

UNIVERSITY OF MUMBAI
No. UG/10 of 2014

CIRCULAR:-

The Principals of the affiliated Colleges in Commerce and the Heads of recognized Institutions concerned are hereby informed that the recommendation made by the Faculty of Commerce at its meeting held on 28th February, 2014 has been accepted by the Academic Council at its meeting held 4th March, 2014 **vide** item No. 4.39 and subsequently approved by the Management Council at its meeting held on 4th April, 2014 **vide** item No.8 and that in accordance therewith, in exercise of the powers conferred upon the Management Council under Section 54 (1) of the Maharashtra Universities Act, 1994 and the Ordinances 6116 and 6117 and the syllabus as per the Credit Based Semester and Grading System for the Three Years integrated B.Com (Financial Management) degree programme is introduced, which is available on the University's web site (www.mu.ac.in) and that the same has been brought into force with effect from the academic year 2014-15.

MUMBAI – 400 032
1st July, 2014

Sd/-
Director, B.C.U.D.

To,

The Principals of the affiliated Colleges Commerce and the Heads of Recognized Institutions concerned.

A.C/4.39/04.03.2014
M.C/8/04.04.2014

No. UG/ 10-A of 2014

MUMBAI-400 032

1st July, 2014

Copy forwarded with Compliments for information to:-

- 1) The Dean, faculty of Commerce,
- 2) The Professor-cum-Director, Institute of Distance & Open Learning (IDOL)
- 3) The Director, Board of College and University Development,
- 4) The Co-Ordinator, University Computerization Centre,
- 5) The Controller of Examinations.

Sd/-
Director, B.C.U.D.

AC 4-3-2014
Item No. – 4.39

UNIVERSITY OF MUMBAI



Syllabus

Program: B. Com.

Course: Financial Management

(As per Credit Based Semester and Grading System with
effect from the academic year 2014–2015)

Sem1	Particulars	
1.1	Financial Accounting 1	(3 Credits)
1.2	Business Regulatory Framework	(3 Credits)
1.3	Business Communication Skills	(3 Credits)
1.4	Foundation Course : Business Demography and Environmental Studies	(2 Credits)
1.5	Business Economics- Micro Economics	(3 Credits)
1.6	Business Computing- 1	(3 Credits)
1.7	Indian Financial System	(3 Credits)

1.1 - FINANCIAL ACCOUNTING1

Unit - I

Meaning and scope of Accounting, Basic Accounting Concepts and Conventions –Objectives of Accounting - Accounting Transactions - Double Entry Book keeping - Journal, Ledger, Preparation of Trial Balance - Preparation of Cash Book. Classification of errors- Rectification of errors - Preparation of Suspense Account. Bank Reconciliation Statement (Only simple problems).

Unit – II

Depreciation - Meaning, Causes, Types - Straight Line Method - Written Down Value Method (Change in Method excluded) - Insurance Claims - Average Clause (Loss of stock only).

Unit - III

Single Entry - Meaning, Features, Defects, Differences between Single Entry and Double Entry System – Statement of Affairs Method - Conversion Method (Only simple problems).

Unit - IV

Preparation of Final Accounts of a Sole Trading Concern - Adjustments - Closing Stock, Outstanding and Prepaid items, Depreciation, Provision for Bad Debts, Provision for Discount on Debtors, Interest on Capital and Drawings –

1.2 Business Regulatory Framework

Unit I

Law of Contract (1872) : Nature of contract; Classification; Offer and acceptance; Capacity of Parties to contract; Free consent; Consideration; Legality of object' Agreement declared void; Performance of contract; Discharge of contract' Remedies for breach of Contract. Special Contracts : Indemnity; Guarantee; Bailment and Pledge; Agency.

Unit II

Sale of Goods Act, 1930 : Formation of contracts of sale; Goods and their classification, price; Conditions and warranties; Transfer of property in goods; Performance of the contract of sales unpaid seller and his rights, sale by auction : Hire purchase agreement.

Unit III

Negotiable Instrument Act, 1881 Definition of negotiable instruments; Features; Promissory note; Bill of exchange & cheque; Holder and holder in the due course; Crossing of a cheque, types of crossing; Negotiation; Dishonour and discharge of negotiable instrument.

