S. Y. B. COM. SEMESTER - III
CC - 201 ECONOMICS OF GOVERNMENT FINANCE

Unit : 1: INTRODUCTION TO PUBLIC FINANCE

Unit : 2 :TAXATION
Direct and indirect taxes : meaning and its characteristics - concepts of progressive, proportional and regressive taxes. Present Indian tax structure: its characteristics and defects. Role of taxation in economic development. Meaning of tax avoidance and tax evasion.

UNIT: 3: INCOME AND PUBLIC EXPENDITURE

UNIT: 4: PUBLIC DEBT
Public debt - meaning and types of public debt. Economic effects of public debt. Difference between taxation and debt. Burden of public debt - Learner’s and Buchanan’s view point.

References :
1) Public finance in Theory & Practice : R.A. Musgrave & P.G. Musgrave
2) Introduction to Public Finance : Carl C. Plehn
3) The Theory & Working of Union Finance in India: Bhargava R. N.
4) D.M. Mithani : Money, Banking, International trade and Public finance  
5) Public Finance : H.L. Bhatia  
6) Public Finance : B.P. Tyagi  
7) Public Finance : R.C. Agrawal  
8) Modern Public Finance : Jha R.  
9) Intermediate Public Economics : Jean Hindriks & gareth D. Myles  
10) Public Finance : S.K. Singh  
11) Public Finance : M. Maria John Kennedy
(a) Overview of the Indian Financial System: Pre and post liberalization overview of Indian Financial system, Organizational structure of Indian financial system, Major components - Financial Markets, Financial Institutions / Intermediaries, Financial Instruments, Functions and role of financial system.

(b) Regulatory and Promotional Institutions: Objectives and functions of Reserve bank of India, Security Exchange Board of India, Insurance Regulatory Development Authority.

2) Financial Markets:

(a) Money Market: Meaning, constituents of organized money market.

(b) Capital market: meaning, Functions and history.
   (i) Primary Market: Meaning, Types of primary issues-public, Right and Private placement, Issue Mechanism.
   (ii) Secondary market: Functions, Organizations, Management and Membership of Stock exchanges, Listing and trading of securities, Stock exchanges in India.

3) Financial Institutions:

Commercial Banking: Functions of Commercial banks, Nationalization of commercial banks. Issue of nonperforming assets and their management,
Non banking finance companies: Meaning, Types, Growth and regulation.
Insurance: Introduction to LIC, GIC and Private insurance companies. Mutual funds: Concept, Advantages, History of MFs in India.

4) Financial Instruments:


(b) Money market instruments: Call / Notice Money Market, Treasury Bills, commercial Papers, Certificate of Deposit, Commercial bills

References:
Unit : 1: [25%]

(1) Objectives of Income Taxation; The History of Income - tax and Brief introduction of the following Direct and Indirect tax laws: Income Tax, Gujarat Value Added Tax, Custom Duty, Excise Duty and Service Tax;

(2) Definitions as per the Income tax Act: Income, Agricultural income, Assessee, Person, Previous Year, Assessment Year and other terms relevant to the syllabus;

(3) Income - tax Authorities (sections 116 to 120 and 124 only).

Unit : 2 : [25%]

(1) Basis of charge of income - tax: Scope of total income and residential status of an individual assessee (sections 4 to 9);

(2) Individual assessee’s incomes exempt from income - tax (section 10);

(3) Procedure for assessment of income - tax (sections 139, 139A, 140, 140A, 142 to 145, 147 to 149, 154 and 156 only) and collection of tax.

Unit : 3 : [25%]

Salary Income: Computation of taxable salary (sections 14 to 17); Taxability of various provident funds affecting the computation of taxable salary income only shall be included.

Note: Practical problems may include the valuation of fully or partly rent-free accommodation and conveyance facility only; Separate small/objective type questions on other perquisites may be asked. Separate questions on determination of qualifying amount under section 80 C shall not be asked.

Unit : 4 : [25%]

Income from House Property: Computation of Taxable Income from House Property (sections 22 to 27).
**Note:** Problems requiring computation of three or more let-out house properties are not expected.

**Notes:**

(i) While setting a question paper, the topic/aspect shall be indicated rather than the section number.

(ii) Provisions of respective laws applicable (to individual assesses only) as on 31\(^{st}\) March immediately preceding the date of commencement of current academic year shall be considered.

(iii) Whenever any section (included in the present syllabus) is deleted or replaced by a new section as per the amendments made/to be made by a Finance Act, it shall automatically amend the syllabus and shall be implemented in the relevant academic year.

