Course Objectives

- To create an understanding of the relevant concepts and analytical tools of neo-classical economic theory.
- To enable the learners apply the economic concepts and tools in decision-making.

Unit I: Introduction to Economics
Principles of Economics; Theory of the Firm; demand and supply analysis; elasticity of demand, demand forecasting.

Unit II: Production Process and Cost Analysis
Properties of Production function, Law of diminishing returns; Isoquants and returns to scale; Cost concepts and cost curves (short and long run); economies of scale and scope.

Unit III: Market structure
Price and output under perfect competition, monopoly; monopolistic competition and oligopoly; Price discrimination

Unit IV: Macroeconomics I
Circular Flow of economic activities; National Income: concepts and measurement, Instruments of Fiscal Policy; The monetary system and tools of Monetary policy

Unit V: Macroeconomics II
Economic growth and development, Business Cycles; The balance of Payments and exchange rates determination, Inflation.

Suggested Readings:

COURSE No. IFC-I02  
FUNDAMENTALS OF ACCOUNTING

Course Objectives
- To familiarize students with basics of financial, cost and management accounting
- To equip them techniques of business decisions based on accounting information
- To use financial data in decision making

Unit I: Introduction
Meaning, definition and needs of accounting business decisions; forms of accounting and users of accounting information; accounting standardisation and role of AICPA; framework of accounting postulates; principles, conventions, concepts, procedures, methods etc; accounting equations and types of accounts, rule of recording business transactions.

Unit II: Preparation Basic Accounting Records
Preparation of basic accounts - journal to trial balance, income statement, position statements (P&L A/C and Balance Sheet) and adjustment entries; presentation of financial statements in other useful forms, i.e. common sized statement; comparative statement and trend percentages; legal requirements relating to accounting, Reading of annual report

Unit III: Financial Statement Analysis
Ratio analysis, its meaning and uses; study of liquidity ratios and leverage ratios; study of profitability ratios and activity ratios; meaning, uses and preparation of functions flow statements; meaning, uses and preparation of cash flow statements.

Unit IV: Islamic Accounting Norms

Unit V: AAOIFI Norms of Islamic Accounting
AAOIFI Norms for accounting of Islamic financial products; mudaraba, musharaka, murabaha, ijarah, salam, istisna. Norms of Islamic corporate governance.

Suggested Readings:
2. AAOIFI, Accounting Auditing and Governance Standards for Islamic Financial Institutions, Manama, Bahrain, 2002.
COURSE No. IFC-I03

CONVENTIONAL FINANCIAL MANAGEMENT

Course Objectives
- To familiarize students with basic concepts used in FM
- To provide basic understanding of working capital management
- To introduce project appraisal mechanism and basics of dividend decisions

Unit I: Introduction
Introduction, Meaning, scope and development of financial management; finance function; Indian financial System, Risk and Return, Valuation of securities, legal, regulatory and tax framework related to financial management; Time value of money and its relevance.

Unit II: Working Capital Management
Working Capital Management, overall considerations in WCM; determinants and determination of W.C. requirements; management of cash; management of receivables; management of inventories.

Unit III: Investment Decisions
Management Long-term Capital, Tax considerations in investment appraisal; methods of project appraisal; payback period method; average rate of return method; accounting rate of return method; net present value method; internal rate of return method; capital rationing.

Unit IV: Financing Decisions
Cost of Capital and Capital Structure, Cost of debt and preferred stock; cost of equity, retained earning and overall cost of capital; financial and optimum capital structure; theories of capital structure; M.M hypothesis on capital structure.

Unit V: Dividend Decisions
Issues in Financial Management, Overview of dividend policy; dividend policy and share valuation; practical considerations and legal requirements on dividend; lease financing in India, contemporary issues in financial management.

