

**DEPARTMENT OF COMMERCE, BHARATHIDASAN UNIVERSITY
TIRUCHIRAPPALLI - 620 024**

M.Com. (Financial Management)

Syllabus (2003-2004 Onwards)

S.No.	Course Code	Title of the Course	Instruction Hours Per Week	No. of Credits	Marks		
					CIA	ESE	Total
Semester I:							
01	FC1	Business Management	4	4	40	60	100
02	FC2	Managerial Economics	4	4	40	60	100
03	FC3	Accounting for Decision Making	4	4	40	60	100
04	FC4	Financial Management – I	4	4	40	60	100
Semester II:							
05	CC1	Financial Management – II	4	4	40	60	100
06	CC2	Corporate Tax Management	4	4	40	60	100
07	CC3	Working Capital Management	4	4	40	60	100
08	EC1	Quantitative Techniques for Business Decisions	4	4	40	60	100
09	EDC1	-----		4			
10	PW1	Summer Institutional Project	---	3		100	100
Semester III:							
11	CC4	Security Analysis and Portfolio Management	4	4	40	60	100
12	CC5	International Financial Management	4	4	40	60	100
13	CC6	Computer Applications	4	4	40	60	100
14	EC2	Financial Markets and Institutions	4	4	40	60	100
15	EDC2	-----		4			
Semester IV:							
16	CC7	Project Appraisal and Evaluation	4	4	40	60	100
17	CC8	Derivatives and Risk Management	4	4	40	60	100
18	CC9	Financial Services	4	4	40	60	100
19	PW2	Project Work	---	4		100	100
Total No. of Credits				-----	75		

CIA = Continuous Internal Assessment

ESE = End Semester Examination

* Theory – 35 marks and Practical – 25 marks.

FC1. BUSINESS MANAGEMENT

Unit I: Forms of Business Organisations; Joint Stock Companies; **Companies Act 1956:** Formation of Companies, Issue of Shares and Debentures; Prospectus, Allotment, and other matters relating to issue of shares and debentures.

Unit II: Nature and Process of Management; Management as Science, Art and Profession; Manager and Environment; Systems Approach to Management; Responsibilities of Management; The Social Responsibility of Managers; Ethics in Managing.

Unit III: Planning: Principles of Planning, Types of Plans, Steps in Planning, Limitations of Planning; Objectives.

Strategic Planning Process, Major Kinds of Strategies, Implementation of Strategies, SWOT Analysis, Business Portfolio Analysis – BCG Matrix, GE Business Screen.

Decision Making: Models and Techniques, Management By Objectives, Policy Formulation.

Unit IV: Organising: Organisation Structure and Design, Span of Management, Delegation and Decentralisation; Line and Staff Organisation; Effective organizing and organizational culture.

Staffing: Systems approach to human resource management; Selection; Selection process, techniques and instruments.

Unit V: Leading: Managing the human factor; Motivation Techniques, Leadership Styles, Communication Process.

Controlling: Process of Control, Prerequisites of Controlling Systems, and Methods of Control.

Reference:

1. Harold Koontz and Heinz Weirich, *Essentials of Management*, 5th Ed., McGraw Hill International, 1990.
2. Stonier & Wankel, *Management*, Prentice Hall India, New Delhi.
3. Peter F. Drucker, *Practice of Management*, Pan Books, London.
4. Stephen P. Robbins and David A. Decenzo, *Fundamentals of Management*, 3rd Ed. Pearson Education Asia, 2001.

FC2. MANAGERIAL ECONOMICS

Unit I: Introduction to Managerial Economics, Economic Principles and the Practice of Management, Role and Responsibilities of Managerial Economist.

Demand: Meaning, Types of Demand, Determinants of Demand, Demand Function, Demand Elasticities, Demand Forecasting.

Unit II: Production Function, Input-Output Relationship in the Long run and Short-run, Law of Variable Proportions, Returns to Scale.

Cost Concepts, Cost Function, Long run and Short-run Cost-Output Relationship, Managerial Uses of Cost Function.

Unit III: Theories of the Firm, Economic Theory of Firm, Price and Output Determination Under Different Market Structures, Price Discrimination, Pricing Methods in Practice. Behavioural Theory of the Firm, Management Theories of the Firm, Profit Concepts and Analysis.

Unit IV: National Income: Concept and Measurement, GNP, NNP, Methods of Measuring National Income. Price Indices.

