PANJAB UNIVERSITY, CHANDIGARH-160014 (INDIA)

(Estd. under the Panjab University Act VII of 1947-enacted by the Govt. of India)

FACULTY OF BUSINESS MANAGEMENT

AND COMMERCE

OUTLINES OF TESTS SYLLABI AND COURSES OF READING

FOR

Diploma in Stock Market and Trading Operations

(Under Community College Scheme)

For the session 2014-15
Programme Name: Diploma in Stock Market and Trading Operations Under Community College Scheme

The aim of this course is to create stock market professionals by giving strong fundamental knowledge and the most modern job-oriented practical training.

Eligibility Criteria: 10+2 in any discipline from the recognised Board with not less than 50% marks in the aggregate.

Level of Programme: Undergraduate Diploma
Duration: One Year (Two Semesters of 6 Months Each)
Programme Credits: 60

<table>
<thead>
<tr>
<th>Semester</th>
<th>Name of the Course</th>
<th>Credit Hours</th>
<th>Credits (T)</th>
<th>Credit (P)</th>
<th>Total Credits</th>
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<td>Semester-I</td>
<td>English Language as a Business Communication Skill (DSMTO-101)</td>
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<td>Analysis of Financial Statements (DSMTO-202)</td>
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<td>Risk Management and Surveillance System in Stock Exchanges (DSMTO-203)</td>
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<td>Summer Training Report and VIVA - VOCE (DSMTO-206)</td>
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(A-Application Oriented Course, E-Elective, F-Foundation, I-Internship/Projects etc.)

Note:
1. Examination in each subject will be of 3 hours duration
2. Maximum Marks for External/written examination is 80 Marks and internal assessment is 20 marks except for VIVA-VOCE EXAMINATION and English Language as Business Communication Skills. The Division of Marks in paper of English Language as Business Communication Skills will be 25 Practical (Internal) and 75 for Theory (External)
Instructions for the paper setters:

**IF THERE ARE TWO UNITS:** Set 10 questions in all. Five questions from each unit. The students are required to answer five questions in all selecting at least 2 questions from each unit.

**IF THERE ARE FOUR UNITS:** Set 10 questions in all. Two or three questions from each unit. The students are required to answer five questions in all selecting at least one question from each unit.

**N.B** Use of non-programmable calculators by the students in the Examination Hall is allowed. The Calculator will not be provided by the university.
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<th>Semester</th>
<th>Name of the Course</th>
<th>Credit Hours</th>
<th>Maximum Marks</th>
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<td>Stock Market Operations (DSMTO-105)</td>
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<td>Security Analysis and Portfolio Management (DSMTO-205)</td>
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<td>Report on Training and VIVA VOCE (DSMTO-206)</td>
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<tr>
<td><strong>Total</strong></td>
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DSMTO-101: ENGLISH LANGUAGE AS A BUSINESS COMMUNICATION SKILLS

Practical: 25 Marks (Based on practical examination conducted internally on the basis of Group discussion, Public speaking skills, presentation skills and assignment work.)

Theory 75 Marks:

Based on:
1. Grammar: 10 MARKS
2. Essay: 20 Marks
3. Comprehension: 15
4. Business Correspondence: 15 Marks
5. Report Writing: 15 Marks

Objective of the Course: To impart basic skills of communication in English through intensive practice to the Students of Diploma is Stock Market Trading and Operations so as to enable them to function confidently and effectively in that language in the professional sphere of their life.

Strategies for Course Execution

- The topics must be conveyed through plenty of examples. Lecture classes must be conducted as lecture-cum-tutorial classes.
- It is a course that aims to develop skills. It is therefore "practical" in orientation. Plenty of exercises of various kinds must be done by the students both inside and outside the classroom.
- The teacher must not depend on a single or a set of two or three text books. He must choose his materials from diverse sources.
- Keeping in view the requirements of his students, the teacher may have to prepare some teaching and exercise material.
- For practice in listening, good tape recorders can be used if the more advanced facilities (for example, language laboratory) are not available. In fact they can be used very fruitfully.
- The teacher must function as a creative monitor in the class-room.
- Minimum time should be spent in teaching phonetic symbols, stress, intonation, etc. The aim should be to enable the students to find out for himself the correct pronunciation of a word from a learner's dictionary. In teaching speaking, emphasis should be on clarity, intelligibility and reasonable fluency rather than on "correct" pronunciation of words. Classroom presentation and group discussion sessions should be used to teach speaking.

