

Discipline Specific Elective 21 (DSE-21): Corporate Finance and Governance

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
VI/VIII	Corporate Finance and Governance – ECON051	4	3	1	0	Class 12 th Pass	Game Theory and Strategic Interactions (ECON013)

Learning Objectives

The Learning Objectives of this course are as follows:

- The field of corporate finance has undergone a tremendous mutation in the past three decades, specially after the global financial crisis. A substantial and important body of empirical work has provided a clearer picture of patterns of corporate financing and governance, and of their impact for firm behavior and macroeconomic activity.
- This course aims to introduce the conceptual foundation of those issues. It will introduce firm's behaviour of finance choice in the presence of tax distortions, transaction costs, informational asymmetries etc.

Learning outcomes

The Learning outcomes of this course are as follows:

- The students will understand the variety of institutions running corporate business in present day world and will be familiar with the strategies to govern them effectively.

Syllabus

UNIT I: An economic overview of corporate institutions (9 hours)

UNIT II: Corporate Governance (9 hours)

Separation of ownership and control, managerial incentives, investor's activism, takeover, leverage buyout

UNIT III: Corporate Financing and Agency Costs Outside Financing Capacity (6 hours)

UNIT IV: Determination of borrowing capacity (6 hours)

UNIT V: Corporate financing under asymmetric information (9 hours)

UNIT VI: Exit and voice: Passive and active monitoring (6 hours)

Recommended readings

- Tirole, J. (2010). The theory of corporate finance. Princeton university press.
- Vernimmen, P., Quiry, P., & Le Fur, Y. (2022). Corporate finance: theory and practice. John Wiley & Sons.

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