Unit IV

The consumer Protection Act, 1986 : Salient features; Definition of consumer; Grievance redress machinery,

1.3 Business Communication Skills

Unit 1: Introduction to Communication

Meaning and Definition - Process - Functions - Objectives - Importance - Essentials of good communication - Communication barriers - Overcoming communication barriers. Types of Communication
Written - Oral - Face-to-face - Silence - Merits and limitations of each type

Unit II Business Letters

Need and functions of business letters - Planning & layout of business letter - Kinds of business letters - Essentials of effective correspondence – Drafting of business letters; Enquiries and replies - Placing and fulfilling orders - Complaints and follow-up - Sales letters, Circular letters - Application for employment and resume - Report writing - Notices, Agenda and Minutes of the Meetings - Memos

Unit III: Oral Communication

Meaning, nature and scope - Principles of effective oral communication - Techniques of effective speech - Media of oral communication (Face-to-face conversation - Teleconferences – Press Conference – Demonstration - Radio Recording - Dictaphone – Meetings - Rumor - Demonstration and Dramatisation - Public address system - Grapevine - Group Discussion – Oral report - Closed circuit TV). The art of listening - Principles of good listening.

Unit IV: Application of Communication Skills

Group Decision-Making - Conflict and Negotiations - Presentation and Interviews - Speeches
Customer Care/Customers Relations - Public Relations (Concept, Principles, Do's and Don'ts etc. to be studied for each type).

1.4 Foundation Course : Business Demography and environmental Studies.

Unit – I Introductory

Meaning and definition of Demography – need of demographic Studies for Business.

Unit – II Distribution of Population and Population Growth, population as a resource

Physical and cultural factors affecting the distribution of population. Density of population – over, optimum and under populated regions – Meaning and definition of population growth –

Methods of calculating population Growth – Measures of fertility and mortality and factors affecting fertility and mortality. Population as Resource; Literacy, sex ratio, Age & Sex Pyramid, Occupational Composition – Classification of population as Urban and rural – below poverty line population – working population – dependent Population.

Unit – III Environment

Meaning and definition of environment Types of Environment – Physics and Cultural components of environment resources – need of environmental studies for Business Management –

Environment factors affecting Business – Physical factors – i.e. topography, climate, minerals, water resources, cultural factors – infrastructure – technology tradition, political set up, social set up, educational set – up.

Unit –IV Environmental issues related to Business

Global warming and Kyoto Protocol, Oil Crisis and its impact on Business

1.5 BUSINESS ECONOMICS (MICRO)

1 Introduction

Meaning, Nature and Scope of Business Economics - Micro and Macro. Basic Economic Problems. Market forces in solving economic problems. Circular Flow of Income and Expenditure.

2 Demand, Supply and Cost Analysis

Concept of Demand, Elasticity of Demand and their types. Revenue Concepts - Total Revenue, Marginal Revenue, Average Revenue and their relationship. Concept and Law of Supply, Factors Affecting Supply. Accounting Costs and Economic Costs, Short Run Cost Analysis : Fixed, Variable and Total Cost Curves, Average and Marginal Costs, Long Run Cost Analysis : Economies and Diseconomies of Scale and Long Run Average and Marginal Cost Curves

3 Pricing under various market condition

Perfect Competition - Equilibrium of Firm and Industry under Perfect Competition
Monopoly - Price Determination under Monopoly, Monopolistic Competition - Price and Output Determination under Monopolistic Competition.

4 Distribution

Marginal Productivity Theory of Distribution, Rent : Modern Theory of Rent, Wages : Wage Determination under Imperfect Competition - Role of Trade Union and Collective Bargaining in Wage Determination
Interest : Liquidity, Preference Theory of Interest
Profits : Dynamic, Innovation, Risk - Bearing and Uncertainty Bearing Theories of Profits

1.6 Business computing

Module 1 Spreadsheet and word processing

Spreadsheets - Operating Environment; Spreadsheet software - concepts and definitions; Creating simple spreadsheets; Saving, Retrieving and Printing. Word Processing - Microcomputer operation and operating environment; Creating documents; Editing documents; Formatting text; Saving, retrieving and printing; Managing Files; Proofing Documents.

Module 2

Databases - Microcomputer Operation and Operating Environment; Database concepts; Creating and Editing a Database; Searching and Sorting a Database; Saving and Printing a Database.

