



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

MASTER OF BUSINESS ADMINISTRATION

COURSE DESCRIPTOR

Course Title	FINANCIAL SERVICES AND SYSTEMS				
Course Code	CMB406				
Programme	MBA				
Semester	III				
Course Type	Professional Elective-III				
Regulation	IARE - R16				
Course Structure	Theory			Practical	
	Lectures	Tutorials	Credits	Laboratory	Credits
	3	-	3	-	-
Chief Coordinator	Ms. S. Lakshmi, Assistant Professor				
Course Faculty	Ms. S. Lakshmi, Assistant Professor				

I. COURSE OVERVIEW:

The primary objective of this course is the operation of the financial services industry, the products and services available, and how they are effectively marketed to satisfy the needs of consumers. Topics include an overview of the financial services industry; career progression as a financial representative; branch operations and online banking; types of bank accounts and foreign exchange services; types of consumer credit including residential mortgages, credit cards, vehicle loans and leasing, personal loans, home equity loans, lines of credit, student loans, and Registered Retirement Saving Plan loans; mortgage lending; credit assessment and calculating the cost of borrowing; responsible use of credit and personal bankruptcy; overview of business financial services; client personal, need, and financial assessment; marketing financial services; and customer service.

II. COURSE PRE-REQUISITES:

Level	Course Code	Semester	Prerequisites	Credits
PG	CMB308	II	Banking, Insurance and Risk management	3

III. MARKS DISTRIBUTION:

Subject	SEE Examination	CIA Examination	Total Marks
Financial Service and Systems	70 Marks	30 Marks	100

IV. DELIVERY / INSTRUCTIONAL METHODOLOGIES:

✓	Chalk & Talk	✗	Quiz	✓	Assignments	✗	MOOCs
✓	LCD / PPT	✓	Seminars	✗	Mini Project	✗	Videos
✗	Open Ended Experiments						

V. EVALUATION METHODOLOGY:

The course will be evaluated for a total of 100 marks, with 30 marks for Continuous Internal Assessment (CIA) and 70 marks for Semester End Examination (SEE). Out of 30 marks allotted for CIA during the semester, marks are awarded by taking average of two CIA examinations or the marks scored in the make-up examination.

Semester End Examination (SEE): The SEE is conducted for 70 marks of 3 hours duration. The syllabus for the theory courses is divided into five units and each unit carries equal weight age in terms of marks distribution. The question paper pattern is as follows. Two full questions with “either” or “choice” will be drawn from each unit. Each question carries 14 marks. There could be a maximum of two sub divisions in a question.

The emphasis on the questions is broadly based on the following criteria:

50 %	To test the objectiveness of the concept.
50 %	To test the analytical skill of the concept OR to test the application skill of the concept.

Continuous Internal Assessment (CIA):

CIA is conducted for a total of 30 marks (Table 1), with 25 marks for Continuous Internal Examination (CIE), 05 marks for Alternative Assessment Tool (AAT).

Table 1: Assessment pattern for CIA

Component	Theory		Total Marks
	CIE Exam	AAT	
CIA Marks	25	05	30

Continuous Internal Examination (CIE):

Two CIE exams shall be conducted at the end of the 8th and 16th week of the semester respectively. The CIE exam is conducted for 25 marks of 2 hours duration consisting of two parts. Part–A shall have five compulsory questions of one mark each. In part–B, four out of five questions have to be answered where, each question carries 5 marks. Marks are awarded by taking average of marks scored in two CIE exams.

Alternative Assessment Tool (AAT):

Marks shall be awarded considering the average of two quizzes for every course. The AAT may include seminars and assignments.

VI. HOW PROGRAM OUTCOMES ARE ASSESSED:

Program Outcomes (POs)		Strength	Proficiency assessed by
PO1	Managerial skills: Apply knowledge of management theories and practices to solve business problems.	1	Assignments.
PO2	Decision making skills: An ability to analyze a problem, identify, formulate and use the appropriate managerial skills for obtaining its solution.	2	Guest Lectures
PO4	Communication skills: Ability to understand, analyze and communicate global, economic, legal, and ethical aspects of business.	3	Seminars
PO7	Strategic skills: Analyze and formulate managerial strategies to sustain in dynamic global business environment.	3	Assignments

3 = High; 2 = Medium; 1 = Low

VII. COURSE OBJECTIVES :

The course should enable the students to:	
I	Understand the financial system and financial services scenario.
II	Apply factoring, leasing, venture capital concepts.
III	Emphasize merchant banking and capital budgeting methods.
IV	Aware on the importance of finance for economic well-being.
V	Familiarize the students to basics of business, management, the legal environment and issues relating to governance and ethics

