SYLLABUS

Certificate Course in Short Term Fund Management in the Aviation Industry

Coordinator: Prof. Benaifer D. Dumasia
Credit: 02
Duration: 30 hours

Course Objective:

To provide students with in-depth knowledge and practical tools to manage working capital effectively in the capital-intensive and dynamic aviation industry.

Course Outcomes:

- Understand the fundamentals of working capital
- Identify aviation-specific challenges

UNIT 1: Introduction to Working Capital in Aviation

- **Working Capital** = Current Assets – Current Liabilities
- **Net Working Capital**: Indicator of liquidity and short-term financial health
- **Working Capital Cycle**: The time it takes to convert resources into cash

UNIT 2: Management of Current Assets in Airlines

🔹 **Cash & Liquidity Management:**

- Cash is king in aviation – ensures timely payments for fuel, staff, and emergencies.
- Tools: Cash flow forecasts, budgeting, emergency reserves.

🔹 **Receivables Management:**

- Sources: Travel agents, corporate bookings, OTAs (Online Travel Agencies)
- Challenges: Delays in collection → cash flow issues
- Solutions: Credit checks, stricter terms, early payment incentives

🔹 **Inventory Management:**

- Includes spare parts, tools, food, and retail items
- Critical for safety and on-time performance

- Techniques: **Just-In-Time (JIT)**, predictive analytics

UNIT 3: Management of Current Liabilities in Airlines

- **Accounts Payable:**
  - Includes payments for services (fuel, catering, maintenance)
  - Strategy: Stretch payment terms without harming supplier relations
- **Deferred Revenues:**
  - Advance bookings are liabilities until the flight occurs
  - Risk: Refunds (e.g., due to cancellations) can create a sudden cash drain
- **Short-Term Financing:**
  - Sources: Bank overdrafts, credit lines, commercial paper
  - Importance: Maintains cash buffer for working capital needs

UNIT 4: Strategic Working Capital Planning and Crisis Management

- **Integrated Planning:**
  - Coordinating assets and liabilities using ERP systems
  - Key metrics: Working capital ratio, quick ratio, cash conversion cycle
- **Scenario Planning:**
  - Fuel price fluctuations, economic downturns, health crises
  - Strategy: Maintain liquidity reserves, diversify revenue streams
- **Case Studies:**
  1. **Delta Air Lines**: Used strong cash flow management and quick funding access to survive downturns.
  2. **Jet Airways (India)**: Poor working capital management contributed to its shutdown.

References:

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Online Resources

8. *International Air Transport Association. (n.d.). Airline financial monitor. https://www.iata.org/en/publications/economics/*
9. *International Civil Aviation Organization. (n.d.). Financial and administrative reports. https://www.icao.int/*
10. *Investopedia. (n.d.). Working capital definition. https://www.investopedia.com/terms/w/workingcapital.asp*
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