

Foundation Program Syllabus

Introduction of the Syllabus

The Council of the Institute of Company Secretaries of India in exercise of the powers vested under clause (a) of sub-section (2) of Section 15 of the Company Secretaries Act, 1980, as amended by the Company Secretaries (Amendment) Act, 2006 has approved, on the recommendations of its Syllabus Review Committee.

The detailed contents for each of the four papers of the Foundation Programme under:

COURSE CONTENTS FOR FOUNDATION PROGRAMME

PAPER: 1

Business Environment & Entrepreneurship

Level of Knowledge: Basic knowledge

Objective: To give orientation about different forms of organizations, functions in organizations, business strategies and environment, along with an exposure to elements of business laws and entrepreneurship.

PART A

Business Environment (30 Marks)

1. Business Environment :

- ❖ Introduction and Features
- ❖ Concepts of Vision & Mission Statements
- ❖ Types of Environment:
 - ✓ Internal to the Enterprise
 - ✓ Value system, management structure and nature, human resource, company's image and brand value, physical assets, facilities, research & development, intangibles and competitive advantage.
- ❖ External to the enterprise
- ❖ Micro: Suppliers, customers and market intermediaries
- ❖ Macro: Demography, natural, legal & political, technological, economy, competition, socio- cultural and international
- ❖ Business environment with reference to Global Integration

2. Forms of Business Organization

- ❖ Concept and features in relation to following business models:
- ❖ Sole Proprietorship
 - ✓ Partnership
 - ✓ Company
 - ✓ Statutory bodies and corporations
- ❖ HUF and Family Business
 - ✓ Cooperatives, Societies and Trusts
- ❖ Limited Liability Partnership
 - ✓ Other Forms of Organizations

3. Scales of Business

- ❖ Micro, small and medium enterprises
- ❖ Large Scale Enterprises and Public Enterprises
 - ✓ MNCs

4. Emerging trends in Business- Concepts, Advantages and Limitations

- ❖ Network Marketing
- ❖ Franchising
- ❖ Business Process Outsourcing (BPO)
- ❖ E-Commerce
- ❖ M-Commerce

5. Business Functions

- ❖ Strategic: planning, budgetary control, R&D, location of a business, factors affecting location, decision making and government policy
 - ✓ Supply Chain: objectives, importance, limitations, steps, various production process
 - ✓ Finance: nature, scope, significance of financial management, financial planning (management decisions -sources of funds, investments of funds and distribution of profits)
- ❖ Marketing: concept, difference between marketing and selling, marketing mix, functions of marketing
- ❖ Human Resources: nature, objectives and significance
- ❖ Services: legal, secretarial, accounting, administration, information and communication technology

PART B

BUSINESS LAWS (40 Marks)

Introduction to Law

Meaning of law and its significance; relevance of law to modern civilized society; sources of law; legal terminology and maxims; understanding citation of cases

1. Elements of Company Law

Meaning and nature of company; promotion and incorporation of a company; familiarization with the concept of board of directors, shareholders and company meetings; company secretary; e-governance

2. Elements of Law relating to Partnership

Nature of partnership and similar organizations-co ownership, HUF; partnership deed; rights and liabilities of partners: new admitted, retiring and deceased partners; implied authority of partners and its scope; registration of firms; dissolution of firms and of the partnership

3. Elements of Law relating to Contract

Contract – Meaning; essentials of a valid contract; nature and performance of contract; termination and discharge of contract; indemnity and guarantee,

Bailment and Pledge Law of agency

4. Elements of Law relating to Sale of Goods

Essentials of a contract of sale; sale distinguished from agreement to sell, bailment, contract for work and labour and hire-purchase; conditions and warranties; transfer of title by non-owners ; performance of the contract of sale; rights of unpaid seller

5. Elements of Law relating to Negotiable Instruments

Definition of a negotiable instrument; instruments negotiable by law and by custom; types of negotiable instruments; parties to a negotiable instrument- duties, rights, liabilities and discharge; material alteration; crossing of cheques; payment and collection of cheques and demand drafts; presumption of law as to negotiable instruments

PART C

Entrepreneurship (30 Marks)

1. Entrepreneurship

- ❖ Introduction to concept of entrepreneurship, traits of entrepreneur, entrepreneurship: who is an entrepreneur, why entrepreneurship
- ❖ Types of entrepreneurs- idealist, optimizer, hard worker, sustainer, improver, advisor, superstar, artiste, visionary, analyst, fireball, juggler, hero, healer.
- ❖ Distinction between entrepreneur and manager
- ❖ Entrepreneurship and intrapreneurship: definition, features, examples and difference

2. Entrepreneurship-Creativity and Innovation

- ❖ Entrepreneurial venture initiation: sensing entrepreneurial
- ❖ Opportunities, environment scanning and market assessment
- ❖ Assessment of business opportunities: identification of entrepreneurial opportunities, selection of an enterprise and steps in setting up of an enterprise

3. Entrepreneurial Motivation:

Meaning and concept, process of achievement motivation, self-efficacy, creativity, risk taking, leadership, communication and influencing ability, mentoring and planning action and also developing effective business plan

4. Growth & Challenges of Entrepreneurial Venture

- ❖ Strategic planning for emerging venture: entrepreneurial opportunities in contemporary business environment
- ❖ Financing the entrepreneurial business: resource assessment- financial and non-financial, fixed and working capital requirement, funds flow, sources and means of finance.
- ❖ Managing the growing business: effecting change, modernization, expansion and diversification.

