

MASTER OF COMMERCE

SYLLABUS

2011

(Effective from the academic session 2011-12)

(Under Notification No. CSR/49/11)



DEPARTMENT OF COMMERCE
UNIVERSITY OF CALCUTTA
KOLKATA



Objectives of the Course

The 2-year Master of Commerce course (to be conducted through semester-based teaching including internal assessment) is offered with an intention to impart specialized knowledge in different domains of business for inculcating an appropriate blend of intellectual skills and moral values in the students. More specifically, the course aims at developing human potential to serve (i) the teaching profession at various levels, (ii) the needs for research in the social sciences, and (iii) the needs of the industry at the micro- and macro-levels.

Structure of the Course

20 papers of 50 marks each (including **10 marks** for **Internal Assessment in each paper**)
10 Papers in the First Year
10 Papers in the Second Year

The Department will offer specialization in the Accounting and Finance Group only

Papers at the 1st-Year Level

- 1.1 Organisational Behaviour and Human Resource Management
- 1.2 Managerial Economics
- 1.3 Macroeconomics and Business Environment
- 1.4 International Business
- 1.5 Marketing Management
- 1.6 Statistics for Business Decision
- 1.7 Operations Research
- 1.8 Business Ethics and Corporate Governance
- 1.9 Taxation Laws and Planning
- 1.10 Accounting Theory

Papers at the 2nd-Year Level

- 2.1 Strategic Management
- 2.2 Information Systems and Computer Applications
- 2.3 Financial Markets and Financial Engineering
- 2.4 Financial Management and Business Valuation
- 2.5 Strategic Cost and Management Accounting
- 2.6 Auditing and Assurance Service
- 2.7 Corporate Financial Accounting and Reporting
- 2.8 Financial Statement Analysis
- 2.9 International Finance
- 2.10 Security Analysis and Portfolio Management

Detailed Course Contents

Papers at the 1st-Year Level

Paper 1.1: Organisational Behaviour and Human Resource Management

Module I

- The concepts of organisation - concepts and understanding of Organisational Behaviour - Organisational Behaviour in the global context.
- The individual in the Organisation - personality, values, attitudes, perception and learning.
- Groups in organisation - foundations of group Behaviour - informal and formal groups- Creativity and group decision making.
- Group dynamics- power and politics- organizational conflicts and resolution – organizational Culture.

Module II

- Introduction – challenges – responses – objectives – Models
- Preparation and selection - job analysis and design - HR planning – recruitment – selection
- Development and evaluation – placement – training – performance – appraisal – career Planning
- Compensation and protection - compensation management - incentives – benefits and services

Suggested Readings

- Aswathappa, K., *Organisational Behaviour*, Himalaya Publishing.
- Luthans, E, *Organisational Behaviour*, McGraw Hill
- Moorhead and Griffin, *Organisational Behaviour*, **Houghton- Mifflin**
- Newstrom and Davies, *Organisational Behaviour: Human Behaviour at work*, **Tata McGraw Hill**
- Robbins, S.A., *Organisational Behaviour*, Prentice Hall.
- Sukla, M., *Understanding Organisations: Organisation Theory and Practice in India*, **Prentice hall**
- L. M. Prasad, *Human Resource Management- Sultan & Chand* 2001
- K. Aswathappa, *Human Resource and Personnel Management - Tata McGraw Hill Publishing Co.* 1999
- Garry Desslor, *Human Resources Management - Pearson Education* 2004
- Subba Rao & V.5.P Rao, *Personnel/Human Resources Management*, Konark, Publishers Pvt. Ltd. 1997
- C.B. Memoria, *Personnel Management- Himalaya Publishing House* 2002
- David Decenzo & Stephen Robbins, *Personnel/Human Resource Management-Eastern Economy Publication* 1999,

Paper 1.2: Managerial Economics

Module I

- **Scope:** Scarcity and Choice, Production Possibility Curve - Applications of Economic theory in Managerial Decision Making - Incremental Reasoning, Opportunity Cost Principle and Discounting - Concepts of Total, Average and Marginal - Optimization Methods.
- **Demand Theories and Applications:** Consumer Theory - Choice under Uncertainty. Elasticity concepts and applications - Demand Estimation and Forecasting.
- **Production and Cost:** Short-run and Long-run Aspects.
- **Pricing and Market Structures:** Perfect Competition, Monopoly and Discrimination, Monopolistic Competition, Oligopoly.

Module II

- **Risk and Uncertainties in Managerial Decision Making :** Decision Criteria and Applications
- **Managerial Theories of Firm:** Sales Maximization with and without Profit Constraint - Williamson and Marris Models - Satisfying Behaviour: Cyert and March.
- **Factor Pricing:** Basic Principles - Impact under different market conditions.
- **Market Failures and Applications of Welfare Economics:** Conflicts of Efficiency and Equity - Correction of External Diseconomies through Government Policies

Suggested Readings

- Ferguson and Gould, Microeconomic Theory
- Henderson JM and Quandt RE., *Microeconomic Theory*,
- Koutsoyannis M. *Modern Microeconomics*, Macmillan India Ltd.
- Maddala and Miller E., *Microeconomics*
- Pyndick and Rubinfeld., *Microeconomics*, PHI, New Delhi+
- Salvatore D., *Managerial Economics in a Global Economy*, Harcourt Collins Publications
- Salvatore D., *Managerial Economics*, McGraw Hill

Paper 1.3: Macro Economics and Business Environment

Module I

- **National Income Accounting:** Measurement of GNP/ National Income-it's accounting.
- **Equilibrium Income:** Cases of Open and Closed Economies, Multiplier theory-

Keynesian Approach.

