

**Scheme of the Examination and Syllabus
for Direct Recruitment to the Posts of
Assistant Controller (Group-A) & Audit
Officer (Group-B) in State Audit and
Accounts Department**

SCHEDULE - II

Section - I

Scheme of the Examination and Syllabus for Direct Recruitment to the Post of Group - A and Group - B posts of State Accounts Department

The Scheme of the examination shall comprise two stages:

1. Preliminary Examination (Objective Type) for the selection of candidates for the main Examination and
2. Main Examination (written examination and Personality Test) for selection for candidates for Group-A and Group B posts of State Accounts Department.

Section A - Preliminary Examination:- The preliminary Examination shall consists of two papers of objective type (multiple choice) questions

Paper	Subject	Max Studies	Duration	Compulsory/ Optional
Paper I	General Studies	150	2 hours	Compulsory
Paper II	Commerce & Management	300	2 hours	Compulsory
	Total	450		

- Note 1: The question paper shall be set both in Kannada and English. A candidate may answer a paper either entirely in Kannada or in English.
- Note 2: The standard of preliminary Examination shall be that of degree level.
- Note 3: Each paper shall be of two hours duration.
- Note 4: The number of candidates to be admitted to the main examination shall be 20 times the vacancies notified for recruitment in the order of merit on the basis of the performance in the preliminary examination to accommodating in the same ratio adequate number of candidate belonging to Scheduled Castes and Scheduled Tribes and each of the other Backward classes

Section B - Main Examination: The main examination shall consists of written and personality test.

Written Examination

Paper	Subject	Max Studies	Duration	Compulsory/ Optional
Paper I	Kannada	150	3 hours	Compulsory
Paper II	English	150	3 hours	Compulsory
Paper III & IV	General Studies	300	3 hours	Compulsory
Paper V	Financial Accounting, Management & Analysis	300	3 hours	Compulsory
Paper VI	Principles of Management, Organization Behavior, Training & Development	300	3 hours	Compulsory

Paper VII	Corporate Finance, Business Economic & Taxation	300	3 hours	Compulsory
Paper VIII	Principles and Practice of Auditing, Computer Concepts & e-Commerce.	300	3 hours	Compulsory
	Total	2100		

Note 1: The marks in compulsory papers i.e, in Kannada and in English shall be of qualifying nature. For qualifying in these papers, a minimum of 30% in each paper and 35% aggregate is prescribed. The marks obtained in these two papers shall not be considered for determining the merit for selection. Candidates who do not secure the prescribed marks in the qualification papers namely, Kannada and English, shall not be eligible for personality test and selection.

Note 2: The examination shall be of conventional type

Note 3: The question papers shall be set both in Kannada and English. A candidate may answer a paper either entirely in Kannada or in English

Note 4: The standard of the main examination except Paper -1 Kannada and Paper-II. English shall be that of degree level. The standard of Paper-I Kannada Paper-II English shall be that of First Language Kannada and First Language English respectively at SSLC Level.

Section C – Personality Test: The Karnataka Public Service Commission shall call for a personality test, as far may be three times the number of candidates as there are vacancies in the services in order of merit on the basis of the results of main examination, subject to calling candidates belonging to Scheduled Castes, Scheduled Tribes and other backward classes in the same ratio to the extent vacancies are reserved for them. Personality test shall carry a maximum of 100 marks. The object of the Personality test is to assess the personal suitability of the candidate for the service or services for which he is a candidate. The qualities to be judged at the time of personality test are mental alertness, critical powers of assimilation, clear and logical exposition, balance of judgment, variety and depth of interest, ability for social cohesion, leadership and intellectual depth of the candidate.

Section II

SYLLABI OF THE EXAMINATION

PART – A

PRELIMINARY EXAMINATION

- (I) Paper –I GENERAL STUDIES
- General Science
 - Current events of State, National and International importance
 - History of India
 - World Geography
 - Indian Polity and Economics
 - Indian National Movement and General Mental ability

