
FINANCIAL INSTITUTIONS AND MARKETS**Course 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.

Learning Outcomes:

1. Financial architecture of an economy and its key players.
2. The fabrication of Indian Financial markets.
3. Working of Capital market, debt market, money market in India

Detailed Syllabus:**Unit 1.1: Structure of Indian Financial System****(6L+9L=15L)**

- Introduction—savings, investments and finance, an overview of the Indian financial system, Global and Indian financial system, financial system and economic development, financial markets structure, financial sector reforms: context, need and objectives.

Unit 1.2: Financial Institutions and Services

- Role of financial institutions, overview of financial institutions in India, present banking structure in India, recent developments, 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); internet banking (RTGS, NEFT & IMPS), concept and role of NBFCs, structure of NBFCs
- Financial services: fee-based, fund-based

Unit: 2: Introduction to Financial Markets in India**(5L)**

- Concept, role and importance, structure, factors affecting financial markets, linkages between economy and financial markets, integration of Indian financial markets with global financial markets.

Unit 3: Money Market**(10L)**

- Introduction, money market and bank, money market and the economy, money market instruments: call or notice money, treasury bills, commercial papers, commercial bills, certificates of deposit, re-purchase agreements, money market and the RBI, money market mutual funds (MMMFs), role of primary dealers in money market (STCI and DFHI), Satellite Dealers

Unit 4.1: Capital Markets**(32L + 8L = 40L)**

- Primary Market: Introduction, issue of securities: public issues (IPOs & FPOs, fresh issue of securities & offer for sale), rights issue, bonus issue, private placement (preferential allotment, & qualified institutional placement), ADRs, GDRs, IDRs, categories of investors: retail individual investors (RIIs), non-institutional investors (NIIs), and qualified institutional buyers (QIBs) including anchor investors, 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, IPO grading process in India, green shoe option operation in public issues

- Secondary Market/ Stock Market: Introduction, an overview of leading stock exchanges: NSE, BSE, Few international stock exchanges, demutualization of exchanges, comparison between NSE and BSE, various intermediaries: stock brokers, sub-brokers, depositories: NSDL & CDSL, depository participants, registrar and transfer agents, custodians, clearing corporation/house, FPIs, etc., demat account and freezing of demat account, dematerialization and re-materialization process of securities, stock exchange online trading through depository system, trading and settlement of securities at BSE & NSE under the depository system: off-market transaction, settlement of market transaction, rolling settlement cycles, margin trading and margin adjustment, bulls and bears, factors influencing the movement of stock markets, indicators of maturity of stock markets, index with numerical, free float vs. full float methodology

Unit 4.2: Debt Markets

- Introduction, meaning, role and functions of debt market, structure of the Indian debt market: corporate and government debt market, public sector units (PSU) bonds market, participants in the debt market, debt market instruments, secondary market for government/debt securities.

References:

1. Saha, S.S. (2021). Indian Financial System (Financial Markets, Institutions and Services) (2nd ed.) McGraw-Hill Education (India) Pvt. Ltd.
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3. Pathatak, B.V, Indian Financial System, Pearson Education.
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7. Khon,M, Financial Institutions and Markets, McGraw-Hill Education (India) Pvt. Ltd.