- **General Equilibrium:** Aspects of Closed Economy-Commodity market and money market equilibrium -IS-LM Approach.
- **Open Economy:** Short-run-aspects- IS-LM model.

Module-II

- **Inflation:** Demand pull and Cost push theories.
- **Investment:** Present value and Internal rate of return criteria.
- **Growth:** Neo-classical growth theory- Solow model.
- **India's Macro Economy:** Behaviour- National Income -its composition and trends.
- **India's Business Environment:** Government Policies towards FDI and FII.

Suggested Readings

- Branson,W., Macroeconomic Theory and Policy, Harper International
- Froyen, T R., Macroeconomics, Macmillan India Ltd.
- Mankiw,G.N; Macroeconomics,CBS Publication & Distribution, New Delhi
- Misra and Puri, Indian Economy, Himalaya Publishing Co;
- Samuelson, P. A and Nordhus, W.D., Economics,Tata Mc Graw Hill Publication Co Ltd.

Paper 1.4: International Business

Module I

- **Trends in International Business:** Cold War Era and Globalization- Change in Compositional significance of Trade and Foreign Direct Investment (FDI) under Globalization - SEZs and their Significance.
- **Multinational Corporations:** Major Vehicles of FDI - their Inherent Disadvantages in Host Countries - their Advantages (Dunning's OLI Framework) - their Cost Advantage (rigorous proof required) through transfer of their Knowledge-based Assets - Conditions of Host Country Welfare Gains from Multinational Investment vis-a-vis autarkic situation (rigorous derivation required).
- **Foreign Exchange Market and BoP:** Demand and Supply of Foreign Exchange -- Significance of Marshall-Lerner Condition in Supply of Foreign Exchange - Exchange Rate - Devaluation and Up valuation of Domestic Currency -- Different Exchange Rate Regimes and their Mechanisms - Risk Management: Spot Covering and Forward Covering Speculation in Spot and Forward Markets -- Concepts of Forward Premium and Discount - BoP: Definition, Current Account and Capital Account, Identity and Equilibrium, Fundamental Disequilibrium -IMF and WTO
- **Regional Economic Integration:** Tariff and its Impact - Tariff and Non tariff Barriers to Trade - EU, ASEAN and SAARC.

Module II

- **Global Strategic Management:** Concept of Global Strategic Management; Theory of Global Competitiveness Alignment- Mapping competitiveness shifts; Porter's Diamond Model of Competitive Advantage; the 10-P Model of Global Strategic Management.
- **The Strategy and Organization of International Business:** Strategy in international business-motivation and pressures in internationalization, the global firm as a value chain, Internationalization strategies; organization of international business - structure, control systems, and culture.
- **Market Entry Strategy:** Entry objectives; scale of entry; timing of entry; entry modes.
- **International Business Operations:** Global manufacturing; Global marketing management; Global human resource management, Global business citizenship.

Suggested Readings

- Chacholiades Miltiades, *International Economics*, McGraw Hill.
- Hill Charles WL and Jain A.K., *International Business*, Tata McGraw Hill.
- Markusen, Melvin, Kaemfer and Maskus, *International Trade Theory and Evidence*, McGraw Hill.
- Rugman and Hodgetts, *International Business: A Strategic Management Approach*, Pearson.
- Taggart, James, H. and McDermott Michael C., *The Essence of International Business*, Prentice Hall.

Paper 1.5: Marketing Management

Module I

- **Understanding Marketing:** Concept; Needs and, Wants; Exchange, Transactions and Relationships; Consumer and Societal orientation.
- **Emerging Issues in Marketing:** Building Customer Relationships; Challenges in the new Millennium; Rural Markets; Issue of Consumerism.
- **Developing Marketing Opportunities and Strategies:** Marketing Environment; Designing the Business Portfolio; Adopting Competitive Strategies.

Module II

- **Buyer Behaviour:** Factors influencing Individual Buying Behaviour; Buying Decision process for New Products; Market Segmentation.
- **Developing the Marketing Mix:** Concept of Marketing Mix of Product and Service; Product Mix Decisions; New Product Development Process, Product Life Cycle; Price; Factors to consider when setting Price; Pricing Strategies.

- **Marketing Reach and Communication:** Nature and Importance of Marketing Channels; Channel Organisation and Management; Nature and Importance of Marketing Logistics; Logistics Functions; Marketing Communication Mix; Steps in developing effective communication; Sales Promotion; Public Relation.

Suggested Readings

- Kotler and Armstrong, *Principles of Marketing*, Pearson Education.
- Ramaswamy and Namakumari, *Marketing Management, Planning, Implementation and Control*, Macmillan.
- Etzel, Walker, Stanton and Pandit, *Marketing, Concepts and Cases*, Tata McGraw Hill.
- Saxena, *Marketing Management*, Tata McGraw Hill.
- Grewal and Levy, *Marketing*, Tata McGraw Hill
- Perreault and McCarthy, *Essentials of Marketing*, McGraw Hill.
- Perreault and McCarthy, *Basic Marketing: A Global Managerial Approach*, McGraw Hill.

