

PG DIPLOMA IN FINANCIAL MANAGEMENT

Non-Semester

(With Effect from the Academic Year 2013-14)

ELIGIBILITY FOR ADMISSION

Candidates who apply for the degree of PG Diploma shall possess the following qualifications.

(a) AGE LIMIT:

There is no upper Age Limit.

(b) QUALIFICATION:

Any Degree

3. DURATION OF THE COURSE

The course will be conducted for one year

3.1. EXAM : There will be an examination conducted by the University at the end of the year.

3.2. Passing minimum : 50

3.3. MEDIUM OF INSTRUCTION: The Medium of instruction will be English.

Course Profile

Financial markets, Treasury & Risk Management
International Financial Management
Strategic Cost Management
Security Analysis and Portfolio Management
Derivatives Management
Financial Analysis and Reporting
Management Information Systems

PAPER I: FINANCIAL MARKETS, TREASURY AND RISK MANAGEMENT

Objectives

1. To acquaint with the nature of Indian Financial System
2. To Understand the Treasury and Risk Management process in Banking
3. To examine the role of commercial banks in the Indian Economy

Unit – I: Indian Financial System

An overview of Indian Financial System-Financial Markets-Money Market and Capital Market-Money Market Instruments-call Money, T-Bills, Commercial Paper, Certificate of Deposits, Repo and Reverse Repo.-Primary and Secondary Market-Role of RBI,SEBI,DFHI,SHCI in Financial Markets.

Unit – II: Treasury management in Banking Industry

Concept and Functions of Treasury Management in Commercial banks-Treasury Products in Forex Market, Money Market and Securities Market-Funding and Regulatory aspects-CRR, SLR, Liquidity Adjustment Facility (LAF) and Payment and Settlement system.

Unit – III: Risk Management Process in Banking

Risks in Banking activities-Credit Risk, Liquidity Risk, Interest Rate Risk, Market Risk, Exchange Rate Risk and Operational risk-Risk Mitigation Measures. Capital Management in Banking-Capital Adequacy Norms-Basel II -Three Pillars Overview and Compliance Requirements.

Unit – IV: Commercial Banks and their Roles in Indian Economy

Role of RBI in ensuring economic growth and Containing Inflation through Commercial banks - Recent Trends in Banking - Retail Lending and Corporate Banking - Universal banking-Leasing and Hire purchase - Credit Rating- Home Loans- Mutual fund - Bancassurance - Resolving customer complaints through Ombudsman.

Unit – V: Profit planning activities of Banks through Subsidiary activities

Merchant Banking-IPO and Equity issue-Underwriting of Shares-Pricing of issue-Book building process-Profit earnings through non fund based activities like issue of LCs, Bank Guarantees etc. and other fee based activities. -Increasing liquidity and profitability through the process of Securitization.

REFERENCES

1. Avadhani. V.A, Treasury Management in India, Himalaya Publishing House, 2002

2. Khan M.Y., Financial Services, Tata McGraw Hill , 2004
3. Khan M.Y., Indian Financial System, Tata McGraw Hill, 2007
4. Varsnney and Mittel, Indian Financial System, Sultan Chand Publications, New Delhi. 2003

PAPER II INTERNATIONAL FINANCIAL MANAGEMENT

Objectives:

1. To explain the basic features and functions of Forex Market
2. To develop an appreciation in Foreign Exchange Exposure and Management
3. To understand the International Financial System

Syllabus

Unit - I: Foundations of International Financial Management

Balance of Payments-Current account and Capital account-Forex Reserves. Functions and Structure of Forex market-Forex market Participants-Correspondent Banks-Nostro and Vostro accounts. Bid-Ask rates-Spot and Forward Transactions Forward Premium and Discount-Arbitrage-Exchange Rate theories-Purchasing Power Parity, Interest Rate parity-Fisher Effects.