(iv) Questions from any **Unit / Sub - Unit** shall not be set in option of questions from other **Units / Sub - Units**. Internal option questions may be set from the same **Unit / Sub - Unit**. Wherever a **Unit** is divided into **Sub - Units**, questions from each **Sub - Unit** shall be asked.

(v) Question paper shall contain a compulsory ‘Multiple choice question’ carrying **14 marks** out of **70 marks** (which shall be divided into **seven** sub-questions of **2 marks** each and shall be drawn from each **Unit / Sub - Unit** of **Units 1 to 4**), i.e. **1 sub-question from Unit 1** and **2 sub-questions each from other 3 Units** - **without providing any internal option**, requiring the students to select correct option supported by necessary workings / explanations.

(vi) Question paper shall contain total **5 questions** - one question (or sub-questions) carrying **14 marks** out of **70 marks** shall be asked from each of units **1 to 4** and the **5\(^{th}\) question** must relate to **MCQs** as stated in the preceding **Note No. (v)**.
Reference: (1) Students' Guide to Income Tax, By Dr Vinod K Singhania / Dr Monica Singhania - Taxmann's publication.
UNIT- ONE

Text: *Vignettes of Life: An Anthology of Selected Short Stories*

Edited and Annotated by: T. PADMA
Published by: Macmillan India Ltd.
(Chapters -1 to 6)

UNIT- TWO

Bank Correspondence
1. Stop payment of a cheque
2. Error in pass-book / Bank Statement
3. Wrongful dishonour of a cheque
4. Complaint about rude behaviour of a bank employee
5. Asking for an annual statement of housing loan
6. Requesting bank’s support for social welfare
7. Non-credit of shares in the demat statement
8. Error in the demat statement
9. Transfer of demat shares
10. Intimating the loss of a Debit Card / ATM Card / Credit Card

UNIT- THREE

Secretarial Correspondence
1. Non-allotment of shares
2. Reply to non-allotment of shares
3. Non-credit of refund of the application money
4. Reply to non-credit of refund of the application money
5. Non-credit of dividend
6. Reply to Non-credit of dividend
7. Non-receipt of annual report of the company
8. Reply to Non-receipt of annual report of the company
9. Shareholder’s concern about declining profits of the company
10. Reply to Shareholder’s concern about declining profits of the company
UNIT- FOUR

* Comprehension based on a commercial topic from a newspaper
* Vocabulary: One-word substitutes (List is attached)

**List of One-word Substitutes**

1. Amicable  
2. Anonymous  
3. Autobiography  
4. Bakery  
5. Biography  
6. Contagious  
7. Contemporary  
8. Dialysis  
9. Ecology  
10. Edible  
11. Emigrant  
12. Equanimous  
13. Eternal  
14. Extempore  
15. Fable  
16. Fatalist  
17. Flexible  
18. Glutton  
19. Gullible  
20. Honorarium  
21. Hydrography  
22. Illegal  
23. Illegible  
24. Illiterate  
25. Immigrant  
26. Impossible  
27. Inaudible  
28. Incredible  
29. Inevitable  
30. Invincible  
31. Irritable  
32. Maiden  
33. Manuscript  
34. Martyr  
35. Meteorologist  
36. Netiquette  
37. Notorious  
38. Obsolete  
39. Octogenarian  
40. Optimist  
41. Ornithology  
42. Pessimist  
43. Pseudonym  
44. Smuggling  
45. Teenager  
46. Teetotaller  
47. Timid  
48. Unanimous  
49. Vegetarian  
50. Volunteer

**Note:** The format of questions for one-word substitutes may be as under:

1. Give one-word substitutes for the following:
   e.g. A story of a person’s life written by himself/herself
   Ans: Autobiography

2. Explain the following one-word substitutes in your own words:
   e.g. Glutton
   Ans: A person who eats too much

3. Select an appropriate option for the given word:
   (MCQ Type question)
   e.g. Biography: (a) A story of a person’s life written by himself/herself
   (b) A story of animal life
   (c) A story of a person’s life written by someone
   (d) A story with birds and animals as characters
   Ans : A story of a person’s life written by someone

4. Match the following:
Recommended Reading:

03. Business Communication – Asha Kaul – Prentice-Hall, New Delhi
09. A Handbook of Commercial Correspondence – A. Ashley – OUP, New Delhi
Structure of Question Paper with Allocation of Marks
SEMESTER-III
COMMERCIAL COMMUNICATION-III
(With Effect from Academic Year 2012-2013)