Paper 1.6: Statistics for Business Decisions

Module-I

- **Probability Theory:-** Meaning of probability; Different definitions of probability; Total probability theorem; Conditional probability; Compound probability; Independent events; Bayes' theorem on conditional probability.
- **Random Variable and Probability Distributions:-** Random variable; Probability functions; Expectation and Variance of a random variable; Moments ; Binomial, Poisson, Normal and Exponential distributions; Joint distribution of two random variables(discrete).
- **Sampling Theory** - Basic concept of sampling; Sampling and non-sampling errors; Practical methods of selecting random sample; Random and non-random sampling techniques; Sampling distributions (statement only); Sample size decisions.
- **Estimation** - Concept of point and interval estimation; Properties of a good estimator; Methods of estimation (Moments method, Maximum likelihood method, Least squares method).

Module-II

- **Test of Hypotheses** - Basic concepts of hypothesis testing; Small sample and large sample parametric tests; Tests based on Z, t, Chi-square and F statistic; Confidence intervals; Non- parametric tests.
- **Analysis of Variance** - Analysis of one-way classified data; Analysis of two way classified data with one observation per cell.
- **Multiple Regression Analysis** - Multiple linear regression model; Multiple and partial correlations Multicollinerarity, Heteroscedasticity and Autocorrelation problems in

regression.

- **Business Forecasting Models** - Components of time series; Decomposition method; Exponential smoothing models (Single exponential smoothing model, Holt's model, Winters' model); Measurement of forecast accuracy.

Suggested Readings

- Das, J. K., *Statistics for Business Decisions*, Academic Publishers.
- Gupta, S. c., *Fundamentals of Statistics*, Himalaya Publishing House
- Hanke, J. E., WiChern, D. W. and Reitsch, A. G., *Business Forecasting*, Prentice Hall of India
- Hooda, R. P., *Statistics for Business and Economics*, Macmillan.
- Johnson, R. A. and Wichern, D. W., *Business Statistics*, John Wiley and Sons
- Makridakis, S., Wheelwright, S. C. and Hyndman R. J., *Forecasting Methods and Applications*, John Wiley and Sons
- Sharma, J. K. , *Business Statistics*, Pearson Education
- Sounderpandian, J. and Aczel, A. D., *Complete Business Statistics*, Tata McGraw Hill

Paper 1.7: Operations Research

Module-I

- **Linear Programming Problem:-** Linear programming problem formulation; Graphical solution; Simplex method; Sensitivity analysis; Duality; Dual simplex method.
- **Network Analysis:-** Net work diagram; Time estimate for activity; programme evaluation and review technique; Critical path method; Network crashing. ;
- **Transportation and Assignment Models:** - Transportation problems; The trans-shipment problem; Assignment problems; The traveling salesman problem.
- **Decision Theory and Game Theory :-** Decision under uncertainty; Decision under risk - expectation principle, Bayesian approach, decision tree approach; Utility theory; game theory; Two person zero sum game; Pure and mixed strategy games.

Module-II

- **Replacement Decisions** - Replacement of capital equipments; Preventive maintenance replacements with constant and varying money value; Group replacement decision.
- **Queuing Models:** - Role of Poisson and Exponential distributions; Arrival and service pattern; Single server model; Multiple server model; Queuing decision models.
- **Simulation Models** - Discrete simulation models; Continuous simulation models; Formulation and solution technique; Monte-Carlo simulation; Applications to business problem.
- **Inventory Control and Sequencing Models:-** Deterministic and probabilistic inventory

models; Discrete and continuous inventory models, Price-discount inventory control models. Assumptions and algorithm for solving sequencing problems; Johnson's rule; Maintenance crew scheduling.

Suggested Readings

- Anderson, Q. R., Sweeny, D. J. and Williams, T. A. , *An Introduction to management Science*, Thompson South-Western.
- Gupta, P. K and Hira, D. S. , *Problems in Operations Research*, S Chand & Co.
- Kapoor, V. K, *Operations Research*, Sultan Chand and Sons
- Kasana, H. and Kumar, K D. , *Introduction to Operations Research: Theory and Applications*, Springer
- Natarajan, M. , Balasubramani, P. And Tamillasari, A. , *Operations Research*, Pearson Education
- Ravindran, A. Phillips, D.T. and Solberg, J. J. , *Operations Research: Principles and Practices*, John Wiley and Sons
- Sharma, J. K, *Operations Research: Theory and Methods*, Macmillan
- Srivastava, U. K, Shenoy, G. V. and Sharma, S. c., *Quantitative Techniques for Managerial Decisions*, New Age International
- Taha, H. , *Operation Research*, Prentice Hall
- Vohra, N. D., *Quantitative Techniques in Management* ,Tata Mcgraw Hill

Paper 1.8: Business Ethics and Corporate Governance

Module-1: Business Ethics

- **Introduction:** The nature of business ethics; the relationship between business ethics, corporate governance and ethical leadership; Kohlberg's six stages of moral development; levels of ethical analysis; concept of corporate integrity
- **Ethical Principles in Business:** The teleological approach; the deontological approach; the virtue ethics approach; the systems development approach; universalism versus ethical relativism.
- **Business Ethics as a Strategic Response:** Strategic vision, corporate philosophy and the concept of enterprise strategy; stakeholder theory and the "stakeholder" inclusive organization; stakeholder mapping; ethical leadership
- **Managing Ethical Dilemmas in Business:** Ethical dilemma versus ethical issue; characteristics of ethical dilemmas; the dilemma resolution process; common ethical dilemmas in different business areas-finance, marketing, HRM and international business

Suggested Readings

- Boatright, J. R., *Ethics and the Conduct of Business*, Pearson Education.
- Crane, A. And Matten, D. *Business Ethics*; Oxford University Press.