Unit V: Monetary Policy: Money Supply and Demand, LM – Instruments of Monetary Policy, Interest Rate Structure.

Fiscal Policy: Budget, Public Expenditures and Revenues and Government Debt.

Trade Policy: Balance of Payments, Forex, Recent Trade Policies, WTO.

Reference:

1. Dominick Salvatore, *Managerial Economics*, 4th Ed., Thomson South Western, 2001.
2. Gupta, G.S., *Managerial Economics*, Tata McGraw Hill, New Delhi.

3. Dean Joel, *Managerial Economics*, Prentice Hall of India.
4. Mote, Paul and Gupta, *Managerial Economics*, Tata McGraw Hill, New Delhi.
5. Dwivedi D.N., *Managerial Economics*, 6th Ed., Vikas Publishing House, New Delhi, 2001.
6. Indian Economic Survey.

FC3. ACCOUNTING FOR DECISION MAKING

UNIT I: Preparation of Company Final Accounts; Depreciation, Provisions and Reserves; Accounting for issue and redemption of shares; Valuation of Goodwill and Shares.

Unit II: Cost and Management Accounting: Definition, Scope, Significance and limitations; Cost classification; Cost Sheets; Methods of Costing: Process Costing, Job Costing.

Unit III: Marginal Costing: Cost-Volume-Profit Analysis; Break Even Analysis; Decisions Regarding Sales Mix, Make or buy decisions, and Discontinuation of a product line.

Unit IV: Standard Costing - Variance Analysis.

Budgeting and Budgetary control - Classification of Budgets - Performance Budgeting. Fixed and Flexible budgets - Responsibility Accounting - Zero Based Budgeting.

Unit V: Value Chain Analysis; Activity Based Costing; Quality Costing; Target and Life Cycle Costing.

References:

1. M.C. Shukla, T.S. Grewal and S.C. Gupta, *Advanced Accounting*, S.Chand&co.
2. R.L. Gupta & M. Radhasamy, *Advanced Accounting*, Sultan Chand & Sons.
3. Arora, M.N., *A Text Book of Cost Accountancy*, 6th Ed., Vikas Publishing House, New Delhi.
4. Hansen & Mowen, *Management Accounting*, 5th Ed., South-Western College Publishing, 2000.
5. Welsch Glenn A, Ronald W. Hilton, and Paul N. Gordon, *Budgeting, Profit Planning and Control*, Prentice Hall, New Delhi.

6. Pandey I.M., *Management Accounting*, Vani Publication, Delhi.
7. Barfield, Jessie, Ceily A. Raiborn, and Michael R. Kenney, *Cost Accounting: Traditions and Innovations*, South Western College Publishing, Cincinnati, Ohio.
8. Hongren C.T., George Foster, and Srikant M. Daliar, *Cost Accounting: A Managerial Emphasis*, Prentice Hall, New Delhi.

FC4. FINANCIAL MANAGEMENT - I

Unit I: Introduction to Financial Management: Objectives, Functions, Scope, Evolution, Interface of Financial Management with Other Areas, Environment of Corporate Finance.

Unit II: Time Value of Money: Future Value of Single Cash flow, Multiple Cash flow, Annuity, Sinking Fund Factor. Present Value of Single Cash flow, Multiple Cash flow, Annuity, Annuity Dues, Perpetuities. Comparison of Rates.

Unit III: Sources of Long-term Finance: Equity, Preference Capital, Debentures, Term Loans and Deferred Credit, Government Subsidies, Sales Tax Deferrals and Exemptions, Leasing and Hire Purchase.

Unit IV: Understanding Financial Statements – Balance Sheet, Profit and Loss account and Cash flow statement.

Financial Statement Analysis: Ratio Analysis, DuPont Analysis, Common-size Analysis, Trend Analysis, Industry Averages, Comparison with Competitors.

Unit V: Cash flow and Fund flow Analysis

Financial Ratios as Perceived by Commercial Banks, Corporate Controllers. Forecasting Financial Failure.

Financial Statements and Ratio Analysis in Special Industries: Banks, Utilities, Transportation, Insurance, Real Estate Business.

