamentals of Econometrics GE-4	4	3	1	0	Class XII	Basics of statistics

Course Objectives:
- Understanding the role of econometrics: Students should grasp the link between economic theory, data, and econometric methods.
- Understanding and addressing regression assumptions.
- Introduction to econometric modelling.
- Students would be introduced to use of statistical software packages like Stata, R, or Python to perform econometric analysis.

Learning Outcomes:
The course will help the student to**:**
- Students should be able to demonstrate a clear understanding of key concepts in econometrics, such as causality, heteroscedasticity, autocorrelation, and multicollinearity.
- Students should be able to assess the violation of these assumptions and understand the implications for the validity of the results.
- Students should be able to interpret regression results accurately. They should also understand how to assess model fit, using measures like R-squared and adjusted R-squared.
- Analysing and interpreting dummy variables and interaction terms: Students should be able to incorporate categorical variables, including binary variables (dummy variables) and interaction terms, into regression models.

Unit 1   **(9 Hours)**
Introduction to Econometrics and an overview of its applications; Simple Regression with Classical Assumptions; Least Square Estimation and BLUE, Properties of estimators, Multiple Regression Model and Hypothesis Testing Related to Parameters – Simple and Joint. Functional forms of regression models.

Unit 2   **(12 Hours)**
Violations of Classical Assumptions: multicollinearity, heteroscedasticity, autocorrelation, and model specification errors, their identification, their impact on parameters; tests related to parameters and impact on the reliability and the validity of inferences in case of violations of Assumptions; methods to take care of violations of assumptions.

Unit 3 (12 Hours)

Understanding the impact of change in scale of variables on output. Understanding and calculation of information criteria for model selection: AIC, BIC, and HQC. Understanding and calculation of R Square and adjusted R Square. Understanding of outliers and their impact on the model's output.

Unit 4 (12 Hours)

Dummy variables: Intercept dummy variables, slope dummy variables, Interactive dummy variables, Use of Dummy Variables to model qualitative/Binary/Structural changes, Other Functional Forms, Qualitative Response Regression Models.

Recommendation Computer Package to be Used: Use of softwares like E-Views, R, and STATA to solve real-life problems and check assumptions, taking care of assumption violations, and test goodness of fit.

Essential Readings:
1. Dougherty, C. (n.d.). *Introduction to Econometrics*. Oxford University Press.
2. Gujarati, N. D. (n.d.). *Basic Econometrics*. New Delhi: McGraw Hill.
3. Gujarati, N. D. (n.d.). *Econometrics by Examples*. New Delhi: McGraw Hill.
Additional Reading

1. Pindyck, R. S., & Rubinfeld, D. L. (n.d.). *Econometric Models and Economic Forecasts*. Singapore: McGraw Hill.
2. Ramanathan, R. (2002). *Introductory Econometrics with Applications*. Thomson South Western.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

GE 6: PERSONAL FINANCE

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Personal Finance GE-6	4	3	1	0	Class XII	NA

Course Objectives:

- To equip students with the knowledge and practical understanding of important dimensions of managing one's personal finance.
- To understand and plan for their tax liabilities, investments, insurance coverage, and retirement.

Learning Outcomes:

On successful completion of his course, the students will be able to:

- Understand the fundamentals of Personal Financial Planning
- Learn the basics of managing personal tax liabilities
- Learn the basic concepts and underlying principles for Retirement Planning.
- Ascertain and choose appropriate insurance policies for managing personal risks.
- Evaluate various asset classes on the basis of risk-return and personal investment goals
- Create, maintain and grow personal investment portfolio

Course Contents

Unit 1: Basics of Personal Finance and Tax Planning   **(12 Hours)**

Understanding Personal Finance. Rewards of Sound Financial Planning. Personal Financial Planning Process. Personal Financial Planning Life Cycle. Making Plans to Achieve Your Financial Goals. Common Misconceptions about Financial Planning. Financial Planning as a career choice. The Financial Planning Environment. Personal Tax Planning – Tax Avoidance versus Tax Evasion, Fundamental Objectives of Tax Planning, Tax Structure in India for Individuals, Common Tax Planning Strategies – Maximizing Deductions, Income Shifting, Tax-Free and Tax-Deferred Income.

Unit 2: Managing Insurance Needs (12 Hours)

Basics Concepts – Risks, Risk Management and Underwriting. Insuring Life – Benefits of Life Insurance, evaluating need for Life Insurance, Determining the Right Amount of Life Insurance. Choosing the Right Life Insurance Policy – Term Life Insurance, Whole Life Insurance, Universal Life Insurance, Variable Life Insurance, Group Life Insurance, Other Special Purpose Life Policies. Buying Life Insurance – Compare Costs and Features, Select an Insurance Company, and Choose an Agent. Life Insurance Contract Features. Insuring Health – Importance of Health Insurance Coverage. Making Health Insurance Decision – Evaluate Your Health Care Cost Risk, Determine Available Coverage and Resources, Choose a Health Insurance Plan. Types of Medical Expense Coverage. Policy Provisions of Medical Expense Plans. Property Insurance – Basic Principles, Types of Exposure, Principle of Indemnity, and Coinsurance.