PAPER: 2

Business Management, Ethics and Communication

Level of Knowledge: Basic knowledge

Objective: To acquaint with the basic principles of management, ethics and communication techniques.

PART A

Business Management (40 Marks)

1. Nature of Management and its Process

Learning, objectives, importance; nature of management- science, art profession; management approaches; management functions- planning, organizing, personnel management, directing and control; principles of management- Fayol's and Taylor's principles; managerial skills; task and responsibilities of professional manager

2. Planning

Concept, features, importance, limitations; planning process; types of plans - objectives, strategy, policy, procedure, method, rule, budget; plan vs. programme, policies and procedures; decision-making.

3. Organization

Concept, features, importance, limitations; organizing process; types of organization; structure of organization; centralization and de-centralization; delegation; growth in organization

4. Human Resource Management

Concept, features, importance, limitations; recruitment process- selection; training and development- methods; functions of personnel manager; performance appraisal

5. Direction and Co-ordination

- ❖ Direction: Concept, features, importance, limitations; elements of direction:- supervision, motivation, leadership, communication
- ❖ Co-ordination: Concept, features, importance, limitations; types- internal and external; co- ordination-the essence of management

6. Controlling

Concept, features, importance, limitations; control process; essential of a good control system; techniques of control-traditional and non-traditional control devices; relationship between planning and controlling; change management

7. Recent Trends in Management

- ❖ Change Management
- ❖ Crisis Management
- ❖ Total Quality Management
- ❖ Risk Management
- ❖ Global Practices

PART B

Business Ethics (20 Marks)

1. Business Ethics

- ❖ Genesis, concepts, elements, ethics in business
- ❖ Challenges of business ethics and corporate leadership
- ❖ Ethical principles in business-Indian perspective

PART C

Business Communication (40 Marks)

1. Business Communication

- ❖ Concept, features, importance, limitations; means of communication- written, oral, visual, audio-visual
- ❖ Principles and essentials of business communication
- ❖ Process of communication
- ❖ Barriers to communication

2. Essentials of Good English

Grammar and usage; enriching vocabulary, words-multiple meaning, single word for a group of words-choice of words - words frequently misspelled; punctuations, prefix and suffix; parts of speech; articles; synonyms and antonyms; tenses; idioms and phrases; foreign words and phrases commonly used; abbreviations and numerals; pronunciation. Latin, French and Roman words which are used in abbreviated form like "e.g., rsvp, viz.etc."

3. Business Correspondence

- ❖ **Human Resource:** Preparation of resume, job application, drafting of interview letters, call letters and offer of appointment, provisional and final appointment orders; good will messages, condolence letters
- ❖ **Purchase:** Requests for quotations, tenders, samples and drawings; purchase order, order acceptance, complaints and follow-up
- ❖ **Sales:** Drafting of sales letters, circulars, preparation of sale notes, sales reports, sales promotion matters, customers' correspondence –regarding dues, follow up letters
- ❖ **Accounts:** Correspondence with various agencies; banks - regarding over-drafts, cash credits and current account, insurance companies- regarding payment, renewal of insurance premium, claims and their settlement
- ❖ **Secretarial:** Correspondence with shareholders and debenture-holders pertaining to dividend and interest, transfer and transmission, stock exchanges, registrar of companies and various authorities like Reserve Bank of India, SEBI
- ❖ Introduction to preparation of agenda and minutes for meetings
- ❖ Drafting of messages; messages through electronic media; public notices and invitations; representations to trade associations, chambers of commerce and public authorities

PAPER 3

BUSINESS ECONOMICS

Level of Knowledge: Basic knowledge

Objective: To familiarize the basic concepts and theories of elementary statistics and mathematics.