Reference:

1. Ross, Westerfield, and Jordan, *Fundamentals of Corporate Finance*, 5th Ed., Tata McGraw Hill, 1999.

2. Prasanna Chandra, *Financial Management: Theory and Practice*, 5th Ed., Tata McGraw Hill, 2001.
3. Brigham, Gapenski, Ehrhardt, *Financial Management: Theory and Practice*, 9th Ed., Dryden Press, 1999.
4. Pandey, I.M., *Financial Management*, Vikas Publishing House.
5. Charles H. Gibson, *Financial Reporting and Analysis*, 8th Ed., South Western College Publishing, 2001.
6. Wild, Bernstein, and Subramanyam, *Financial Statement Analysis*, 7th Ed., McGraw Hill International, 2001.

CC1. FINANCIAL MANAGEMENT – II

Unit I: Cost of Capital: Cost of Debt and Preference; Cost of Equity and Retained Earnings; Weighted Average Cost of Capital; Divisional and Project Cost of Capital; Cost of Capital in Practice.

Capital Structure: Introduction, Factors Affecting Capital Structure, Financial Leverage and Firm Value; MM Approaches I & II; Optimal Capital Structure.

Unit II: Dividend Policy: Types of dividends; Irrelevance of Dividend; Relevance of Dividend; Factors influencing dividend policy; Types of dividend policies; Dividend policies in practice; Bonus shares and repurchase of shares.

Unit III: Corporate Valuation: Approaches to valuation: Adjusted book value approach, Stock and debt approach, Direct comparison approach and Discounted Cash Flow Approach; Approaches to Facilitate Value Based Management: Marakon Approach, Alcar Approach, McKinsey Approach, EVA and BCG approach.

Unit IV: Financial Planning: Sales forecast, Forecasting financing requirement, Financial forecasting vs. budgeting.

Corporate Governance and Executive Compensation: Agency problem, Devices to control agency costs, Corporate governance in the developed countries and in India; Executive compensation, Employee stock option plan.

Unit V: Mergers and Acquisitions: Benefits and costs of mergers; Determination of exchange ratio; Valuation of purchase of a division/plant. Takeovers: Regulation of takeovers; Planning the acquisition program. Sell offs and changes in ownership; Leveraged Buyouts; Buy back of shares, Joint ventures.

Reference:

1. Prasanna Chandra, *Financial Management: Theory and Practice*, 5th Ed., Tata McGraw Hill, 2001.
2. Ross, Westerfield, Jaffe, *Corporate Finance*, 5th Ed., McGraw Hill, 1999.
3. Brigham, Gapenski, and Ehrhardt, *Financial Management: Theory and Practice*, 9th Ed., Dryden Press, 1999.
4. Pandey, I.M., *Financial Management*, Vikas Publishing House.
5. Vishwanath, S.R., *Corporate Finance: Theory and Practice*, Response Books, 2000.

6. Fred J. Weston, Kwang S. Chung, and Susan E. Hoag, *Mergers, Restructuring and Corporate Control*, Prentice Hall of India, 1997.

CC2. CORPORATE TAX MANAGEMENT

Unit I: Basic Concepts - Assessment year - Previous year - Person - Assessee - Income - Gross Total income - Total income - Capital Asset - Company - Capital Receipts Vs Revenue Receipts - Capital Expenditure Vs Revenue Expenditure - Method of Accounting - Amalgamation. Residential status and Tax incidence - Incomes exempt from tax.

Unit II: Computation of Profits and Gains of Business or Profession - General Principles - Deductions and Allowances - Deemed Profits - Income from undisclosed sources - Valuation of stock - Problems on computation of Income from Business or Profession.

Unit III: Taxation of Companies: Definitions of Indian Company, Domestic Company, Foreign Company, Industrial Company, Widely held company, closely held company, Investment company, consultancy service company and Trading Company. Deductions available to company - Carry forward and set-off of losses in case of certain companies - Tax on undistributed profits of domestic companies - Problems on computation of taxable income of corporate assessee.

Unit IV: Tax Consideration in specified managerial decisions and their implications on cash flow, make or buy, own or lease, retain or replace, export or domestic sales, shut down or continue, purchase by installment or hire, Expand or Reduce the size of business.

Unit V: Tax consideration in special areas - Foreign collaboration agreements, Mergers, Amalgamation, Reconstructions and Acquisitions - Capital structure and dividend policy - depreciation and other allowances - New Industrial undertakings and tax reliefs - Personnel compensation plan.

Reference:

1. Lakhota, R.N., and S.Lakhota, *Corporate Tax Planning Hand Book*, Vision Books, New Delhi.
2. Vinod K.Singhania, *Direct Taxes: Law and Practice*, Taxmann publications, New Delhi.
3. Mehrotra and Goyal, *Income Tax Law and Practice*, Sahitya Bhawan, Agra.