Suggested Readings:
COURSE No. IFC-104
ELEMENTS OF ISLAMIC ECONOMICS

Objective
- To define the scope and significance of Islamic Economics with special reference to the central problems of economic choice.
- To explain the ethical character of Islamic Economics within the context of the current debate on economic methodology, particularly the positive/normative characterization of Islamic Economics.
- Islamic critique of conventional economic thought and processes.

Unit I: Introduction
- Faith in One God and its implications for man-man and man-environment relations
- Freedom of choice with accountability an essential feature of the Islamic view on life
- Islam’s view of property as a trust
- Freedom of enterprise
- Role of state in ensuring a minimum realization of norms

Unit II: Principles of Islamic Economics
- Riba, bank interest and rationale of its prohibition
- Gharar (hazard) and the prohibition of gambling
- Competition and cooperation, their relative scopes
- Risk sharing verses risk shifting
- Economic stability and the role of abolition of interest

Unit III: Principles of Islamic Consumer Behavior
- Consumer behavior: self interest with ethical constraints
- Producer behavior (theory of the Firm): the possibility of taking social good into consideration
- Role of cooperative ventures at the industry level
- Public sector policy goals
- Environmental protection, equitable distribution of income and wealth and peace, major policy considerations

Unit IV: Principles of Distribution in Islamic Economics
- Universal need fulfillment, social solidarity and economic strength, major goals of public finance in Islam
- Zakat, and the share of the have-nots in national product
- Awqaf, their emergence in early Islam and their role in modern economy

Unit V: Principles of Universal Brotherhood and Islamic Cooperation
- International Islamic Cooperation
- Institutional infrastructure supporting Islamic finance
- Role of the Islamic Development bank in economic cooperation and Development institutions.

Suggested Reading:
COURSE No. IFC-105
BASICS OF ISLAMIC FINANCE

Course Objectives
- To familiarize students with basic concepts used in Islamic finance
- To provide basic understanding of working of Islamic banks and financial institutions
- To introduce Islamic finance instruments used in shariah compliant transaction

Unit I: Introduction
Introduction to financial markets: basic functions; types of markets and profiles; financial instruments: Islamic financial system: an overview;
- Shariah & Fiqh: Sources and Development
- Important concepts and principles of Fiqh
- Major norms in Islamic finance;

Unit II: Islamic Financial Contracts
- Conditions of contract: Waad, Muwaada, Aqd
- Elements of contract: Contracting parties, subject matter, offer and acceptance.
- Types of contracts

Unit III: Islamic Commercial Banking
- Islamic appraisals of conventional banking
- Operating structure of Islamic banks
- Models of Islamic banking; Sources and application of funds

Unit IV: Islamic Capital Market
- Introduction to capital market
- Types of market & kinds of products
- Islamic appraisal of capital market
- Stock market: shariah screening methods, purification and zakah
- Islamic securities (Sukuk)

Unit V: Islamic Insurance (Takaful)
- Islamic appraisal of conventional insurance.
- Structure and models of Islamic insurance.
- Types of insurance products. General and family takaful. Reinsurance and re-takaful.

Suggested Readings:
1. Iqbal, Munawar and Molyneux, Thirty Years of Islamic Banking: History, Prospects and Performance, Philip, 2005.
2. Iqbal, Zubair and Mirakhor Abbas, 'Islamic Banking', International Monetary Fund, Washinton DC: (Occasional Paper No.49), 1987

OPTIONAL PAPERS
COURSE No. IFC-I06
ISLAMIC INSURANCE (TAKAFUL)

Objectives:

- To provide students with a knowledge and understanding of the development of Islamic insurance and its modern day use and application.
- Explain concepts associated with insurance as discussed in shariah such as Riba, gharar or juhala, qimar or maysir.
- Describe the different models of Islamic insurance services.