Unit – II: International Markets

International Financial Management - an overview. Globalization-Multinational Corporations-Foreign Direct Investment-Methods of raising Funds in International Markets. ADRs and GDRs-International Bond Market and Equity Market-Euro Dollar/Euro currency Market-External Commercial Borrowings (ECB)-Instruments in International Financial Markets-Offshore Banking-Tax-havens.

Unit – III: Foreign Exchange Exposure and Management

Management of Transaction Exposure, Translation Exposure and Economic Exposure - Methods of hedging the exposures-Overview of Derivatives in hedging the risks-Forward Contracts, Swaps, Options and Futures.

Unit – IV: International Financial System

International Monetary System-Bretton Woods System-Flexible Exchange Rate system Fixed and Floating rate system-World Bank and its affiliates-International Monetary Fund-special drawing Rights.

Unit – V: Financing of International Trade-Indian Perspectives

International methods of Payments and settlements - Letter of Credit - Provisions of UCPDC - Exports and Imports - Exchange control requirements - Pre-shipment and Post Shipment finance - Factoring and Forfeiting services - Role of Exam Bank and ECGC.

References

1. Apte.P.G. - International Financial Management - Tata McGraw Hill Publishing Company Ltd, 2002
2. Cheol S. Eun and Bruce G. Resnick - International Financial Management - Tata McGraw Hill Publishing Company Ltd, 2005
3. Eun, Cheol S.; Rooke, David Percy; Resnick, Bruce G.; - International financial Management – Irwin/McGraw-Hill, 2003

PAPERIII: STRATEGIC COST MANAGEMENT

Objectives

1. To explain how the costing techniques are useful in the process of managerial decision-making
2. To Understand the role of a cost manager in pricing
3. To familiarize the strategic cost management tools and techniques

Unit – I

Cost analysis and Management decisions – Concepts of Cost – Cost information – Cost behaviour – Cost structure today – Cost Volume Profit Analysis, its application and limitations – Discussions involving alternative choices – Curvilinear BEP – Cost indifference point.

Unit – II

Strategic Cost Management Tools and Techniques – Activity Based Costing and Activity Based Management – Drawbacks of conventional Manufacturing Costing System – Target Costing - Life Cycle Costing.

Unit – III

Measuring total business unit performance – Financial and non financial – Balanced Score card and its perspectives. Divisional performance and segment performance

Unit – IV

Cost information for pricing and product planning- Factors Involved in deciding pricing - Role of BICP — Role of Product's cost in pricing – Short term and long term pricing decisions – ROI, Cost plus, Marginal cost, Bottom line Pricing - Transfer pricing – International Transfer Pricing - Governments intervention in pricing.

Unit – V

Total Cost management and Value engineering – Cost control and cost reduction –
Techniques of cost reduction -- Six sigma and cost manager – Benchmarking

References

1. John K. Shank and Vijay Govindarajan, Strategic Cost Management , Vikas Publishing House, 2004
2. Robert Kaplan & Robin Cooper - Cost and effect, Harvard Business School. 2002
3. Robert Kaplan et.al, Management Accounting, Prentice Hall, New Delhi(2005)
4. Saxena and Vashist, Advanced Cost and Management Accounting:Problems and Solutions, Sulthan Chand & Sons, New Delhi, (2004)
5. Saxena and Vashist – Advanced Management Accounting Problem and Solution. Sultan chand ,2006

PAPER IV: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Objectives:

1. To familiarize with the concept of Investment, particularly in a capital market
2. To explain how the Fundamental and Technical Analysis are useful in the process of Investment decisions
3. To make aware of the various portfolio management techniques

Unit - I

Investment - Meaning - Classification - Features - Investment, Speculation and gambling
- Factors influencing Investment - Investment Avenues in India. - Tax planning and
Investment - Risk and Return - Systematic and unsystematic Risk - measurement of Risk
and Return - Return on Investment.

Unit - II

Valuation of securities - concept of valuation - Going concern value – Bond valuation -
Equity valuation - Time Value of Money -Options and futures - Valuation of options -
Warrants and Convertibles - Mutual Funds.

