

## **SEMESTER – VI**

### **PAPER- 6.2**

#### **Financial Institution and Market**

**Full Marks:100**

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**Objective:** The objective of this paper is to introduce students to the different aspects and components of financial Institutions and financial markets. This will enable them to take the rational decision in financial environment.

#### **Course Content:**

##### **Unit I:**

##### **Structure of Indian Financial System:**

An overview of the Indian financial system, financial sector reforms: context, need and objectives

##### **Financial Service:**

Banks (Concept, Regulation, Salient provisions of banking regulation act and RBI Act; Role of RBI as a central banker, Products offered by Banks, Retail banking and corporate banking products. Universal Banking: need, importance, trends and RBI guidelines, Core banking solution (CBS); RTGS and internet banking)

**NBFCs:** Concepts and its types; comparison between Banks and NBFCs [6+6+3=15L]

##### **Unit II:**

##### **Introduction to Financial Markets in India:**

Concept, Role and Importance, Structure, Factors affecting Financial Markets, Linkages Between Economy and Financial Markets, Integration of Indian Financial Markets with Global Financial Markets.

[5L]

##### **Unit III:**

##### **Money Market:**

Meaning, role and participants in money markets, Segments of money markets, Call Money Markets, Repos and reverse Repo concepts, Treasury Bill Markets, Market for Commercial Paper, Commercial Bills and Certificate of Deposit. Role of STCI and DFHI in money market.

[10L]

##### **Unit IV:**

##### **Capital Market:**

Primary (Functions, Methods of Capital Issues, Preferential Issue of Shares, Venture Capital, Private Equity, Performance of Primary Market in India, Role of Intermediaries, Employees Stock Options)& secondary market (Introduction to Stock Markets, Regional and Modern Stock Exchanges, International Stock Exchanges, Demutualization of exchanges, Comparison between NSE and BSE), Primary Market for Corporate Securities in India: Issue of Corporate Securities: Public Issue through Prospectus, Offer documents, Green shoe option, Minimum subscription, Offer for sale, Private Placement, Rights Issue, On-Line IPO, IPO Grading (concept), Pricing of shares including Book Building of Shares, Indian Stock

Indices and their construction, maintenance, adjustment for corporate actions (rights, bonus and stock split;) on index with numerical, free float vs. full float methodology, Classification of Securities to be included in the Index, Bulls and Bears in Stock Markets, Factors influencing the movement of stock markets, indicators of maturity of stock markets, Major Instruments traded in stock markets: Equity Shares, Debentures, Trading of securities on a stock exchange; Selection of broker, capital and margin requirements of a broker, MTM, kinds of brokers, opening of an account to trade in securities, DEMAT System, placing an order for purchase/sale of shares, margin trading and margin adjustment, Rolling settlement cycle, contract note and settlement of contracts, Settlement mechanism at BSE & NSE, Corporate listing [30L]

**Debt Market:**

Introduction and meaning, role and functions of these markets. Market for Government/Debt Securities in India, Secondary market for government/debt securities, over-subscription and devolvement of Government Securities, Government securities issued by State Governments, Municipal Bonds, Corporate Bonds vs. Government Bonds. [10L]

**Readings:**

1. Saunders, Anthony & Cornett, Marcia Millon (2007). *Financial Markets and Institutions* (3rd ed.). Tata McGraw Hill
2. Khan, M Y. ( 2010). *Financial Services* (5th ed.). McGraw Hill Higher Education
3. Shahani, Rakesh( 2011). *Financial Markets in India: A Research Initiative*. Anamica Publications
4. Goel, Sandeep. (2012). *Financial services*. PHI.
5. Gurusamy, S. (2010). *Financial Services*. TMH