PANJAB UNIVERSITY, CHANDIGARH-160014 (INDIA)
(Estd. under the Panjab University Act VII of 1947-enacted by the Govt. of India)

FACULITY OF BUSINESS MANAGEMENT AND COMMERCE

OUTLINES OF TESTS SYLLABI AND COURSES OF READING

FOR

(Master of Finance and Control)

MFC

FOR THE EXAMINATION 2014-15
Note: 1. The duration of the examination in each subject will be 3 hours.
2. Maximum marks for external/written examination are 80 marks and Internal Assessment is 20 marks.
N.B Use of non programmable calculators by the students in the Examination Hall is allowed. The calculators will not be provided by the University.

Instructions to the paper setters.
Maximum Marks: 80.

THERE WILL BE FOUR UNITS: Set 10 questions in all, selecting 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.

SCHEME OF EXAMINATION

IIIrd SEMESTER

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Course Title</th>
<th>Maximum Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFC 301</td>
<td>Management Information System.</td>
<td>80 20</td>
</tr>
<tr>
<td>MFC 302</td>
<td>Cost Analysis &amp; Control</td>
<td>80 20</td>
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<tr>
<td>MFC 303</td>
<td>Security Analysis and investment Management</td>
<td>80 20</td>
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<tr>
<td>MFC 304</td>
<td>Corporate Governance</td>
<td>80 20</td>
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<tr>
<td>MFC 305</td>
<td>Tax Planning &amp; Management</td>
<td>80 20</td>
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<td>400 100</td>
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IVth SEMESTER

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Course Title</th>
<th>Maximum Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFC 401</td>
<td>Management Control System</td>
<td>80 20</td>
</tr>
<tr>
<td>MFC 402</td>
<td>International Finance</td>
<td>80 20</td>
</tr>
<tr>
<td>MFC 403</td>
<td>Management of Services - Insurance and Banking</td>
<td>80 20</td>
</tr>
<tr>
<td>MFC 404</td>
<td>Strategic Management</td>
<td>80 20</td>
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<tr>
<td>MFC 405</td>
<td>Optional Paper (<a href="#">opt for one</a>):</td>
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<tr>
<td></td>
<td>1. Financial Engineering</td>
<td>80 20</td>
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<td></td>
<td>2. Computer Application in Accounting</td>
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<td></td>
<td>3. Project Planning &amp; Analysis</td>
<td>80 20</td>
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<td>400 100</td>
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Total Marks 1600 400
MANAGEMENT INFORMATION SYSTEM

MFC - 301

Objective: The objective of the paper is to offer a comprehensive overview of Management information systems (MIS). It will explore technical, strategic and tactical issues related to MIS. Basic concepts in analyzing and designing information systems will be presented.

UNIT-I

MIS Definition-Characteristics -Evolution of MIS: Concepts; framework for understanding and designing MIS in an organization; MIS and other related disciplines: MIS and Management Accounting, MIS and Computer Science, MIS and OR, MIS and Organizational Behavior, MIS and Management. Concept of information; definition, features, types, process of generation and communication; quality of information; information overload; techniques for managing overload; summarizing; filtering; inferences and message routing. System concepts; definition, types and characteristics of system-control in systems: feedback: positive and negative; negative feedback control system, input, process and output control; law of requisite variety.

UNIT-II

Structure of MIS: Basic structural concepts: formal and informal information systems; public and private information systems; multiple approaches to the structure of MIS: Operational elements (physical components, process, outputs for users), activity subsystems, functional subsystems and decision support - synthesis of multiple approaches into a conceptual structure for MIS.

UNIT III


UNIT-IV

Systems Development and Implementation: System development methodologies; SDLC approach; prototyping approach and user development approach- Systems Analysis; systems Design; Concepts of database and database design; system implementation; management of information system projects; system documentation - information system audit. Security of information resources; threats to information resources; security systems for risk management. Enterprise Resource Planning Systems - Features-ERP modules-implementation of ERP

Reference Books:
COST ANALYSIS AND CONTROL
MFC - 302

Objective: The objective of this course is to develop conceptual ideas about the importance of cost accounting and how it is used for different decisions in industry.

UNIT – I

UNIT – II

UNIT – III
Standard Cost: Development of Standard costs, Significance analysis and investigation of variances, Accounting for variances single plan and partial plan.
Budgetary Control System: Multiple roles of budgeting, organizational behavior and operating budgets.

UNIT – IV
Transfer Pricing: Divisional performance and transfer pricing. Transfer pricing determination.

References:
1. Horngren & Foster: Costing Accounting- A Managerial Emphasis
2. Usry & Hammer: Cost Accounting: Planning & Control
Objective: To enable the students to understand various techniques of analysis used in investment decisions, portfolio analysis and efficient portfolio management

Unit – I
Security Market Analysis: Investment environment Types of return and risk; Sources of risk
Technical Analysis
Fundamental Analysis: Economic Analysis, Industry Analysis, Company Analysis:

Unit – II
Forms of Market Efficiency and Valuation of Securities: Random Walk Theory Form of Market efficiency
Analysis of Bond/ Debentures: Valuation of bonds Analysis of risk in bonds-duration and convexity
Valuation of Equity and Options

Unit – III

Unit – IV

Reference Books:
CORPORATE GOVERNANCE
MFC - 304

OBJECTIVES: The objective of this course is to explore architecture of corporate governance, the role of regulatory authorities, models of corporate governance, principal-agent theory within the corporate context, as well as corporate culture, corruption, management and board compensation and conceptions of social responsibility, and capital market development.