Some Key Concepts:

Communication as sharing: context of communication; the speaker / writer and the listener / reader; medium of communication; barriers to communication; brevity, clarity and appropriateness in communication.

Writing: Selecting material for expository, descriptive, and argumentative pieces, business letters; formal report; summarizing and abstracting; expressing ideas within a restricted word limit; paragraph division; the introduction and the conclusion; listing reference material; use of charts, graphs and tables; punctuation and spelling; semantics of connectives, modifiers and modals; variety in sentences and paragraphs.
**Reading Comprehension**: Reading at various speeds (slow, fast, very fast); reading different kinds of texts for different purposes (for example, for relaxation, for information, for discussion at a later stage, etc.); reading between the lines. Speaking: Achieving desired clarity and fluency; manipulating paralinguistic features of speaking (voice quality, pitch, tone, etc.) pausing for effectiveness while speaking; task-oriented, interpersonal, informal and semiformal speaking; task-oriented, interpersonal, informal and semiformal speaking; making a short, classroom presentation.

**Group Discussion**: Use of persuasive strategies including some rhetorical devices (for emphasizing, for instance; being polite and firm; handling questions and taking in criticism of self; turn-taking strategies and effective intervention; use of body language.

**Telephonic Conversation**: Listening Comprehension: Achieving ability to comprehend material delivered at relatively fast speed; comprehending spoken material in Standard Indian English, British English and American English; intelligent listening in institutions such as an interview in which one is a candidate.

**Syllabus Details**:

1. **Grammar**
   - Structure of sentences
   - Active / Passive Voice
   - Direct / Indirect Narration (5 lectures)
2. **Essay**
   - Descriptive
   - Comparative
   - Argumentative
   - Thesis statement
   - Structure of opening / concluding paragraphs
   - Body of the essay (10 lectures)
3. **Reading Comprehension**
   - Global
   - Contextual
   - Inferential (8 lectures)
4. **Business Correspondence**
   - Letter Writing
   - Formal, Drafting, Biodata
   - Resume/Curriculum Vitae (10 Lectures)
5. Writing various kinds of business letters (e.g. Letters of enquiry and answers to queries, letters of reference, sales letter, letters of complaints and answers to complaints, collection letters and replies, letters relating to legal transactions, follow-up letters, D. O. letters within and outside the office, letters relating to placing of orders and compliance with orders). (10 Lectures).
6. **Report Writing**
   - Structure
   - Types of report
   - Practice Writing (8 lectures)

**Suggested Readings**:

DSMTO-102 COMPUTER FUNDAMENTALS AND STOCK MARKET TRADING

UNIT–I

Introduction to Computer and IT


UNIT-II

Storage Devices


UNIT–III

Data Communication and Networks


UNIT–IV

Online Trading System

Suggested Readings:

1. Manuals for MS-Office, Excel, MS -Word, MS ĭ Access
3. David Angell Microsoft Office Word 2003 Bible
5. Julia Kelly- The Unofficial Guide to Excel 2003
6. David Rivers PowerPoint 2003 Essential Training
7. Greg Perry, Microsoft Office 2007, Sam Teach your self, Pearson Education.
8. Mansfield, MS Office, Reprint 2006, Tata McGraw-Hill ,
DSMTO-103: BASICS OF FINANCE AND STOCK MARKET

Objective: This course aims at giving a comprehensive understanding of stock market operations in terms of structure, trading and settlement procedures, instruments, processes and related components as also emerging challenges in the area.

UNIT I
An overview of the financial system and the fundamentals of financial institutions, Understanding the fundamentals and behavior of interest rates, The stock market and the theory of rational expectations, Central banking and the conduct of monetary policy, Commercial banks and regulation Investment banks and securities issuance, Investment companies (e.g., mutual funds, hedge funds, private equity funds).

