

Banking and Finance II
Indian Financial System

Semester V

Subject Code: C 51706

Lectures: 60

Objectives:

- To equip the students with a clear understanding of:
 - The Indian Financial System and its various Constituents
 - The Reforms introduced in the Indian Financial System.

Unit 1: Financial System

06

- Financial System
 - Meaning
 - Structure
 - Role
- Constituents of the Financial System
 - Financial Markets: Money Market, Capital Market, Foreign Exchange Market and Commodity Market
 - Financial Institutions: Banking Finance Institutions and Non Banking Finance Institutions
 - Financial Assets
 - Financial Services
- An Overview of the Indian Financial System

Unit 2: Derivatives in the Financial Markets

10

Derivatives

- Meaning and Definition
- Types of Financial Derivatives
 - Forwards
 - Futures
 - Options
 - Swaps
- Benefits of Derivatives

Unit 3: Indian Money Market

10

- Indian Money Market
 - Structure
 - Features
- Sub-markets and Instruments of the Indian Money Market



- Call/Notice Money Market
- Commercial Bills Market
- Treasury Bills Market
- Commercial Paper (CP) Market
- Certificate of Deposit (CD) Market
- Repos and Reverse Repos Market
- Money Market Mutual Funds (MMMFs) Market
- Institutions in the Indian Money Market
 - Discount and Finance House of India Ltd. (DFHI)
 - Securities Trading Corporation of India Ltd. (STCI)
 - Primary Dealers (PDs)
 - Satellite Dealers (SDs)
- Limitations of the Indian Money Market
- Reforms in the Indian Money Market, post 1991

Unit 4: Indian Capital Market

12

- Indian Capital Market
 - Features
 - Structure
- Constituents of Indian Capital Market
 - Industrial Securities Segment
 - Government Securities Segment
- Participants in the Indian Capital Market
- Instruments in the Indian Capital Market
- Stock Exchanges in India
 - Bombay Stock Exchange Ltd.
 - National Stock Exchange Ltd.
 - Over-The-Counter-Exchange of India Ltd.
 - Global Stock Exchanges – An Overview
- Stock Indices in India
 - SENSEX - Meaning
 - Methodology for Calculation
 - Nifty – Meaning
 - Methodology for Calculation
 - Full Market Capitalization versus Free Float Market Capitalization
- Limitations of Indian Capital Market
- Reforms in the Indian Capital Market, post 1991.



Unit 5: Foreign Exchange Market in India <ul style="list-style-type: none"> • Foreign Exchange Market <ul style="list-style-type: none"> ○ Meaning ○ Features ○ Transactions in the Foreign Exchange Market – Based on types of parties and time of settlement ○ Types of Risks in the Foreign Exchange Market • Foreign Exchange Market in India <ul style="list-style-type: none"> ○ Structure and Constituents of the Foreign Exchange Market in India ○ Role of the Reserve Bank of India in the Foreign Exchange Market 	10
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***Assignments and library hours – 12 hours**

Recommended Books (Semester V): <ul style="list-style-type: none"> • Machiraju H.R.: “<i>Indian Financial System</i>” New Delhi: Vikas Publications, 2006. • Khan M.Y. “<i>Indian Financial System</i>”, New Delhi: Tata McGraw-Hill Publishing Company Ltd. Latest Ed. • Bhole L. M.: “<i>Financial Institutions and Markets Structure, Growth and Innovations</i>”, New Delhi: Tata McGraw Hill Publishing Company Ltd., Latest Ed. • Dr. Gurusamy S. “<i>Financial Services and Markets</i>”, Vijay Nicole Imprints Pvt. Ltd., 2004. • Dr. Gurusamy S. “<i>Financial Markets and Institutions</i>”, Vijay Nicole Imprints Pvt. Ltd., 2004.

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Webliography (Semester V):

- www.rbi.org.in
- www.sebi.gov.in
- www.bseindia.com
- www.nseindia.com
- www.otcei.net

Dailies (Semester V):

- Economic Times
- Financial Express
- Maharashtra Times
- Mint
- Sakaal

Banking and Finance II
Financial Services in India

Semester VI

Subject Code: C 61706

Lectures: 60

Objectives:

- To equip the students with a clear understanding of:
 - The different Financial Services in India
 - The role of Financial Service Institutions in India.

Unit 1: Financial Services

06

- Financial Services
 - Meaning
 - Features and Functions
- Kinds of Financial Services
 - Asset based/Fund based services
 - Fee based/Advisory services
- Financial Services Market
 - Meaning
 - Constituents
- Financial Regulation/Regulators
 - IRDA (Malhotra Committee)
 - NHB
 - SEBI

Unit 2: Asset based/Fund based services -I

12

- Insurance :
 - Meaning
 - Types of Insurance: Life Insurance and General Insurance
 - Types of Life Insurance and General Insurance Products
 - Terms specific to Life Insurance – Agent Advisor, Policy, Insured, Insurer, Assured, Proposal Form, Standard and Non-Standard Life, Premium, Human Life Value, Nomination, Assignment, Surrender Value, Paid-up Value, Claim, Compensation.
 - Life Insurance and General Insurance Companies in India
- Mutual Funds
 - Definition and Features
 - Advantages and Disadvantages of Mutual Funds
 - Types of Mutual Fund Schemes
 - Terms related to Mutual Funds



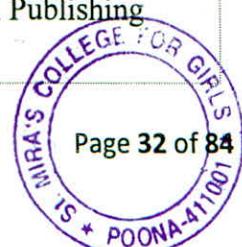
Unit 3: Asset based/Fund based services - II	10
<ul style="list-style-type: none"> • Housing Finance <ul style="list-style-type: none"> ○ Need for Housing Finance ○ Trends and Characteristics of the Indian Housing Finance Market ○ Procedure for Home Loan ○ Suppliers of Housing Finance ○ Terms related to Home Loans • Venture Capital Financing <ul style="list-style-type: none"> ○ Meaning and Features ○ Advantages of Venture Capital Financing ○ Venture Capital Finance Companies in India 	

Unit 4: Fee based/Advisory Services	10
<ul style="list-style-type: none"> • Credit Rating <ul style="list-style-type: none"> ○ Meaning, Definition and Features ○ Advantages and Disadvantages of Credit Rating ○ Credit Rating Process ○ Credit Rating Agencies in India • Merchant Banking (4 lectures) <ul style="list-style-type: none"> ○ Meaning ○ Functions 	

Unit 5: Emerging/New Trends in Financial Services	10
<ul style="list-style-type: none"> • Personal Financial Planning <ul style="list-style-type: none"> ○ Meaning ○ Functions ○ Need • Pension Funds <ul style="list-style-type: none"> ○ Meaning ○ Need ○ Role of PFRDA 	

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- Bhole L. M. “*Financial Institutions and Markets Structure, Growth and Innovations*”. New Delhi: Tata McGraw Hill Publishing Company Ltd.,
- Dr. Gurusamy S. “*Financial Services and Markets*”, Vijay Nicole Imprints Pvt. Ltd., 2004.
- Dr. Gurusamy S. “*Financial Markets and Institutions*”, Vijay Nicole Imprints Pvt. Ltd., 2004.

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- Gordon E. Natarajan K. “*Financial Markets and Institutions*”, Himalaya Publishing House.
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