- Fernando, A.C., *Business Ethics: An Indian Perspective* Pearson Education.
- Petrick, J.A and Quinn, J.F., *Management Ethics: Integrity at Work*, Response Books.
- Trevino, L.K. and Nelson, K.A. *Managing Business Ethics*; John Wiley and Sons
- Velasquez, M. G., *Business Ethics: Concepts and Cases*, Prentice Hall of India.
- Werther, W. and Chandler, D. *Strategic Corporate Social Responsibility*; Sage South Asia Edition.

Module-II: Corporate Governance

- Introduction
- Background: emergence of the corporate sector and need for corporate governance.
- Agency and stakeholder theories
- Concept and core principles
- Corporate mis-governance: Some recent examples - Factors responsible for such mis-governance - Lessons from them.
- Global initiatives', and reforms (some examples)
- Legal and Regulatory framework of corporate governance:
 - Principal provisions of the Companies Act, 1956 with respect to improving quality of governance.
 - Clause 49 of the Listing Agreement (SEBI)

Suggested Readings

- A.C. Fernando *Corporate Governance: Principles, Policies and Practices*, Pearson.
- A.G. Robert, Monks and Neil Minow, *Corporate Governance*, Wiley.
- Darryl Reed and Sanjay Mukherjee, *Corporate Governance, Economic Reforms, and Development*, Oxford University Press
- P. Chattopadhyay, *Corporate Mis-governance*, IAA Research Foundation.

Paper 1.9: Taxation - Laws and Planning

Module-I

- Exemptions from income tax (Sections 10A, 10AA, 10B, 10BA)
- Profits and Gains of Business or Profession (including Minimum Alternative Tax)
- Capital Gains
- Taxability of dividend
- Set off and carry forward of losses
- Deductions from gross total income
- Assessment Procedure
- Valuations (under the Wealth Tax Act)

Module-II

- Central Excise Duty
- Customs Duty
- Service Tax
- Corporate Tax Planning

Suggested Readings

- Singhania, V. K. *Direct Taxes*, Taxmann .
- Datey, V.S. *Indirect Taxes*, Taxmann.

Paper1.10: Accounting Theory

Module - I

- The nature of accounting theory - approaches to accounting theory- the history of accounting theory - the relevance of accounting theory in understanding accounting practice.
- Capital, value and profit.
- Accounting for depreciation and asset impairments.
- Accounting information and the capital market - issues of disclosures and ethical reporting.

Module - II

- The conceptual framework of accounting.
- Method of setting accounting standards.
- Economic and political issues in accounting standard setting.
- Globalisation of accounting standards - the role of IFRS.
- Extension of the boundary of corporate reporting - limitations of GAAP reporting - 'social and environmental reporting - accounting for intellectual capital.

Suggested Readings

- Belkaoui, AR. *Accounting Theory*
- Carmichael, Whillington and Graham *Accountants' Handbook*.
- Hendriken, E. and Breda, M. *Accounting Theory*
- Kirk, R. J. *Accounting Standards: In Dept Theory and Practice*
- Myddelton, D.R. *Unshackling Accountants*
- Schroeder, Clark & Cathey, *Financial Accounting Theory and Analysis*
- Scott, W. R. *Financial Accounting Theory*
- Wolk, H. I. and Teamey, M. G. *Accounting Theory: A Conceptual and Institutional Approach*

Papers at the 2nd-Year Level

Paper 2.1: Strategic Management

Module-I

- **Introduction:** Concept of strategy; strategic management process; levels of strategy
- **Strategic Position-External Analysis:** concept of industry; Porter's Five Forces Model; strategic groups; industry life-cycle analysis; macro environment
- **Strategic Position-Internal Analysis:** competencies and resources; competitive advantage; analyzing competitive advantage and profitability; value-chain analysis
- **Functional-Level Strategy:** achieving superior efficiency, quality, innovation and customer responsiveness

Module-II

- **Business-Level Strategy:** competitive positioning and the business model; generic business-level strategies.
- **Corporate-Level Strategy-1:** the multi-business model; horizontal integration; vertical integration; strategic out-sourcing.
- **Corporate-level Strategy-2:** related diversification and unrelated diversification.
- **Implementing Strategy:** organizational design; strategic control systems; organizational culture; strategic leadership for competitive advantage

Suggested Readings

- C.W.L Hill and G.R. Jones, *Strategic Management-An Integrated Approach*, Biztantra
- G.Johnson and K.Scholes, *Exploring Corporate Strategy: Text and Cases*, Prentice Hall
- A.A. Thompson atld AI. Strickland, *Strategic Management*, Irwin_McGraw-Hill
- F. Cherunilam, *Strategic Management*, Himalaya Publishing.

Paper 2.2: Information Systems and Computer Applications

Module-I

- **Introduction:** Concepts of System, Properties and Types of Systems - Levels -Operating Elements of a computer-based Information System (CBIS), Evolution, Scope and Types of CBIS.
- **Information Systems in Organizations:** Transaction Processing Systems (with special reference to accounting and financial information systems) Management Information and Reporting Systems-Decision Support Systems (DSS) and Group DSS-Executive Support System-Expert Systems and Artificial Intelligence.