Module 3

Internet and Intranet - Internet: Introduction to the Internet; Hardware & Software; Choosing an Internet Provider; Connecting to the Internet; Browsing the Web; Revisiting Preferred Places; Online Video, Music and Broadcasts; Ensuring Privacy (and other Security measures); Introduction to Searching; Searching for Information; Finding Programmes and Files; Finding People; Sending and Receiving Email; Joining a Mailing List; Reading and Posting to Newsgroups; Emailing through the Web and Stopping Junk Mail; Voice and Video Conferencing; Chatting Live; Tools for the Serious User: FTP & Telnet; Working Smarter by Working Offline; Controlling what is seen; Buying and Selling on the Net; Creating Web Pages and Multimedia Messages; Ways the Internet can change work methods and lifestyles. Intranet: An Introduction.

Module 4

Business Computer Applications - Business Applications of Information Processing; The Need for Information in Organisations; Computer Systems; Filing Information; Peripherals; Computer Processing Methods; Control of Information Processing; Management Information Services; The Electronic Office; Computer Networks and Distributed Systems; Software; Financial Systems and Packages; Programming; Systems Development and Implementation; Social and Organisational Effects of Computerisation.

1.7 Indian Financial System

Unit 1

Financial System: Meaning, nature, structure, role, flow of funds in financial system, financial systems and economic development. An overview of Indian Financial System.

Unit 2

Financial Institutions: Institutional Framework ; Reserve Bank of India: Objectives, Functions.

Commercial Banking: Role & Development of Commercial Banking, Services by commercial banks,

Problems and challenges in banking industry. Development Banks- Concept, objectives, & functions, promotional role, a brief historical perspective. An update on the performance of SFCs, LIC & GIC.

Unit 3

The Non-banking financial institutions: NBFCs- concept, nature of NBFCs, role, sources of finance, RBI guidelines.

NABARD- role & functions; SEBI- Organization, Functions, SEBI as a regulator.

Unit 4:

Finance Companies – The Evolution of Finance Companies, The Present Status and the Micro Finance and its importance in Rural Economy.

Sem 2 Particulars

- 2.1 Financial Accounting 2
- 2.2 Business Statistics
- 2.3 Principles of Finance
- 2.4 Essentials of Management
- 2.5 Office Management
- 2.6 Business Computing - 2
- 2.7 Banking theory, law and practice

2.1 Financial Accounting 2

Unit - I

Branch Accounts - Dependent branches - Stock and debtors system - Distinction between wholesale profit and retail profit - Independent branch (foreign branches excluded).

Unit – II

Departmental Accounts - Basis for allocation of expenses - Inter departmental transfer at cost or selling price - Treatment of expenses which cannot be allocated.

Unit – III

Hire purchase and installment - Default and repossession - Hire purchase trading account. Installment purchase system.

Unit - IV

Admission of a partner - Retirement of a partner - Death of a partner.

Dissolution of a partnership - Insolvency of a partner (Application of Indian Partnership Act, 1932) - Insolvency of all partners - Gradual realisation of assets and piecemeal distribution.

2.2 Business Statistics

Unit 1. Population and Sample :

Definition of Statistics, Scope of Statistics in Economics, Management Sciences and Industry. Concept of population and sample with illustration. Methods of Sampling – SRSWR , SRSWOR , Stratified , Systematic. (Description of sampling procedures only)

Data Condensation and graphical Methods :

Raw data , attributes and variables , classification , frequency distribution , cumulative frequency distributions.

Graphs - Histogram , Frequency polygon.

Diagrams - Multiple bar , Pie , Subdivided bar.

Unit 2. Measures of Central Tendency :

Criteria for good measures of central tendency , Arithmetic mean , Median and Mode for grouped and ungrouped data , combined mean .

Unit 3. Measures of Dispersion :

Concept of dispersion , Absolute and relative measure of dispersion, Range, Variance, Standard deviation, Coefficient of variation, Quartile

Deviation , Coefficient of Quartile deviation.

Unit 4. Correlation and Regression (for ungrouped data) :

Concept of correlation, positive & negative correlation, Karl Pearson's Coefficient of correlation, meaning of regression, Two regression equations, Regression coefficients and properties.