Paper -II COMMERCE AND MANAGEMENT

As proscribed for Main Examination

PART - B

MAIN EXAMINATION

- (I) PAPER - I KANNADA
- | | |
|--|----------|
| a. Comprehension of given passages | 25 Marks |
| b. Usage | 25 Marks |
| c. Precise writing | 25 Marks |
| d. Vocabulary | 25 Marks |
| e. Short essay | 25 Marks |
| f. Translation from English to Kannada | 25 Marks |
- (II) PAPER - II ENGLISH
- | | |
|-----------------------------------|----------|
| a. Comprehension of given passage | 25 Marks |
| b. Precise Writing | 25 Marks |
| c. Usage | 25 Marks |
| d. Vocabulary | 25 Marks |
| e. Short Essay | 25 Marks |
| f. Communication Skills | 25 Marks |
- (III) PAPER - III GENERAL STUDIES
- Modern History of India and Indian culture with special reference to the History and Culture of Karnataka
 - Current events of state, National and International importance
 - Statistical Analysis, Graph and Diagrams
- (IV) PAPER - IV GENERAL STUDIES
- Indian Polity with special reference to Karnataka State.
 - Indian Economy and Geography of India with Special reference to Karnataka Economy and India.
 - The roll and impact of Science and Technology in the development of Karnataka and India.
- (V) PAPER - V FINANCIAL ACCOUNTING, MANAGEMENT AND ANALYSIS.
- Accounting Theory and Practice.
 - Definition of Accounting - Need for Accounting Art V/s Science-Scope of Accounting, Relationship of Accounting with other disciplines, History of Accounting Systems.
 - Structure of Accounting Theory: Conceptual Framework, objectives, Approaches, Assumptions Concept of Conventions, Indian Standards, Generally Accepted Accounting Principles.
 - Human Resources Accounting: Need and Development-Concepts and objectives, Methods of Valuation of Human Resources, Historical Cost Approach, Replacement Cost Approach and Opportunity cost.

approach. The Benefits of Human Resources Accounting, Problems and Limitations of Human Resources Accounting – Merits and Limitations of Human Resources Accounting, Indian Scene- Case Studies

- d. Accounting for Price Level Changes: Price Level Change and Financial Statements, Current purchasing power accounting Current Cost Accounting-Specific and General Price Level Accounting-Merits and Limitations of Accounting Price level changes.
- e. Emerging Reporting Issues: Brand Accounting-Accounting for Intangibles-Value Added Accounting, XBRL Social Accounting Environmental Reporting.

b. Financial Management and Analysis.

- a. Capital Cost: Cost of Equity-Stock, & Long term Debts, Cost of Short, Term Borrowing, Capital marketing Hypothesis: Derivation of sharpe Lintner Model Empirical Evaluation of the Model.
- b. Capital Structure Hypothesis: Traditional proposition Vs Modigliani Proposition, Empirical Evaluation of prepositions-Dividend policy Decisions, Factors Affecting Dividend Policy-Traditional Proposition Vs M Hypothesis-Empirical Evaluation of Different Hypothesis Types of Dividend policies
- c. Working Capital Management: Optimal Investment in Short Term Assets like inventory Debtors-Securities and Cash-Determination of optimal sources of Funds
- d. Financial Management of Multi-national corporations: Factors peculiar to Multi-national decisions Areas Working Capital Management Accounting-Capital Budgeting-Capital Structure and Dividend polities.
- e. Mergers and Acquisitions: Types of Characteristics-Valuation-Deed Structuring-Manageial Strategies Regulation-Environment.

C. Personal Financial Planning

- a. Financial Planning Process: Setting goals, informal budget preparation – investment opportunity financial Vs physical investments – role of financial planning
- b. Savings Plans: setting goals savings instruments-setting up a savings plan-Tax saving schemes.
- c. Investment plans: setting goals-investment vehicles-investment risk-developing an investment strategy.
- d. Planning for retirement: setting goals-savings and investment plans for retirement-pension plans-annuity plans-social security schemes.
- e. Protecting against Life Financial Risks: Insurance planning-risk management and insurance-features of insurance-product profile of life and non-life insurance policies-tax benefits

D. Advanced Management Accounting:

- a. Operations Research for Management Accountants: Matrix Algebra-Addition-subtraction-Multiplication and Inverse of Matrices-types of Matrices-linear programming-graphic approach and complex method two-phase method
- b. Duality and dual simplex method-additional construction-additional variables
- c. Integer programming-quadratic programming
- d. Non-linear programming-quadratic programming
- e. Transportation models, simulation
- f. Marginal Costing and Decision making: Introduction-meaning-terminology-scope & concepts-cost behavior analysis-break even analysis-approaches of break even analysis-break analysis in relation to cost and revenue factors-multi-product break even analysis-assumptions underlying break even analysis-limitations of break even analysis
- g. Contribution concepts and short-term profitability analysis: profitability analysis under constrained conditions-profit-volume ratio and its uses-profits volumes graphs

- h. Marginal costing and Managerial Decisions: Profit planning-pricing decision production decision-make and buy decision joint and by-product decision-distribution cost analysis
- i. Direct Costing: Meaning-importance and preparation of Income statements-comparison with absorption cost-arguments in favor of direct costing-criticism of direct costing
- j. Value Analysis and value engineering: Basic concepts of value-constitution of a value analysis team-procedures underlying value analysis study-benefits from and resistance to value analysis study-reporting to management- objectives of reporting-reporting needs of different management levels-types of reports-general principles of reporting-modes of reporting-reports to the board of directors-reports to top management-reporting to top divisional management-reports to junior management level-preparation of reports-use of reports by management.

