

Open Elective

OE02: 580

PERSONAL FINANCIAL MANAGEMENT

1. Course Description: This course is designed to provide a deeper understanding of Personal Financial Management. It focuses on basics of personal financial management, personal savings and investment plans, computation of return and risk factor of personal savings and investments, retirement savings plans.

2. Course Objectives:

- To provide basic principles for managing personal finance.
- To help individual learn investment decisions
- To mitigate old age financial planning.

3. Pedagogy: Method of instruction consists of lectures, case study design and analysis, group discussions, seminar presentation, writing assignments and tests. Interaction individual investors with different profiles by age, income, sex, occupation, and region.

4. Course Contents:

Module 1: Basics of Personal Financial Management: Basics of Personal Financial Management: Budget, The Personal Financial Planning Process, Preparation of Personal Budget, Personal Financial Statements, Personal Income Tax Planning. Case studies on personal financial planning of individuals.

Module 2: Personal Savings & Investment: Investment Criteria- liquidity, safety and profitability. Savings instruments of Post Office and Banks. Chit Funds. Investment in Shares, Debentures, Corporate and Government Bonds, Mutual Fund. Investment in Physical Assets – Real Estate, Gold and Silver, Gold certificates. Risk and Return associated with these investments. Case studies on risk and return perception of retail investors on various investments.

Module 3: Computation of Return and Risk of Personal Investment: Present Value and Future Value of a Single Amount and an Annuity. Computation of interest, dividend and capital gains on personal investments. Impact of leverage on return. Personal tax planning,

Module 4: Retirement Savings Plans: Retirement Savings Plans:, Gratuity plans from the government. Life Insurance types. Health insurance. Pension Plans- Defined Contribution Plan and Defined Benefit Plan. Provident Fund, Gratuity. Life Insurance Plans. General Insurance Plans. Reverse Mortgage Plans.

References:

Personal Finance by Jack R. Kapoor, Les R. Dlabay and Robert J. Hughes, Tat McGraw-Hill Publishing Company Ltd. New Delhi.

Financial Education by Reserve Bank of India – rbi.org.

Personal Finance columns in The Economic Times, The Business Line and Financial Express Daily News Papers.

Information Broachers of Post Offices, Banks, Mutual Funds, Insurance Companies
Internet Sources- BSE, NSE, SEBI, RBI, IRDA, AMFI etc.