

POST GRADUATE DIPLOMA IN FINANCIAL MANAGEMENT (PGDFM)

Objectives: The programme is designed to expose learners to the knowledge and understanding of finance functions, control systems and finance market. Skills set include: preparation of a business plan, financial budget, Interpretation of financial statements, evaluation of projects, finding options, interaction with VCs, Banks and Fis, analysis of hire purchase activities and other special areas in finance like insurance, retail banking, secularization, investment management.

Duration: The duration of the Post Graduate Diploma in Financial Management shall be one-year programme.

Admission and eligibility: The admission is based on the existing level of competencies of the candidates. The desirable proe-requisites/skills shall be: Computer skills, communication skills, familiarity with quantitative methods, business structure and methods. A candidate seeking admission to P.G.D.F.M. shall possess minimum bachelors degree in any discipline from a recognized University.

Programme structure:

The list of course prescribed for study and examination is a given below.

Semester I:

Sr. No.	Course Title	Marks
1	Applied corporate finance	100
2	Risk and insurance management	100
3	Securities analysis and port folio management	100
4	Mergers and acquisitions	100
	Total marks	400

Semester II:

Sr. No.	Course Title	Marks
5	Management of financial institutions and services	100
6	Global financial analysis	100
7	Management control system	100
8	Foreign exchange management	100
9	Study report	100
10	Project viva voce	100
	Total marks	600

Evaluation and examination: The evaluation of the candidates in each course will be based on:

- (a) continuous evaluation (tutorials, assignment) (carrying 30 marks), (b) written test to check competency level in skill sets in each course (carrying 30 marks), (c) Presentation and viva voce in each course before a panel of experts from industry and professionals (carrying 40 marks). The final mark list will contain marks obtained by the candidates in (a)+(b)+(c)=100 for each course. The Post Graduate Diploma In Financial Management Examination will be of 1000 marks in aggregate.

Award of Class: In order to pass the examination, a candidate must secure minimum 50 % marks in aggregate, subject to securing minimum 40 % marks in each individual course. If a candidate fails to obtain 50 % marks in aggregate, then he must appear for not more than two Courses in subsequent sitting to pass the examination.

The Rules for the award of class at the examination will be as under:

Aggregate Percentage of Marks	Class
50 & above but less than 55	Pass with 2 nd Class
55 & above but less than 60	Pass with Higher Second Class
60 & above but less than 70	Pass with 1 st Class
70 & above	Pass with 1 st Class with Distinction

Study Plan: The programme of 'Financial management' is a practically oriented one. It is recommended to refer at least one or two books per course from list given in the syllabus. Please give more weightage for fieldwork exercises, cases. You can refer company sites and study financing practices and work out on-line practices followed by leading companies in India. Prepare a note on capital and financial trends through on-line references. Study carefully supportive learning material and prepare point wise practical oriented answers of each question. Diagrammatic presentation, practical examples are important. Prepare the list of basic terms used in financial management and understand their meaning from any standard textbooks.

Syllabus

Course title: 1

Applied Corporate Finance

Objective: The objective of this course is to acquaint students as to how principles of corporate finance are applied in financial management.

Course contents:

Unit I: Financial planning in the corporate environment: financial forecasting, long range planning and short range planning. Sources of corporate finance: seed capita, equity share capital, preference share capital, debentures, public deposits, venture capital, institutional finance: LIC, UTI, IFCI, ICICI, IDBI etc. Finance for working capital: internal sources, depreciation as source of finance, bonus shares, retained earnings.

Unit II: Management of earnings: dividends and retained earnings, factors affecting dividend decisions, dividend policies, dividend theories, capital structure and earning per share, trading on equity.

Unit III: Highlights of company incorporation, company administration and corporate governance, legal aspects of in respect of borrowing powers, maintenance of records, returns, accounts, register of members, shareholder's rights. Appointment of auditors. Cost audit, audit committees, director's accountability. Investigation powers of the government.

Unit IV: Corporate taxation and audit: elements of income-tax, definitions, company. Indian company, domestic company, dividends, deductions, set off of loans, depreciation, tax planning, computation of total income, MAT, tax holidays, wealth tax on companies. Audit or limited companies, appointment of auditors, powers and duties of an auditor, inspection of documents and books, auditor's report.

Suggested readings:

1. Basic financial management: M.Y. Khan and P.K. Jain, New Delhi, TMH 2000.
2. Financial management: I.M. Pandey.
3. Financial management: Theory and Practices- Prasanna Chandra.
4. Financial management: Khan and Jain.
5. Corporate financial management: Arnold Alen, London, Pitman 1998.
6. Corporate financial management: Emery Douglas R, Pearson Education Asia, 1997.
7. Indian corporate financial management: Vijay Gopalan E., Bombay: Himalaya, 1997.