VIII. COURSE LEARNING OUTCOMES (COs):

CO Code	CO's	At the end of the course, the student will have the ability to:	PO's Mapped	Strength of Mapping
CMB406.01	CO 1	Gain knowledge about management of financial products and services.	PO1,PO2, PO4	2
CMB406.02	CO 2	Assess the importance of various traditional and modern financial services.	PO 4,PO7	3
CMB406.03	CO 3	Obtain an insight in the concept of leasing and ability to evaluate financially to make lease or buy decisions.	PO2,PO4,	3
CMB406.04	CO 4	Assess the significance of hire purchase along with the tax and legal framework.	PO1,PO4	2
CMB406.05	CO 5	Estimate the relevance of factoring in the financing of the business and critically evaluate the financial aspects of factoring for decision making.	PO1,PO4,PO7	2
CMB406.06	CO 6	Interpret the RBI guidelines and Sundaram committee recommendations on factoring.	PO2,PO7	3
CMB406.07	CO 7	Identify the characteristics of Bill discounting and its legal aspects and realize the discount charges and effective interest rates.	PO1,PO4	2
CMB406.08	CO 8	Comprehend the notion behind Venture capital financing, its process	PO2	2

CO Code	CO's	At the end of the course, the student will have the ability to:	PO's Mapped	Strength of Mapping
		and funding and entry strategies of venture capital financing.		
CMB406.09	CO 9	Recognize and use the valuation of venture capital financing methods in the start-up business along with the regulatory frame work.	PO2,PO4, PO7	3
CMB406.10	CO 10	Discern the knowledge of evolution of merchant banking, its functions and eligibility norms.	PO 1	1
CMB406.11	CO 11	Ascertain the process of new issue management, initial public offering, SEBI guidelines relating to new issues of securities.	PO1,PO4,	2
CMB406.12	CO 12	Demonstrate the concept of credit rating, symbols and grades, and its advantages.	PO1,PO2	2

3 = High; 2 = Medium; 1 = Low

IX. MAPPING COURSE LEARNING OUTCOMES LEADING TO THE ACHIEVEMENT OF PROGRAM OUTCOMES AND PROGRAM SPECIFIC OUTCOMES:

Course Outcomes	Program Outcome							
	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8
CO 1	1	2		3				
CO 2				3			3	
CO 3		2		3				
CO 4	1			3				
CO 5	1			3			3	
CO 6		2					3	
CO 7	1			3				
CO 8		2						
CO 9		2		3			3	
CO 10	1							
CO 11	1			3				
CO 12	1	2						

3 = High; 2 = Medium; 1 = Low

X. ASSESSMENT METHODOLOGIES – DIRECT

CIE Exams	PO 1, PO 2, PO 4, PO 7	SEE Exams	PO 1, PO 2, PO 4, PO 7	Assignments	PO 1, PO 7	Seminars	PO 4
Laboratory Practices	-	Student Viva	-	Mini Project	-	Certification	-
Term Paper	-						

XI. ASSESSMENT METHODOLOGIES - INDIRECT

✓	Early Semester Feedback	✓	End Semester OBE Feedback
✗	Assessment of Mini Projects by Experts		

XII. SYLLABUS

UNIT-I	FINANCIAL SYSTEM
Financial system: growing importance of financial services in financial system, classification traditional and modern view, fund based and non-fund based services, financial engineering, need for innovation, new financial products and services, an overview of Indian financial services sector scenario.	
UNIT-II	CONCEPT OF LEASING
Concept of leasing: classification, rationale, advantages of leasing, legal aspects, lease documentation and contract, tax and accounting aspects of leasing, financial evaluation of leasing, net present value (NPV) and internal rate of return (IRR) approaches, break even lease rental, lease v/s buy decisions hire purchase concept and features, legal and tax frame work, financial evaluation of hire purchase, hire purchase mathematics, flat and effective interest rates.	
UNIT-III	FACTORING
Factoring concept and features, classification, functions of factor, legal aspects, financial evaluation of factoring, decision analysis for factoring, factoring scenario in India, kalian sundaram committee. Reserve bank of India(RBI) guidelines. Bill discounting, concept and characteristics, process of bill discounting, legal aspects, parties involved and their legal obligations, financial aspects, calculation of discount charges and effective interest rates.	
UNIT-IV	VENTURE CAPITAL FINANCING
Venture capital financing, concept and features, venture capital funding process, funding and entry strategies of venture capital financing, structuring of venture capital financing, valuation of venture capital financing conventional valuation method, first Chicago method, revenue multiplier method, exit strategies of venture capital financing ventures capital financing scenario in India, regulatory frame work of venture capital financing.	
UNIT-V	MERCHANT BANKING
Merchant banking concept and evolution, functions of merchant banking, eligibility norms, lead manager, underwriter, brokers and bankers to issue, registrar, portfolio managers, new issue management process and stages involved pricing of public issues, book building process, green shoe option initial public offering promoter's contribution, preferential issues, SEBI guidelines relating to new issues of securities, credit rating concept and advantages of ratings, types of ratings, symbols of ratings and grades..	
Text Books:	
<ol style="list-style-type: none"> 1. Meir Kohn, "Financial Institutions and Markets" Oxford University Press, 2009 2nd Ed. 2. Khan. M.Y, "Financial Services Tata McGraw-Hill, Pvt. Ltd.,"2010, 5th Ed ,New Delhi. 3. Gordon and Natarajan, "Financial Markets and Services", 2009, HPH, 7th Ed, Mumbai. 	
Reference Books:	
<ol style="list-style-type: none"> 1. Vasant Desai, "Financial Markets and Financial Services", 2009, HPH, 1st Ed., Mumbai. 2. Punithavathy Pandian, "Financial Services and Markets", 2009, Vikas Publishing House. 3. Mishkin. F.S. and Eakins. S.G., "Financial Markets and Institutions", 2006, 5th edition Pearson Education. 4. Harold L Vogel, "Financial Markets Bubble and Crashes" 1st ed, 2009, Cambridge. 	

XIII. COURSE PLAN:

The course plan is meant as a guideline. Probably there may be changes.

Lecture No	Topics to be covered	Course Outcomes (COs)	Reference
1	Growing importance of financial services in financial system, classification traditional and modern view, fund based and non-fund based services.	CO1	T1:22.5 R1:2.3
2-5	Financial engineering, need for innovation, new financial products and services	CO1	T1:22.5 R1:2.4
6-7	An overview of Indian financial services sector scenario. Concept of leasing: classification, rationale, advantages of leasing, legal aspects, lease documentation and contract.	CO2	T1:22.6 R1:2.6
8-15	Tax and accounting aspects of leasing, financial evaluation of leasing, net present value (NPV) and internal rate of return (IRR) approaches, break even lease rental, lease v/s buy decisions.	CO3	T1:22.7 R1:4.4
16-17	Hire purchase concept and features, legal and tax frame work. Financial evaluation of hire purchase, hire purchase mathematics, flat and effective interest rates.	CO3	T1:22.7 R1:4.10
18-19	Factoring concept and features, classification, functions of factor, legal aspects, financial evaluation of factoring, decision analysis for factoring, factoring scenario in India	CO4	T1:22.8 R1:4.15
20-22	Kalian sundaram committee. Reserve bank of India(RBI) guidelines.	CO4	T1:22.9 R1:5.4
23-24	Bill discounting, concept and characteristics, process of bill discounting, legal aspects, parties involved and their legal obligations.	CO5	T1:22.9 R1:5.8
25-26	Financial aspects, calculation of discount charges and effective interest rates.	CO6	T1:23.10 R1:6.8
27-32	Venture capital financing, concept and features, venture capital funding process, funding and entry strategies of venture capital financing	CO7	T1:23.10 R1:6.13
33-36	Structuring of venture capital financing, valuation of venture capital financing conventional valuation method, first Chicago method, revenue multiplier method.	CO7	T1:23.9 R1:7.5
37-39	Exit strategies of venture capital financing ventures capital financing scenario in India, regulatory frame work of venture capital financing.	CO8	T1:23.10 R1:7.5
40-43	Merchant banking concept and evolution, functions of merchant banking, eligibility norms, lead manager, underwriter, brokers and bankers to issue, registrar, portfolio managers, new issue management process and stages involved pricing of public issues, book building process.	CO8	T1:23.10 R1:8.1
44-46	Green shoe option initial public offering promoter's contribution, preferential issues, SEBI guidelines relating to new issues of securities.	CO9	T1:23.1 R1:9.2
47-51	Credit rating concept and advantages of ratings, types of ratings, symbols of ratings and grades.	CO10	T1:23.1 R1:9.4

XIV. GAPS IN THE SYLLABUS - TO MEET INDUSTRY / PROFESSION REQUIREMENTS:

SNo	Description	Proposed actions	Relevance with PO's
1	Merchant banking and hire purchasing.	Seminars	PO 1
2	Latest Technology updates of financial services about credit cards	Seminars	PO 2
3	For practical knowledge, visit banks to know the procedure and formalities of financial services	Visits	PO 1

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