UNIT-I
Introduction to the Corporation and Corporate Governance: The nature, significance, formation and historical development of the corporation; Significant characteristics of the corporation from governance point of view; the corporation as distinguished from other types of forms of business organizations; Introduction to agency concepts (board and managers/stockholders, majority and minority stockholders) and to ‘agency problem’ Meanings and significance of corporate governance. Factors affecting quality of Governance. Principles of Corporate Governance.

UNIT-II
The Internal and External Institutions of Corporate Governance: The purpose of the corporation; corporation and its stakeholders; The concept of corporate social responsibility; The internal institutions of corporate governance (Directors and their committees, managers, and shareholders); Choices within legal constraints, e.g., anti-takeover defenses; mitigation and indemnification.

UNIT-III
Accountability of managers and Stockholders: Defining and enforcing managers’ duties; Mechanisms of stockholders accountability (through voting and proxy contests, derivative and class actions, takeovers, tender offers, and markets for corporate control); Outside forces (Regulators, government enforcement); Committees on Corporate Governance; Cadbury, Greenbury and Hampel and Kumar Mangalam Birla.

UNIT-IV

References:
TAX PLANNING AND MANAGEMENT
MFC – 305

Objective: The aim of this course is to familiarize the student with major latest provisions of the Indian tax laws and related judicial pronouncements pertaining to corporate enterprises having implications for various aspects of Corporate planning with a view to derive maximum possible tax benefits admissible under the law.

UNIT-I

UNIT-II
Definition of various kinds of companies - Meaning of company under IT Act. Residential status of companies and implications for Tax Planning. Assessment of companies including carry forward and set off of losses.

UNIT-III
Tax implications in planning of business unit as Proprietorship, Partnership, Pvt. Ltd. & Public Ltd. Tax planning in the context of exemptions, incentives, export promotions & various deductions under Chapter VI of Income Tax Act Setting up of a new Industrial Establishment: location aspects; nature of business; planning for tax holiday benefits Specific management decisions such as (1) make or buy; (2) own or lease, (3) repair or replace; (4) export vs. local sale; (5) shut down or continue; (6) expand or contract.

UNIT-IV
Indirect Tax Planning: Central Excise Act Planning in relation to nature of activity, use of power, commodity to manufacture, method of selling, scale of investment, number of workers, location of units, etc. Exemption from excise duty levy - nature and types of exemption, Special reliefs for exports and SSI units. Set-off of duties - meaning, schemes of set-off VAT / Sales Tax Act Method of executing sales through branches, head office and factory; export contracts and implications on penultimate sales, canalized exports implications.

Reference Books:
2. Singhania, V.K.: Direct Tax planning and Management(Taxman N. Delhi
3. Prasad, Bhagabati: Direct Tax Law & Practice, New Age Publ., N. Delhi
MANAGEMENT CONTROL SYSTEMS
MFC – 401

OBJECTIVE : To develop the abilities of the students to design and evaluate management control system.

UNIT-I


UNIT-II


UNIT-III


UNIT-IV


References:
INTERNATIONAL FINANCE
MFC-402

OBJECTIVES: To provide insight to the management of financial environment in international context.

UNIT-I
(b) International Accounting
Internationalization of accounting profession. Need for international Accounting Standards and critical review Accounting Standards (1, 2, 4, 7-11, 16-23, 25 and 30) set by the International Accounting Standards committee. Harmonization of Accounting Standards.

UNIT-II
Forex Risk Management

UNIT-III
International Working Capital Management

UNIT-IV
International Financial Regulation and Strategies

REFERENCES:
3. Shirin Rathore : International Accounting
4. Shapiro : Multinational Financial Management
5. Apte : International Financial Management
6. V.A.Aavadhani : International Financial Theory and Practice
7. Manju Aggarwal : International Finance
MANAGEMENT OF SERVICES (BANKING AND INSURANCE)

MFC – 403

OBJECTIVE: The course will apprise the students with the management of banking and insurance.

BANKING

UNIT – I
Indian Banking System: Role of commercial banks in the development of Indian economy; Regulatory framework of Banking in India; Deregulation of financial services in India, Liberalization of financial services, Narsimhan committee report, Verma Committee Report, Prudential norms, NPA’s and Income recognition norms. Functions of Commercial Banks; Sound Commercial Banking principles.

UNIT – II
Bank balance-sheet: basic operations of Banks; Bankers; Customer relationship.
Risk Management: Corporate planning in banks, Spread management, Risk management, Bank investments, Asset liability management, Marketing of banking products.
Electronic banking: An Introduction to e-banking.

