

**Banking and Finance II**  
**Indian Financial System**

<b>Semester V</b>	<b>Subject Code: C 51706</b>	<b>Lectures: 60</b>
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**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.

<b>Unit 1: Financial System</b>	<b>06</b>
<ul style="list-style-type: none"> <li>• Financial System           <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Structure</li> <li>○ Role</li> </ul> </li> <li>• Constituents of the Financial System           <ul style="list-style-type: none"> <li>○ Financial Markets: Money Market, Capital Market, Foreign Exchange Market and Commodity Market</li> <li>○ Financial Institutions: Banking Finance Institutions and Non Banking Finance Institutions</li> <li>○ Financial Assets</li> <li>○ Financial Services</li> </ul> </li> <li>• An Overview of the Indian Financial System</li> </ul>	

<b>Unit 2: Derivatives in the Financial Markets</b>	<b>10</b>
<p>Derivatives</p> <ul style="list-style-type: none"> <li>• Meaning and Definition</li> <li>• Types of Financial Derivatives           <ul style="list-style-type: none"> <li>○ Forwards</li> <li>○ Futures</li> <li>○ Options</li> <li>○ Swaps</li> </ul> </li> <li>• Benefits of Derivatives</li> </ul>	

<b>Unit 3: Indian Money Market</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Indian Money Market           <ul style="list-style-type: none"> <li>○ Structure</li> <li>○ Features</li> </ul> </li> <li>• Sub-markets and Instruments of the Indian Money Market</li> </ul>	

<ul style="list-style-type: none"> <li>○ Call/Notice Money Market</li> <li>○ Commercial Bills Market</li> <li>○ Treasury Bills Market</li> <li>○ Commercial Paper (CP) Market</li> <li>○ Certificate of Deposit (CD) Market</li> <li>○ Repos and Reverse Repos Market</li> <li>○ Money Market Mutual Funds (MMMFs) Market</li> <li>● Institutions in the Indian Money Market <ul style="list-style-type: none"> <li>○ Discount and Finance House of India Ltd. (DFHI)</li> <li>○ Securities Trading Corporation of India Ltd. (STCI)</li> <li>○ Primary Dealers (PDs)</li> <li>○ Satellite Dealers (SDs)</li> </ul> </li> <li>● Limitations of the Indian Money Market</li> <li>● Reforms in the Indian Money Market, post 1991</li> </ul>	
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<p><b>Unit 4: Indian Capital Market</b></p>	<p><b>12</b></p>
<ul style="list-style-type: none"> <li>● Indian Capital Market <ul style="list-style-type: none"> <li>○ Features</li> <li>○ Structure</li> </ul> </li> <li>● Constituents of Indian Capital Market <ul style="list-style-type: none"> <li>○ Industrial Securities Segment</li> <li>○ Government Securities Segment</li> </ul> </li> <li>● Participants in the Indian Capital Market</li> <li>● Instruments in the Indian Capital Market</li> <li>● Stock Exchanges in India <ul style="list-style-type: none"> <li>○ Bombay Stock Exchange Ltd.</li> <li>○ National Stock Exchange Ltd.</li> <li>○ Over-The-Counter-Exchange of India Ltd.</li> <li>○ Global Stock Exchanges – An Overview</li> </ul> </li> <li>● Stock Indices in India <ul style="list-style-type: none"> <li>○ SENSEX - Meaning</li> <li>○ Methodology for Calculation</li> <li>○ Nifty – Meaning</li> <li>○ Methodology for Calculation</li> <li>○ Full Market Capitalization versus Free Float Market Capitalization</li> </ul> </li> <li>● Limitations of Indian Capital Market</li> <li>● Reforms in the Indian Capital Market, post 1991.</li> </ul>	

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

**\*Assignments and library hours – 12 hours**

**Recommended Books (Semester V):**

- Machiraju H.R.: “*Indian Financial System*” New Delhi: Vikas Publications, 2006.
- Khan M.Y. “*Indian Financial System*”, New Delhi: Tata McGraw-Hill Publishing Company Ltd. Latest Ed.
- Bhole L. M.: “*Financial Institutions and Markets Structure, Growth and Innovations*”, New Delhi: Tata McGraw Hill Publishing Company Ltd., Latest Ed.
- 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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- Kothari Rajesh. “*Financial Services in India Concept and Application*”, New Delhi, Sage Publications. 2010.
- Saunders Anthony and Cornett Marica Millon “*Financial Markets and Institutions - An Introduction to the Risk Management Approach*”. 3<sup>rd</sup> Ed
- VOICE New Century, edited by Prof. Sri Ram Khanna. “*Financial Markets in India and Protection of Investors.*”
- Frederic Mishkin and Stanley Eakins. “*Financial Markets and Institutions*”. 2006. Pearson 5<sup>th</sup> Edition.

**Webliography (Semester V):**

- [www.rbi.org.in](http://www.rbi.org.in)
- [www.sebi.gov.in](http://www.sebi.gov.in)
- [www.bseindia.com](http://www.bseindia.com)
- [www.nseindia.com](http://www.nseindia.com)
- [www.otcei.net](http://www.otcei.net)

**Dailies (Semester V):**

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

**Banking and Finance II**  
**Financial Services in India**

<b>Semester VI</b>	<b>Subject Code: C 61706</b>	<b>Lectures: 60</b>
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**Objectives:**

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

<b>Unit 1: Financial Services</b>	<b>06</b>
<ul style="list-style-type: none"> <li>• Financial Services           <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Features and Functions</li> </ul> </li> <li>• Kinds of Financial Services           <ul style="list-style-type: none"> <li>○ Asset based/Fund based services</li> <li>○ Fee based/Advisory services</li> </ul> </li> <li>• Financial Services Market           <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Constituents</li> </ul> </li> <li>• Financial Regulation/Regulators           <ul style="list-style-type: none"> <li>○ IRDA (Malhotra Committee)</li> <li>○ NHB</li> <li>○ SEBI</li> </ul> </li> </ul>	

<b>Unit 2: Asset based/Fund based services -I</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Insurance :           <ul style="list-style-type: none"> <li>○ Meaning</li> <li>○ Types of Insurance: Life Insurance and General Insurance</li> <li>○ Types of Life Insurance and General Insurance Products</li> <li>○ 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.</li> <li>○ Life Insurance and General Insurance Companies in India</li> </ul> </li> <li>• Mutual Funds           <ul style="list-style-type: none"> <li>○ Definition and Features</li> <li>○ Advantages and Disadvantages of Mutual Funds</li> <li>○ Types of Mutual Fund Schemes</li> <li>○ Terms related to Mutual Funds</li> </ul> </li> </ul>	

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

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

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

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