

<b>Semester: VII</b>				
<b>Programme: Bachelor of Management Studies (BMS)</b>				
<b>Course: Financial Institutions &amp; Market</b>				
<b>Paper code: C4BMS2373F</b>				<b>Credits: 4</b>
<b>Category: Major</b>				
<b>Type: Theory</b>				
<b>No of Modules: 7</b>				
<b>Course Overview:</b> The course aims to make students aware of the evolving landscape of banking in India. It also aims to explain the role, structure, performance, and current problems faced by the banking sector in India. It also tries to throw light on the prospects and role of the banking sector. Students are expected to study current affairs and events in the money and capital markets at the national and international levels.				
<b>Course Outcome:</b>				
<ol style="list-style-type: none"> <li>1. Provide an insight to students into the functions and roles of the varied and multiple constituents of the Indian financial system.</li> <li>2. Lay out a firm theoretical foundation of studies in the field of banking, capital market, and financial services.</li> <li>3. Enable students to understand the latest developments in the rapidly changing scenario of the Indian financial System.</li> <li>4. Help the students to understand the role of financial system regulators and their major players.</li> <li>5. Comprehend and grasp the different mechanisms and channels for raising finance, which enable a modern economy to operate.</li> </ol>				
<b>Prerequisites: Basic knowledge of any prior course</b>				
<b>SYLLABUS</b>				
<b>Unit/ Module</b>	<b>Content</b>	<b>Number of Classes</b>	<b>CO Mapping</b>	<b>Cognitive Level</b>
<b>1</b>	<b>Introduction to Financial System</b> 1.1 Meaning, Functions and Structure of Financial System; Relationship between Financial System and Economic Development. 1.2 An overview of the Indian financial system; Major reforms in the last decade: Payment banks, GST, innovative remittance services; Regulatory Institutions in India: RBI, SEBI, IRDA, PFRDA	3	CO1, CO3	K1-K2
<b>2</b>	<b>Financial Institutions: (Banks &amp; NBFCs)</b> 2.1 Commercial Banks- Profile of Scheduled Commercial Banks (SCBs); Post Reform Progress – Profitability of Banks, Valuation and operation of investment portfolios by banks, Management of Non-Performing Assets, Prudential Norms Relating to Capital Adequacy, Risk Management in Banks. 2.2 Developments in Indian Banking– Overview of Basel Norms I, II, III; Consolidation, Financial Inclusion and KYC Norms, Recapitalization of Banks 2.3 Changing role of Digital Payments in India- Pre-& Post Covid Scenario 2.4 Regional Rural Banks– Objectives, Features, RBI Assistance 2.5 Role of Small Finance & Payment Banks 2.6 Changing role of Monetary Policy and Inflation Targeting Non-Banking Financial Institutions	10	CO2, CO5	K1, K2, K4

	<p>2.7 Non-Banking Financial Companies (NBFC)- Meaning, importance; RBI's Classification of NBFCs, comparison between Banks and NBFCs</p> <p>2.8 Universal Banking: need and importance, Core Banking Solution (CBS)</p>			
3	<p><b>Financial Markets</b></p> <p>3.1 Introduction to Financial Markets in India: Role and Importance of Financial Markets, Types of Financial Markets.</p> <p>3.2 Integration of Indian Financial Markets with Global Financial Markets.</p> <p>3.4 Regulatory Framework for Financial Markets (SEBI, IRDA, FEMA).</p>	3	C04, C05	K1, K2
4	<p><b>Money Market</b></p> <p>1.3 Structure, Functions, and Significance of Money Market, Characteristics, and Instruments.</p> <p>1.4 Structure of money market and its mechanism: Call Money Market; Treasury Bill Markets, Certificate of Deposit and Commercial Paper (Theory with numerical), Repos and reverse Repo concepts, Money Market Mutual Fund</p> <p>1.5 Recent developments of money market.</p>	10	C02, C05	K1, K2, K4
5	<p><b>Capital Market</b></p> <p>5.1 Capital market – Concepts, Significance, Structure, Functions, Characteristics, Participants and Instruments; Primary and Secondary Market-Meaning, Functions</p> <p>5.2 Primary Market: Methods of floatation of Capital –IPO's and FPO's; Private Placements, Rights Issue, Bonus Issue; Public issue mechanism: fixed price, book building and pure auction mechanism, book building mechanism: book-building process and role of various intermediaries including merchant bankers as BRLMs, deciding upon the price band, determining cut-off price, red herring prospectus, application supported by blocked amount (ASBA) procedure; categories of investors: retail individual investors (RIIs), non-institutional investors (NIIs), and qualified institutional buyers (QIBs) including anchor investors; Investor protection in primary market, SEBI in capital market-objectives, role, functions and powers; Recent trends in primary market.</p> <p>5.3 Secondary Market: Introduction to Stock Markets, an overview of leading stock exchanges: NSE, BSE, Few international stock exchanges International Stock Exchanges; Demutualization of exchanges; Major Instruments traded in stock markets: Equity Shares, Debentures, and Exchange Traded Funds; Process of trading of securities on a stock exchange; Different trading systems- BOLT and NEAT System; Trading cycle (T+2); Types of settlements under the depository system: off-market transaction, settlement of market transaction, rolling settlement cycles, margin trading and margin adjustment; Pay-in and pay-out, Bad</p>	18	C02, C05	K1, K2, K4