4. Palkivala, N.A. and Palkivala B.A., *Kanga and Palkivala's Law & practice of Income Tax*, N.M.Tripathi.
5. Bhagwati Prasad, *Direct Taxes Law and Practice*, Wishwa Prakash, New Delhi.
6. B.B. Lal, *Direct Taxes Practice and Planning*, Konark

CC3. WORKING CAPITAL MANAGEMENT

Unit I: Working Capital Policy: Overall Considerations, Importance of Working Capital Management, Components of Working Capital, Factors Influencing the Requirements of Working Capital, Risk-return Trade-off, Profitability-Liquidity tangle. Estimating Working Capital Requirements: Operating Cycle Method, Percent of Sales Method. Role of finance managers in working capital management.

Unit II: Cash Management: Importance, The right proportion, Factors influencing cash balance, Determining optimum cash balance, Cash Budgeting - Controlling and monitoring collections and disbursements, Cash management models.

Unit III: Receivables Management: Credit Policy variables: Credit Standards, Credit period, Cash discount and collection efforts. Credit Evaluation - Credit granting decision - Control of Receivables - Management of Trade Credit in India.

Unit IV: Inventory Management: Need for inventories and the importance of its management, Techniques for managing inventory - Order quantity - E.O.Q. model - Order point - Safety stock - Analysis of Investment in inventory - Selective inventory control - A.B.C. analysis.

Unit V: Financing Current Assets: Different approaches to financing current assets: Conservative, aggressive and matching approach, Sources of finance, Spontaneous source, Trade credits, Short term bank finance, Commercial papers and Public deposits, Committees on working capital finance.

Reference:

1. Prasanna Chandra, *Financial Management - Theory and Practice*, 5th Ed. Tata McGraw Hill, 2001.
2. Hrishikes Battacharya, *Working Capital Management: Strategies and Techniques*, Prentice Hall of India, 2001.

3. I.M.Pandey, *Financial Management*, Vikas Publishing House, New Delhi.
4. K.M.Chitnis, Working *Capital Management of Large Industrial units*, Dastane Ramachandra &Co., Poona.
5. Joshi, R.N., *Cash Management*, New Age International Publishers, 1999.
6. Ramamurthy V.E., *Working Capital Management*, IFMR Publication, Chennai.

EC1. QUANTITATIVE TECHNIQUES FOR BUSINESS DECISIONS

Unit I: Concept of Probability and Probability Distributions: Basic concept, Probability theory, Types of Probabilities, Bayer's Theorem - Probability Distribution - Binomial Distribution - Poisson distribution - Normal Distribution.

Unit II: Testing of Hypothesis: Definition of Hypothesis - Null Hypothesis, Alternative Hypothesis - Type I Error - Type II Error - Testing of Population Mean - Proportion - Difference between Means - Difference between Proportions - ANOVA - Chi-square Test.

Unit III: Decision Theory: Introduction to Decision Theory - Marginal Analysis - Decision Tree Approach - Forecasting - Introduction to Forecasting Method - Correlation - Regression - Time Series Analysis.

Unit IV: Linear Programming and Game Theory: Meaning of Linear Programming - Basic Concepts and Notation - Linear Programming Model - Formulation - Graphic and Simple Solution - Degeneracy - Non-feasible solution - Unbound solution - Multiple solution - Game Theory - Types of Games - Dominance - Rule for Dominance - Solution through graphic method.

Unit V: Net work Analysis: Introduction to Network Analysis - Preparation of Network Diagram - Critical Path Method (CPM) - Time Cost Consideration - Limitation of CPM - Programme Evaluation and Review Technique (PERT) - PERT Area Control Device - Calculation of Probabilities - Advantages of PERT - Limitations of PERT - Similarities and Dissimilarities of PERT and CPM Analysis.

References:

1. Richard I. Levin, and Rubin, *Statistics for Management*, 7th Ed., Prentice Hall India, 1999.

2. Homy A. Taha, *Operations Research-An Introduction*, 6th Ed., McMillan, 1997.
3. Levin, Rubin, Stinson and Gardner, *Quantitative Approaches to Management*, 8th Ed., McGraw Hill International, 1992.
4. Budnick, Mcleavey, and Mojena, *Principles of Operations Research for Management*, Richards D. Irwin, 1999.
5. Anderson, Sweeney, and Williams, *An Introduction to Management Science: Quantitative Approaches to Decision Making*, 7th Ed., West Publishing Company, 1994.