INSURANCE

UNIT – III
Life Insurance in India- Organization, Management and policies of LIC, Role in national economy.

UNIT – IV
Insurance and Capital Market in India

References:
1. NCAER : Attitude Toward Insurance Cover
2. R.S. Sharma : Insurance Principles & Practice
3. S.P. Sharma : Organisation of Indian Insurance
4. N.N. Mishra : Insurance Principles & Practice
5. S.S. Heubnes & Kemnich Black: Life Insurance
7. S. R. Deva : Law & Practice of Banking
8. H. L. Tandon : Banking Law & Practice in India
9. P.N. Varshney : Banking Law & Practice
10. Reed Cottors : Commercial Banking
11. Joshi : Managing Indian Banks
13. Richard Hands Combe : Bankers’ Management
STRATEGIC MANAGEMENT

MFC- 404

Objective: The main object of course is to expose the student to the strategic issues in decision making.

UNIT- I
2. Environmental Analysis: The Internal & External environmental analysis.
3. Evaluating Corporate resources, core competencies & technological strengths.

UNIT- II

UNIT- III
6. Exploring the generic Strategic Alternatives: Porter’s five forces analysis.
7. Explaining the Strategic Alternatives of Mergers & Acquisitions, Joint ventures, Strategic alternatives in global industries.
8. Turnaround & Privatization.

UNIT- IV
10. The 7S framework.

References:
William J Gluelk & Janeh G & J, Business policy & Strategic management
R. Srinivasan, Strategic Management: The Indian context, Prentice Hall
Kenneth Andrews, The Concept of Corporate Strategy, Erwin Homewooa,
M. E. Porter, Competitive Strategic, The Free Press.
**FINANCIAL ENGINEERING**

**MFC-405(I)**

**Objective:** The objective of the course is to enable the students in understanding & analyzing investment problems and developing their skills for the solution of these problems with the help of innovative financial processes, instruments & strategies.

**Unit I**

**Understanding Manning and Need of Financial Engineering:**
Features and types of financial derivates, Financial engineering vis a vis financial analysis, factors leading to increasing need for financial engineering. Financial engineering in India – Derivatives and futures markets

**Unit II**

**Mechanics of Financial Engineering:**
Valuation concepts: time value of money, cash flows, sensitivity analysis, compounding, risk and return analysis, risk management value chain, source of price risk, volatility, absolute and relative valuation, hedging, Interest rates and exchange rates, arbitrage and market efficiency

**Unit III**

**Product development and strategies:**
Basics of product development: objective, design and testing pricing and valuation of future and forwards, Pricing and valuation of swaps: Interest rate swaps, currency swaps, commodity swaps, Options: call and put options, Payoff profiles, option strategies, arbitrage restrictions on option prices, Hedging approaches with options, Equity related instruments: options, warrants, subscription rights, investment vehicle, index futures and options, foreign equities, Treasury bond and notes futures

**Unit IV**

**Emerging instruments, concepts and issues:**
Assets and liabilities management, corporate restructuring and LBO/MBO, Value at Risk (VaR), Hybrid securities, Credit derivatives, Options on debt instruments, Exotic options, Synthetic instruments, Issues related to accounting treatment of derivatives, corporate risk management: planning and controlling reasons for hedging, cash flow hedges and value hedges, capital structure and hedging

**References:**
Varma, Jayanth Rama, *Derivatives and Risk Management* Tata Mc GrawHill
Dubofsky, David A., *Derivatives* Oxford University Press
Gupta, S.L., *Financial Derivatives* PHI
Hull, John C., *Options, Futures And Other Derivatives* PHI
Neftci, Salih N., *Financial Engineering* Elsevier
COMPUTER APPLICATION IN ACCOUNTING
MFC-405 (II)

OBJECTIVES: The course is designed to develop skills in identifying and analyzing information needs for managerial decision making. The course aims at harnessing, information technology in various functional areas.

UNIT-I
- Introduction to Computers
- Accounting Information Systems
- Spreadsheet Software and Managerial Application

UNIT-II
- Nominal sales and purchase ledger maintenance and reporting
- Stock control - tracking stock movements - Traditional: Rush Manufacturing: Pull Manufacturing
- Sales order processing and reporting - In Web - based business environment.
  - Inventory System

UNIT-III
- Analysis of financial statements - for External and Internal use.
- Managerial Application of Computers: Computer based Financial System
- Internet and Corporate Finance

UNIT-IV
- Online Treasury and Cash Management
- Online Share Trading
- E-Banking

REFERENCES:
5. Murdick and Ross, Information System for Management.
Objective: The objective of the course is to provide the student with skills necessary to create, plan and control a new Enterprise.

Unit – I

Unit – II

Unit – III

Unit – IV
Project Implementation and Management :Project Organisation and Control Network Analysis Í PERT & CPM Cost and Time Over-run Project Follow up and Monitoring

Reference Books:
5. Yound, Trevour L.: Planning and Implementing Project Sterling Publishing Ltd.
6. Krishnan and Moorthy: Text Book of Project Management , Mac Millan India Ltd.

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