	Delivery, Short delivery, Auction; Indian Stock Indices and their construction, index with numerical, free float vs. full float methodology; Factors influencing the movement of stock markets, indicators of maturity of stock markets			
6	<b>Debt Market</b> 6.1 Introduction and meaning of Debt Market, Type 6.2 Primary Market for Corporate Securities in India: Issue of Corporate Securities. 6.3 Secondary market for government/debt securities (NDS-OM), Auction process, Corporate Bonds vs. Government Bonds.	3	CO2, CO5	K1, K2, K4
7	<b>Derivative Market</b> 7.1 Concept of Derivative Market, type 7.2 Instrument traded in the Derivative market, Overview of the mechanism of different instruments	3	CO2, CO5	K1, K2, K4

### Text Books

1. Khan, M. Y., Financial Services. McGraw Hill Education.
2. Frederic S. Mishkin, Stanley G. Eakins. Financial Markets and Institutions, Pearson
3. Bhole L.M. and Mahakud J., Financial Institutions and Markets: Structure, Growth and Innovations. McGraw Hill Education, Chennai, India
4. E. Gordon, K. Natarajan: Financial Markets and Institutions, Himalaya Publishing House
5. Jeff Madura, Financial Institutions and Markets, Cengage Learning EMEA
6. Vinod Kumar et al. Financial Markets, Institutions and Services, Taxmann

### Suggested readings

1. Saunders, Anthony & Cornett, Marcia Millon (2007). Financial Markets and Institutions (3rd ed.). Tata McGraw Hill
2. Pathak, Bharati V., Indian Financial System: Markets, Institutions and Services, Pearson education
3. Meir G. Kohn, Financial Institutions and Markets, Oxford University Press
4. Fabozzi, Frank J. and Modigliani, Franco, Capital Markets: Institutions and Markets, Prentice Hall of India, New Delhi
5. David S. Kidwell et al. Financial Institutions, Markets, and Money.

### Web Resources

#### ➤ e-book/Journal Article:

1. "Globalization and Integration of Financial Markets" – IMF  
<https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Financial-Markets>
2. "Report on Trend and Progress of Banking in India" – RBI (Annual)  
<https://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India>
3. Basel Committee Publications. <https://www.bis.org/bcbs/>
4. "The Pricing of Options and Corporate Liabilities". <https://www.jstor.org/stable/1831029>
5. NSE Research Papers on Derivatives <https://www.nseindia.com/research/research-reports>

#### ➤ Other web resources:

1. RBI Bulletin (Various Issues on Financial Reforms) [www.rbi.org.in](http://www.rbi.org.in)
2. RBI Working Paper on NPAs <https://www.rbi.org.in/scripts/PublicationsView.aspx?id=18869>
3. Capital market rules. <https://www.sebi.gov.in>
4. Market data, derivatives. <https://www.nseindia.com> ; <https://www.bseindia.com/>

**Course outcomes (COs) and Cognitive Level Mapping**

<b>COs</b>	<b>CO Description</b>	<b>Cognitive levels</b>
<b>C01</b>	Insight into Financial System	K1, K2
<b>C02</b>	Understanding of Banking, Markets & Services	K1, K2, K4
<b>C03</b>	Understanding of Contemporary Financial Developments	K2, K3
<b>C04</b>	Understanding of Financial Market Structure	K1 – K5
<b>C05</b>	Understanding the Financing Mechanisms	K1 – K5