

## FINANCIAL SERVICES AND SYSTEMS

<b>III Semester: MBA</b>								
<b>Course Code</b>	<b>Category</b>	<b>Hours / Week</b>			<b>Credit</b>	<b>Maximum Marks</b>		
<b>CMB406</b>	<b>Elective</b>	<b>L</b>	<b>T</b>	<b>P</b>	<b>C</b>	<b>CIA</b>	<b>SEE</b>	<b>Total</b>
		3	-	-	3	30	70	100
<b>Contact Classes: 45</b>		<b>Tutorial Classes: Nil</b>		<b>Practical Classes: Nil</b>		<b>Total Classes: 45</b>		
<p><b>OBJECTIVES:</b></p> <p><b>The course should enable the students to</b></p> <ol style="list-style-type: none"> <li>I. Understand the financial system and financial services scenario.</li> <li>II. Know why educational research is undertaken, and the audiences that profit from research studies.</li> <li>III. Able to identify the overall process of designing a research study from its inception to its report.</li> <li>IV. Familiar with ethical issues in educational research, including those issues that arise in using quantitative and qualitative research</li> <li>V. Know the primary characteristics of quantitative research and qualitative research.</li> </ol> <p><b>COURSE OUTCOMES(CO's):</b></p> <ol style="list-style-type: none"> <li>1. Gain knowledge about management of financial products and services.</li> <li>2. Assess the importance of various traditional and modern financial services</li> <li>3. Obtain an insight in the concept of leasing and ability to evaluate financially to make lease or buy decisions.</li> <li>4. Assess the significance of hire purchase along with the tax and legal framework.</li> <li>5. Estimate the relevance of factoring in the financing of the business and critically evaluate the financial aspects of factoring for decision making.</li> <li>6. Interpret the RBI guidelines and Sundaram committee recommendations on factoring.</li> <li>7. Identify the characteristics of Bill discounting and its legal aspects and realize the discount charges and effective interest rates.</li> <li>8. Comprehend the notion behind Venture capital financing, its process and funding and entry strategies of venture capital financing.</li> <li>9. Recognize and use the valuation of venture capital financing methods in the start-up business along with the regulatory frame work.</li> <li>10. Discern the knowledge of evolution of merchant banking, its functions and eligibility norms.</li> <li>11. Ascertain the process of new issue management, initial public offering, SEBI guidelines relating to new issues of securities.</li> <li>12. Demonstrate the concept of credit rating, symbols and grades, and its advantages.</li> </ol>								
<b>UNIT-I</b>	<b>FINANCIAL SYSTEM</b>						<b>Classes: 08</b>	
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.								
<b>UNIT-II</b>	<b>CONCEPT OF LEASING</b>						<b>Classes: 09</b>	
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								
<b>UNIT-III</b>	<b>FACTORING</b>						<b>Classes: 10</b>	

Factoring concept and features, classification, functions of factor, legal aspects, financial evaluation of factoring, decision analysis for factoring, factoring scenario in India, kalia 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.

<b>UNIT-IV</b>	<b>VENTURE CAPITAL FINANCING</b>	<b>Classes: 09</b>
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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.

<b>UNIT-V</b>	<b>MERCHANT BANKING</b>	<b>Classes: 09</b>
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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:**

1. Meir Kohn, "Financial Institutions and Markets" Oxford University Press, 2009 2<sup>nd</sup> Edition.
2. Khan. M.Y, "Financial Services Tata McGraw-Hill, Pvt. Ltd.,"2010, 5<sup>th</sup> Edition ,New Delhi.
3. Gordon and Natarajan, "Financial Markets and Services", 2009, HPH, 7<sup>th</sup> Edition , Mumbai.

**Reference Books:**

1. Vasant Desai, "Financial Markets and Financial Services", 2009, HPH, 1<sup>st</sup> Edition, Mumbai.
2. PunithavathyPandian, "Financial Services and Markets", 2009, Vikas Publishing House.
3. Mishkin. F.S. and Eakins. S.G., "Financial Markets and Institutions", 2006, 5<sup>th</sup> Edition, Pearson Education.
4. Harold L Vogel, "Financial Markets Bubble and Crashes" 1<sup>st</sup> ed, 2009, Cambridge.

**Web References:**

1. <https://www.scribd.com/document/184434634/45790874-mba-3-sem-finance-notes-bangalore-university>.
2. <http://www.slideshare.net/venkykk/fifm-2013-final-financial-institutions-and-notes-as-per-bput-syllabus-for-mba-2nd>.

**E-Text Books:**

1. [http://iimsnepal.com/download/e%20book%20materials/mba%20ebook%20material/mba%203rd%20semester%20ebook%20materials/dmgt512\\_financial\\_institutions\\_and\\_services.pdf](http://iimsnepal.com/download/e%20book%20materials/mba%20ebook%20material/mba%203rd%20semester%20ebook%20materials/dmgt512_financial_institutions_and_services.pdf).
2. <http://www.ddegjust.ac.in/studymaterial/mba/fm-404.pdf>.