

SEMESTER-V

BBA (FIA)

DISCIPLINE SPECIFIC CORE (DSC) COURSES

DSC 13: FINANCIAL DERIVATIVES

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 Derivatives DSC-13	4	3	1	0	Class XII	Basic understanding of financial market

Course Objectives:

The course will help the learner to:

- Understand the basics of spot, forwards, and futures markets, including their history and participants, and learn about the different types of margins and valuation methods.
- Gain knowledge of currency markets and learn how to calculate bid and ask in cross-currency pairs, and how to hedge with futures and forwards.
- Develop an understanding of options trading strategies, including spreads and combinations, and learn how to calculate P/L in option trades.
- Learn about the factors that affect option prices and how to calculate upper and lower bounds of call and put options with and without dividends, as well as the put-call parity theorem.
- Study option valuation models such as the Binomial and Black-Scholes models for stocks and currencies with and without dividends.

Learning Outcomes:

The course will help the learner to:

- Analyze the different types of derivatives and their features, including margins, valuations, and convergence of spot and futures.

- Evaluate the currency market and the strategies involved in hedging using futures and forwards.
- Synthesize the knowledge of options and their trading strategies, including spreads and combinations.
- Apply the binomial and Black-Scholes models to value options with and without dividends.
- Understand the factors affecting option prices and the put-call parity theorem.

Unit 1: Spot, Forwards and Futures (12 hours)

Introduction of Spot Market. History of derivatives and origin of derivatives in India. Margins: VaR Margin, ELM, Maintenance margin, Delivery Margin, SPAN Margin. Convergence of Spot and Futures. Participants of Derivatives Markets. Valuation of Forwards and Futures. Contango and Backwardation. Hedging: Long security-sell futures, Speculation: With and Without derivative market, Arbitrage: Buy spot-sell futures & Sell Spot-Buy futures.

Unit 2: Currency Market (12 hours)

Currency futures: understand and valuation, Quotations- direct, indirect. Calculation of Bid & Ask in cross currency Pair. Hedging with futures: Concept of Basis & impact of change in basis on Payment/receivables. Hedging with Forwards: Early Delivery, Early Cancellation, Early Extension, Maturity Cancellation and Maturity Extension.

[https://www.bseindia.com/downloads/Training/file/NISM-Series-I%20Currency%20Derivatives%20\(new%20workbook%20effective%2021-Feb-2012\).pdf](https://www.bseindia.com/downloads/Training/file/NISM-Series-I%20Currency%20Derivatives%20(new%20workbook%20effective%2021-Feb-2012).pdf)

Unit 3: Options and Trading Strategies (9 hours)

Options: Type – Call and Put & American and European, Payoffs. Calculation of P/L in Option Trade. Factors affecting option Prices. Upper Bound and Lower Bound of Call and Put option with and without dividend. Put - call parity theorem. Spreads (Bull, Bear, Box, Butterfly and Calendar Spread), combinations (Straddle, Strangle, Strip, Straps).

Unit 4: Option Valuation (12 hours)

Binomial model: One Period, Two Period and multiple Period. Black-Scholes option model (For stock and currency both) with and without dividend.

Essential Readings:

- NISM. (2012). Currency Derivatives (New Workbook Effective 21-Feb-2012). BSE Institute Limited. [https://www.bseindia.com/downloads/Training/file/NISM-Series-I%20Currency%20Derivatives%20\(new%20workbook%20effective%2021-Feb-2012\).pdf](https://www.bseindia.com/downloads/Training/file/NISM-Series-I%20Currency%20Derivatives%20(new%20workbook%20effective%2021-Feb-2012).pdf)
- Hull, J. C. (2018). *Options, Futures, and Other Derivatives* (10th ed.). Pearson.
- Tuckman, B., & Serrat, A. (2011). *Fixed Income Securities: Tools for Today's Markets* (3rd ed.). John Wiley & Sons.

