

**Guidelines for the Paper titled “Financial Management for Beginners”,
General Elective Course 6.2 (GE 6.2) of the Commerce Department for
Semester VI students, NEP course**

**Jointly organized by
Department of Commerce, Delhi School of Economics, University of Delhi
and
PGDAV College, University of Delhi
Date: 11th February, 2025**

MINUTES

An online meeting was held on Tuesday, 11th February, 2025 at 5:00 PM on Google Meet Platform (Meeting Link: <https://meet.google.com/pyt-ezcc-iej>) to prepare the Guidelines for UGCF Syllabus for the paper titled “**Financial Management For Beginners**”, **General Elective Course 6.2 (GE 6.2)** of the Commerce Department for Semester VI students, jointly organized by Department of Commerce, Delhi School of Economics, University of Delhi and PGDAV College, University of Delhi. The faculty members of different colleges of University of Delhi associated with teaching of this paper attended the online meeting on the scheduled day and time. The meeting was convened by Prof. Shuchi Pahuja, Professor in Department of Commerce, PGDAV College and represented by Dr. Namita Jain, Assistant Professor in Department of Commerce, Delhi School of Economics, University of Delhi.

The guidelines were set in the online meeting with the consent of the faculty members present in the meeting and the Representative of Department of Commerce, Delhi School of Economics, University of Delhi. The following aspects were agreed upon in the meeting so as to maintain uniformity in the pattern of teaching at various colleges:

1. General Guidelines related to the lectures assigned, assessment pattern and University examination:

Number of lectures: 45

Total marks: 160 (including 30 marks Internal Assessment, 40 marks Continuous Assessment and Final theory examination of 90 marks)

Duration of Final exam: 3 hours

The final theory exam will be of 90 marks having 5 questions of 18 marks each. Each question will have internal choice preferably from the same unit. Each question may contain sub-parts.

Unit-wise Marks distribution of 90 marks for Semester End Examination was decided as follows:

| Unit | Description | Marks |
|--------|--|-------|
| Unit 1 | Introduction | 18 |
| Unit 2 | Financial Analysis & Capital Budgeting | 18 |
| Unit 3 | Cost of Capital & Capital Structure | 18 |
| Unit 4 | Dividend Decisions & Working Capital | 18 |
| Unit 5 | Valuation of Securities | 18 |

It was decided that students are allowed to use simple calculators and mathematical tables in the classroom as well as in the examination and **it should be clearly mentioned in the question paper that the use of simple calculators and mathematical tables is allowed.**

2. Matters concerning coverage and depth of the topics specified in the syllabus while teaching this paper:

Unit wise coverage of syllabus:


| Unit | Particulars |
|---------------|--|
| Unit 1 | Introduction |
| | <p>Meaning and importance of finance; Meaning, scope and objectives of Financial management.</p> <p>Time value of money (Compounding & Discounting): Concept of TVM and its significance in financial management. Simple numericals on calculating future values and present values. (The use of mathematical tables should be encouraged)</p> <p>Risk & Return: Meaning of risk and return, Risk-return trade-off in relation to financial decisions.</p> <p>Alternative investment options: long-term investment decisions (capital budgeting) and short term investment decisions (working capital management) in business organizations.</p> <p>Sources of long term financing and short term financing: Brief overview of various sources of finance in business organizations (Long term sources like equity shares, preference shares, debentures, term loans, retained earnings and short term sources like short term loans, bank overdraft, creditors, commercial papers)</p> <p>(Simple numerical questions from Time value of money)</p> |
| Unit 2 | Financial Analysis & Capital Budgeting |
| | <p>Financial statements- Income statement and Balance sheet (Brief overview)</p> <p>Ratio analysis: meaning, significance and limitations. Current ratio, quick ratio, absolute liquidity ratio, debt-equity ratio, interest coverage ratio, inventory turnover ratio, debtors turnover ratio, average collection period, creditors turnover ratio, average payment period, return on capital employed, return on equity, earnings per share, dividend per share, price-earning ratio (Simple numerical questions)</p> <p>Capital budgeting process: Meaning and significance of capital budgeting and steps in capital budgeting process.</p> <p>Capital budgeting techniques: Payback period, Discounted payback period, NPV and IRR (Numerical questions)</p> <p>(Simple numerical questions from Ratio analysis with clear given information, without the need of information to be derived from the Financial Statements. Numerical questions on evaluation of an investment proposal with given cash flows using the capital budgeting techniques mentioned in the syllabus. Questions on estimation of cash flows should be avoided)</p> |

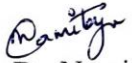
| | |
|---------------|---|
| Unit 3 | Cost of Capital & Capital Structure |
| | <p>Concept of cost of capital and capital structure: Meaning and significance of cost of capital; implicit and explicit cost of capital; specific and overall cost of capital. Meaning, significance and components of capital structure.</p> <p>Calculation of cost of capital: Cost of debt capital (perpetual bond and redeemable bond), Cost of preference share capital (redeemable and irredeemable preference share), Cost of equity share capital using Dividend discount approach (zero growth model and constant growth model), Weighted average cost of capital (WACC) using book value weights and market value weights.</p> <p>Leverage analysis: Meaning of leverage. Operating leverage, Financial leverage, Combined leverage.</p> <p>(Numerical questions on calculating specific costs and WACC and on calculating operating, financial and combined leverages)</p> |
| Unit 4 | Dividend Decisions & Working Capital |
| | <p>Dividend Decision: Types of dividends, Dividend policies and factors affecting dividend policies. Stock-split and bonus Shares (No numerical)</p> <p>Working Capital Management: Concept of working capital, its components and factors affecting working capital requirements, estimating working capital requirement of a concern.</p> <p>(Simple numerical questions on Estimation of working capital)</p> |
| Unit 5 | Valuation of Securities |
| | <p>Types of risks and returns: Meaning of return, components of return, concept of historical and expected return. Meaning of risk, its difference with uncertainty, sources of risk and types of risk: systematic and unsystematic. Risk-return trade-off in investment.</p> <p>Concept of valuation: Meaning of valuation and various measures of valuation in relation to securities</p> <p>Equity valuation & analysis: Finding Intrinsic value of equity share using zero growth and constant growth approaches of Dividend Discount Model, comparing intrinsic value with the market price and making buy or sell decisions.</p> <p>Bond valuation & analysis: Finding Intrinsic value of simple bond, comparing it with market price/issue price and making buy or sell decision.</p> <p>(Numerical questions on Valuation of equity share using zero growth and constant growth model of Dividend discount approach and on Valuation of a Simple bond)</p> |

The list of faculty members who attended the meeting is given below:

| S. No. | Faculty Name | College Name |
|--------|---------------------|--|
| 1 | Dr. Namita Jain | Department of Commerce, DSE |
| 2 | Prof. Shuchi Pahuja | P.G.D.A.V. College (M) |
| 3 | Dr. Rekha Gupta | Swami Shraddhanand College |
| 4 | Dr. Swati Garg | Shyama Prasad Mukherji College for Women |
| 5 | Ms. Suchitra Mehta | P.G.D.A.V. College (M) |
| 6 | Dr. Namita Aggarwal | Gargi College |

The faculty members actively participated in the deliberations of the meeting. It was requested that the paper setters should strictly follow these guidelines while setting up the question paper. The meeting concluded with the sincere thanks to Dr. Namita Jain and all the participants for their valuable suggestions in the preparation of guidelines of the Paper GE 6.2 Financial management for beginners.


Prof. (Dr.) Shuchi Pahuja
Convenor


Dr. Namita Jain
Department Representative