

## **BUSINESS FINANCE - Paper I**

**100 Marks-75 Lecture**

### **UNIT I : NATURE AND OBJECTIVES OF BUSINESS FINANCE: (25 Marks – 18 Lecture)**

**Meaning of business finance, business finance v/s corporate finance, role of business finance in an organization, principles of business finance, meaning of financial planning, steps in financial planning, significance of financial planning, meaning and objectives of financial plan/capital plan, essential features of a good financial plan, types of financial plan.**

### **UNIT II: CLASSIFICATION OF CAPITAL (20 Marks – 15 Lecture)**

**Meaning of Capital, Classification of capital, factors determining capital requirements, meaning and features of fixed capital, factors determining fixed capital requirements, importance of adequate fixed capital; meaning and features of working capital, Factors determining working capital requirements, significance of adequate Working capital, types of working capital**

### **UNIT III: CAPITALISATION (25 Marks – 15 Lecture)**

**Meaning of capitalization, Theories of capitalization, Cost theory v/s Earnings theory, overcapitalization and under capitalization:- meaning, causes, effects and remedies; overcapitalization v/s under capitalization; balanced capitalization—meaning and importance**

### **UNIT IV: CAPITAL STRUCTURE (20 Marks – 17 Lecture)**

**Concept of capital structure, Meaning and importance of capital structure, factors influencing capital structure, concept of financial structure, capital gearing—meaning, types and advantages, trading on equity – meaning, types and advantages and limitations.**

### **UNIT V: INSTITUTIONAL FINANCING (10 Marks – 10 Lecture)**

**Industrial Development Bank of India (IDBI) –Introduction and functions  
LIC –Introduction, objectives and functions  
EDC –Introduction, objectives, functions and schemes  
Changing role of financial institutions**

**Books for Study and Reference:**

- 1) R.K. Sharma and Shashi K. Gupta, Business Organisation and Management**
- 2) R.M. Srivastava, Essentials of Business Finance, Himalaya Publishing House, Kalyani Publications.**
- 3) Preeti Singh, Investment Management, Himalaya Publishing House**
- 4) N.G. Kale, Business Organisation, Manisha Publications.**
- 5) C.N. Sontakki, Business Organisation, Seth Publishers**
- 6) E. Gordon and Dr. K. Natarajan, Financial Markets and Institutions, Himalaya Publishing House.**
- 7) H. Sadak, Mutual Funds in India, Response Books, Sage Publications.**

