

DSC 8: FINANCIAL MARKETS & INSTITUTIONS

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			No. of Hours of Lectures/Practical/Tutorial			Total Hours of Teaching	Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical / Practice	Lecture	Tutorial	Practical			
DSC 8: FINANCIAL MARKETS & INSTITUTIONS	4	3	1	NIL	45	15	0	60	Class XII	NIL

Course Objectives: The objective of this paper is to introduce students to role and functioning of financial markets, financial products that are traded in such financial markets and institutions associated with financial markets. It explains the role of financial system on economic development. Various conceptual issues related to risk and return, the role of regulatory bodies, mechanism of commercial banking, operations of insurance companies and mutual funds are discussed elaborately. This will enable them to take the rational decision in financial environment.

Learning Outcomes: After going through the course, students will be able to understand the

- Financial architecture of an economy and its key players.
- The fabrication of Indian Financial markets.
- Working of Capital market, debt market, money market in India
- Functioning of different players in financial market including Regulators.

Course Contents:

Unit 1: Indian Financial System and major Institutions (16 Hours)

Structure of Indian Financial System: An overview of the Indian financial system, major reforms in the last decade: Payment banks, GST, innovative remittance services, Insolvency and Bankruptcy code. Regulatory Institutions in India: RBI, SEBI, IRDA, PFRDA. Commercial Banking: Role of Banks, NPA, Risk Management in Banks. Universal Banking: need and importance, Core banking solution (CBS), NBFCs and its types; comparison between Banks and NBFCs.

Unit 2: Financial Markets in India (12 Hours)

Introduction to Financial Markets in India: Role and Importance of Financial Markets, Types of Financial Markets: Money Market; Capital Market; Linkages Between Economy and Financial Markets, Integration of Indian Financial Markets with Global Financial Markets,

Primary Market: Instruments, book building process (numerical). Merchant Bank: role and types, Mutual Fund: types of Mutual Funds and different types of schemes. Corporate Listings: Listing and Delisting of Corporate Stocks, Foreign Exchange Market: Introductory, only Conceptual.

Unit 3: Capital Market in India (16 Hours)

Introduction to Stock Markets, Regional and Modern Stock Exchanges, International Stock Exchanges, Demutualization of exchanges, Indian Stock Indices and their construction. Major Instruments traded in stock markets: Equity Shares, Debentures, Exchange Traded Funds. Trading of securities on a stock exchange; Selection of broker, capital and margin requirements of a broker, MTM and VAR Margins (with numerical), kinds of brokers, opening of an account to trade in securities, DEMAT System, placing an order for purchase/sale of shares, contract note and settlement of contracts, Commodity Markets – Structure.

Unit 4: Money Markets & Debt Markets in India (16 Hours)

Money Market: Meaning, role and participants in money markets, Segments of moneymarkets, Call Money Markets, Repos and reverse Repo concepts, Treasury Bill Markets, Certificate of Deposit and Commercial Paper (with numerical). Debt Market: Introduction and meaning, Primary Market for Corporate Securities in India: Issue of Corporate Securities, Secondary market for government/debt securities (NDS-OM), Auction process (with Numerical), Corporate Bonds vs. Government Bonds. Retail Participation in Money and Debt Market-RBI Retail Direct platform.

Essential Readings

1. Bhole L.M. and Mahakud J., Financial Institutions and Markets: Structure, Growth and Innovations (6th Edition). McGraw Hill Education, Chennai, India
2. Saunders, Anthony & Cornett, Marcia Millon (2007). Financial Markets and Institutions (3rd ed.). Tata McGraw Hill
3. Pathak, Bharati V., Indian Financial System: Markets, Institutions and Services, Pearson education, New Delhi, Second edition, 2008.
4. Khan, M. Y., Financial Services. McGraw Hill Education.

Additional Readings:

1. Jeff Madura, Financial Institutions and Markets, Cengage Learning EMEA, 2008
2. Meir G. Kohn, Financial Institutions and Markets, Oxford University Press, 2004.
3. Fabozzi, Frank J. and Modigliani, Franco, Capital Markets: Institutions and Markets, Prentice Hall of India, New Delhi, Third edition, 2005.

Teaching Learning Process: Lecture, discussion, Power Point presentations, Course Contents: may be discussed in light of latest SEBI regulations and RBI guidelines.

Assessment

Total Marks: 100

Internal Assessment: 25 Marks

End Semester University Exam: 75 Marks

The Internal Assessment for the course may include Class participation, Assignments, Class tests, Projects, Field Work, Presentations, amongst others as decided by the faculty.

Key Words: Indian Financial System, Financial Markets, Financial Institutions, Capital Market, Money Market, Debt Markets.