Unit 3: Managing Investments (12 Hours)

Role of Investing in Personal Financial Planning, Identifying the Investment Objectives, Different Investment Choices. The Risks of Investing, The Returns from Investing, The Risk-Return Trade-off. Managing Your Investment Holdings – Building a Portfolio of Securities, Asset Allocation and Portfolio Management, Keeping Track of Investments. Investing in Equity – Common Considerations, Key Measures of Performance, Types of Equity Stocks, Market Globalization and Foreign Stock, Making the Investment Decision. Investing in Bonds – Benefits of Investing in Bonds, Bonds Versus Stocks, Basic Issue Characteristics, The Bond Market, Bond Ratings. Investing in Mutual Funds and Exchange Traded Funds (ETFs) – Concept of Mutual Funds and ETFs, Benefits of Investing in Mutual Funds or ETFs, Some Important Cost Considerations, Services Offered by Mutual Funds, Selecting appropriate Mutual Fund and ETF investments, Evaluating the performance of Mutual Funds and ETF.

Unit 4: Investing in Real Estate and Retirement Planning (9 Hours)

Investing in Real Estate – Some Basic Considerations. Modes of Real Estate Investment – Raw Land, Commercial Properties, Residential Properties, Real Estate Investment Trusts (REITs). Planning for Retirement – Role of Retirement Planning in Personal Financial Planning, Pitfalls to Sound Retirement Planning, Estimating Income Needs, Sources of Retirement Income.

Essential Readings:

1. Billingsley R., Gitman L., & Joehnk M. (2017). *Personal Financial Planning*. Cengage Learning.

2. Tillery S., & Thomas N. Tillery. (2017). *Essentials of Personal Financial Planning*. Association of International Certified Professional Accountants.

Additional Readings:

1. Indian Institute of Banking & Finance. (2017). *Introduction to Financial Planning* (4th ed.).

2. Sinha, M. (2017). *Financial Planning: A Ready Reckoner*. Mc Graw Hill.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

GE 8: WORKING CAPITAL MANAGEMENT

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Working Capital Management GE-8	4	3	1	0	Class XII	NA

Course Objective(s):

- To provide understanding of the concept and importance of sound working capital strategies of a firm.
- To have an understanding of the impact of working capital policies relating to Cash management, inventory and receivables management on firm's profitability.

Learning Outcomes:

On successful completion of his course, the students will be able to:

- understand the concept and scope of working capital, assess and compute the working capital requirement, and evaluate the techniques for effective management of working capital.

- analyze the importance of cash management, evaluate the motives for holding cash and marketable securities, and apply the strategies and techniques of cash management.

- develop and apply effective receivables management policies to optimize credit policy, analyze creditworthiness, and minimize costs associated with managing accounts receivable.

- analyze and apply different techniques of inventory management, including EOQ, minimum order quantity, ABC analysis, and JIT, to minimize inventory costs while ensuring adequate stock levels.

Course Contents:

Unit 1: Working Capital Management – Introduction (15 Hours)
Concept and Scope of Working Capital, Types of working Capital, Determinants of working capital, Working Capital Cycle, Assessment and Computation of Working Capital Requirement, Profitability–Liquidity trade-off, Working Capital Policies. Brief about working capital financing.

Unit 2: Management of Cash & Marketable Securities (12 Hours)
Meaning of Cash, Motives for holding cash, objectives of cash management, factors determining cash needs, Cash Management: basic strategies, techniques, Lock Box system and

concentration banking. Marketable Securities: Concept, types, reasons for holding marketable securities.

Unit 3: Management of Receivables (9 Hours)

Concept & cost of maintaining receivables, objectives of receivables management, factors affecting size of receivables, policies for managing accounts receivables, analysis for optimum credit policy including credit analysis, credit standards, credit period, credit terms, etc.

Unit 4: Inventory Management (9 Hours)

Inventory: Need for monitoring & control of inventories, objectives of inventory management, Benefits of holding inventory, risks and costs associated with inventories, Techniques of Inventory Management – EOQ, Minimum order quantity, ABC Analysis, JIT etc.

Essential Readings:
1. Bhattacharya, H. (2016). *Working Capital Management: Strategies and Techniques* (4th ed.). PHI.
2. Rustagi, R.P. (2021). *Working Capital Management* (Reprint ed.). Taxmann..
3. Bhalla, V.K. (2011). *Working Capital Management: Text And Cases.* (13th ed.). Anmol Publishing.
4. Periasamy, P. (2012). *Working Capital Management: Theory & Practice*. 2nd Edition. Himalaya Publishing House.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.