Contents

List of Figures vii
List of Tables ix
List of Abbreviations xiii
Foreword by Nachiket Mor xv
Preface xvii

Section 1
Introduction

1 Universalizing Complete Access to Finance:
   Key Conceptual Issues 3
   Suyash Rai, Bindu Ananth, and Nachiket Mor

Section 2
Building Blocks of Financial Engineering

2 Probability Distributions 27
   Bindu Ananth and Amit Shah
3 Preference Theory 40
   Bindu Ananth and Amit Shah
4 Asset Allocation, Portfolio Choice, and Capital
   Asset Pricing Model 50
   Bindu Ananth and Amit Shah
5 Basics of Credit Risk 71
   Vaibhav Anand

Section 3
Applications of Financial Engineering

6 Human Capital 81
   Bindu Ananth and Amit Shah
7 Life and Personal Accident Insurance 110
Bindu Ananth and Amit Shah

8 Health Risk and Financing 114
Swati Grewal

9 Longevity Risk 124
Shilpa Sathe

10 Livestock Risk and Insurance 137
Anupama Pant

11 Rainfall Risk and Insurance 140
Alok Shukla

12 Lending to Low-Income Households and Enterprises 148
Shilpa Sathe, Ratul Lahkar, and Arun Kumar D.

13 Commodity Price Risk and Financing 172
Shweta Aggarwal

Section 4
Case Study

14 Comprehensive Financial Plan for Jaya’s Household 183
Bindu Ananth, Amit Shah, and Shilpa Sathe

Appendices 199
About the Editors and Contributors 218
Index 222