

SARDAR PATEL UNIVERSITY
Programme & Subject: BBA LLB
Semester: IV
Syllabus with Effect from: June - 2011

Paper Code: IL - 401	Total Credit:
Title Of Paper: Finance Management	

Unit	Description in Detail	Weightage (%)
I	Financial Management : Nature and Scope of Financial Management, Finance Function – Goals of Financial management – Emerging role of finance manager	
II	Indian Financial System : Financial System and the Economy - Money Market & Capital Market - Primary Market & Secondary Market - Debt Market-New Financial Instruments - Derivatives Market - Credit Rating - Factoring and Forfeiting - Development Financial Institutions - Banking and Non-Banking Institutions - Mutual Funds – Insurance - Financial Regulation	
III	Financial Planning : Essential factors to be consider, Capitalization, Cost and earning theory, Over capitalization and Under capitalization.	
IV	Cost of Capital : Significance – Concept – Specific–Cost for various sources of finance, viz. Cost of Debts (debentures and bonds, deposits and loans) Cost of Preference capital, Cost of Equity Capital and Cost of retained earnings – Weighted Average Cost of Capital; Numerical	
V	Management of Working Capital : Concept of working capital, Types and Sources, Factors determining working capital requirement, Operating cycle; Numerical.	
VI	Management of Inventory : Concept, Types of inventory, Objectives, Cost and motives to holding inventory, Inventory control techniques: EOQ and ABC; Numerical.	
VII	Leverages : Meaning and types of leverages. Operating Leverage: Measurement and degree of operating leverage (simple problems impact of operating leverage on EBIT). Financial Leverage: Measurement and degree of financial leverage; Effects of financial leverage on valuation of a firm (simple problems on calculation of financial leverage and impact of financial leverage on EBT and on the price of the share expected). Combined Leverage ; Numerical.	
VIII	Capital Budgeting : Concept, Significance, Types, Time value of money, Appraisal methods: Pay-back period, Average rate of return, Net present value, Internal rate of return, Profitability index; Numerical.	
IX	Capital Structure : Planning the initial capital structures – features of a sound or appropriate capital structure – Capital structure theories, viz. Net Income Approach, Net Operating Income Approach, Traditional view, the Modigliani– Millier Hypothesis.	
X	Dividend Policy : Forms of dividend – practical consideration, constrains in paying dividend –	



	stability and significance and limitations of Stable Dividend Policy. Dividend policy and share valuation – Traditional Position – Walter Model; Gordon Model, Miller and Modigliani Position, Radical Position. Corporate dividend practices in India.	
XI	Lease Financing : Nature and Importance – Important issues –Impact – effects of the use of Lease Financing from the leaser’s and laser’s viewpoints.	

(Note: Not more than 40% marks should be allotted for numerical)

Basic Text & Reference Books:-

- Financial Management : Khan & Jain, Tata McGraw Hill, 5th Edition.
- Indian Financial System : Dr. B. V. Pathak, Pearson publication, 2nd Edition.
- Financial Management : S. C. Kuchal
- Financial Management : I. M. Pandey
- Fundamentals of Financial Management : Prasanna Chandra