CC4. SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Unit I: Investments - Investment vs. Speculation - Investment Process - Investment categories - Risk and return - Factors Influencing Risk - Measuring Risk and Return, Valuation of Equity: Dividend Discount Models, Price/Earnings Approach.

Unit II: Fundamental Analysis: Economic analysis: Key Macroeconomic Factors. Industry analysis: Industry Life Cycle Analysis, Analysing the Structure and Characteristics of an Industry - Profit Potential Of Industries. Company Analysis: Analysing the Financial Statements, The Chemistry of Earnings, Forecasting via the Earnings Model, Market Share/Profit Margin Approach, Independent Forecast of Revenue and Expenses.

Unit III: Bond Analysis: Returns and Risk - Valuation of Bonds - Bond Management strategies: Duration.

Technical Analysis: Various Price and Volume Indicators; Market Indicators, Interpretation of various types of trends and indices; Forecasting Individual Stock Performance.

Unit IV: Efficient Market Theory: Random walk - The Efficient Market Hypothesis.

Portfolio Analysis: Effects of combining securities - Markowitz's Mean-Variance model. Portfolio selection: Risk and investor preferences - Constructing the portfolio - Significance of beta in the Portfolio.

Unit V: Capital Market Theory: CAPM - Arbitrage Pricing Theory.

Managed Portfolios and Performance Evaluation: Sharpe Index, Treynor Index, Jensen's Model.

Reference:

1. Donald E. Fischer and Ronald J Jordan, *Security Analysis and Portfolio Management*, 6th Ed., Prentice Hall of India, 2000.
2. Prasanna Chandra, *Investment Analysis and Portfolio Management*, Tata McGraw Hill.
3. R.J. Fuller and J.L. Farrel, *Modern Investments and Security Analysis*, McGraw Hill International.
4. Jack Clark Francis, *Management of Investments*, McGraw Hill International.

5. Stron Robert, *Portfolio Management Hand Book*, Jaico, Bombay.

CC5. INTERNATIONAL FINANCIAL MANAGEMENT

Unit I: Foundations of International Financial Management: Globalisation, International Monetary System, Balance of Payments; Foreign Exchange Market, International Parity Relationships and Forecasting Exchange Rates.

Unit II: World Financial Markets and Institutions: International Banking and Money market; International Bond Market; International Equity Markets; International Portfolio Investments.

Unit III: Foreign exchange Exposure and Management: Economic Exposure, Transaction Exposure, Translation Exposure.

Unit IV: Financial Management of Multinational Firms: Foreign Direct Investment; International Capital Structure and the Cost of Capital; International Capital Budgeting;

Unit V: Multinational Cash Management; Exports and Imports; International Tax Management.

Reference:

1. Cheol S. Eun, Bruce G. Resnick, *International Financial Management*, McGraw Hill International, 1998.
2. Apte, P.G., *International Financial Management*, 2nd Ed., Tata McGraw Hill, 1998.
3. Jeff Madura, *International Financial Management*, 6th Ed., South-Western, 2000.
4. Maurice D. Levi, *International Finance*, 3rd Ed., McGraw Hill, 1996.
5. Alan C. Shapiro, *Multinational Financial Management*, 4th Ed., Prentice Hall India, 1996.

CC6. COMPUTER APPLICATIONS

Unit I: Introduction, Classification and Types of Computers, Evolution of digital Computers, Components of Digital Computers and their Functions, Hardware and Software, Input and Output Devices, Low level Languages and High Level Languages, Translator, Computer Applications, Impact of Computer on Society.

Unit II: MS-Word: Word Basics - Menus, Commands, Tool Bars and their Icons – Mail Merge, Macros.

Unit III: MS-Excel: Introduction – Menus, Commands, Toolbars and their Icons – Functions.

Unit IV: MS-Access: Introduction, Parts of an Access Window, Creating a Database, Relationships, Creating Table through Design View, Relationship, Query, Form, Reports.

Unit V: FOXPRO: Introduction, Applications: - Pay Roll, Stock Maintenance, Bank Transactions, File Sorting and Merging, Invoice Preparation, Sales Order Processing, Income Tax Calculations, Share Market Processing, Balance Sheet Preparation.