E. Financial Strategies.

- k. Introduction: The role of government, securities markets, financial institutions, ownership structure, contractive devices, introduction, Government laws and regulations, securities markets, ownership structure, board oversight. Financial institutions, contracting devices.
- l. Financial policies and strategies: Introduction, agent conflicts in industry setting, dynamics of asset liquidity and optimal leverages in industry, industry competition and financial strategies joint ventures and strategic alliances
- m. Firm Environment, Government, Strategy, Operations and financial structure: Introduction, Firms business environment, internal governances structure and business strategy, operational structure, financial structure, firm performance, Risks and contingencies, Empirical analysis of risk.
- n. Private Equity and Venture Capital: Introduction, rudiments of valuing and financing venture, stages of venture development and financing, venture capital firms (VCS). Roles of staging and VC monitoring in agent in conflicts
- o. Initial Public Offerings and Seasoned Equity Offerings: Introduction, Staying of private Vs Going public, IPO process, Characteristics of IPO firms and their offerings. The post-IPO performance of stock, Unit IPOs, Process of issuing seasoned equities, Determinants of underwriter spread in SEO. Theory and evidence of valuation effect of SEO, other issues related to SEO'S

(VI) PAPER – VI

PRINCIPLES OF MANAGEMENT, ORGANIZATION BEHAVIOR, TRAINING & DEVELOPMENT

F. Management Concepts and Theories.

- a. Management:- Definition, nature and scope of management, functions of management – evolution of management theories from Taylor, Fayol to the present. Schools of Management Thought, Evolution of professional management in India, ethics management.
- b. Managerial Planning – definition of planning, planning process, types of plans, strategic Vs operational plans, models of strategy formulation, linking strategy to making decision – decision models, creativity and group decision-making.
- c. Organizational theories and design, principles of co-ordination, authority, power, delegation and decentralization – organizational change and development styles.
- d. Motivation –definition – theories and models of motivation concept of achievement motivation, Leadership – definition, theories of leadership concept of leadership and management styles.
- e. Managerial Control, relationship between planning and control limitations of control, types of control systems and techniques – management by exception, budgetary control – zero level budgeting – functioning and dysfunctional aspects of budgetary control, internal control system, internal audit and management audit.
- f. Management by Objectives(MBO), Management by exception(MBE) and Management by Crisis(MBC), its process, benefits and limitations (MBO, MBE)

G. Human Resources Management.

- a. Human Resources Management: HRD and Personal Functions, Redefined role and responsibilities of HR managers, sub-system of HRM and HRD. HR functions and policies, Organization for HRM, Development of HRM in India, Recent trends in HRM, Impact of globalization on HRM, Role of HRM in IT sector.
- b. HR Planning, Recruitment and Selection: HRD at different levels, Job description, Sourcing, Tests Interviews, induction and Orientation, Training –Methods of training, training manual training under ISO and QS certification, supervisory, Executive and Management development programs, Career development
- c. Performance Management: Job analysis, job evaluation, KRA & KPAs Traditional Vs Modern methods of performance management. Potential appraisal, Feedback system.
- d. Compensation Planning: Wages and salary, Administration, perks fringe benefits, bonus, incentives, compensation surveys productivity, performance linked pay structure, compensation review and structuring.
- e. Industrial relations: trade unions, industrial disputes and settlements, Grievances handling, disciplinary procedures, suspension dismissal domestic enquiry legal formalities, layoff, retrenchment, closure VRS Health and safety.

H. Training & Development.

- a. Training: Introduction, Importance of training, Advantages of training, Training Challenges, Changing workplace and workforce, Training as a sub system of HRD, Learning environment, Instructional design, Learning outcomes, Feedback, conditions of transfer, converting training objectives to training plan
- b. Assessing Training Needs: Methods of ascertaining training needs, Organizational support to TNA, Organizational analysis – specifying goals, Identifying constraints, Resources analysis Learning principles, training enhancement, Training characteristics.
- c. Training Delivery: Traditional Vs Modern methods, SLDP, simulated work settings, DLP, CD ROM, Interactive Multimedia, Web-based instructions, intelligent Training enhancement Systems (ITS), virtual reality training (VRT)
- d. Training evaluation: Criteria, Evaluation of criteria, Dimensions of criteria, use of experimental designs, quasi experimental designs, utility conservations, individual difference models, content validity model, statistical method
- e. Training Interventions: Learning experience and building of organization capacity, Employee capability, apprenticeship, vestibule, embedded training team building cross and inter-positional training, leadership training.