Q-1 Write brief answers (Any seven out of nine) UNIT-1 (14)

Q-2 Write short notes (Any two out of three) UNIT-1 (14)

Q-3 Bank Letter from Unit – 2 (14)
   (OR)
   Bank Letter from Unit – 2 (14)

Q-4 Shareholder’s Letter to the Company Secretary (Unit-3) (14)
   (OR)
   Company Secretary’s Reply to the shareholder (Unit-3) (14)

Q-5 (A) Comprehension from Unit-4 (08)
   (B) Do as directed : (From Vocabulary of Unit-4) (06)
      (1) Give one-word substitutes for the following: (Two items)
      (2) Explain the following one-word substitutes in your own words: (Two items)
      (3) Select an appropriate option for the given word: (Two items)
         (MCQ Type Question)
Objective: Students should be aware with the basics of preliminary mathematical statistics.

1. Function Limit and Continuity: [25%]
   Concept of a function of single variable (linear, quadratic and exponential function only)
   Domain, co-domain and range of a function, Concept of real function, Application of
   function to cost, demand, revenue, profit function, break-even point, Concept of limit of
   a function, Rules of limit, Simple examples where \( f(x) \) is in a polynomial or rational
   function of two polynomials. Continuity of \( f(x) \), where \( f(x) \) is a polynomial of \( x \), rational
   function of, two polynomials of \( x \).

2. Differentiation: [25%]
   Definition of a differentiation, Derivative of functions \( \frac{1}{x}, \sqrt{x}, ax+b, ax^2+bx+c \) by using
   definition, Rules of derivatives (without proof) and their examples by using the standard
   functions in the form \( x^n, a^x, \log x, e^{ax} \).

3. Probability: [25%]
   Definition of random experiment, sample space, different types of events, Mathematical
   definition of probability, classical, relative frequency and subjective approach to probability,
   Addition and multiplication rules of probability and other corollaries of it (without proof), Simple numerical examples only, Bayes' theorem (without proof) and its
   application up to three events.

4. Mathematical Expectation and Moments: [25%]
   Meaning of a random variable, Definition of probability distribution of random variable,
   Definition of mathematical expectation of discrete random variable and its properties
   (without proof), definition of variance, co-variance, simple applied examples on it.
   Definition of Raw and Central moment and its uses Relation between first four raw and
   central moments (without proof), Concept of coefficient of Skewness and Kurtosis and
   their interpretations, Simple examples for obtaining the measures by using raw data,
   grouped data and probability distribution.
Reference Books:

**Learning Objectives:** To make students acquainted with cost accounting and equip them to prepare cost statement.

**Degree of difficulty:** Working knowledge.

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<tr>
<th>Unit</th>
<th>Particulars</th>
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| Unit - I | **Introduction to Cost Accounting:**  
Meaning and definition; Need for Cost Accounting;  
Advantage and limitations; Cost Accounting and Financial Accounting;  
Cost concepts and cost objects; Elements of cost and classification of costs; methods of costing;  
Techniques of costing (*with emphasis on Uniform costing*);  
Cost centre and Cost unit; Installation of good cost accounting system. | 25%   |
| Unit - II | **Materials:**  
Definition of inventory; Materials and material control;  
Objectives of material control; Its necessity and advantages;  
Purchase and stores routine; Control of inventory through EOQ, determination of various stock levels, JIT and ABC system;  
Methods of pricings of issues of material - FIFO, LIFO, Base Stock price, Weighted average price, periodic weighted average price, standard price and replacement price;  
Meaning and treatment of Waste, Scrap, Spoilage and Defectives; | 25%   |
| Unit - III | **Labour:**  
Direct and Indirect Labour cost; Labour cost accounting and Labour records;  
Remuneration methods - Time wage system and piece wage system; Bonus systems (Individual and Group incentive plans) - Halsey Premium plan, Rowan Plan, Taylor's differential piece rate system, Bedeaux Plan, | 25%   |
Merrick’s multiple piece rate system, Gantt task & bonus system, Profit sharing and Co-partnership; Requisites of good wage incentive plan; Labour turnover; Cost of Labour turnover & its treatment; Concept of Idle time & its treatment; Over time premium; Casual worker & out worker; Holiday & Leave with pay; Cost of Apprentice; Employee welfare cost; Fringe benefits; Bonus and Gratuity.

