



**Business Finance**  
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**[Core Course]**

<b>Semester: III</b>	<b>Credits: 4</b>	<b>Subject Code: MCM32001</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

At the end of this course, the learner will be able to:

- Appreciate the significance of finance and financial planning in business to achieve a balanced capitalisation
- Evaluate the significance of investment decisions of a business with the aid of different techniques of Capital Budgeting
- Appraise the distinct sources of long-term financing of a business essential for achieving an ideal Capital Structure
- Analyse the impact of short-term sources of financing of a business on its liquidity and profitability positions
- Recognise the evolving trends in business finance and their significance in terms of industrial and economic development

<b>Unit 1: Strategic Financial Planning for Business</b>	<b>14</b>
<ul style="list-style-type: none"><li>• Business Finance<ul style="list-style-type: none"><li>○ Meaning and nature</li><li>○ Scope and importance</li></ul></li><li>• Financial Planning<ul style="list-style-type: none"><li>○ Meaning and importance</li><li>○ Steps in Financial Planning</li><li>○ Principles of Financial Planning</li><li>○ Limitations of Financial Planning</li></ul></li><li>• Capitalisation<ul style="list-style-type: none"><li>○ Meaning and definition</li><li>○ Types – Over Capitalisation and Under Capitalisation</li></ul></li><li>• Capital Structure<ul style="list-style-type: none"><li>○ Meaning and definition</li><li>○ Principles of Capital Structure Management</li><li>○ Factors affecting Capital Structure</li></ul></li><li>• Capital Budgeting<ul style="list-style-type: none"><li>○ Meaning</li><li>○ Time Value of Money</li></ul></li><li>• Techniques - Payback Period Method, Average Rate of Return Method, Net Present Value Method and Internal Rate of Return Method</li></ul>	

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<b>Unit 2: Corporate Sources of Finance: Medium and Long Term</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Ownership Securities               <ul style="list-style-type: none"> <li>○ Equity Shares: Characteristics, advantages and disadvantages</li> <li>○ Preference Shares: Characteristics, types, advantages and disadvantages</li> <li>○ Retained Earnings: Characteristics, advantages and disadvantages</li> </ul> </li> <li>• Creditorship Securities               <ul style="list-style-type: none"> <li>○ Debentures and Bonds: Characteristics, types, advantages and disadvantages</li> <li>○ Public Deposits: Characteristics, advantages and disadvantages</li> <li>○ Long Term Loans: Characteristics, advantages and disadvantages</li> <li>○ Lease Financing: Characteristics, advantages and disadvantages</li> </ul> </li> </ul>	

<b>Unit 3: Corporate Sources of Finance: Short Term</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Meaning and Need for Short Term Finance</li> <li>• Sources of Short Term Finance               <ul style="list-style-type: none"> <li>○ Trade Creditors</li> <li>○ Bank Credit – Unsecured (Cash Credit and Overdraft)</li> <li>○ Bank Credit – Secured (Bill Discounting and Factoring)</li> <li>○ Commercial Paper</li> </ul> </li> <li>• Advantages and Disadvantages of sources of Short Term Finance</li> </ul>	

<b>Unit 4: Trends in Business Finance</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Venture Capital Financing               <ul style="list-style-type: none"> <li>○ Meaning and Definition</li> <li>○ Features</li> <li>○ Functions</li> <li>○ Advantages</li> </ul> </li> <li>• Private Equity Funds               <ul style="list-style-type: none"> <li>○ Meaning and Definition</li> <li>○ Features</li> <li>○ Functions</li> <li>○ Advantages</li> </ul> </li> <li>• Distinction between Venture Capital Financing and Private Equity</li> <li>• Mezzanine Financing               <ul style="list-style-type: none"> <li>○ Meaning and Definition</li> <li>○ Features</li> <li>○ Functions</li> <li>○ Advantages</li> </ul> </li> <li>• Angel Financing               <ul style="list-style-type: none"> <li>○ Meaning and definition</li> </ul> </li> </ul>	

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- Features
- Functions
- Advantages
- Case Studies

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

**Recommended Reference Books:**

- Bhole, L. M. *Financial Institutions and Markets*. McGraw Hill: Delhi; 2009.
- Bhole, L. M. and Jitendra Mahakud. *Financial Institutions and Markets: Structure, Growth and Innovations*. McGraw-Hill Education: New Delhi; 2017.
- Chandra Prasanna. *Financial Management – Theory and Practice*. Tata McGraw Hill Publishing Company Ltd.: New Delhi; 2017.
- Chandra Prasanna. *Financial Management*. McGraw-Hill Education: Noida; 2019.
- Dr. Kohok, M. A., Dr. Mishra, S.K. and Bhivpathaki, D.P. *Advanced Financial Management*. Everest Publishing House: Pune; 2004.
- Gupta, C.B. and Maheshwari. *Financial Management and Corporate Planning and Policy*. Sultan Chand and Sons: Delhi; 2019.
- Inamdar Satish, M. *Principles of Financial Management*. Everest Publishing House: Pune; 2011. Khan and Jain. *Financial Management*. Tata Mc Graw Hill Publishing: New Delhi; 2007.
- Maheshwari, S. N. *Financial Management*. Sultan Chand and Sons: New Delhi; 2013.
- Periasamy, P. *Financial Management*. Vijay Nicole Imprints Pvt. Ltd.: Chennai; 2010.

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