- McDonald, R. L. (2014). *Derivatives Markets* (3rd ed.). Pearson.

Additional Readings:

- Bhalla, V. K., & Singh, N. (2015). Currency derivatives: A beginner's module. National Stock Exchange of India Limited.
https://www.nseindia.com/content/ncfm/ncfm_modules.htm
- Lipton, A. (2015). Mathematical methods for foreign exchange: A financial engineer's approach. World Scientific Publishing Co. Pte. Ltd

Examination scheme and mode:

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

DSC 14: CORPORATE RESTRUCTURING

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		
Corporate Restructuring DSC-14	4	3	1	0	Class XII	NA

Course Objective(s):

To provide an understanding of the corporate restructuring, mergers and acquisitions with the basic methods of valuation in methods of payment and financing options at global level.

Learning Outcomes:

After studying this course, the student will be able to:

- Understand the concept and importance of corporate restructuring for growth.
- Recognise opportunities for creating value through Mergers and Acquisitions.
- Illustrate and apply leading methods used in the valuation of a firm for M&A analysis.
- Learn the legal and regulatory framework of Mergers and Acquisitions.

Unit 1: Corporate Restructuring – An Overview (12 hours)

Concept and importance of corporate restructuring, various forms of restructuring: joint ventures (types), Strategic alliance (types), Merger(types), Acquisition(types), Consolidation, Divestiture, Demerger (Spin-off, Split-up, Split-off), Equity carve-out, Management buyout, Leveraged buyout, Buyback of securities, ESOP.

Unit 2: Merger & Acquisition (12 hours)

Motives behind M&A, theories of M&A, process of M&A. Fast track merger. Cross border M&A – concept, benefits & difficulties. Due diligence process. Methods of payment and financing options in M&A. Takeover defence tactics. Reasons for failure of M&A.

Unit 3: Deal Valuation and Evaluation (15 hours)

Methods of valuation; cash flow approaches, economic value added (EVA) (with numerical), sensitivity analysis (with numerical), Valuation for slump sale, valuation of synergy (with numerical), cost-benefit analysis and swap ratio determination (with numerical).

Unit 4: Legal and Regulatory Framework of M&A (6 hours)

Provisions of Companies Act 2013, SEBI Takeover Code 2011, Provisions of Competition Act 2002.

Essential Readings:

1. Weston, F., Chung, K. S., & Siu, J. A. (n.d.). *Takeovers, Restructuring, and Corporate Governance*. Pearson Education.
2. Gupta, M. (2010). *Contemporary Issues in Mergers and Acquisitions*. Himalaya Publishing.
3. Sundarsanam (2006). *Creating Value from Mergers and Acquisitions* (1st ed.). Pearson Education.

Additional Readings:

1. Ramanujan, S. (1999). *Mergers: The New Dimensions for Corporate Restructuring*. McGraw Hill.
2. Narayankar, R. (2013). *Merger and Acquisitions: Corporate Restructuring, Strategy, and Practices* (2nd ed.). International Book House Pvt. Ltd.

Examination scheme and mode:

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

DSC 15: BUSINESS ENVIRONMENT AND POLICY

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		
Business Environment and Policy DSC-15	4	3	1	0	Class XII	NA

Course Objective(s):

- To evolve a clear understanding of impact of various macroeconomic variables (both internal and external) on business.
- To discuss the various government policies and its impact on the business outcomes.
- To focus on the importance of economic environment and policy in decision making.

Learning Outcomes:

After studying the course the student will be able to

- Become aware and sensitive towards the overall Business environment within country and at global level. Students will be able to:
- Understand and critically evaluate the factors affecting business environment.
- Identify business opportunities both in the country and abroad.
- Understand Economic Survey and its implications for Indian Business Environment.
- Critically evaluate the government policies related to business environment.

