

17BB323-FINANCIAL MARKETS AND INSTITUTIONS

Course Objective:

This course is intended to help you understand the role of financial institutions and markets play in the business environment. To acquire the skills necessary to manage a financial firm, to describe and apply financial concepts, theories, and tools, and to evaluate the role of technology and the legal, ethical and economic environment as it relates to financial institutions

Course Outcomes:

At the end of this course students should be able to

- To enable the students to understand the flow of funds from savers to investors, thereby promoting economic efficiency.
- To provide knowledge on Market activity and its effects on personal wealth, the behavior of business firms, and economy as a whole
- Explain domestic financial markets and institutions and how firms obtain funds in the financial markets and at what cost.

UNIT - I

Role of Financial Markets and Institutions-Overview of Financial Markets, Securities Traded in Financial Markets, Financial Market Regulation, Financial Market Globalization, Role of Financial Institutions in Financial Markets,

UNIT - II

Financial markets- Structure, Participants, Trend - Role of central bank and commercial banks-Capital market- Instruments, Players, trading - Primary and secondary market - Role of stock exchanges and stock indices.

UNIT - III

Fixed Income securities market - Structure and trends - G-sec market - Call Money Market, TB Market, Repo and CBLO, Bonds market, trading in G-sec market- Interest rate - theories, determinants, dynamics of short term and long term rates.

UNIT - IV

Financial Institutions- Types of financial institutions-Depository institutions- Commercial banks-Intermediation-Customization of loans

UNIT - V

Financial Regulation-Banking Industry: Structure and Competition-The Mutual Fund Industry-Insurance Companies and Pension Funds-Investment Banks, Security Brokers and Dealers, and Venture Capital Firms.

Skill Development:

(These activities are only indicative, the Faculty member can innovate)

1. To collect information regarding the various services offered by banks.
2. To track the changes in services offered by banks over the years.
3. To collect a sample tripartite lease agreement.

2. To collect complete details regarding companies funded by venture capitalists.
3. To study the role of derivatives in financial markets.
4. To visit a bank and collect information regarding the risk management tools offered by them with respect to derivatives.
5. To collect information on NASDAQ, Nifty, Sensex.
6. To submit a mock business proposal to venture capitalists.

TEXT BOOKS:

1. Pathak, Bharati V., Indian Financial System: Markets, Institutions and Services, Pearson education (Singapore), New Delhi, Second edition, 2008.
2. Saunders, Anthonu and Cornett, Marcia Millon, Financial markets and Institutions: An Introduction to the risk management approach, McGrawHill, Irwin, New York,2007.

REFERENCE BOOKS:

1. Bhole, L.M. , Financial institutions and Markets: Structure, Growth and Innovations, McGrawHill, New Delhi, Fourth edition, 2008.
2. Fabozzi, Frank J. and Modigliani, Franco, Capital Markets: Institutions and Markets, Prentice Hall of India, New Delhi, Third edition, 2005.