I. Organization and Behavior.

- a. Fundamentals Organization – Nature of people and organizations, forces affecting organizational behavior, Changing work force and employment relations, Impact of globalization and Information technology on organizational behavior, organizational climate and culture.
- b. Individual differences – perceptions, interests, aptitude, attitude, theories of personality
- c. Learning – theories of learning expectations and appreciative modules of learning, learning organizations and organizational change – resistance to change and change agents. Designing organizations for effectiveness

- d. Groups and Group Dynamics, Group behavior, group dynamics theories and group cohesiveness - group decision making process, understanding work teams, team vs groups, team development ingredients of effective teams, team life cycle, interpersonal skills - johari windows and translational analysis.
- e. Stress Management- job satisfaction, designing effective jobs, jobs, rotation, enrichment, enlargement and re-engineering work process, sources of stress, fatigue and its impact on productivity. Employee counseling.

J. Marketing Management.

- a. Introduction to Marketing Management: Nature of marketing management types of products/services that can be marketed Organization of marketing functions, Marketing concepts: Product, production, selling marketing and societal and marketing differences, marketing environment - micro and macro environment
- b. Market segmentation and Targeting: Concept of segmentation and targeting, Basics for segmentation, Segmentation for consumer and industrial products, Product positioning, consumer and business buyer behavior and buying roles, buying process, model
- c. Market Mix: Elements - product, prices, promotion, distribution, product, mix and product line - levels of product, new product development, product life cycles strategies, branding, packing, labeling pricing - General pricing approaches, New product pricing strategies. Public policy and pricing.
- d. Promotion and place mix - components of promotion mix, marketing communication, publicity, Advertising and public relations, personal selling and sales promotion, direct and online marketing, Distribution channels and logistics management, channel design and administration, public policy and distribution and decisions.
- e. Marketing Information System: Concepts of marketing information system, Marketing research process, Marketing intelligence system, components of marketing information systems - Internal records system - Marketing decision support system.

K. Inventory Management and Analysis

- a. Corporate objectives: Various propositions on corporate objectives-derivation of plausible definition of the objective of the corporation
- b. Capital Budgeting decisions under certainty: traditional techniques -DCF criteria-reinvestment considerations-paradox of multiple IRR's Mathematical programming and selection of capital projects under capital rationing
- c. Analysis of capital budgeting decision under uncertainty: uncertainty and probabilities; statistical parameters of NPV- statistical parameters of project combinations.
- d. Evaluation of capital budgeting decisions under uncertainty: expected utility hypothesis-mean variance hypothesis
- e. Portfolio theory: markowitz model-sharpe's diagonal model-programming model for selection of capital portfolios.

L. Entrepreneurship Development & Project Management

- a. Project Management: Definition of basic concepts, project planning and management, principles of project management, Project lifecycle, Idea generation, Feasibility studies, Scope management and implementation as per project management body of knowledge handbook of project management institute (PMI).
- b. Project Planning: Project integration management - Project plan, Execution, Change control, Project scope management- Initiation, Planning, Scope definition, Verification, Scope change control, Project time management -

- Activity definition, Sequencing, Duration estimating, Scheduling and Controlling, Project cost management, Project quality management, Project human resource management, Project risk management, Project procurement management.
- c. Project Monitoring Evaluation and Control: Project network techniques, Planning for monitoring and evaluation, Project organization, Project audits, Project management information system, Project scheduling, PERT and CPM, Project communication, Post-project reviews, Closing the Project.
- d. Entrepreneurship: Role of entrepreneurs in economic development. Factors contributing to the growth of entrepreneurship. Entrepreneurship development in India, Family managed businesses and new generation entrepreneurs in India, Case studies of successful entrepreneurs in India.
- e. Promoting Entrepreneurship: Institutional arrangement for promoting entrepreneurship in India – Venture capital support provided by various venture capital firms, Role of NSIC, SIDBI, SISI and other institutions, Role of State governments in promoting entrepreneurship, Problems in transfer of technology developed by R&D institutions and Universities in India.

(VII) PAPER – VII

CORPORATE FINANCE, BUSINESS ECONOMICS AND TAXATION

M. Corporate Finance.

- a. Goal of the firm: Profit maximization V/s wealth maximization, value creation, Agency problems, Social responsibility, Role of financial management, Time value of money, valuation of securities, stock and bonds, concepts of risk and returns of securities, using probability distribution of measure risk, risk and return in portfolio context. Introduction to capital assets pricing model (CAPM) and arbitrage pricing theory (APT)
- b. Basics of Capital Budgeting: Evaluating cash flows-initial intermediate and terminal cash flows on incremental basis, capital budgeting decision rules, payback, ARR, DCF techniques NVP, IRR, PI.
- c. Cost of capital: Cost of debt, preferred stock, equity computation, WACC, The CPAM approach Adjusting WACC for risk, long term financing, public issue of debt, preferred stock and common stock. Term loans
- d. Capital Structure Theories: Traditional view Vs MM hypothesis, MM position I & II, Miller's position capital structure designing in practice – EBIT, EPS analysis, Dividend decision Relevance Vs irrelevance of dividends
- e. Working Capital Management and Finance. Cash management Receivables management and inventory management. Working capital finance in India.

