

Generic Elective (GE-14): Corporate Finance, Governance and Development

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
V/VII	Corporate Finance, Governance and Development – ECON067	4	3	2	0	Class 12th with Mathematics	Basic Statistics

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 (12 hours)

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

UNIT II: Risk analysis (12 hours)

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

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, The dividend decision

UNIT IV: International issues (9 hours)

Foreign exchange, Foreign exchange hedging, Foreign direct investment

Recommended readings

- Quiry, P., LeFur, Y., Vernimmen, P. (2022). Corporate finance: theory and practice. John Wiley & Sons.
- Lumby, S., & Jones, C. (2003). Corporate finance: Theory & practice. Cengage Learning EMEA.

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