### Unit - IV

(A) Overheads including Activity Based Costing:
- Definition;
- Classification of overheads;
- Techniques for segregation of Semi variable overheads;
- Cost allocation and apportionment;
- Basis of apportionment of Factory overheads and Re apportionment of service centre cost;
- Overhead absorption on the basis of Direct Material cost, Direct labour cost, Prime cost, Labour Hours and Machine Hours;
- Concept and Treatment in cost accounts of - Over absorption, Under absorption, Setting up time and Idle time;
- Absorption of Administration overheads and Selling & Distribution overheads *(In theory only)*

(B) Conceptual Understanding of Activity Based Costing

### References:
1. Cost Accounting: Principles & Practice
   - M N Arora
   - Vikas Publishing House

2. Practical Costing
   - N K Sharma
   - Shree Niwas Publication

3. Cost Accounting
   - Dr P C Tulsian
   - S. Chand

4. Cost Accounting
   - Dr Murthy & S Gurusamy
   - The McGraw Hill Companies
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<td>➢ Preparation of Final Accounts*</td>
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<td>* Note: (1) Only Simple adjustments to be asked.</td>
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<td>(2) Income Statement OR Balance sheet to be asked with relevant schedules. Combined question of final account is not expected.</td>
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per latest statutory revision
Preparation of Liquidator’s Final Statement of Account as per latest statutory revision

References: (1) Corporate Accounting (Theory & Practice)
K L Shah
Shree Niwas Publishing

(2) Corporate Accounting
Dr S N Maheshwari & S K Maheshwari
Vikas Publishing House.
Objective: - Students should be familiar with the basic estimating statistical techniques and the sampling techniques.

1. **Regression (For two variables):** [25%]
   Concept regression, derivation of two lines of regression, Properties of regression coefficients (with proof), Forecasting on the basis of regression equation regression equation pertaining to linear model in the form y = \( \alpha + \beta x + U \) and its relevant properties.

2. **Multiple and Partial Correlation and Regression:** [25%]
   Definition and concept of Partial and Multiple Correlation (three variables), Concept Multiple Regression equations, Numerical example.

3. **Sampling Methods - 1:** [25%]
   Meaning of population and sample, need for sampling, Definition of population size and sample size, points to be considered for determining sample size, Theoretical description of different sampling methods (i) Non probabilistic sampling methods- convenience, quota, judgmental, purposive (ii) Probabilistic sampling methods- simple random sampling method, stratified random sampling method, systematic sampling method, two stage sampling method, cluster sampling method, sequential sampling method, and their comparisons.

4. **Sampling Methods - 2:** [25%]
   Verification of various results- (i) mean of sample mean is an unbiased estimator for sample mean (ii) verification of the formulae for variance of sample mean (iii) sample variance is an unbiased estimator for population variance, (for with replacement and without replacement simple random sampling) Simple numerical examples for stratifies random sample- to verify the result that the stratified random sample mean is an unbiased estimator for population variance and calculation of the variance of stratified sample mean, Simple numerical examples for systematic sample- to verify
the result that the systematic random sample mean is an unbiased estimator for population variance and calculation of its variance.

Reference Books:
Objective: Student should be able to understand the application of statistical methods in the field of economics.

1. Input - Output Analysis: [25%]
   Meaning of Input - output analysis, assumption and limitations, Leontief's static open model - importance and application of the model, Simple examples up to the matrix of order 3×3.

2. Distribution of Income and Economic Models: [25%]
   Concept of Income Distribution models, Study of Pareto’s income distribution- analysis and interpretations. Lorentz curve of concentration, Fitting of Pareto and Lorentz curves - numerical examples only. Classical models- structural equations and structural parameters of model, Linear homogeneous equation system, study of (i) price determination model and (ii) income determination model.

3. Time Series: [25%]
   Meaning and uses of time series, Various components of time series, determination of trend by using graphical, moving average and least square method, To separate seasonal component by using sale forecasts and seasonal variation by using moving average method, link relative method, with examples.

4. Index Numbers: [25%]
   Definition, limitations, characteristics, and uses of index numbers, Construction of whole sale price index number and cost of living index number, Construction of index number by suing aggregate expenditure method and family budget method using Laspeyre’s, Paasche’s, Fisher’s, Marshall Edgeworth’s and Dorbish Bowley’s formulae, Weighted mean formulae, Deflating, Splicing, Time Reversal Test (TRT) and Factor Reversal Test (FRT). Simple examples.

Reference Books:

