

SEMESTER-VII

COURSE 16: FINANCIAL INSTITUTIONS AND MARKETS

Theory

Credits: 4

4 hrs/week

Course objectives:

The main objective of this course is to familiarize the student with the financial institutions, markets, and regulations. The study of this course helps students to learn the role of different international financial institutions in the economic development of the country. Further the study of the course enables the students to learn the role of primary market, capital market and money market in the economic development of the nation.

Learning outcomes:

- To familiarize about financial institutions, markets and regulations
- To learn about various Indian financial institutions and regulatory framework
- To understand about International financial institutions
- To analyse capital market and their evolution and developments
- To illustrate money market and derivative market

Syllabus:

Unit 1: Functions of Financial System:

An overview of Indian Financial System – Constituents of Indian Financial System – Role and functions of participants in the Financial markets – Factors impacting the dynamics of Financial system (Theory).

Unit 2: Financial Institutions: Indian Banking System:

An overview – Recent Developments; Banking Institutions – Classification of Banks. Role of Reserve Bank of India, NABARD, Regulatory issues of banking institutions: Non-Banking Institutions – Role of NBFCs in the economic development – Types of NBFCs – Regulatory Framework of NBFCs.

Unit 3: International Financial Institutions:

Overview of Global Financial Institutions – Role of International Bank for Reconstruction and Development (IBRD) – International Monetary Fund (IMF), Asian Development Bank (ADB), and European Central Bank (ECB) – Bank for International Settlement (BIS) – New Development Bank (NDB) formerly referred to as the BRICS Development Bank.

Unit 4: Capital Market:

Evolution and development of Capital Market, Future trends, Components of Capital Markets – Primary market and Secondary market, Equity and debt, Domestic Institutions and Foreign institutions, Role of Stock Exchange Depositories; Regulatory framework – Role of SEBI, RBI, Ministry of Finance, IRDA.

Unit 5: Introductory Concepts:

Money Market, Importance, Composition and Constituents, Instruments of Money Market; Commodity Markets – Structure, Operations, Trends; Derivatives Market – Structure, Operations, Trends; Foreign Exchange Market – Structure, Operations, Trends.

Practical Components:

- Students should learn the concept of Indian financial system and role, functions of participants in the financial markets.
- All the students should learn the classification of banks and the role of Reserve bank of India, NABARD regarding the regulatory issues.
- Students should form into teams and prepare presentations on the topics in the syllabus and provide them as assignments or seminars
- All the students should make teams for the group discussions on different international financial institutions.
- Students should analyse the overview of global financial institutions
- All students should learn evolution and development of capital market.

Reference Books

1. L.M. Bhole – Financial Market and Institutions
2. M.Y. Khan – Indian Financial System
3. Vasant Desai – Development Banking–Issues and Options, Himalaya Pub.
4. M.Y. Khan – Industrial Finance, Tata McGraw Hill Publishers.
5. L.C. Gupta – The Changing Structure of Industrial Finance in India, Oxford University Press
6. Avadhani – Marketing of Financial Services, Himalaya Publishing House.