Unit 1 Introduction & Macroeconomic Indicators of Indian Economy:

Learning Outcomes:

- Recall the key concepts and definitions related to business environment, macroeconomic indicators, and Sustainable Development Goals.
- Describe the types of business environment, interaction between internal and external environments, nature and structure of the economy.
- Analyze macroeconomic indicators and assess their impact on business operations.
- Evaluate the effectiveness of government policies in addressing economic challenges.
- Evaluate the impact of technology transfers on business operations.
- Develop strategies for businesses to operate in different types of business environments.

(12 hours)

Content:

Introduction: Concept, Significance and Nature of Business Environment, Types of environment, Interaction between Internal and External environments, Nature and Structure of Economy, Techniques for Environment Analysis, Approaches and Significance of Environment Forecasting. Social Responsibility of Business. Technological environment – nature of technology, interface between technology and business, Management of technology transfers. Availability of natural resources and demographic conditions in India.

Macroeconomic Indicators of Indian Economy: Inflation, interest rates, Yield on 91 days Treasury Bills and 10 years Government Securities, changes in exchange rates, Fiscal Deficit, Current account balance (deficit/Surplus) of India's Balance of Payments. India's achievements vis-a vis Sustainable Development Goals (SDG).

Unit 2 Government Policies related to Businesses

Learning Outcomes:

- Recall the key policies related to industrial development, trade, and finance.
- Describe the benefits of digitization and unification of payment systems.
- Apply the concept of ease of doing business to identify strategies to improve business environment in India.
- Analyze the impact of "Make in India" and "Atmanirbhar Bharat" policies on various sectors of the Indian economy.
- Evaluate the impact of digitization and unification of payment systems on the Indian economy.
- Develop strategies to address the challenges faced by businesses in doing business in India.

Content:

(12 hours)

Industrial Policies; EXIM Policies; Monetary Transmission- Bank's credit to Non- Agriculture sectors; Digitization and Unification of Payment system – UPI; Ease of Doing Business – Concept, Parameters and their measurement, issues and challenges in 'Doing Business'; Disinvestment in Public Sector Units; Understanding of "Make in India" and "Atmanirbhar Bharat" and its impact on Indian Economy.

Unit 3 Relationship between Business and Government

Learning Outcomes:

- Recall the relationship between business and government.
- Understand recent changes in fiscal and monetary policies and their implications for businesses.
- Apply knowledge of government policies to identify opportunities and challenges for businesses.
- Analyze the impact of government policies on the Indian business environment.
- Evaluate the performance of the Indian economy based on the latest Economic Survey.
- Create proposals for new policies to improve the Indian business environment.

(12 hours)

Content:

Relationship between Business and Government; Union Budget as an instrument of growth and its Impact on Business; Recent Changes in Fiscal and Monetary Policies; Impact of Government Policies on Indian Business Environment; Analysis of latest Indian Economic Survey with respect to the performance Indicators and changes from the previous year.

Unit 4 Global Business Environment**Learning Outcomes:**

- Understand foreign direct investment (FDI), foreign institutional investment (FII), and their impact on the global business environment
- Understand the role of WTO in regulating international trade and its implications for India.
- Apply knowledge of economic indicators to compare and contrast the performance of India and China.
- Analyze the relative performance of India as a member of BRICS and BIMSTEC.
- Evaluate the attractiveness of specific markets for FDI and FII.
- Develop strategies for attracting FDI and FII to specific markets.
- Create proposals for improving India's comparative performance with China on key economic indicators.

Content:**(9 hours)**

Global Business Environment: Foreign Direct Investment, Foreign Institutional Investment, WTO and India: an overview, Regulation of Foreign Trade; Relative performance of India as a member of BRICS and BIMSTEC; Comparative analysis of India Vs China on major economic indicators.

Essential Reading:

1. Latest Economic Survey of India
2. Latest Union Budget
3. Business Environment by A. C. Fernando, Pearson India, ISBN: 9788131731581.

Examination scheme and mode:

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