UNIT II

UNIT III

UNIT IV

Suggested Readings:

2. V. A. Avadhani, Investment and Securities Market in India, Himalaya Publishing House.
DSMTO: 104 BASIC ACCOUNTING FOR STOCK MARKET OPERATIONS

Unit-I

Unit - II

Unit – III
Issue of shares and debentures - Various kinds - Forfeiture - Re-issue - Underwriting of shares and debentures. Redemption of preference shares and debentures - Purchase of business - Profits prior to incorporation.

Unit - IV
Preparation of company final accounts - Company's Financial Statement preparation

REFERENCE BOOKS
1. Shukla and Grewal - Advanced Accounts S. Chand
2. T.S. Reddy and A. Murthy - Corporate Accounting
3. Jain and Narang - Company Accounts
4. R.L. Gupta - Corporate Accounting
5. Chakraborthi - Advanced Account
DCMTO-105 – STOCK MARKET OPERATIONS

Objective: This course aim at giving a comprehensive understanding of stock market operations in terms on structure, trading and settlement procedures, instruments, processes and related components as also emerging challenges in the area.

UNIT I


UNIT II


UNIT III


UNIT IV


Suggested Readings

2. V. A. Avadhani, Investment and Securities Market in India, Himalaya Publishing House.
5. Ravi Puliani and Mahesh Puliani, Manual of SEBI, Bharat Publication
DCMTO-201: ECONOMICS FOR STOCK AND FINANCIAL MARKET

The students will get a good knowledge of economic basis of financial transactions, valuation of financial instruments and risks involved in financial transactions. This would form the theoretical basis for other courses.

Unit – I
Introduction:  (a) Introduction, history, Scope and basic Concepts of financial economics - finance, financial economics, Characteristics of financial transaction - relevance of time and space, risk and reward relationship. (b) Characteristics of financial instruments - main types of financial instruments - definitional introduction, Composition of and characteristics of financial markets, (c) Basic financial calculations: Compounding, Present Value and discounting, Rates of return, present value of returns, Annuities, their present and future values. (d) Volatility and its measurement, Basic idea of risk measurement.

Unit – II
Interest Rates: (a) Meaning and types - system - fixed and flexible, regulated/administered and markets determined, types on the basis of time parameter, (b) Theories of determination of interest rates - Keynesian and monetarist, interest rates and inflations rates (c) Term structure of interest rates, yield curve, risk free rates (d) Methods of charging interest rates, by Banks and other financial institutions.

Unit – III
Valuations of Financial Assets. (a) Principles of market valuations. Arbitrage and the law of one price. (b) Accounting measures of value (c) Role of information in market valuation - efficient market hypo thesis, the lemons problem, valuations under asymmetric information adverse selection. (d) Risk and market valuation, basic idea of Capital Asset Pricing model.

Unit – IV
Pricing of Derivatives (a) Basic idea of derivatives (b) Pricing theories of futures (c) Pricing of options and contingent claims, Binomial method and Black – Scholes model. (d) Valuation of warrants & rights.

Suggested Readings:

3. V.A. Avadhani, "Financial Economics Theory and Practice"
5. L.M.Bhole; "Financial Institutions + Mavhels", Tata McGraw Hill.
DCMTO-202 ANALYSIS OF FINANCIAL STATEMENTS

Objective: This Paper equips the students to understand the financial reporting system of companies and enables them to analyze its financial soundness.

Unit-I


Unit-II

Understanding financial statements of Manufacturing concerns, Banks, NBFCs, Hospitals, Insurance companies through different ratio analysis, Horizontal and vertical analysis, Common size analysis, Risk Ratio analysis.

Unit-III

Financial Forecasting: Sales forecast, preparation of proforma income statement, proforma balance sheet, growth and external funds requirement, computerized financial planning system.

Unit-IV


Suggested Readings:

DSMTO-203 RISK MANAGEMENT AND SURVEILLANCE SYSTEM IN STOCK EXCHANGES

UNIT-I

Risk management system in BSE & NSE Margins  Exposure limits  Surveillance system in BSE & NSE  Circuit breakers.

UNIT-II

STOCK MARKET INDICES: Meaning, Purpose, and Consideration in developing index  Methods (Weighted Aggregate Value method, Weighted Average of Price Relatives method, Free-Float method)

UNIT-III

Stock market indices in India  BSE Sensex - Scrip selection criteria  Construction  Other BSE indices (briefly)  NSE indices  S&P CNX Nifty  Scrip selection criteria  Construction  Stock market indices in foreign countries (Overview).

