

# Indian Financial System

Program in which it is offered: B.Com and BBA

**Course Category: Elective**

**Schedule of Offering: Semester**

**Course Credit Structure: 3**

**Course Code: CK211**

- **Lecture: 3**
- **Tutorial: 0**
- **Practical: 0**

**Contact Hours per week: 3**

**Instructor:**

## 1. Introduction

Financial system of any country consists of financial markets, financial intermediation and financial instruments. This course subject discusses the meaning of finance and Indian financial system and focus on the primary, secondary and derivative markets. It also covers the role of financial and regulatory institution in the Indian financial system. This coursework gives students a strong foundation in the Indian financial system and services.

## 2. Course Objectives

1. To familiarize the students with the Investment and securities market operations in India
2. To enable the students to understand the components and working pattern of Indian financial system

## 3. Pre-requisites

There are no pre-requisites required.

## 4. Readings

### Primary Texts:

- a. Pathak, Bharati V., Indian Financial System, Pearson India, Uttar Pradesh.
- b. Khan, M.Y., Indian Financial System, Tata McGraw Hill, New Delhi.
- c. Singh, Preethi, Dynamics of Indian Financial System, Ane Books, New Delhi
- d. Bhattacharyya, S., Indian Financial System, Oxford University Press, New Delhi.

- e. Guruswami, S., Capital Markets, Tata McGraw Hill, New Delhi
- f. Avadhani, V. A., Investment and Securities Market in India, Himalaya Publishing House.

## **5. Module-wise topics**

### **Module 1: Overview of Indian Financial System (12 hours)**

#### **Topic:**

- Savings and Investment
- Components of Indian Financial System
- Recent Developments in the Indian Financial System
- Indian Financial Institutions
- Financial Markets: Capital Market and Money Market Instruments
- Indian Money Market
- Indian Financial Regulation: RBI and SEBI
- Financial Services in India (a brief study)

#### **Learning Outcome:**

- Students will have an awareness on the various components of Indian Financial System

### **Module 2: Primary Market (9 hours)**

#### **Topic:**

- Functions of New Issue Market
- Methods of New Issue - IPO - FPO - ASBA- Green Shoe Option- Public Issue - Bonus Issue- Right Issue- Preferential Issue of Shares - Private Placement-Book Building – ESOP
- Venture Capital
- Indian Depository Receipts
- Intermediaries in the New Issue Market
- Registrars to the Issue-Brokers to the Issue - Bankers to the Issue - Underwriters
- Qualified Institutional Placement and Qualified Institutional Buyers
- Innovative Financial Instruments
- Disinvestment of PSU

- Performance of Primary Market in India

**Learning Outcome:**

- Students will understand happenings in the Primary Market.

**Module 3: Secondary market (9 hours)**

**Topic:**

- Role and Functions of Stock Exchanges
- Listing of Securities
- Stock Exchanges in India
- Members of the Stock Exchanges
- Methods of Trading in a Stock Exchange
- Online Trading
- Depositories – Role - Mark to Market System - Stock Market Indices
- Type of Speculators- Speculative Transactions in Stock Exchanges - Insider trading – SEBI Regulations
- Foreign Institutional Investors in Securities market- Foreign Portfolio Investment

**Learning Outcome:**

- Students will understand happenings in the Stock Exchanges.

**Module 4: Mutual Funds (8 hours)**

**Topic:**

- Mutual Funds: Meaning- Objectives- Advantages
- Classification of Mutual Funds - Exchange Traded Fund
- Constitution and Management of Mutual Funds in India
- Advantages and limitations of Mutual Funds policies.
- Role of Unit Trust of India
- Concept of Portfolio management

**Learning Outcome:**

- Students will be aware about the Mutual Fund and Concept of portfolio.

**Module 5: Derivative Market (7 hours)**

**Topic:**

- Derivatives: Features and Hedging of risk

- Forwards – Futures – Options – Swaps
- Derivative Market in India
- Commodity Futures - Major Commodity Exchanges in India

**Learning Outcome:**

- Students will get an introductory knowledge of Derivatives and Derivative Market in India

## 6. Pedagogy

This course will be delivered through lecture and discussion-oriented method. The suitable case studies in relation to Indian Financial system will be discussed in the class and field exposure will be given to the students. Throughout the semester, students will make various small presentations of different current topics in Indian Financial System.

## 7. Evaluation Pattern

<b>Components</b>	<b>Weightage</b>
Mid semester Exam	25%
Assignment	20%
Student presentation/Quizzes	15%
End semester exam	40%
<b>Total</b>	<b>100%</b>