Unit - III

Fundamental Analysis - Economic, Industry, and Company analysis – Trading in stock
market - Depository System - Stock Exchanges - Indices - SEBI – Functions and
regulations.

Unit - IV

Technical Analysis - Features - Tools for analysis of individual security - Tools for market analysis - Charts - Dow Theory – Efficient Market Hypothesis - Forms of market efficiency - Random Walk Theory.

Unit - V

Portfolio Management - Principles - Policies - Diversification – Modern portfolio Theory - An optimum portfolio - portfolio selection. The Efficient frontier - leveraged and unleveraged portfolio - CAPM - Assumptions - Determinants of expected return - Security Market Line - Reward to Risk ratio - Markowitz Model - Share's Portfolio Model - Arbitrage Pricing Theory – Portfolio Measurement models – Sharpe, Treynor and Jensen's measures

References

1. Fischer and Jordan, Security Analysis and Portfolio Management , 2004
2. Jack Clark Francis, Investments McGraw Hill International Edition, 1991.
3. Kevin S. Portfolio Management PHI 2001.
4. Natarjan L., Investment Management, Margham, 2005.
5. Punithavathy Pandian, Security Analysis and Portfolio Management, Vikas, 2001.
6. Sharpe, Alexander and Bailey, Investments, PHI, 1999.

PAPER V: DERIVATIVES MANAGEMENT

Objectives

1. To acquaint with the nature of Derivatives Market
2. To familiarize the determination of futures price and options price
3. To help exposure on options strategies and swaps

Unit I

Derivatives Markets - Derivatives: Meaning, History & functions of derivatives market, participants in Derivative market, Legal framework of derivatives market in India with respect to Stock, Currency and Commodity derivatives Futures market, Forwards and Futures contract, Similarities & Differences, Options, Types, American and European, In-the-money, At-the-money, Out-of-the money options, Listed Options, Futures and Options on Indices, Stock, Commodities, Energy, Foreign Exchange and Interest rate

Unit II

Determination of Futures price: Stock, Commodity and Currency: Cost of carry, Basis, Spot – Futures parity theorem, Spreads, Forward Vs futures pricing. Future prices vs Expected spot

prices, Expectation hypothesis, Normal backwardation, Contango - Mechanics of trading in derivatives: Clearing house, SPAN Margin, Marking to Market, Cash Vs Actual delivery, Regulations.

Unit III

Option Prices: Factors affecting call & put option prices, Determinants of Option values/premium, Restriction of option values, Black – Scholes formula, Call option valuation, Put option valuation, Hedge ratios, Binomial model.,

Unit IV

Option strategies & prices: Protective put, covered call, straddle, Spreads, Collars. Option valuation: Introduction, Intrinsic and time values- Hedging using Strategies: Protective puts, protective calls, covered calls, spreads, combinations, delta hedging.

Unit V

Swaps: Swaps-Evolution, Types, Interest rate swap, Designing and valuation, Currency swaps: designing and valuation, Swap pricing, Credit risk and swap market, Swap variations. Interest rate futures: Hedging interest rate risk using interest rate futures

References:

1. John Hull, Fundamentals of Futures and Options Markets (7th Edition), Pearson Higher Education (2010)
2. Options, Futures, and Other Derivatives , (7th Edition), John C Hull, Pearson Higher Education (2010)
3. NCFM – Derivatives Dealers Module book, National Stock Exchange of India Ltd, 2009
4. NCFM - Options Trading Strategies Module book, National Stock Exchange of India Ltd, 2009
5. Varma A., Derivative and Risk Management (1st Edn.) Tata Mgra Hill

PAPER VI: FINANCIAL ANALYSIS AND REPORTING

Objectives:

1. To Understand the Financial Statements for the purpose of analyzing
2. To discuss the techniques of Financial Statement of Analysis
3. To examine the Financial Distress and Scams