N. Business Management.

- a. Business as a social system, internal and external environment of business on India, role of government in economic activities and its impact on business. Business ethics and corporate social responsibility, Issues in corporate governance.
- b. Economic structure of India – Economic planning in India transaction from mixed economy to a market economy. Outline of public and private sectors, characteristics of industrial, service and agricultural sectors, regional and sectorial imbalances, dualism trends in GDP.
- c. Monetary and fiscal system of India – The role of RBI in regulating banking sector, Indian financial system – money market and capital markets- stock exchanges and stock market reforms in India. Industrial finance in India – stock market reforms in India. Role of development financial institutions and commercial banks and NBFC's financing of

experts and imports EXIM and ECGC Issued in taxation of government expenditure – FRBM Act, the problem of fiscal deficit.

- d. Indian society, culture and politics. Major social problems of India, Impact of modernization on Indian society, demography, gender, environmental issues.
- e. International Business environment – India as a player in the international market place – its position and prospects, issues in intellectual property Rights(IPR) affecting Indian's trade, the role of multi-national companies in India. FDI in India and Indian investment in foreign countries.

O. Business Law and Practice.

- a. Outlines of Laws: Pertaining to regulation of Industries: IDRA Act, Competition Act, Price and Distribution Controls, Insurance Regulation and Development Authority IRDA, Telephone Regulatory Authority of India (TRAI)
- b. Company Law: Outline of India Companies Act of 1956 pertaining to incorporation, Management and administration and liquidation. Filing of returns, Remedies against mismanagement and oppression. Powers of investigation by the Government, issues relating to good corporate governance, recent amendments to corporate governance.
- c. Patents and Trademarks Act: issues of intellectual property rights and cyber laws, foreign Exchange Management(FEMA)
- d. Security Market Laws: outlines of security and exchange board of India Act (SEBI), Securities contract act, Laws pertaining to stock exchanges, SARFESI Act
- e. Environmental Protection Act: Law relating to environmental pollution, Role of pollution control boards, consumer protection act of 1986. consumer forums, consumerism in India

P. Business Economics:

- a. Macro Economics: Introduction, macro economics and its interfaces with business and industry, resources and goals of economic systems, free market and mixed economy, national Income concept, computation of national income and expenditure method, problems of computation of national income
- b. Consumption Function: Consumption, savings, investment, marginal propensity to consume, marginal propensity to save, multiplier, paradox of thrift, income and employment determination
- c. Investment Function: Introduction the marginal efficiency of capital, marginal efficiency of capital and the rate of interest, factors influencing marginal efficiency of capital – measures to stimulate private investment, pathic investment, theories of interest
- d. Concepts of Multiplier- Income on investment multiplier, uses of multiplier, leakages in income stream and their effect on the multiplier. Acceleration concept working of acceleration, limitations of acceleration
- e. Money, monetary system, role of credit, financial intermediaries, interest and macro economic equilibrium, central bank, monetary management and policy, fiscal policy and the public debt, co-ordination of monetary and fiscal policies
- f. Economic growth, factors determining economic growth, growth models. capital output ratio, problems of growth, Policies towards economic stability, business cycle, inflation and deflation, control measures, conflicts between growth and stability
- g. Public Finance – Distinction between public finance and private finance – Importance of public finance – role of public finance in developed countries – Indian public finance –revenues and income of central government – budget of central government

- h. Balance of payments – meaning – balance of trade and balance of payments, structure of BOPs; meaning of disequilibrium of BOPs
- i. Foreign Exchange – Determination of exchange rate-fixed Vs Floating –Appreciation Vs Depreciation, revaluation and devaluation forex reserves-components of forex reserves.

Q. Advanced Business Taxation

- a. Indian Tax system: Functions of Government-public expenditure-taxation-shifting and incidence of direct and indirect taxes-progressive taxation
- b. Taxation in India: constitutional provisions relating to the taxation powers of the union-state and local government-tax reforms committees of center and state governments-finance commissions
- c. Direct tax: Income tax-wealth tax-gift tax-expenditure tax-fringe benefits tax
- d. Indirect tax: union excise duty-customs duty-central sales tax and service tax
- e. State Government tax: value added tax-tax in profession-tax on motor vehicles and transportation-tax on advertisement-entertainment and amusement tax-tax on betting and gambling-tax on electricity-tax on agricultural income and land revenue
- f. Corporate Tax law and planning: Introduction-taxation of companies-definition of companies-residential status of company-relationship between residential status and incidence of tax
- g. Computation of taxable income of companies under different heads of income: house property-profit and gains from business or profession-capital gains-income from other sources
- h. Computing tax liability of companies: Deductions from Gross total income-set off and carry forward of losses. Minimum alternate tax
- i. Tax planning: Tax avoidance tax evasion-tax planning with reference to setting up a new business-location of business-nature of business-form of organizations. Managerial decisions-amalgamation or de-merger
- j. Procedure for Assessment: Return-tax deduction at Source-Advance payment of tax-interest refunds-appeals and revision-penalties and prosecutions-wealth tax on companies

(VIII) PAPER – VIII

PRINCIPLES AND PRACTICE OF AUDITING & COMPUTER CONCEPTS,

E-COMMERCE & MANAGEMENT INFORMATION SYSTEM

R. Principles and Practice of Auditing:

- a. Introduction-Meaning and Definition of Auditing-Branches of Auditing-Qualities of an Auditor. Objectives of Auditing-Advantages of Auditing-Types of Audit Program-Audit Report-Appointment-Qualification-Disqualification-Rights and Duties of Company Auditor
- b. Internal Check-Meaning and Objectives-Vouching-Meaning and Importance-Vouching of Cash transactions
- c. Verification and valuation of Assets & liabilities-
- d. Use of Different Organizations-Sole Trader-partnership firm-co-operative societies-Educational Institutions
- e. Audit under computerized environment (uses and constraints of computerized audit)

S. Computer Fundamental Concepts.

- Introduction, Spreadsheet Financial Functions and Statistical Functions, Depreciation-leasing-company valuation, cash flow forecasting models.
- Operations research problems: linear-Non-linear Integer programming transportation-queuing and inventory models
- Managerial Accounting: Break even analysis-portfolio Analysis-standard costing variance Analysis, cost of Capital bonds, Risk Management.
- Project Management tools
- Stock analysis

T. E-Commerce:

- Introduction to e-commerce and e-business, traditional business and e-business, e-commerce models, web auctions, virtual communities, portals, e-business revenue models
- Web server hardware and software-software for web servers, website and internet utility programs, web server hardware, web hosting choices-electronic commerce software
- Customer effective web design, e0marketing, e-advertising, e-CRM, Technology for e-CRM, EDI-Business applications for EDI-Computer crimes, legal issues, IT act 2006
- Security threats-an area view-implementing e-commerce security-protecting client computer, e-commerce communication channels and web servers encryption, SSL protocol, Firewalls, Electronic Payment Systems.

U. Management Information Systems.

- Basic Concepts: Data Vs Information, Strategic role of information in management, Organization as an information system, Gory Scott, Morton Grid, types of information systems, TPS, MIS, DSS, ESS, OA.
- Processing Technology: Evolution of processing technology, Batch processing, Multiprocessing, Networking concepts, Telecommunication networks.
- Systems Development: The concept of systems development life cycle (SDLC), Use of flow charts and entity relationship diagrams. Exercises in SDLC.
- Application Technologies: ERP concepts, Evolution of ERP, Present ERP packages, SAP, Baan, MFG-PRO, Oracle, ERP Evaluation, ERP and BPR, ERP Implementation, Case studies (ERP).
- Web publishing: Web publishing, Types of websites, Web surfing, Toofs, Ms-Frontpage, Designing website, E-commerce, B2B, B2C, E-commerce security issues, Ethical issues, Cyber laws.

By Order and in the name of the Governor of Karnataka,

M.S.SHIVARAM

Under Secretary to Government,

Finance Department (Admn.&Adv.).

Syllabi for the Priliminary examination - Paper-II

COMMERCE (Code-7) And MANAGEMENT(Code-14)

As prescribed for Gazetted Probationer's
Main Examination

Commerce (Subject Code - 07)

Paper – I : Accounting and Finance

Part – I : Accounting, Auditing and Taxation :

Accounting as a financial information System – Impact of behavioural sciences – Methods of accounting of changing price levels with particular reference to current purchasing power (CPP), accounting – Advanced problems of Company Accounts – Amalgamation absorption and reconstruction of companies – Accounting of holding Companies – Valuation of shares and goodwill, Controllership functions-Property control, legal and management.

Important provisions of the Income Tax Act, 1961, Definition-Change of Income Tax Exemption, Depreciation and Investment allowance, Simple problems on computation of Income under the various heads and determination of assessable income, income-tax Authorities.

Nature and functions of Cost-Accounting-cost classification-Techniques of segregating semivariable costs into fixed and variable components – Job costing – FIFO and weighted average methods of calculating equivalent units of production – Reconciliation of cost and financial accounts-marginal costing – Cost – Volume – profit relationship, Algebraic formula and graphical representation, shutdown point-Techniques of cost control and cost reduction – budgetary control-flexible budgets-Standard costing and variable analysis-Responsibility accounting-bases of charging overheads and their inherent fallacy-Costing for pricing decision.

Significance of the asset function-programming the audit work-valuation and verification of assets; fixed, wasting and current assets, Verification of liabilities-Audit of limited companies-appointment status, powers, duties and liabilities of the auditor-Auditor's report-Audit of share capital and transfer of shares, Special points in the audit of banking and insurance companies.

Part – II : Business, Finance and Financial Institutions:

Concept and Scope of Financial Management-Financial goals of corporations-Capital budgeting, Rules of the thumb and Discount, cash flow approaches-Incorporating uncertainty in investment decisions-Designing an optimal capital structure-Weighted average cost of capital and the controversy surrounding the Modigliani and Miller model, Sources of raising short-term, Intermediate and long term finance-Role of public and convertible debentures-Norms and Guidelines regarding debt-equity ratios-determinants of an optimal dividend policy-optimising models of James Walter and John Lintner-

Forms of dividend payment – Structure of working capital and the variable affecting the level of difference of components – Cash flow approach of forecasting working capital needs-profiles of working capital in Indian Industries-Credit Management and credit policy-consideration of tax in relation to financial planning and cash flow statements.

Organisation and deficiencies of Indian Money Market Structure of assets and liabilities of commercial banks-Achievements and failures of nationalized Regional Rural Banks-Recommendations of the Tandon (P.L.) study group on following of bank credit, 1976 and their revision by the chore (K>B) Committee, 1979-An Assessment of the monetary and credit policies of the Reserve bank of India-Constituents of the Indian Capital Market-Functions and working of All India term financial institutions (IDBI, IFCI, ICICI and IRCI)- Investment policies of the Life Insurance Corporation of India and the Unit Trust of India-Present state of stock exchange and their regulation.

Provision of the Negotiable Instruments Act, 1881.

Crossings and endorsements with particular reference to statutory protection to the paying and collecting bankers-Salient provision of the Banking Regulation Act, 1949 with regard to chartering, supervision and regulation of banks.

Paper – II : Organization Theory and Industrial Relations

Part – I : Organization Theory :

Nature and concept of Organisation – Organisation goals; Primary and secondary goals, single and multiple goals, ends means chain-Displacement, succession, expansion and multiplication of goals-Format organization , Type, Structure-Line and Staff, functional matrix, and project-Informal organization-functions and limitations.

Evolution of organization theory; Classical, Neo-classical and system approach Bureaucracy, Nature and Basis of power, Sources of power, Power structures and politics, Organizational behaviour as a dynamic system, Technical, Social and power systems, Interrelations and interactions-perception, Status system, Theoretical and empirical foundation of Mas-Low, cgregor, Herzberg, Likert, Vroom, Porter and Lawler, Adam and Human Models of motivation, Morals and productivity, Leadership, Theories and styles, Management of conflicts in organization, Transactional Analysis, Significance of culture to organizations, Limits of rationality, Simon-March approach. Organizational change, adaptation, growth and development, organizational control and effectiveness.

Part – II : Industrial Relations :

Nature and scope of industrial relations, industrial labour in India and its commitment-Theories of unionism-Trade Union movement in India-Growth and Structure-Role of outside leadership-Workers educational and other problems-Collective bargaining-approaches conditions, limitations and its effectiveness in Indian conditions-workers participation in management, philosophy, rationale, present day state of affairs and its future prospects.

Prevention and settlement of industrial disputes in India, Preventive measures, settlement machinery and other measures in practice-Industrial relations in public enterprises-Absenteeism and labour turnover in Indian industries – Relative wages and wage differentials. Wage policy in India the bonus, issue-international Labour Organisation and Indian Role of Personnel department in the Organization-Executive development, Personnel policies, Personnel audit and personnel research.

Management (Subject Code -14)**PAPER - I**

The candidate should make a study of the development of the field of management as a systematic body of knowledge and acquaint himself adequately with the contributions of leading authorities on the subject. He should study the role, function and behaviour of a manager and relevance of various concepts and theories to the Indian context. Apart from these general concepts, the candidate should study the environment of business and also attempt to understand the tools and techniques of decision making.

The candidate would be given choice to answer any five questions.

Organisational Behaviour & Management Concepts :

Significance of social, psychological factors for understanding organizational behaviour. Relevance of theories of motivation, Contribution of Maslow, Herzberg. Mc. Gregor, Mc. Gelland and other leading authorities, Research studies in leadership. Management by Objectives. Small group and inter-group behaviour. Application of these concepts for understanding the managerial role, conflict and co-operation, work norms and dynamics of organizational behaviour Organisation change.

