

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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**Some Perennial Financial Dilemmas**

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**Please contact the corresponding authors if you would like to access the full case**

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## **Some Perennial Financial Dilemmas**

### **Abstract**

Harkirat, the protagonist, is an architect who is investigating the purchase of a new automobile. For the past five years, he has been saving money to buy a new vehicle. Harkirat dislikes incurring debt for the purpose of personal consumption, but he was contemplating financing the vehicle now and paying it off by the end of the year. He has loan offers from both his regular bank and the auto dealer. The car dealership offered three financing options in addition to leasing. He did believe, however, that the financing aspect of purchasing a car was a straightforward decision, but with so many options, he is finding it difficult to select an acceptable financing plan. He must determine the best method to pay for his new automobile.

This case study is suitable for the introduction to financial management course. Due to the application of time value of money and capital budgeting concepts in the case, a comprehensive grasp of these concepts is required prior to discussing the case.

This case study will be beneficial for MBA and Executive MBA students who are enrolled in a corporate finance course. In addition, participants in finance executive education programmes will find this case insightful. The case assumes prior knowledge of fundamental time value of money concepts and should not be utilised to introduce them. Personal Finance is another course that can appropriately utilise this case.

After going through the case and assignment questions, participants will be able:

1. To get an understanding of the time value of money concepts that underpin various financial offers.
2. To comprehend the ramifications of paying off a loan early.

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