- **Information System Analysis and Design:** Information System Development Life Cycle Model; System Development.
- **Business Process Reengineering and Enterprise Resource Planning:** The impact of Information Technology- Organisational impact of reengineering - Information Technology and Business Process Redesign - Management challenges in Business Process Redesign - ERP and competitive advantage - Business Modelling of ERP.
- **Information System for Strategic Advantage:** The Changing nature of Information Technology; Information as a strategic resource; Use of information system for strategic advantage; components of information planning; global- business strategies and global information systems; strategic information systems and associated risks.
 - **Information Systems Control and Security:** Evaluation of Information Systems using cost-benefit analysis - Information Systems Audit – Nature and Types of Computer Crimes -Ethical and social issues relating to information system - Ethics for an information society; Information Technology Act:
 - **Management of Information Systems:** Information Resource Management (IRM); Role of Information Systems Manager; Information Technology Management; Managing Information Services Personnel.

Module-II

- **Computer Based Business Applications:** Introduction and working with MS-Word in' MS-Office - Working with EXCEL - Creating Presentation with Power point, Sound effect and Animation effect.
- **Understanding Major Functional Systems:** Marketing & Sales Systems Finance & Accounting Systems, Manufacturing & Production Systems, Human Resource Systems, Inventory Systems; 'their sub-systems, description and organizational levels.
- **Enterprise Applications:** Enterprise Systems Overview, Supply Chain Management, Customer Relationship Management & Knowledge Management.
- **Introduction to Accounting Packages:** Preparation of Vouchers, Invoice and Salary statements - Maintenance of Inventory records – Maintenance of Accounting records - Preparation of Balance Sheet - Preparation of Annual Reports
- **Project Work:** Developing a business application (Using MS Access, Visual Basic) with adequate Laboratory Sessions

Suggested Readings

- Basandra, S. K., *Management Information Systems*, Wheeler.
- Laudon, K. C. and Laudon, J. P., *Management Information Systems: Organisation and Technology*, Prentice Hall of India.
- Murthy, C. S., *Management Information Systems: Text and Applications*, Himalaya Publishing
- O'Brien, J. A., *Management Information Systems: A Managerial End-User Perspective*, Galgotia Publications.

- Parker, C. and Case, T., *Management Information Systems: Strategy and Actions*, Mitchel-McGraw Hill.
- Schultheis, R., and Sumner, M., *Management Information Systems: The Manager's View*, Tata McGraw Hill.
- Turban, Aronson, *Decision Support System & Intelligent System*, Pearson.
- Jaiswal, *Management Information Systems*, Oxford University Press.
- Alter, *Information Systems, Foundation of E - Business*, Pearson.
- Blanc, *Computer Application for the New Millennium*, Vikas Publishing.

Paper 2.3: Financial Markets and Financial Engineering

Module – I: Financial Markets

- **Economy and the Financial System:** Introduction – Savings and Investment – Relationship between financial system and economic growth – Indian Financial System – Global Financial System – Financial markets in the globalised financial system.
- **The Money Market:** Introduction – Money market and the economy – Relationship with the banks – Importance and its defects – Types and instruments of money market – Money market intermediaries – Recent developments in the global money markets including India.
- **The Capital Market:** Introduction – Indian Capital Market – Reforms in the capital market – Leading capital markets of the world – Integration of Indian Capital Markets with the Global Capital Markets – Regulations of Capital Market & the Securities and Exchange Board of India (SEBI).
- **The Debt Market:** Introduction – The Private Corporate Debt Market –The Public Sector Undertaking Bond Market –The Government Securities Market.
- **The Primary Market:** Introduction- Evolution in pricing regime – Functions of Primary Market – Role of intermediaries –Merchant Banking – Issue mechanism – Book building – Green Shoe Option – Online IPOs – Preferential Issues.
- **The Secondary Market:** Introduction –Pre & Post reforms stock market scenario - Organisation and management of Stock Exchanges – Stock market indices – Regional Stock Indices – Participation of Foreign Institutional Investors.
- **Financial Services:** Mutual Funds – Factoring & forfeiting – Housing Finance – Venture Capital – Lease Financing – Credit Rating.

Suggested Readings

- Bhole L M., *Financial Markets and Institutions*, Tata McGraw-Hill.
- Fabozzi, Modigliani, Jones and Ferri, *Foundations of Financial Markets and Institutions Markets*, Pearson Education.
- Grinblantt M., *Financial Markets and Corporate Strategy*, Thomson
- Khan, M. Y., *Indian Financial System*, Oxford University Press
- Kohn, M., *Financial Institutions and Markets*, Tata McGraw Hill

- Machiraju, H.R. *Merchant Banking*, Vikash Publishing
- Pathak, V. Bharati, *The Indian Financial System*, Pearson Education
- Sadhak, H., *Mutual Funds in India: Marketing Strategies and Investment Practices*, Response Publications.