Organisational Design :

Classical, non-classical and open systems, theories of organization, Centralization, decentralization, delegation, authority and control, Organisation structure, systems and processes, strategies, policies and objectives, Decision making, communication and control. Management information system and role of computer in management.

Economic Environment :

National Income, analysis and its use in business forecasting. Trends and structure in Indian Economy, Government programmes and policies. Regulatory policies, monetary, fiscal and planning and the impact of such macropolicies on enterprise decisions and plans – Demand analysis and forecasting, cost analysis, pricing decisions under different market structures – Pricing of joint products and price discrimination – capital budgeting – applications under Indian conditions. Choice of projects and cost benefit analysis, choice of production techniques.

Quantitative Methods :

Classical Optimization : Maximum and minimum of single and several variables; optimization under constraints – Applications. Linear programming; Problems formulation – Graphical solution – Simplex Method Quality – Post optimality analysis – Applications of integral programming and dynamic programming – Formulation of Transportation and assignment Models of linear programming and methods of solutions.

Statistical Methods : Measures of Central tendencies and variations – Application of Binomial, Poisson and Normal distributions. Time series – Regression and correlation – Tests of Hypotheses – Decision making under risk; Decision Trees – Expected Monetary Value – Value of Information – Application of Baye's Theorem to posterior analysis. Decision making under uncertainty. Different criterion for selection optimum strategies.

Paper – II

Section – I Marketing Management

Marketing and Economic Development – Marketing Concept and its applicability to the Indian Economy – Major tasks of management in the context of developing economy – Rural and Urban marketing their prospects and problems.

Planning and strategy in the context of domestic and export marketing – Concept of marketing mix-Market Segmentation and Product differentiations strategies – Consumer Motivation and Behaviour-Consumer Behavioural Models – Product, Brand, distribution; Public distribution system, price and promotion.

Decisions :

Planning and control of marketing programmes – marketing research and Models – Sales Organisational dynamics – Marketing Information System. Marketing audit and control.

Export incentives and promotional strategies-Role of Government, trade association and individual organization – problems and prospects and export marketing.

Section – II Production and Materials Management

Fundamentals of production from management point of view. Types of manufacturing systems, continuous repetitive, intermittent. Organising for Production, Longrange, forecast and aggregate Production Planning. Plant Design : Process planning. Plant size and scale of operations, location of plant, layout of physical facilities, Equipment replacement and maintenance.

Functions of Production Planning and Control Routing. Loading and Scheduling for different types of production systems. Assembly Line, Balancing, Machine Line Balancing.

Role and Importance of material management, Material handling, Value analysis, Quality Control, Waste and Scrap disposal, Make or Buy decision, Codification, Standardisation and spare parts inventory, Inventory control-ABC analysis Economic order quantity, Recorder point. Safety work. Two Bin system. Waste management DGS & D purchase process and procedure.

Section – III Financial Management

General tools of Financial Analysis : Ratio Analysis, funds flow analysis, cost-volume – profit analysis, cash budgeting, financial and operating leverage.

Investment Decision :

Steps in capital expenditure management, criteria for investment appraisal, cost of capital and its application in public and private sectors. Risk analysis in investment decision, organizational evaluation of capital expenditure management with special reference to India.

Financing Decision :

Estimating the firms of financial requirements, financial structure determinations, capital markets, institutional mechanism for funds, with special references to India, security analysis, leasing and sub-contracting.

Working Capital management :

Determining the size of working capital, managing the managerial attitude towards risk in working capital, management of cash, inventory and accounts receivables, effects of inflation on working capital management.

Income Determination and Distribution :

Internal financing, determination of dividend policy, implication of inflationary tendencies in determining the dividend policy, valuation and dividend policy.

Financial management in Public Sector with special refernce to India.

Performance budgeting and principles of financial accounting. Systems of management control.

Section – IV Human Resource Management

Characteristics and significance of Human Resources, Personnel Policies – Manpower, Policy and Planning – Recruitment and Selection Technique – Training and Development Promotions and Transfers; Performance Appraisal – Job Evaluation Wage and Salary.

Administration :

Employee Morals and Motivation : Conflict Management : Management of Change and Development.

Industrial Relations, Economy and Society in India; Worker Profile and Management Styles in India; Trade Unionism in India; Labour Legislation with special reference to Industrial Disputes Act; Payment of Bonus Act; Trade Unions Act; Industrial democracy and Worker's participation in Management; Collective Bargaining; Conciliation and adjudication; Discipline and Grievances Handling in Industry.

Industrial Relations, Economy and Society in India

Worker Profile and Management Styles in India