

Course Syllabus

Course Code: BM60023
Course Title : Financial Institutions and Markets
L-T-P : 3-0-0
Credit : 3
Pre-requisites: ---

Semester: Autumn, 2020
Section: 01
Students: UG/PG
Year: Open
Schedule: G3 Slot

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Objective of the Course: This course is designed to provide a comprehensive perspective in the area of Financial Institutions and Markets covering the global and Indian perspectives. The course, while familiarizing the students with various financial institutions, markets and instrument used worldwide for various activities. It is expected that course will prepare students to better understand need for a financial systems and functioning.

Textbook:

1. Financial Markets and Institutions latest Edition (Indian Edition) by Saunders and Cornett, McGrah Hill Education.
2. Foundations of Financial Markets and Institution, 3rd Edition, by Frank J. Fabozzi, Franco P. Modigliani, Frank J. Jones, Michael G. Ferri, Pearson Publication.
3. Fundamentals of The Indian Financial System, by Vasant Desai, Himalaya Publication

Course Outline:

Module	CONCEPTS COVERED
Financial System- An Overview	<u>Definition and functions of financial system. Components of the Indian Financial system</u>
	<u>Financial markets, Financial products, Financial Intermediaries, Regulatory authorities.</u>
	Development of financial market in India and globally, Definition, features of Capital market, Importance of capital market, Composition of Capital Market
Capital Market	<u>Interest rate and its determinants, Basic concept of time value of money, characteristics of equity and debt instruments, valuation of debt and equity instruments, term structure and related theories.</u>
	Primary and Secondary markets, market structure, type of orders, order execution, Trade rules, discussion on limit order book trading halts, Types of capital market instruments
	Sources of raising funds from capital market.- IPO, FPO, Rights issue, Bonus issue Private Placement, Types securities, GDRs, ADRs, FCCBs, Trading & Settlement, Market Microstructure and related terms.
	IPO process. Intermediaries involved in the IPO process. Brief discussion of listing norms.



	Secondary market transactions. Need for maintaining Bank account, Demat account and Trading accounts. Corporate Bonds Market, Significance of Corporate Debt Market, Global Bonds Market, Structure of Indian Corporate Bonds Market, Settlement System, SEBI guidelines on primary and secondary market transactions
Money Market	Definition, features of money market, importance of money market, Composition of Money Market, Features of Global and Indian Money Market, Types of money market instruments, their salient and differentiating features.
Securities market	<u>Depository system</u> , Public securities and private securities. Different types of Govt. securities, Mortgage securities, Debentures etc. A case of Government securities.
	Understanding the market movements of shares based on financial newspapers and websites for trading in shares and security market instruments
Depository system	Definition and meaning of depository system, its objectives, various activities, depository system in India.
Forex and Derivative Market	Components of Forex Market. Need for maintaining the Forex reserves. Balance of payment position. Derivatives. Definition, kinds of derivatives, importance of derivatives, derivative market in India.
Regulation of Financial markets	SEBI- Function, objectives, powers. Role of SEBI in investor protection. RBI- Regulation of money, Forex and Credit markets, Exchange control DGFT- Trade control IRDA-Regulation of insurance in India.
Latest Trends in Financial markets.	Latest position and new trends in the financial markets,
Financial Institution and Services	Definition Nature and scope of Financial Services. Types of financial services. Importance of financial services as alternate source of financing
Banking institutions and services	Role of banking institutions, form of transaction, Types of plastic money. Credit card, Debit card, Charge card. Operational aspects. Salient and differentiating features of these cards. Importance of these cards in day to day requirement of public.
Electronic Payment systems	ECS, NEFT, RTGS, Western Union Money transfer, e-seva, SWIFT and others.
Mutual Funds	Meaning and definition of a Mutual Fund. Salient features of a mutual fund. Target group for mutual funds Organization of a Mutual Fund.: Trustees, Sponsors, Custodian, AMC, Transfer agents, Unit holders. Types of Mutual Funds. Life cycle and Life style funds Purchase and sale of mutual fund units. Operational aspects of a mutual fund.
Factoring Institutions and service	Definition and mechanism of factoring. Different types of factoring. Recourse factoring non-recourse factoring. Various services provided by the factor. Differentiating features of different types of factoring: Advance factoring, Maturity factoring, Full factoring, Bank participation factoring, Supplier guarantee factoring, invoice discounting factoring Forfaiting: Definition and mechanism. Factoring vs Forfaiting. Differentiating features of Bank's Bill discounting / Purchase and Invoice discounting factoring; Factoring and Credit Insurance; Cross border factoring and Forfaiting.
Leasing	Definition of leasing. Equipment leasing. Parties to a lease transaction. Advantages of leasing to lessor and lessee. Leasing as an alternate source of financing Types of leasing: Definition, salient and differentiating features of Finance lease and Operating lease. Lease evaluation from lessor and Lessee's angle
Hire Purchase	Definition and meaning of Hire Purchase. Salient features of a Hire – purchase contract.



	Differentiating features of Leasing, Hire purchase and installment credit.
Securitization	Definition and meaning. The mechanism of securitization. Advantages of securitization
	Different types of mortgage securities. and securitization
Venture capital	Definition, concept and features of venture capital, Venture capital financing institutions in India..
Credit Rating	Definition, Meaning, and functions of credit rating. Credit rating agencies in India and abroad.

References:

1. Financial Institutions and Markets, Kohn, Oxford Publication.
2. Trading and Exchanges: Market Microstructure for Practitioners- Larry Harris, Oxford University Press.
3. Financial Institutions and Markets, Bhole & Mahakud, TMH Publication.

Evaluation: The students are required to be regular in the all the sessions (100% attendance is desired) and in the submission of assignments. The final grade is based on the assessment by the teacher principally on the performance in each components of the grading policy. Exact weightage will be shared following the institute guidelines very soon.