



ICSI Notification No.1 of 2012

Introduction of New Syllabus for the Foundation Programme of the Company Secretaryship Course

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 the four papers of 100 marks each for Foundation Programme under the new syllabus.

2. The revised syllabus shall be applicable w.e.f. February 1, 2012.

2.1 The Council further decided the following:-

- i. The first examination for Foundation Programme under the new syllabus would be held from December, 2012 session under the Optical Mark Recognition (OMR) system.
- ii. The students pursuing Foundation Programme under existing syllabus would be given option to change over to new syllabus without any exemption.
- iii. Existing students would be provided two attempts to complete the Foundation Programme under the existing syllabus unless they switch-over to the new syllabus.
- iv. The last examination for Foundation Programme under the existing syllabus would be held in June, 2013.
- v. The students shall be eligible for appearing in examinations on the basis of self study. The requirement of coaching completion certificate shall be discontinued and no suggested answers would be provided to students of Foundation Programme under new syllabus.
- vi. Study material shall have two test papers containing multiple questions, the key answers and the specimen OMR Sheet appended at the end of the study material for Foundation Programme, for self study.
- vii. Students registering for Foundation Programme under new syllabus shall be provided exemption as in the existing system, e.g., a student securing 60% or above marks to be exempted to appear in the same paper in next attempts under new syllabus.
- viii. There will be no negative marking under OMR based examination for Foundation Programme under new syllabus.

ix. The first examination for Foundation Programme under new syllabus shall be held in two days, each day having two sessions of two hours.

2.2 The detailed contents for each of the four papers of the Foundation Programme under the new syllabus as approved by the Council are as under:

COURSE CONTENTS FOR FOUNDATION PROGRAMME

PAPER : 1 BUSINESS ENVIRONMENT AND 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 Image and Brand Value, Physical Assets, Facilities, Research & Development, Intangibles, Competitive Advantage
 - ◆ External to the Enterprise
 - ◆ Micro: Suppliers, Customers, 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 processes
- ◆ Finance: nature, scope, significance of financial management, financial planning (management decisions - sources of funds, investments of funds, distribution of profits)
- ◆ Marketing: concept, difference between marketing and selling, marketing mix, functions of marketing
- ◆ Human Resources: Nature, Objectives, Significance
- ◆ Services: Legal, Secretarial, Accounting, Administration, Information and Communication Technology

PART B: BUSINESS LAWS (40 MARKS)

6. 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

7. 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

8. 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

9. 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

10. 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; Doctrine of Caveat Emptor; Performance of the Contract of Sale; Rights of unpaid seller

11. 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)

12. 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

13. Entrepreneurship - Creativity and Innovation

- ◆ Entrepreneurial Venture Initiation: Sensing Entrepreneurial Opportunities, Environment Scanning, Market Assessment
- ◆ Assessment of Business Opportunities: Identification of Entrepreneurial Opportunities, Selection of an Enterprise, Steps in setting up of an Enterprise
- ◆ Entrepreneurial Motivation: Meaning and concept, process of Achievement Motivation, Self-efficacy, Creativity, Risk Taking, Leadership, Communication and Influencing Ability, Mentoring and Planning Action Developing Effective Business Plan

14. 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.



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- ◆ 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

- ◆ Meaning, 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. Organisation

- ◆ Concept, Features, Importance, Limitations; Organizing Process; Types of Organisation; Structure of Organisation; Centralisation and De-Centralisation; Delegation; Growth in Organisation

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: Elements of Directing - 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; Essentials 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)**

8. 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)**

9. 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

10. Essentials of Good English

Grammar and usage; enriching vocabulary, words - multiple meaning, single word for a group of words - choice of words - words frequently mis-spelt; 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."

11. Business Correspondence

- ◆ Human Resource: Preparation of Resume, Job application, Drafting Of Interview Letters, Call Letters and Offer of Appointment, Provisional and Final Appointment Orders; Goodwill 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



Account Current, 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

2. Administration

- ◆ Drafting of Messages; Messages through Electronic Media; Public Notices and Invitations; Representations to Trade Associations, Chambers of Commerce and Public Authorities

3. Inter-departmental Communication

- ◆ Internal memos; Office Circulars; Office Orders; Office Notes; Representation to Chief Executive and Replies thereto; Communication with Regional/Branch Offices

4. Preparation of Press Releases

5. E Correspondence

PAPER 3: BUSINESS ECONOMICS

Level of Knowledge: Basic knowledge

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

PART A: ECONOMICS (70 MARKS)

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

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 Equilibrium; Theory of Consumer's Behaviour - Marshallian Approach and Indifference Curve Approach

Theory of Production, Costs and Revenue

- ◆ Meaning of Factors of Production; Returns to Factor

and Returns 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
 - ◆ Globalisation 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 and Main Programs for Poverty Alleviation
- ◆ Unemployment - Types, Causes and Incidence of Unemployment
- ◆ Infrastructure - Energy, Transportation, Communication, Health and Education

PART B: ELEMENTARY STATISTICS (30 MARKS)

8. Statistics: An Overview

- ◆ Definition and Functions of Statistic; Statistical Techniques Commonly used in Business Activities; Law of Statistics; Limitations of Statistics

9. Collection and Presentation of Statistical Data

- ◆ Primary and Secondary Data; Classification and



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Tabulation of Data; Frequency Distribution of Data; Diagrams and Graphs

10. Measures of Central Tendency

- ◆ Mean
- ◆ Median
- ◆ Mode
- ◆ Standard Deviation

11. Mathematics of Finance

- ◆ Simple Interest
- ◆ Compound Interest
- ◆ Present Value & Future Value of an Annuity

12. 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

13. 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 Pass Book / 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 of 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 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)

8. Auditing

- ◆ Concepts and Objectives
- ◆ Principles of Auditing
- ◆ Types of Audit
- ◆ Evidence in Auditing
- ◆ Audit Programmes

9. 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, Qualifications

By order of the Council

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