Reference:

1. Sanjay Saxena, *MS Office 2000 for Everyone*, Vikas Publishing House.
2. Krishnan, N., *Windows and MS Office 2000 with Database Concepts*, Scitech Publications, Chennai.
3. Griever, Yair Alan, *FoxPro 2.6: Code Book*, BPB Publishers, New Delhi, 1994.
4. Edward Jones, *FoxPro 2.5 for Windows Inside & Out*, McGraw Hill, 1996.
5. David Whigam, *Quantitative Business Methods Using Excel*, Oxford, 1998.
6. Edward Willet, David Crowder, and Rhonda Gowder, *MS Office Bible*, IDG Books India Pvt. Ltd.

Marks: CIA – 40 and ESE – 60 (Out of 60, 35 marks for theory and 25 marks for practicals)

EC2: FINANCIAL MARKETS AND INSTITUTIONS

Unit I: Money Market: Call money market, Treasury bills market, Commercial bills market, Commercial papers and certificates of deposits, Discount and Finance House of India, Government Securities Market, Recent developments.

Unit II: Capital Market: Impact of monetary policy, Industrial securities market, Primary market and Secondary market.
Nature and role of financial system: Financial system and markets, Efficiency and stability, Technology, Government intervention in the financial system.

Unit III: Money, Prices, Exchange Rate and Interest Rates: Monetary expansion, Interest rates and exchange rates, Monetary expansion and prices, Real and nominal values, Inflation and interest rates, Inflation and exchange rates.
The Indian financial system: Introduction, The pre 1951 period, the post 1951 period, Emerging horizon.

Unit IV: Commercial Banks: Evolution of modern commercial banks, Evolution of bank assets, liabilities and activities; Banking structure, Matching revenues and costs, capital adequacy; Accounting policies and related matters, Direct investments, and credit programmes.

Central banking and monetary policy: Central banking functions; Money creation, process and control; monetary policy.

Unit V: Non-Banking Finance Companies: Evolution and present status.

Insurance Companies: Economics of insurance, The insurance industry and its regulation; LIC, GIC.

Development finance institutions: Concept, role of DFIs, Sources of funds, DFIs in India, Khan Committee Report and Universal banking; Recent trends.

Reference:

1. Gordon and Natarajan, *Financial Markets and Services*, Himalaya Publishing House, 2001.
2. Jeff Madura, *Financial Markets and Institutions*, 5th Ed., South-Western College Publishing, 2001.
3. Sontomero and Babbel, *Financial Markets, Instruments and Institutions*, McGraw Hill International, 1998.
4. Vasant Desai, *The Indian Financial System*, Himalaya Publishing House.

5. Varshney P.N, and D.K.Mittal, *Indian Financial System*, Sultan Chand & Sons, 2000.
6. Meir Khon, *Financial Institutions and Markets*, Tata McGraw Hill, 1996.
7. Bhole L.M, *Financial Institutions and Markets*, 3rd Ed. Tata McGraw Hill, 1999.

CC7. PROJECT APPRAISAL AND EVALUATION

Unit I: Introduction: Capital expenditure - Importance and difficulties, Objectives, Resource allocation - Criteria - Investment Strategies - Generation and Screening of Investment ideas.

Unit II: Project Analysis: Market and demand analysis; Technical analysis; Financial Analysis.

Unit III: Selection of Project - Project cash flows – Appraisal Criteria - Pay back period - accounting rate of return - Discounted cash flow methods. Analysis of risk: Types and Measures of Risk, Sensitivity Analysis, Scenario Analysis, Decision Tree Analysis.

Unit IV: Special Decision Situations: Choice Between Mutually Exclusive Projects of Unequal Life; Optimal Timing, Determination of Economic Life; Interrelationship between Investment and financing Aspects; Inflation and Capital Budgeting.

Risk Analysis: Firm risk and market risk, Portfolio Theory and Capital Budgeting, CAPM and Capital Budgeting.

Unit V: Implementation: Project Organisation, Project Planning, Project Control, Pre-requisites for Successful Project Implementation - Network techniques: Development of Project Network, Time Estimation, Scheduling, PERT, CPM, Network Cost System.

Project Review: Performance Evaluation, Abandonment Analysis, Administrative aspects in Capital Budgeting.