Module-II: Financial Engineering

- **Introduction:** Contributing Factors- the Scope of Financial Engineering; Tools of Financial Engineering-Financial Engineering vs. Financial Analysis; Nature and Types of Derivative Securities-Basic Characteristics of Derivative Securities. Indian Derivatives Market-An Overview
- **Forward Contracts:** Forward Contracts on Currencies -Valuing Forward Contracts-Forward Prices for a Security under Different Situations, Forward Rate Agreement (FRA).
- **Futures Contracts:** The Nature and Uses of Future Contracts- Mechanics of Buying and Selling, Valuation of Future Contracts-Financial Futures-Stock Index Futures-Foreign Currency Futures-Options on Futures.
- **Option Contracts:** Types of Option Contracts- Trading, Strategies, Option Valuation Single-period Options vs. Multi-Period Options-Option Pricing-Option Pricing Models-Binomial Model-Black-Scholes Model- Option– Path- Dependent Options - Exotic option Contracts.
- **Swap Contracts:** Origin of Swap Contracts- Forms of Swap Contracts-Interest Rate Swaps - Pricing of Interest Rate Swaps-Asset Swaps Forward Swaps- Swaptions-Currency swaps-Commodity swaps Over-the-counter Interest Rate Derivatives.
- **Commodity Derivatives:** Trading Strategies in Commodity Futures Markets; International Commodity Market; Regulatory Framework

Suggested Readings

- Cuthbertson and Keith, *Financial Engineering: Derivatives and Risk Management* Jossey Bass
- Hull, *Introduction to Futures and Options Markets*, Prentice Hall of India
- Kolb, *Practical Readings in Financial Derivatives*, Blackwell Business
- Lyuu, *Financial Engineering and Computation*, Cambridge University Press
- Marshall and Bansal, *Financial Engineering*, Prentice Hall of India.

Paper 2.4: Financial Management and Business Valuation

Module I

- **Introduction:** Functions of Financial Management - Objectives of the Firm Agency Theory (including costs and constraints).
- **Financial Environment** or System and Role of Finance Manager.

- **Sources of Capital and Cost of Capital**
- **Analysis of Leverages**
- **Capital Structure:** Theories and Planning
- Capital Budgeting Decision in certainty and uncertainty
- Management of Components of Working Capital
- Dividend Policy

Suggested Readings

- Banerjee, Bhabatosh, *Financial Policy and Management Accounting*, PHI Learning, 8th ed.
- Brealey, Myers, Allen and Mohanty, *Principles of Corporate Finance*, TMH, 8th ed.
- Chandra, Prasanna, *Financial Management: Theory and Practice*, TMH, 7th ed.
- Khan, M.Y. and Jain, P.K., *Financial Management: Text, Problems and Cases*, TMH, 5th ed.
- Khan, M.Y., *Indian Financial System*, TMH, 5th ed.
- Machiraju, H.R., *Mergers, Acquisitions and Takeovers*, New Age International, New Delhi, 2007
- Markowitz, H.M., *Portfolio Selection: Efficient Diversification of Investments*, Wiley.
- Pandey, I.M., *Financial Management*, Vikas, 9th edition.
- Van Home, James c., *Financial Management and Policy*, PHI/Pearson, 12th Edition
- Walker, E.W., *Essentials of Financial Management*, PHI, 3rd Indian reprint.

Module-II: Business Valuation

- **Mergers, Corporate Control and Governance** : Introduction – Sensible motives for mergers - Some dubious reasons for mergers – Estimating merger gains and cost – The mechanics of a merger – Merger and the economy – Cross-border acquisitions – Strategic alliances.
- **Corporate Restructuring**: Introduction – Leveraged buyouts – Fusion and Fission in corporate finance – Conglomerates – Legal and procedural aspects.
- **Business Valuation**: Introduction – Conceptual framework of valuation – Approaches / methods of valuation – Other approaches to value measurement.
- **Acquisitions & Shareholders Value**: Introduction – Defining success of M&As – Measuring the impact of acquisition on shareholders returns – Review of stock market assessment of acquisition performance – Post- merger performance.

Suggested Readings

- Arzac R. Enrique, *Valuation for Mergers, Buyouts and restructuring*, Wiley Student edition.
- Brealey, Myers, Allen and Mohanty, *Principles of Corporate Finance*, The McGraw-Hill Companies
- Damodaran, On Valuation, Johan Willy
- Vohra & Bagri, *Options and Futures*, Tata McGraw-Hill

Paper 2.5: Strategic Cost and Management Accounting

Module I

- **Introduction:** Role of Strategic Cost and Management Accounting in a Globalized Competitive Environment, Cost Management as one of the Critical Success Factors of the Firm, Nexus between Strategic Management and Strategic Cost Management, Value Chain Approach for Cost Management.
- **Tools of Strategic Cost Management:**
 - (i) Activity Based Costing System and Activity Based Cost Management.
 - (ii) Target Costing, Life Cycle Costing, Quality Costing, JIT.
- **Performance Measurement:** Return on Investment, Residual Income, Different Value Added Concepts like Economic Value Added, Market Value Added, Cash Value Added etc., and Balanced Scorecard.
- **Transfer Pricing:** Need, Principles, Different Methods and their Applicability.
- **Responsibility Accounting and Reporting**

Module-II

- **Cost Analysis for Decision Making: Relevant Costing**
- **Marginal Costing and Strategic Management Decisions**
- **Management Control Systems:**
 - (1) Budgetary Control System
 - (ii) Standard Costing and Variance Analysis (including Sales Variance)
 - (iii) Cost Control, Cost Reduction, Benchmarking, Value Chain Analysis *and* Value Engineering