Unit I: Introduction

- Position of Islam regarding insurance. The origins of Islamic insurance;
  - The nature of a Takaful undertaking and the need to avoid gharar (uncertainty) through Tabarru’ (donation) and riba (interest) through the use of non-interest bearing assets
  - The structure of Takaful undertakings: non-profit and commercial

Unit II: Basic Characteristics

- Types of Takaful: general and life (family) including the nature of Family Takaful using ‘endowment’ type policies.
- Differences between conventional proprietary insurance, conventional mutual insurance and Takaful
- The structure of Takaful:
  i. Separation of participants’ funds from those of the Takaful operator
  ii. The role of Qard (interest free loan)

Unit III: Takaful Models

- Mudaraba
- Wakala
- the combined model

Unit IV: Management of Takaful

- Underwriting and managing the investments
- Distribution of underwriting surpluses in Takaful;
  - The definition of an underwriting surplus
  - The nature and allocation of technical provisions
  - The rules for distributing underwriting surpluses
- Risks associated with Takaful claims and their mitigation

Unit V: Reinsurance (Retakaful)

- How reinsurance operates in Islamic insurance:
  - The funding of reinsurance
  - The place of Re-Takaful
  - Responsibility of the Takaful operator for Shariah compliance

Suggested Readings:


COURSE No. IFC-I07
ISLAMIC BONDS (SUUKUK)
Objectives:
- To provide students with a knowledge and understanding of Islamic bonds.
- To highlight issues involve in structuring and shariah compliance of sukuk
- To enable and encourage students develop different types of sukuk meeting various economic requirements.

Unit I
- Sukuk the alternate of Bonds
  - Principles of securitisation: Conventional and Islamic
  - Overview of sukuk market
  - The shariah requirement of securitisation
  - AAOIFI Standards of Sukuk
  - Role and importance of Sukuk in Islamic Capital Market

Unit II
- The Basic structures and parameters of Sukuk
  - Evolution & Definition
  - Essential difference between conventional Bonds & Sukuk
  - Risk Factors
  - Ratings of Sukuk

Unit III
- Types of sukuk
  - Sukuk al Ijarah
  - Sukuk al Salam
  - Sukuk al Istisna
  - Sukuk al Mudaraba
  - Sukuk al Musharaka

Unit IV
- Issues and shariah concerns of Sukuk
  - Conclusive rates of return; purchase undertaking, profit distribution
  - Sale and lease back
  - Trading of sukuk
  - Guaranteeing sukuk return

Unit V
- Some important case studies
  - Gulf (Region)
  - Malaysia (Region)
  - Europe (Region)

Suggested Readings:
COURSE No. IFC-108
ISLAMIC ASSET AND FUND MANAGEMENT

Objectives:
- To provide students an understanding of the working of Islamic financial market.
- To highlight working of the Islamic equity market.
- To enable student evaluate Islamic capital market instruments.
- To provide student an in-depth understanding of the shariah screening norms for investments and wealth management.

Unit I
- Introduction
  - The Capital market: Functions and objectives
  - The Capital market in India
  - Risk Return principle in Islam
    - Cost of Capital
    - Choice between Capital and Debt financing-Agency problem
  - Shariah Principles for Capital Market

Unit II
- Islamic Stocks and Wealth Management
  - Equity Shares and equity funds
  - Business and structure of Islamic enterprise
    - Indebtedness of the enterprise
    - Earnings from impermissible activities
    - Cash and receivables/payables

Unit III
- Norms for shariah screening in Islam
  - Dow Jones Islamic investment criteria
  - Securities Commission Malaysia norms
  - FTSE and TII Norms used in India
  - Norms used in India, Pakistan and Middle East

Unit IV
- Critical Assessment of Islamic screening Norms
  - Screening Norms relating to nature of business
  - Screening Norms relating to financial ratios
  - Suitability of Market cap
  - Purification and zakah

Unit V
- Islamic Real Estate and Project financing
  - Characteristics of Real estate
  - Islamic REITS & REMFs
  - Islamic Unit Trusts and Mudaraba Certificates

Suggested Readings: