

COURSE DESCRIPTION

Course Name: Financial Planning

Course Code: 10B1WPD737

Course Credit: 3 (3-0-0)

Semester: VII

Course Type: Elective (All B. Tech. students)

Department: Humanities and Social Sciences

Course Coordinator: Dr. Puneet Bhushan Sood

Objective:

To develop the knowledge and skills necessary to take advantage of favourable financial opportunities, to resolve personal financial challenges and ultimately strive towards financial security.

Learning Outcome:

After the completion of the course, the students will be able to:

1. Understand the basic financial planning process.
2. Prepare a personal budget.
3. Understand budgeting, savings alternatives, investment planning, tax planning and insurance planning as they relate to individuals.
4. Understand the use of credit and purchasing decisions as they relate to individuals.
5. Design a personal financial plan.

Course Outline:

Unit.	Contents	Learning Outcomes	Hours
1.	Financial Planning Process: Meaning of financial planning; Steps in financial planning process; Rewards of financial planning; The planning environment; Determinants of personal income TB1: pp 18-45	<ul style="list-style-type: none">• Identify the benefits of using personal financial planning techniques to manage own finances.• Understand the personal financial planning process.• Examine the economic environment's influence on personal financial planning.• Evaluate the impact of age, education and geographic location on personal income.	3

2.	Financial Statements and Plans: The role of financial statement in financial planning; Preparing a personal balance sheet; Preparing the income and expense statement using personal financial statements; Cash Budgets for a household TB1: pp 46-62	<ul style="list-style-type: none"> • Understand the interlocking network of financial plans and statements. • Prepare personal financial statements. • Develop a cash budget and use it to monitor and control spending. 	3
3.	Taxes: Basic concepts of income tax; Personal taxation; Computation of tax liability of salaried individuals; Tax planning – individual, women; E-filing of tax returns TB2: pp 113-145	<ul style="list-style-type: none"> • Understand the basic principles of income taxes and determine the residential status. • Computation of taxable income and E- filing of tax returns. • Implement an effective tax-planning strategy. 	8
4.	Cash and Savings: Role of cash management in personal financial planning; Financial services market; Cash management products ; Electronic banking services; Channels of savings TB1: pp 119-139	<ul style="list-style-type: none"> • Understand the role of cash management in the personal financial planning process. • Develop a savings strategy that incorporates a variety of savings plans. 	4
MID SEMESTER EXAMINATION			
5.	Purchase of Automobiles and Houses: Automobile purchase planning; Car loans; The home buying process ; Home loans TB1: pp 150-188, 234-257	<ul style="list-style-type: none"> • Implement a plan to research and select a new or used automobile. • Decide whether to buy or lease a car. • Identify housing alternatives, assess the rental option and perform a rent or buy analysis. • Choose financing options that meet your needs. 	4
6.	Credit and Credit Cards: Credit; Types of credit; Different kinds of credit cards; Disadvantages of the credit cards TB1: pp 196-222	<ul style="list-style-type: none"> • Choose the right credit cards and recognize their advantages and disadvantages. • Avoid credit problems and protect yourself against credit card fraud. 	3
7.	Life Insurance : Insurance planning; Benefits of life insurance; Calculating insurance needs; Buying a life insurance; Life insurance products in India ; Life	<ul style="list-style-type: none"> • Understand the concept of risk and the basics of life insurance. • Calculate how much life insurance you need. 	4

	insurance policies for women TB1: pp 266-289	<ul style="list-style-type: none"> • Differentiate among the various types of life insurance policies and describe their advantages and disadvantages. • Choose the best life insurance policy for your needs at the lowest cost. 	
8.	Health Insurance: Health Insurance; Types of health care plans; Health Insurance in India ; Health insurance policies for women TB1: pp 298-321	<ul style="list-style-type: none"> • Differentiate among the major types of health insurance plans and identify major private and public health insurance providers. • Analyze your own health insurance needs and shop for appropriate coverage. 	4
9.	Investments: Meaning of investment; Types of investment Vehicles; Factors considered in the choice of investments ; Developing the investment strategy; Investing in equities, mutual funds and fixed income securities TB1: pp 358-472	<ul style="list-style-type: none"> • Understand various investment options available in the market. • Gain a basic understanding of the growing impact of the computer and internet on the field of investments. • Construction of optimum portfolios with diversified investments. 	6
10.	Retirement Planning: Sources of retirement income; Annuities; Pension funds TB1: pp 484-509	<ul style="list-style-type: none"> • Appreciate the importance of retirement planning. • Understand the concept of annuity, types of annuity and pension products available in the Indian market. • 	3
Total Hours			42

* Topics highlighted in red colour are for self study by the students.

Pedagogy:

The course will be a mix of lecture by the course coordinator and presentation by students. Students will have to participate actively and will have to refer books, magazines, news papers and internet on regular basis to keep them up to date about recent developments.

Evaluation Scheme:

Sr. No.	Components	Weightage
1	Mid Term	30
2	End Term	45
3	Internal	Total 25
	a) Assignments (4 assignments of 5 marks each to be scaled to 5 marks)	5
	b) Case studies (4 case studies of 5 marks each to be scaled to 5 marks)	5
	c) Quiz (2 quizzes of 10 marks each to be scaled to 5 marks)	5
	d) Group and Project Presentation (Based on the topics given for project and self study)	5
	e) Attendance and Class Interaction	5

Sr. No	Evaluation Component	Learning outcome
1	Assignments	Learning outcome 2 & 5
2	Case studies	Learning outcome 1,3,4 & 5
3	Quiz	Learning outcome 1,3 & 4
4	Group Presentation	Learning outcome 1,3 & 4
5	Project	Learning outcome 1 ,2,3 & 4

Projects:

1. Preparation of the personal financial statements of the parents of the students.
2. Computation of tax liability of the parents of the students.
3. To compare different car loan options available in the market and select the best out of them.
4. To compare different home loan options available in the market and select the best out of them.
5. To compare different life insurance policies available in the market, highlighting their advantages and disadvantages.
6. To compare different health insurance policies available in the market, highlighting their advantages and disadvantages.
7. Comparative study of different investment avenues available in the market.
8. Comparative evaluation of various retirement plans available in the market.
9. Comparative evaluation of different credit cards available in the market.

Text Books:

1. **Personal Finance A User's Perspective:** Michael D Joehnk and Lawrence J Gitman , Cengage Learning, India Ed., 2008.
2. **Basics of Personal Financial Planning:** K.C. Mishra and Steward Doss, Cengage Learning, 2009.

Reference Books:

1. **Personal Financial Planning:** ICFAI University, 2004.
2. **Personal Finance with Connect Plus**, 10th Edition, Jack R. Kapoor , Les R. Dlabay , Robert J. Hughes, TMH, 2009.
3. **Personal Finance: Turning Money into Wealth**, 6th Edition, Arthur. J. Keown, The Prentice Hall Series in Finance, 2012.

Web References:

1. <http://www.moneycontrol.com/>
2. <https://in.finance.yahoo.com/>
3. <http://emicalculator.net/>
4. <http://www.policybazaar.com/>
5. <http://www.apnapaisa.com/>
6. <http://incometaxindia.gov.in/home.asp>
7. <https://incometaxindiaefiling.gov.in/>
8. <http://www.valueresearchonline.com/>