Suggested Readings

- Atkinson, Kaplan, Matsumara, Yong & Kumar, *Management Accounting*, Pearson Education, New Delhi
- Basu, Banerjea & Dandapat (Edrs.), *Strategic Cost Management*, University of Calcutta
- Bhabatosh Banerjee, *Cost Accounting*, Prentice Hall of India, New Delhi.
- Bhabatosh Banerjee, *Financial Policy and Management Accounting*, Prentice Hall of India, New Delhi.
- Blocher, Chen, Cokins & Lin, *Cost Management - A Strategic Emphasis*, Tata McGraw Hill, New Delhi.
- Colin Drury, *Management and Cost Accounting*, Thomson Learning
- Hansen & Mowen, *Management Accounting*, Thomson Learning
- Horngren, Datar, Foster, *Cost Accounting - A Managerial Emphasis*, PHI and Pearson Education. New Delhi

Paper-2.6: Auditing and Assurance Services

Module- I

- **Concept of Audit and Audit Evidence:** Philosophy of Audit, Extended meaning of Audit, Auditing as a Social Science, Social objects of Audit; Sources of evidence, Reliability of audit evidence, Methods of obtaining audit evidence.
- **Standards of Auditing**
I
- **Audit Report and Auditor's Independence:** Essential of good report, Types of Auditor's Report - Clean report, Qualified report, Adverse report, Disclaimer of opinion, Piecemeal report; Auditor's Independence Meaning and different issues
- **Risk Assessment and Internal Control System:** Elements of internal control, Review and documentation, Evaluation of internal control system, Internal control check list, Tests of control, Application of concept of materiality and audit risk

Module- II

- **Special Audit:** Cost Audit, Management Audit, Operational Audit, Forecast Audit, Green (Environmental) Audit.
- **Auditing in Computerized Environment:** Special aspects of CIS (computerized Information system) Audit Environment, Need for review of internal control, Approach to audit in CIS Environment, use of computers for internal and management audit purposes: audit tools, test packs, computerized audit programme
- **Professional Ethics and Professional Misconduct:** Enquiry into charges of misconduct, Schedules of the Chartered Accountant Act, 1949
- **Government Audit:** Local bodies and not-for-profit organizations, Comptroller and Auditor General and its constitutional role

Suggested Readings

- Basu, B.K, *An Insight into Auditing-* A Multidimensional approach, Basushree Book Stall.
- Gupta, K, *Contemporary Auditing*, Tata McGraw Hill.
- Basu, S.K, *Auditing - Principles & Techniques*, Pearson Education. Emile Woolf, *Auditing Today*, Prentice Hall India
- ICAI, *Auditing Standards and Guidelines*.
- Tandon, B.N., *Auditing Practice*, Sultan Chand, New Delhi.

Paper 2.7: Corporate Financial Accounting and Reporting

Module-I

- Disclosures in company accounts
- Corporate social reporting
- Valuation of corporate securities
- Segment Reporting
- Accounting and reporting of intangible assets
- Issues regarding Impairment of Assets

Module-II

- Consolidated Accounts
- Accounting for corporate restructuring
- Accounting for financial instruments
- Accounting for merger and acquisitions
- Emerging issues in financial accounting and reporting

Suggested Readings

- Baker, Lembke and King, *Advanced Financial Accounting*, McGraw Hill, ,
- Banerjee & Basu, (ed.), *Corporate Financial Reporting*, DSA in Commerce, University of Calcutta
- Banerjee, B. *Regulation of Corporate Accounting and Reporting in India*, The World Press
- Baruch L., *Intangibles: Management, Measurement, and Reporting*, Prentice Hall
- Basu, A K., *Rediscovering the Balance Sheet - a corporate financial reporting perspective*, DSA in Commerce, University of Calcutta
- Beams, F.A, *Advanced Accounting*, Prentice Hall
- Beaver, W., *Financial Reporting: An Accounting Revolution*, Prentice Hall
- Bedford, N. M. *Extensions in Accounting Disclosure*, Prentice Hall
- Chakraborty, H., *Advanced Accountancy*, Oxford University Press
- Gupta, R.L., *Advanced Financial Accounting*, S. Chand & Sons
- Lee, T.A , *Modern Financial Accounting*, ELBS
- Lewis and Pendrill, *Advanced Financial Accounting*, Financial Times \ Prentice Hall
- Maheshwari, S.N., *Advanced Accountancy, (Vol. - II)*, Vikas Publishing House
- Shukla, Grewal kmd Gupta, *Advanced Accounts (Volume-II)* S. Chand & Co.
- Zeff and Dharan, *Readings and Notes on Financial Accounting*, McGraw Hill

Paper 2.8: Financial Statement Analysis

Module - I

- **Introduction:** Meaning and objective of financial statement analysis – Origin- of financial statement analysis - Demand for and supply of financial statement information - Sources of financial statement information - Traditional versus New approach to financial statement analysis
- **Tools and Techniques of Financial Statement Analysis:** Horizontal or trend analysis - Vertical analysis or common size statements - Use of accounting ratios and other statistical measures for analysis - Inter-firm and intra-firm comparisons - benchmark for comparison
- **Profitability and Cash Flow Analysis:** Application of accounting ratios for measuring profitability - Concept of economic value added - Importance of analysis of cash flow statement - Interpretation of cash flow statement
- **Liquidity and Solvency Analysis:** Measurement of Liquidity and Solvency by application of ratios - Liquidity and distribution of current assets - Capital structure analysis