Recommended Books :

1.S.C. Gupta – Fundamentals of Statistics - Sultan chand & Sons, Delhi.

2.D.N. Elhance – Fundamentals of Statistics – Kitab Mahal, Allahabad.

3. M. Satayanarayana, Lalitha Raman- Management operations Research.

2.3 Principles of Finance

Unit 1 Introduction to Finance and Financial Planning

Finance - Definition - Nature and scope of finance function.
Financial Management - Meaning - Scope and Objectives
Organisational framework of financial management- Relationship of finance
Department with other department- Role of finance manager

Financial Planning concept - objectives - types - steps - significance - basic considerations - limitations.

Unit 2 Capital structure and Capitalisation

Meaning of Capital structure - criteria for determining capital structure.
Factors influencing capital structure.

Meaning of Capitalisation - narrower and broader interpretation.
Over capitalisation - meaning, causes, consequences, remedies. Under
Capitalisation - meaning, causes - consequences, remedies.

Unit 3 External sources of finance

Shares - meaning, types, advantages and limitations.
Debentures - meaning, types, advantages and limitations.
Public Deposits - meaning, advantages and limitations.
Borrowing from banks - types of loans - advantages and limitations.

Unit 4 Internal sources of finance

Reserves and surplus - Bonus shares - Retained earnings - Dividend policy -
Role of depreciation. - Importance, advantages and limitations of these sources.

BOOK RECOMMENDED :

Prasanna Chandra - Financial Management - Tata - McGraw Hill
Publishing co. Ltd., New Delhi.
S.C. Kucchal - Corporation Finance - Chaitanya Publishing House, Allahabad.
I.M. Pandey - Financial Management - Vikas Publishing House.
R.M. Shrivastava - Pragati Prakashan, Meerut.
M.Y. Khan and P.K. Jain - Financial Management - Tata - McGraw Hill
Publishing co. Ltd., New Delhi.

2.4 Essentials of Management

Unit 1 Nature of Management and evolution of management thought

Meaning, Definition, it's nature purpose, importance & Functions,
Management as Art, Science & Profession- Management as social System
Concepts of management-Administration-Organization

Evolution of Management Thought, Contribution of F.W. Taylor, Henri Fayol, Elton Mayo, Chester Barhard & Peter Drucker to the management thought.

Various approaches to management (i.e. Schools of management thought) Indian Management Thought

Unit 2 Functions of Management:

Planning - Meaning - Need & Importance, types levels - advantages & limitations.

Forecasting - Need & Techniques

Decision making - Types - Process of rational decision making & techniques of decision making

Organizing - Elements of organizing & processes:

Types of organizations, Delegation of authority - Need, difficulties in delegation - Decentralization

Staffing - Meaning & Importance

Direction - Nature - Principles

Communication - Types & Importance

Motivation - Importance - theories

Leadership - Meaning - styles, qualities & functions of leaders

Controlling - Need, Nature, importance, Process & Techniques

Coordination - Need – Importance

Unit 3 Strategic Management

Definition, Classes of Decisions, Levels of Decision, Strategy, Role of different Strategist, Relevance of Strategic Management and its Benefits, Strategic Management in India

Unit 4 Recent Trends in Management:

Social Responsibility of Management – environment friendly management

Management of Change

Management of Crisis

Total Quality Management

Stress Management

International Management

Books Recommended:-

1. Allen, L.A., Management and organization, McGraw Hill publishing co., ltd.
2. Chandrabose. D. Principles of Management and Administration PHI2002.
3. Hellriegel / Jackson / Solum, Management – A Competency based approach, Thomson, South Western.
4. Hannagan, Management concepts and practices, Macmillan India Ltd.,
5. Koontz o'Dohnel, Principles of Management Mcgraw Hill publishing co., Ltd.,
6. Prasad, I.M, Principles and practices of Management Sultanchand & Sons.
7. Peter Drucker, The practice of management – Hillied Publications.
8. Prasad, I.M., Principles and practice of management Sultan Chand & Sons .
9. Stoner : Management,
11. Robbins: Management,

2.5 Office Management

Unit 1 Office Organization

Office Manager - Role - Functions - Qualities - duties and responsibilities, positions and status of Office Manager .Office Employees –types, qualities, recruitment, training. Office Enquiries - Procedure - Preparation of Confidential Reports. Public Relation function in Office. Centralization and Decentralization of Office Services

Unit 2 Office Services

Office services (Mail Routine, Office forms and designing, Office stationary). Mail Routine - Equipments for mailing department, Courier Services its need and Importance, difficulties. Office Forms - objects, advantages and types of office forms, Control and Standardization of forms. Office Manual – Contents, advantages, types
Office Stationary and Supplies - Need and importance of stationary, Essentials of a good system of regulating stationary, purchases, standardization, storage, Record of stationary, control of stock, issue of stationary, regulating consumption.

Unit 3 Secretarial Procedures

Role of Secretary, Duties, Various Activities etc. Meeting, essentials of valid meeting, drafting of notice, agenda and minutes, Record for meeting .Secretarial Correspondence – types of correspondence, principles of effective Correspondence. Qualities of secretary

Unit 4 Office Automation

Office Automation – meaning, scope and feasibility, advantages. Different types of modern appliances and machines used in Offices. Computerization of office activities - LAN – WAN. Accounting Packages, Payroll Accounting, Inventory statements, - Vouchers – Invoices - Salary - Maintenance of records and Accounting Books and preparation of financial Report, Leave accounting, Attendance, Internet/Web based applications of office activities.

2.6 Business Computing 2

Unit 1

Spreadsheets 2 - Designing spreadsheets; Creating spreadsheets; Using spreadsheets; Output; Spreadsheet documentation; Spreadsheet structure and design; Spreadsheet facilities; Spreadsheet Applications; Graphs; Macros; Documentation and Printing.

Unit 2

Databases 2 - Operating Environment; Software; Database Concepts; Database Structure; Database Files; Sorting; Searching; Forms; Customer Requirements; Data Analysis; Relational Database Design; Testing and Documentation.

Unit 3

Word Processing 2 - File Management; Formatting and Document creation; Working with text; Formatting pages; Using Word Processing facilities; Editing Documents; Proofing documents; Using macros; Creating form letters; Using styles and templates; Working with tables; Working with columns; Using graphics.

Unit 4

Systems Analysis and Design - The analysts task; The system development cycle; Project Selection and Definition; The Feasibility Study; Techniques of Analysis; Charting Techniques; Design of New Systems; System and Documentation; System Design.

2.7 Banking law and practice

UNIT 1: Introduction to Banking:

Bank-significance of banks-brief history of banking in India- Laws affecting banking- Banking defined-Different types of Banks and functions. Distinction between NBFC and Banks. Commercial banks, Development Banks and Cooperative Banks; Nationalized banks and private banks- types of commercial banking-unit branch-universal-virtual etc. information technology in banking- modern banking services- standing instructions, remittances, core banking, debit credit and branded cards- ATM- Portfolio, investment, insurance, lockers etc- including international practices.

UNIT 2: Bank Deposits and Lending:

Different types of deposits accepted by banks – current-savings-recurring-reinvestment etc. usefulness and usage – Bank Lending-types-Loans, Overdraft and Cash credits- Concept of ‘Loan creates deposits’ – limitation of lending- non funded advances-guarantees and letter of credits –general lending aspects-securities for loans-working capital facilities –margin money and drawing power-export credits -RBI role in control of banking operations-credit control and types of

UNIT 3: Negotiable Instruments:

Meaning of – meaning of negotiation and its features – characteristics of negotiable instruments – Cheque and its distinction from bill of exchange and promissory note-truncated instruments- quasi negotiable instruments- Endorsements - -types of and effect of endorsements – crossing of Cheques – types and effect of crossing-practices- case laws.

UNIT 4: Paying Banker: and collecting banker .

Meaning of paying banker – duty of a paying banker- payment in due course – grounds for dishonor of Cheques- stop payment and garnishee order- protection to a paying banker under the negotiable instruments Act for open and crossed Cheques- conditions to be satisfied- marking of Cheques- case Laws- simple case related problems on any of the topics

Meaning of Collecting Banker – duties of collecting banker- liability for conversion Holder, Holder in due course and Holder for value – privileges of a Holder in DueCourse-protection to a collecting banker under the Negotiable Instruments Act- Case Laws. Simple case related problems on any of the topics