UNIT-IV

Surveillance in Stock Exchanges, Introduction Importance of surveillance in stock exchanges; Market surveillance mechanism. Preliminary analysis and investigation, Surveillance activities  online and offline surveillance and rumour verification, Risk containment measures.

Suggested Readings:

DSMTO-204 –FINANCIAL INSTRUMENTS

Objective: The objective of this paper is to introduce the students with the different aspects and components of Financial market in any financial system and particularly to Indian Financial System.

UNIT-I

Types of Financial Market- Money Market, Capital Market ï Primary & secondary market, Forex Market, Debt Market- role and functions of this market; Instruments of Financial Market: Call money market, T- Bills, Commercial bills, Commercial papers and Certificates of deposits, Government (Gilt- Edged) securities and Industrial securities Banking system in India: Kinds of banking companies, commercial banks, development banks.

UNIT-II


UNIT-III


UNIT-IV

Mutual Fund-concept, types and functioning, Limitations of MF Overall comparative analysis of financial market in India & UK / China / Euro Zone / Japan / Brazil / Russia and South Africa

Suggested Readings :
1. LM Bhole; Financial Markets and Institutions: (TMH)
2. Anthony Saunders, Marcia Millon Cornett; Financial Markets and Institutions: (TMH)
4. P. N. Varshney; Banking Law & Practice: Sultan Chand & Sons.
5. S. N. Maheshwari; Banking Law & Practice: Kalyani Publications
DSMTO-205 SECURITY ANALYSIS & PORTFOLIO MANAGEMENT (SAPM)

The aim of this Paper is to provide a conceptual framework for analysis from an investor’s perspective of maximizing return on investment

UNIT-I

b. Risk- Introduction, types-Systematic risk and unsystematic risk, measurement of risk i calculation of Mean deviation, Standard Deviation, Beta value- Ex-ante and Ex-post beta, Negative beta and its significance in investment decision. c. Theories of interest rate risk- Pure expectation theory, liquidity preference theory, preferred habitat theory. Efficient market hypothesis: Concept of efficiency: Three forms of EMH and their tests- weak form- simulation, serial correlation, runs tests, filter tests, momentum and reversal effect; Semi strong form-regression and event studies; Strong form- insiders and mutual funds. Valuation of Fixed Income Investments: Bonds and its types, Valuation of different types of Bonds, Yield- nominal yield, current yield, yield to maturity/put/call, realised yield. Bond theorem, Bond Duration Analysis, Yield curve-shape of yield curve (steep, flat, inverted), theories of yield curve Valuation of Variable Income Securities: Shares valuation- dividend discounting modelconstant dividend, constant growth in dividend and variable growth in dividend, Price earning approach, CAPM

UNIT-II


UNIT-III

Portfolio analysis: Introduction to portfolio management, efficient portfolio and efficient frontier. Markowitz diversification, Single Index Model, CAPM, Arbitrage pricing theory, Estimation of Portfolio beta, Separation of risks into systematic and unsystematic risk, calculation of portfolio risk and return, optimal portfolio selection- the Geometric mean model, the Safety first model, the Stochastic dominance model, alternative models.
UNIT-IV

Portfolio Revision: Need for revision, different techniques of revision- formula plan: constant dollar value plan, constant ratio plan, variable ratio plan; Modified formula plan: Dollar cost Averaging; practical problems in portfolio revision Portfolio Evaluation: Need for evaluation, time horizon for portfolio evaluation, Measuring and evaluating portfolio performance: measurement of return, consideration of risk: Shrpeâ€™s, Treynorâ€™s and Jensenâ€™s measure, Eugene Famaâ€™s portfolio decomposition, Risk adjusted performance measures. Portfolio Management: Equity portfolio management-Active Vs Passive management strategies, Bond portfolio management- Active Vs Passive management strategies, Immunization, Bond Swaps.

Suggested Readings:

1. Fisher & Jordan; Security analysis & portfolio management: PHI.
2. Dr. Prasanna Chandra; Investment Analysis and Portfolio Management (TMH)
7. Ravi Puliani and Mahesh Puliani, Manual of SEBI, Bharat Publication