

DEPARTMENT OF ECONOMICS
UNIVERSITY OF DELHI

Subject:	Common Pool of GE (GE-14)
Sem.:	V/VII
Course & Code:	Corporate Finance, Governance and Development – ECON067
Duration (per week):	3 lectures + 2 Tutorial
Date & Time	05/08/2024 at 03:00 PM
Venue:	106, Department of Economics, Delhi University
Convenor:	Satyendra Gupta

College Teachers

Anil Kumar (Dyal Singh College)
Dr. Animesh Naskar (Hansraj College)
Dr. Amit Nandan (Motilal Nehru College)
Madhurendra Singh (Dyal Singh College)
Chhavi Gautam (SRCC)

The convenor welcomed all the members to the meetings.

Following points were discussed and agreed upon.

- Eligibility criteria: All members agreed to replace the ‘Class 12th with Mathematics’ as the eligibility to ‘Class 12th’. However, the respective teachers will take some tutorials to explain basics of mathematics that may be required in relevant sections of the syllabus.
- Prerequisite: All members agreed to remove any prerequisites.
- Number of hours for the Unit I to IV are restructures as 07 (Unit I), 18 (Unit II), 12 (Unit III), and 08 (Unit IV).
- Final examination (90) will have 7 questions. **The students need to attempt any 5 questions (5 * 18)**. A scientific calculator will be allowed during the examination.
- Suggested pattern for the 7 questions from units I – IV is 1 + 3 + 2 + 1.
- Other assessment (e.g. continuous assessment, internal assessment) will be as per university rules and guidelines.

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.

Learning Objectives

The Learning Objectives of this course are as follows:

- This course covers the important financial decisions that face companies and corporate world in the modern economies.
- This will cover investment, financing and dividend decisions, together with the management of risk.

Learning outcomes

The Learning outcomes of this course are as follows:

- The students will be able to understand the risk and decisions taken by the corporate world in the present-day situations.
- The student will learn the practical issues of assets formation in the share and equity markets.
- They will also learn the role of institution in regulating uncertain and risky behaviours of the corporate firms.

Syllabus

UNIT I: Investment decisions (07 hours)

Traditional methods of investment appraisal, Investment–consumption decision model, The discounted cash flow approach, Net present value and internal rate of return, Capital rationing

UNIT II: Risk analysis (18 hours)

Simple risk techniques, Risk and return, Portfolio theory, The capital asset pricing model, Option valuation

UNIT III: Financing decisions (12 hours)

Financial markets, the cost of capital, Weighted average cost of capital, Capital structure in a simple world, Capital structure in a complex world, Investment and financing interactions

UNIT IV: International issues (08 hours)

Foreign exchange, Foreign exchange hedging, Foreign direct investment

Recommended readings

- Brealey, Richard, A., Myers, Steward C., Allen, Franklin; “Principles of Corporate Finance” 13th Edition 2020
- Lumby, S., & Jones, C. (2019). Corporate finance: Theory & practice. 10th edition. Cengage Learning EMEA.

Detailed Reading List

Unit Names	Name of the Topics	Page No.
Unit-I: Investment Decision	Traditional Methods of Investment Appraisals	Chapter-5 Brealey, Richard, A., Myers, Steward C., Allen, Franklin; “Principles of Corporate Finance” 13 th Edition, 2020 Page-108-134
	The Discounted CashFlow Approach, NPV,IRR, Capital Rationing	
	Investment Consumption Decision Model	Chapter-4 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition.2022 Page: 45-60
Unit-II: Risk Analysis	Risk and Return	Chapter-10 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition.2022 Page: 195-215
	Portfolio Theory	Chapter-11 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition. 2022 Page: 216-245
	The Capital Asset Pricing Model	Chapter-11 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition. 2022 Page: 246-257 and Exercise (page 277-280)
	Option Valuation	Chapter-11 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition.2022 Page:281-311 and Exercise(page 315-318)
Unit-III: Financing Decisions	Financial Markets	Chapter-15 Steve Lumby & Chris Jones, “Corporate Finance Theory & Practice” 10 th Edition. Page: 347-357,
	An Overview of Corporate Financing	Chapter-14 Brealey, Richard, A., Myers, Steward C., Allen, Franklin; “Principles of Corporate Finance” 13 th Edition2020 Page-365-390
		Chapter-16 Brealey, Richard, A., Myers, Steward C., Allen, Franklin; “Principles of

		Corporate Finance” 13 th Edition 2020 Page-425-443
		Chapter-17 Brealey, Richard, A., Myers, Steward C., Allen, Franklin; “ Principles of Corporate Finance” 13 th Edition, 2020 Page-451-468
Unit IV International Issues	Foreign Exchange, Foreign Exchange Hedging & Foreign Direct Investment	Chapter-22, 23 & 24 Steve Lumby & Chris Jones, “ Corporate Finance Theory & Practice” 10 th Edition. Page: 534-579