1. Nature and Scope of Economics

Economics: definition, nature and scope; micro and macro economics; positive and normative economics; central problems of an economy; production possibility curve and opportunity cost; working of economic systems (capitalistic economy, socialistic economy, mixed economy); economic cycles; inflation and recession

2. Theory of Demand and Supply

Utility analysis-total utility and marginal utility; law of diminishing marginal utility; law of equi-marginal utility; consumers' equilibrium; law of demand & elasticity of demand; law of supply & elasticity of supply; demand and supply of equilibrium; theory of consumer's behaviour - Marshallian approach and indifference curve approach

3. Theory of Production, Costs and Revenue

Meaning of factors of production; returns to factor and return to scale; cost concepts and cost curves; revenue concepts and revenue curves; producers' equilibrium

4. Forms of Markets and its Equilibrium

- ❖ Forms of markets-meaning and characteristics
- ❖ Price and output determination-equilibrium for firm and industry under
 - ✓ Perfect competition
 - ✓ Monopoly
 - ✓ Monopolistic competition

5. Money and Banking

- ❖ Concept of money-its functions; quantity, theory of money; credit creation
- ❖ Central Bank (Reserve bank of India)-role and functions
- ❖ Commercial banks-role and functions
- ❖ Monetary policy in India

6. Basic Characteristics of Indian Economy

- ❖ Development initiatives through five year plans
- ❖ Agriculture
 - ✓ Causes of low productivity
 - ✓ Farm size productivity debate
 - ✓ Land reforms: meaning, importance and evaluation
 - ✓ Green revolution and its effects
 - ✓ Globalization and Indian agriculture
- ✓ Industry
 - ✓ Development policies and experience
 - ✓ Industrial policy resolutions
 - ✓ New industrial policy 1991

7. Selected Areas of Indian Economy

- ❖ Population - its size, rate of growth and its implication for growth
- ❖ Poverty- absolute and relative poverty
- ❖ Programs for poverty alleviation
- ❖ Unemployment - types, causes and incidence of unemployment
- ❖ Infrastructure-energy, transportation, communication, health and education

PART B

Elementary Statistics (30 Marks)

1. Statistics: An Overview

Definition and functions of statistics; statistical techniques commonly used in business activities; law of statistics; limitations of statistics

2. Collection and Presentation of Statistical Data

Primary and secondary data; classification and tabulation of data; frequency distribution of data; diagrams and graphs

3. Measures of Central Tendency

- ❖ Mean
- ❖ Median
- ❖ Mode
- ❖ Standard deviation

4. Mathematics of Finance

- ❖ Simple interest
- ❖ Compound interest
- ❖ Present value & future value of an annuity

5. Probability

- ❖ Sample spaces, events and probability
- ❖ Set theory: union, intersection and complement of events
- ❖ Conditional probability, intersection and expected value
- ❖ Random variable, probability distribution and expectation

6. Index Numbers and Time Series Analysis

Familiarization with the concepts relating to Index Numbers and Time Series (Simple Numerical Problems)

PAPER 4

FUNDAMENTALS OF ACCOUNTING AND AUDITING

Level of Knowledge: Basic knowledge

Objective: To familiarize and develop an understanding of the basic aspects of accounting, auditing concepts and their principles.

PART A

FUNDAMENTALS OF ACCOUNTING (70 Marks)

1. Theoretical Framework

Meaning and scope of accounting; accounting concepts; accounting principles, conventions and standards-concepts, objectives, benefits; accounting policies; accounting as a measurement discipline - valuation principles, accounting estimates

2. Accounting Process

- ❖ Documents & books of accounts: invoice, vouchers, debit & credit notes, day books, journals, ledgers and trial balance
- ❖ Capital and revenue :expenditures and receipts
- ❖ Contingent assets and contingent liabilities
- ❖ Rectification of errors

3. Bank Reconciliation Statement

Meaning; causes of difference between bank book balance and balance as per bank passbook/bank statement; need of bank reconciliation statement; procedure for preparation of bank reconciliation statement

4. Depreciation Accounting

Methods, computation and accounting treatment of depreciation; change in depreciation methods

5. Preparation of Final Accounts for Sole Proprietors

Preparation of profit & loss account, balance sheet

6. Partnership Accounts

- ❖ **Goodwill:** Nature and factors affecting goodwill
- ❖ **Methods of Valuation:** Average profit, super profit and capitalization methods
 - ✓ Treatment of goodwill
 - ✓ Final accounts of partnership firms
 - ✓ Admission of a partner
 - ✓ Retirement /death of a partner
 - ✓ Dissolution of a partnership firm

7. Introduction on to Company Accounts

Issue of shares and debentures; forfeiture of shares; re-issue of forfeited shares; redemption of preference shares

PART B

FUNDAMENTALS OF AUDITING (30 Marks)

1. Auditing

- ❖ Concepts and objectives
- ❖ Principles of auditing
- ❖ Types of audit
- ❖ Evidence in auditing
- ❖ Audit programmes

2. Audits and Auditor's Reports

- ❖ Internal audit
- ❖ Statutory auditor: appointment
- ❖ Qualification, rights and duties
- ❖ Secretarial audit: an overview
- ❖ Cost audit: an overview
- ❖ Auditor's report: meanings, contents, types and qualifications

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