Course title: 2

Risk and Insurance Management

Objective: To provide students with broad perspective of risk management and to acquaint with essential details of insurance contracts and markets.

Course contents:

Unit I: Introduction: meaning of risks and risk management process. Objectives of risk management – risk and value maximization. Fundamentals of corporate risk management – risk management and shareholders wealth. Loss financing methods – derivatives.

Unit II: Introduction to insurance – insurance market place, regulatory framework. Principles of insurance contract – documentation/underwriting and claims.

Unit III: Insurance pricing: regulation of insurance companies in India, marketing of insurance products and pension funds in India.

Unit IV: Personal insurances: life insurance and other personal insurance.

Suggested readings:

1. Risk and insurance – Denenberg, Eilers, Melone and Zelton.
2. Introduction to insurance – Dorfman.
3. Property and liability insurance – Huebner, Black and Cline.
4. Insurance principles and practices – Riegel, Miller and Williams.
5. Life insurance – Black and Skipper.

Course title: 3

Security Analysis and Portfolio Management

Objective: The objective of this course is to impart knowledge to students regarding the theory and practice of security analysis and investment decision making process and an in-depth knowledge of the theory and practice of portfolio management.

Course contents:

Unit I: Investment management: return and risk, operations of Indian stock market, listing of securities, cost of investing in securities, mechanics of investing, markets and brokers, investment companies, market indices and return, security credit ratings. Objectives of security analysis: investment alternatives, valuation theories of fixed and variable income securities, return to risk and investment decision, government securities, non security forms of investment, real estate investment, investment instruments of the money market.

Unit II: Stock market analysis: fundamentals technical approach, efficient market theory, recent developments in the Indian stock market.

Unit III: Portfolio management: the optimum portfolio selection problem, markowitz, portfolio theory, the Mean-Variance Criterion (MVC). The nature of investment risk – MVC and portfolio selection. The investment in liquid assets, portfolio of two risky securities. A three security portfolio. The efficient frontier, tracing the efficient frontier – the relationship between the unleveraged and leveraged portfolio, sharpe: single index mode. Application of market model in portfolio construction – capital asset pricing model, characteristics lines, factor models and arbitrage pricing theory, constructing efficient frontier, optimum portfolio.

Unit IV: Recent development in investment management: practical problems in security analysis and portfolio management.

Suggested readings:

1. Bhalla, V.K.: investment management: security analysis and portfolio management, 8th ed. New Delhi, S.Chand, 2001.

2. Fischer, Donald E. and Jordan, Ronald J.: security analysis and portfolio management, 6th ed. New Delhi, Prentice hall of India, 1995.
3. Fuller, Russell J. and Farrell, James L.: Modern investment and security analysis, New York, McGraw Hill, 1993.
4. Haugen, Robert H.: modern investment theory, Englewood Cliffs, New Jersey, Prentice hall of India, 1987.
5. Sharpe, William F. etc.: investment, New Delhi, Prentice hall of India, 1997.

Course title: 4

Mergers and Acquisitions

Objective: The objective of this course is to acquaint the students with various aspects like analysis, accounting and regulation of mergers and takeovers against the SEBI guidelines.

Course contents:

Unit I: Types of and motives for business combinations: (a) form of business combinations: mergers, acquisitions, takeovers, amalgamation, leveraged buy-outs. (b) motives for business combinations – accelerated growth, enhanced profitability. Diversification of risk – tax benefits, financial benefits, increased market power etc.

Unit II: Analysis of mergers: planning – SWOT analysis, corporate goals, relevance of product market strategies, analysis of industry specific and firm specific information. Search and screening – how and where to look? Alternatives to mergers – is merger the best alternative? Financial evaluation: determination of cash flows, areas of risk, purchase consideration, best way to finance the merger. Regulation of mergers and takeovers- (a) companies law, (b) income-tax law, (c) SEBI guidelines for takeovers, (d) other applicable laws.

Unit III: Accounting for mergers and acquisitions: (a) accounting standards in India, international accounting standards (b) pooling of interests methods (c) purchase method.

Unit IV: International business combinations (a) brief study of legal and practical aspects, international business combinations (b) joint ventures abroad (c) exchange regulations in India relating to cross-frontier business combinations.

Suggested readings:

1. Mergers, restructuring and corporate control – Weston, Chung and Hoag.
2. Financial management and policy – Van Horne.
3. Principles of corporate finance – Brealey and Myers
4. Financial management – I.M. Pandey.
5. Mergers and takeovers – legal and practical aspects- Institute of Chartered Accountants of India.

Course title: 5

Management of Financial Institutions and Services

Objective: The objective of this course is to acquaint the student with specific financial management problems of financial institutions with a detailed study of the working of the leading financial institutions in India.

Course contents:

Unit I: The role and importance of financial institutions and their services. Financial management models and their applications in financial institutions – application of the wealth maximization model to financial decisions.

Unit II: Evaluating risks and returns of assets and liabilities by financial institutions. Flow of fund analysis of the borrowing and lending behaviour of financial institutions. Interest rate analysis, interest rates in the financial system, yield curve, risk and inflation.

Unit III: Financial management of commercial banks – banking law and regulation, provisions of RBI's operations, credit and monetary planning, insurance companies, thrift institutions. Development banks – role of development banking in industrial financing in India. Capital adequacy and capital planning, strategy of growth, problems of time and cost over runs.

Unit IV: Organization and working of different financial institutions in India viz. IFCI, ICICI, IDBI, UTI, LIC, any 2 mutual funds. International aspects of financial institutions.

Suggested readings:

1. Bhalla, V.K.: Indian financial system, Delhi, Anmol pub. Pvt. Ltd. 1988.
2. Vij, Madhu: Management of financial institution in India, New Delhi, Anmol, 1991.
3. Yeager, Fred C. and Seitz, Nail E.: Financial institution management: text and cases. 3rd ed. Englewood Cliffs, New Jersey, Prentice hall inc. 1989.
4. Gang M.K.: Financial management in industrial banks, New Delhi, Anmol, 1997.
5. Hudson Robert: The capital market and financial management in Banking, New York, Amacon, 1998.

Course title: 6

Global Financial Analysis

Objective: The objective of this course is to acquaint students with an in-depth knowledge of the working of international financial markets.

Course contents:

Unit I: History of the international financial system: the risk and fall of Bretton Woods, globalization and the growth of derivatives, the crash of 1994-96 and beyond. Euro-currency market, Euro-banking and Euro-currency centers, deposit dealing and the term structure of Euro-currency rates, Euro-currency futures and options, syndicated Euro-credits.

Unit II: International bond markets: introduction, new issue procedures in the Eurobond markets. Eurobond valuation and hedging. Interest rates and currency swaps, pricing option, features of international bonds, forecasting and the image of the future.

Unit III: Central banks and the balance of payments. The European monetary system and other regional artificial currency areas.

Unit IV: Miscellaneous: new instruments in international capital markets, international banking and country risk, international portfolio diversification, international transfer pricing.

Suggested readings:

1. Bhalla, V.K.: international financial management, 2nd ed. New Delhi, Anmol, 2001.
2. Bhalla, V.K.: managing international investment and finance, New Delhi, Anmol, 1997.
3. Buckley, Adrian: multinational finance, 3rd ed. Englewood Cliffs, Prentice hall inc. 1996.
4. Johnson and Giaccotto: options and futures, St. Paul, West, 1995.
5. Kim, Suk and Kim, Seung,: global corporate finance: text and cases, 2nd ed. Miami, Florida, 1993.
6. Shapiro, Alan C.: multinational financial management, New Delhi, Prentice hall of India, 1995.
7. O'Connor, Dennis J.: international dimensions of financial management.

Course title: 7

Management Control System

Objectives: The objective of the course is to appraise the students about the concept of management control system as well as its role in corporate management.

Course contents:

Unit I: Management control: an overview – nature, scope and implementations, organization structure, contingency theory, organizational climate, position of controller in the structure of an organization.

Unit II: Mechanism of management control process: programming, budgetary planning and procedures, budgetary control, analysis of variances, flexible budgeting,

zero-base budgeting, performance budgeting. Accounting aspects of control including internal audit and control and value for money analysis and variance reporting. Management control structure: responsibility center, responsibility accounting, cost center, profit center. Inter-divisional transfer pricing, measurement of divisional performance including performance evaluation –qualitative and quantitative, investment center.

Unit III:Behavioural aspects of management control: motivation and morale, goal congruency, participative and responsive management, human as a part of information process, learning curves.

Unit IV: Management control in specialized organizations: selected case studies on non-profit and public service organizations.

Suggested readings:

1. Anthony R.N. and Govindrajana V.: management control systems 8th ed., taraporewala, Chicago, Irwin 1995.
2. Hersey P. and Blanchard H.B.: management of organization behaviour: utilizing human resources New Delhi, Prentice hall of India 1988.
3. Maciariello J.A. and Kirby C.J.: management control system, Englewood Cliffs, New Jersey, prentice hall of inc. 1994.
4. P.Saravanel: management control systems, Himalaya publishing house.

Course title: 8

Foreign Exchange Management

Objective: To acquaint students with the mechanism of Forex market, measurement of foreign exchange risk and exposure.

Course contents:

Unit I: Terms used in foreign exchange transactions. Forex market, nature and dealings- exchange rate mechanism. Understanding of rate card – direct and indirect rate quote. Exchange arithmetic- spot, forward and derivative markets. Exchange risk and exposure management.

Unit II: Forex operations: documentary credit operations, trade settlement methods – UCPDC, import letter of credit. Export finance – pre and post-shipment finance, sources of external finance- ECB loans.

Unit III: Forex documentation.

Unit IV: Problems and cases studies in Forex management.

Suggested readings:

1. APDIR circulars of R.B.I.
2. Aliber: Exchange risk and corporate international finance.
3. A.C. Shapiro: international financial management.
4. International finance: Prof. Apte.
5. Bloom Helen: Euro management, London, Kogan page.
6. Rajwade A.V.: foreign exchange, international finance and risk management, New Delhi, Academic of business studies 1998.

Course title: 9**Study Project**

A candidate has to take up a topic or problem for detailed study based on any topic or unit from 1 to 6 courses as given above. The topic or problem must be based on real life situation from the organization or from sector. On the basis of first hand information duly supported with secondary data obtained by a candidate a project report is to be prepared and submitted by a candidate before commencement of second semester examination. The report will be assessed on the basis of methodology, evidences collected, analytical methods used etc.

Course title: 10**Project Viva Voce**

There will be a viva voce examination at the end of second term.

Annexure:**Learning objectives of P.G. Diploma in Finance Management**

It is a Diploma and therefore its main objective is to orient the students to different components of finance essential for the financial decisions. At preliminary level it considers Financial Core Theories under each title and introduce the students to them for developing holistic perspective for the same. In brief course wise objectives:

Course No.	Course Title	Main Objective
1	Applied Corporate Finance	Application of financial techniques and understanding legal and tax aspects of corporates
2	Risk and Insurance Management	Understanding Risk, Sources and it mapping and minimization
3	Security Analysis and Portfolio Management	Investment – leveraging and interrelating risk and return by analysis.
4	Mergers and Acquisition	Understanding the environment for Mergers and Acquisition
5	Management of Financial Institution	Working and role of Financial Institutions
6	Global Financial Analysis	Understanding of Global Financial Environmental Factors
7	Management Control System	Implications of Financial Decisions on other management areas
8	Foreign Exchange Management	Foreign Exchange Transactions and the Environment
9	Study Project	Working in the field to understand the practice
10	Viva Voce	Developing Rational Presentation Skills

How P.G.D.F.M. can assist you in Career Development?

1. The scope of Syllabus-If you look at the courses selected; it comprehensively touch the recently developing areas in different sectors like Insurance, Mergers and Acquisition and Portfolio to... Foreign Exchange. The study project offers you an opportunity to understand how the theory gets modified in the field. It also gives the scope to work in the area of your choice.
2. Prospects – The likely openings at entry level are the sectors like Insurance, Investment, Mutual funds and so on. With few years of experience and hard work the enterprising student can get into counselling in personal finance to accepting franchise for mutual funds, insurance retail banking to portfolio consultancy. The student can pursue further studies and become an Analyst. The gives a good start for unlimited openings and creative thinking.
3. What are the skills of a successful Finance Man?: Financial Decisions have multidimensional effects. Insight in them and estimating the magnitude is his competence. Holistic View, Precision in Cost Benefit Analysis Skill, Proactive thinking, Calculated Risk Taking, Financial Discipline, Absolute Rationality and good mathematical ability and Analytical Competence are the part of the skills set. PGDFM can open the gates for acquiring them.
4. Drawing best from PGDBM – What should be my approach?: While orienting and learning, TIPs for making it more meaningful
 - a. Make a study plan for each unit course.
 - b. At least half an hour on daily basis browse the sites like
<http://www.nse.com>
<http://www.bse.com>
<http://www.amfindia.com>
<http://www.studyfinance.com>
<http://www.money.net>
 - c. Developing a habit of regularly reading magazines on finance like Analyst of ICFA Columns on finance in Business Today, Business India, Business World and publications of Chamber of Commerce and Industries, Economic Times and Business Standard.
 - d. Networking with Professional and Experts in the respective field of investment, insurance banks and portfolio and so on for which you may select the area of your interest in the beginning only.
 - e. File the information and articles in a separate file, which is useful in future. You should develop your own database.
 - f. At least half an hour be in touch with suggested reading and support study material.

It seems very difficult but certainly not impossible! Therefore, you should make a plan at the start only for doing all above activities.

Scheme of Evaluation:

(a) Assignments and Tutorials – 30 marks

The assignments are of a practical nature. They intend to develop the insight of applications.

This is possible only when the student takes the theory to the field and verify how it prevails?

How it gets modified? The student shall complete the following assignment and submit them to the coordinator at the center. The student should seek the guidance from the subject expert and also he should visit the organization/ persons /and present the assignments in the format suggested under each assignment.