Unit I

Introduction - Financial statements- Analyzing the Balance Sheet using Excel- Work sheet – Formatting – Audit tool bar – Graphics Viewing Formula -Decision making relationship with

Financial Statement & Financial Statement Analysis (FS & FSA) -Sources of information for FA-Traditional and new approaches to FSA

Unit II

Techniques of FSA (Financial Statement Analysis) - Comparison- Intra firm, Inter firm, Inter period analysis, Regional performance analysis, Cross sectional analysis, Residual method, Beyond national boundary analysis-merits and limitations-Types of analysis- Comparative, common-size, trend analysis, Ratio analysis - merits and limitations

Unit III

Income Statement Analysis - Factors affecting reported income –Classification of income statement analysis-Barriers and measures to overcome objective income statement analysis- Revenue and expenses recognition-Techniques used by Management for earning manipulation.

Unit-IV

Balance Sheet Analysis - Asset Reporting - Accounting for Fixed Assets – Accounting for Liabilities –Off Balance sheet liabilities

Unit- V

Financial Distress And Scams - Need for corporate failure analysis-Stages, Symptoms in FD- Concepts on sickness, Distress, Failure and insolvency-Factors responsible for FD. Assessing Bankruptcy status as per Altman's Model- Corporate(Accounting) scams Enron, World com, Satyam –Measures taken by SEBI, Companies act to prevent scams after US Soxy Act 2002.

References:

1. Gokul Sinha, Financial Statement analysis, Prentice Hall of India, New Delhi 2009.
2. John J.wild K.R.Subramanyam and Robert F. Halsey, Financial Statement Analysis, Tata McGraw Hill Publishing company Ltd. New Delhi, 2004.
3. Krishna G. Palepu, Paul M. Healy and victor L. Bernard, Business Analysis and Valutaion using Financial statements, Cengage Learning India Pvt Ltd., New Delhi, 2006.
4. Ruzbeh J. Bodhanwala, Understanding and Analyzing Balance Sheets Using Excel Worksheet, PHI, New Delhi 2009.
5. Stephen H Penman, financial Statement analysis and Security Valuation, Tata McGraw hill publishing company ltd. New Delhi, 2007.

PAPER VII: MANAGEMENT INFORMATION SYSTEM

Objectives: Make the students to understand the interface of the Human Resources function with Operations, Marketing, and Finance functions and to impart knowledge on information systems and its relevance to business decisions.

UNIT I : Human Resource Philosophy - Changing environments of HRM - Strategic human resource management - Using HRM to attain competitive advantage - Trends in HRM - Organisation of HR departments - Line and staff functions - Role of HR Managers.

UNIT II: Employment planning and forecasting – Recruitment, selection process- Sources- Induction-Orientation & Training - Management Development - On-the-job and off-the-job- Management Developments - Performance appraisal in practice. Managing careers : Career planning and development - Managing promotions and transfers.

Unit III : Establishing Pay plans : Basics of compensation - factors determining pay rate - Statutory benefits - non-statutory (voluntary) benefits - Labour relations - Industrial relation- Discipline administration - grievances handling - managing dismissals and separation.

UNIT IV: Foundations of Information Systems: A framework for business users - Roles of Information systems - System concepts - Organisation as a system - Components of Information Systems - IS Activities - Types of IS-HRIS: Function, Usage and Application.

UNIT V: DSS: DSS models and software: The decision making process - Structured, Semi Structured and Unstructured problems; Managing Information Technology: Managing Information Resources and technologies - Security and Ethical Challenges: IS controls - facility control and procedural control

References

1. Gary Dessler, "Human Resource Management", Seventh edition, Prentice-Hall of India
2. James A O'Brien, "Management Information Systems", Tata McGraw Hill.
3. VSP Rao, Human Resource Management : Text and cases, First edition, Excel Books
4. Waman S Jawadekar , "Management Information System Text and cases", TMH