Reference:

1. Prasanna Chandra, *Projects: Planning, Analysis, Selection, Implementation & Review*, Tata McGraw Hill.
2. Clark J.C., T. J. Hindelang, and R.E. Pritchard, *Capital Budgeting: Planning and control of Capital Expenditures*, Prentice Hall.
3. Little I.M.D. and S.A. Mirrlees, *Project Appraisal and Planning for Developing countries*, Heimann, London.
4. P.C.K.Rao, *Project Management*, Sultan Chand & Sons, New Delhi.
5. Marghin E. and A.K. Sen, *Guideline for Project Evaluation*, UNIDO, New York.

6. Bhavesh M. Patel, *Project Management*, Vikas Publishing House, New Delhi.

CC8. DERIVATIVES AND RISK MANAGEMENT

Unit I: Introduction: Meaning and purpose of derivatives; Forward Contracts, futures contracts, options, swaps and other derivatives; Type of traders; Trading future contracts; Specification of the future contracts; Operation margins; Settlement and regulations.

Sources of Financial Risk: Credit Vs. market, default risk, foreign exchange risk, interest rate risk, purchasing power risk, etc.; Systematic and non-systematic risk.

Unit II: Options: Types of options; Option trading; Margins; Valuation of options; Binomial Option Pricing Model; Black-Scholes Model for call options, Over-the-counter options, Quotes, trading, margins, clearing, regulation and taxation; Warrants and Convertibles.

Unit III: Futures: Hedgers and speculators; Future contracts; Future markets, clearing house, margins, trading, future positions, and taxation; Future prices and spot prices; Forward prices vs. future prices; Futures vs. Options.

Unit IV: Swaps: Mechanics of interest rate swaps, Valuation of interest rate swaps; Currency swaps and its valuation; Credit risk swaps.

Unit V: Managing Market Risk: Hedging Schemes; Delta hedging, Theta, Gamma; Relationship in delta, theta and gamma; Vega and rho; Portfolio insurance.

Derivative Market in India: Present position in India; Regulation, working and trading activity.

References:

1. Chance, Don M, *An Introduction to Derivatives*, Dryden Press, International Edition.
2. Chew, Lilian, *Managing Derivative Risk*, John Wiley, New Jersey.
3. Das, Satyajit, *Swap and Derivative Financing*, Probus.
4. Hull J, *Options, Futures and Other Derivatives*, Prentice Hall, New Delhi.
5. Kolb, Robert W., *Understanding Futures Markets*, Prentice Hall of India, New Delhi.
6. Marshall, John F and V.K. Bansal, *Financial Engineering – A Complete Guide to Financial Innovation*, Prentice Hall of India, New Delhi.

7. Report of Prof. L.C. Gupta, *Committee on Derivatives Trading*.
8. Report of Prof. J.C.Verma, *Committee on Derivatives Trading*.

CC9 FINANCIAL SERVICES

Unit I: Introduction to financial services; **Merchant banking:** Meaning, scope, functions, management of new issues, Indian experience, SEBI guidelines, Future of merchant banking in India.

Unit II: Mutual funds: Meaning, types, functions, advantages; Private and public sector mutual funds; Performance and growth of mutual funds in India; SEBI guidelines.

Unit III: Leasing financing: The concept, merits and demerits; Types; The Indian leasing scenario; Lease evaluation; Lease accounting.

Unit IV: Hire purchase: Meaning; James Raj Committee recommendation; RBI guidelines; Hire purchase and transport industry; Lease vs. Hire purchase; Problems and prospects of hire purchase in India.

Unit V: Factoring: The concept, significance, types; Factoring mechanism; Factoring vs. leasing; Factoring in India and abroad; Forfeitures; Kalyanasundaram Committee recommendations.

Credit card: The concept, types, advantages and disadvantages.

Credit Rating: Mechanism, Role of CRISIL and ICRA.

Venture capital.

]

Reference:

1. Kamath K.V, Kerkar S.A, and Viswanath T., *The Principles and Practice of Leasing*, Lease Asia, England, 1990.
2. Vinod Kothari, *Lease Financing and Hire Purchase (Including Merchant Banking and Mutual Funds)*, Wadhwa and Co. Pvt. Ltd, Nagpur.
3. Gordon E, and K.Natarajan, *Emerging Scenario of Financial Services*, Himalaya Publishing House, Bombay.
4. Albert J. Fredman and Russ Wiles, *How Mutual Funds Work*, Prentice Hall of India, New Delhi, 1997.
5. Sadhak H., *Mutual Funds in India*, Response Books, 1997.
6. Khan, M.Y, *Financial Services*, Tata McGraw Hill, 1998.
7. SEBI Guidelines.