Module - II

- **Capital Market Efficiency and its Implications for Financial Statement Analysis:** Random walk and efficient capital market - Nature and forms of efficient capital market- Efficient capital market anomalies - Implications of capital market efficiency - Role of financial analyst in efficient capital market.
- **Distress Analysis:** Meaning of financial distress and corporate failure - Causes and symptoms of failure - Models for prediction of corporate failure
- **Analysis of Business Combinations:** Meaning and Types of business combinations - Reasons for combinations - Determination of Exchange Ratio - Evaluation of post combination performance
- **Credit and Equity Risk Analysis:** Types of credit and equity risks - Concept of credit rating - Models for prediction of bond rating and bond risk premium - Techniques of equity risk analysis

Suggested Readings

- Lev, B. *Financial Statement Analysis: A New Approach*, Prentice Hall
- White, Sondhi and Fried, *The Analysis and Use of Financial Statements*, John Wiley & Sons
- Sinha, G., *Financial Statement Analysis*, PHI learning private Ltd.
- Foster, G., *Financial Statement Analysis*, Prentice Hall.
- Bernstein and Wild, *Financial Statement Analysis: Theory, Application and Interpretation*, McGraw Hill
- Peter, W., *Financial Statement Analysis An International Perspective*, Business Press - Thompson Learning
- Foulke, R. A. *Practical Financial Statement Analysis*, Tata McGraw Hill
- Myer, J.N. *Financial Statement Analysis*, Prentice Hall

Paper 2.9: International Finance

Module-I

- **The International Monetary System:** Alternative Exchange Rate Systems - The IMF - Classification of Exchange Rate Regimes - Emergence of the Euro - Depreciation, Appreciation, Devaluation and Revaluation - Currency Convertibility
- **Foreign Exchange and Derivatives Markets:** Spot – Forward- Currency-Futures - Currency Options - Currency Swaps.
- **Parity Conditions in International Finance:** Purchasing Power Parity – Fisher Effect - International Fisher Effect - Interest Rate Parity – Unbiased Forward Rate Theorem.
- **Foreign Exchange Risk Management:** Concept of Foreign Exchange Risk – Types of Exposure - Measuring Foreign Exchange Risk - Managing Foreign Exchange Risk

Module-II

- **International Financing:** International Financial Markets - Foreign Access to Domestic Markets - Development Banks - The Euro Markets
- **Foreign Investment Analysis:** International Portfolio Investment – International Capital Budgeting
- **International Working Capital Management:** Financing Foreign Trade – Current Asset Management - Financing Current Assets
- **International Transfer Pricing** and International Taxation

Suggested Readings

- Shapiro, A.C., *Multinational Financial Management*, Wiley
- Levi, M.D., *International Finance*, Routledge.
- Apte, P.G., *International Finance*, Tata McGraw Hill
- Siddaiah, T, *International Financial Management*, Pearson

Paper 2.10: Security Analysis and Portfolio Management

Module-I: Security Analysis

- **Understanding the world of Investments:** Investing and investments - Nature of investments - Investment attributes - Comparison between investment, speculation and gambling - Investment alternatives - Real assets vs. financial assets - Meaning, characteristics and types of financial assets - Derivative securities - Direct vs. indirect investments – Framework of investment: policies and practices for institutions and individuals - Techniques of security analysis - Fundamental analysis vs. technical analysis.
- **Organization and functioning of financial markets:** Primary market vs. secondary

market - Regulation of financial markets - SEBI guidelines relating to public issue, pricing of issues, appointment of merchant bankers and underwriting of issues - Stock market indices (concept and calculation)

- **Fundamental analysis:** Economic analysis - Industry analysis - Company analysis (including forecasting future performance) - Methods of equity valuation - Bond analysis and valuation
- **Technical analysis :**Charting techniques (trends, moving average, relative strength, point and figure analysis etc.) - Dow Theory - Key technical indicators

Module-II: Portfolio Management

- **Portfolio Analysis:** Concept and estimation of risk and return of individual securities - Relationship between risk and return - Types of security risk -Systematic risk vs. unsystematic risk - Concept of portfolio and portfolio diversification - Portfolio management process - Implications of diversification for investors - Diversification strategies - Portfolio risk and return - Markowitz risk-return optimization principle
- **Portfolio Selection:** Markowitz (mean-variance) efficient frontier and optimal portfolio - Introduction of a risk free security in portfolio - Market portfolio - Capital market line (CML)
- **Capital Market Theory and Evaluation of Investment Performance:** Capital asset pricing model (CAPM) - Features and assumptions - Concept and estimation of Beta Coefficient - Significance of Beta in portfolio decisions - Single index market model for portfolio construction - Security market line (SML) - Criticisms of capital asset pricing model - Arbitrage pricing theory (APT)
- **Evaluation of portfolio performance:** Portfolio performance measures Portfolio revision - Portfolio insurance - Mechanics of international diversification

Suggested Readings

- Chandra, P.) *Investment Analysis and Portfolio Management*, Tata McGraw Hill.
- Elton, Gruber, Brown and Goetzmann, *Modern Portfolio Theory and Investment Analysis*, John Wiley & Sons.
- Fabozzi, F.J., *Investment Management*, Prentice Hall.
- Fischer and Jordan, *Security Analysis and Portfolio Management*, Prentice Hill.
- Jones, C.P., *Investments - Analysis and Management*, John Wiley & Sons.
- Sharpe, Alexander and Bailey, *Investments*, Prentice Hall.