

## FINANCIAL INSTITUTIONS, MARKETS AND SERVICES

III Semester: MBA								
Course Code	Category	Hours / Week			Credit	Maximum Marks		
CMBC37	Elective	L	T	P	C	CIA	SEE	Total
		4	-	-	4	30	70	100
<b>Contact Classes: 45</b>		<b>Tutorial Classes: Nil</b>		<b>Practical Classes: Nil</b>		<b>Total Classes: 45</b>		
<b>I. COURSE OVERVIEW:</b>								
<p>The objective of this course is the operation of the financial services industry, the products and services available, and market efficiency to satisfy the needs of consumers. Topics include an overview of the financial services industry, leasing finance, factoring, leasing finance, venture capital, merchant banking and aspects including in the issue of new shares.</p>								
<b>II. COURSE OBJECTIVES:</b>								
<b>The students will try to learn:</b>								
<ol style="list-style-type: none"> <li>I. The current and emerging financial system in India.</li> <li>II. The concepts, principles and issues connected with leasing finance.</li> <li>III. Important provisions of factoring and bill discounting aspects.</li> <li>IV. The legal norms related to venture financing.</li> <li>V. The merchant banking and guidelines of new shares issue.</li> </ol>								
<b>III. COURSE OUTCOMES:</b>								
<b>After successful completion of the course, students will be able to:</b>								
<p><b>CO 1:</b> Recall various financial services like credit instruments and products in a financial system</p> <p><b>CO 2:</b> Apply the mathematical and technical tools that engineer various services like old and modern, fund and non-funded services</p> <p><b>CO 3:</b> Extend the concept of leasing for evaluating financially the decisions in leasing or buying an asset (using NPV, IRR)</p> <p><b>CO 4:</b> Explain the process of hire purchase (like terms, features and legal objectives) towards tax frame work mathematically (interest rates)</p> <p><b>CO 5:</b> Make use of the concept of factoring, decision analysis of financial procedures by factor analysis and its significance in financial services</p> <p><b>CO 6:</b> Infer the characteristics of bill discounting with calculation methods of the discount charges and effective interest rates for assessing its legal aspects</p> <p><b>CO 7:</b> Interpret the features and valuation process of venture capital financing strategies.</p> <p><b>CO 8:</b> Outline venture evaluation capital financing methods in assessing a company based on its industrial and financing phase</p> <p><b>CO 9:</b> List the functions of merchant bankers and understand the role of intermediaries in the issue management activities</p> <p><b>CO 10:</b> Summarize the scenario and regulatory framework of issue of new shares in India</p>								
<b>IV. SYLLABUS</b>								
<b>UNIT-I</b>	<b>FINANCIAL SYSTEM</b>						<b>Classes:08</b>	
<p>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.</p>								
<b>UNIT-II</b>	<b>CONCEPT OF LEASING</b>						<b>Classes:09</b>	
<p>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/s buy decisions. Hire purchase concept and features, legal and tax framework, financial evaluation of hire purchase, hire purchase mathematics, flat and effective interest rates.</p>								

<b>UNIT-III</b>	<b>FACTORING</b>	<b>Classes: 10</b>
<p>Factoring concept and features, classification, functions of factor, legal aspects, financial evaluation of factoring, and decision analysis for factoring, factoring scenario in India.</p> <p>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.</p>		
<b>UNIT-IV</b>	<b>INVESTMENT BANKING</b>	<b>Classes:09</b>
<p>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 framework of venture capital financing.</p>		
<b>UNIT-V</b>	<b>MERCHANT BANKING</b>	<b>Classes:09</b>
<p>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.</p>		
<b>Text Books:</b>		
<ol style="list-style-type: none"> <li>1. Sandeep Goel, "Financial Markets, Institutions and services", PHI Learning, 2018.</li> <li>2. Kumar Vinod, Gupta Atul, Kaur Manmeet, "Financial Markets Institutions &amp; Financial Services", Taxman's, July, 2017.</li> <li>3. Padmalatha Suresh &amp; Justin Paul, "Management of Banking &amp; Financial Services", 3<sup>rd</sup> Edition. Pearson Education, 2016.</li> <li>4. M Y Khan, "Financial Services", McGraw Hill Education (India), 8<sup>th</sup> Edition, 2015.</li> <li>5. Peter.S.Rose &amp; Sylvia. C. Hudgins, "Bank Management &amp; Financial Services", 8<sup>th</sup> Edition, Tata McGraw Hill, 2014.</li> <li>6. Meir Kohn, "Financial Institutions and Markets" Oxford University Press, 2<sup>nd</sup> Edition, 2009.</li> <li>7. Khan. M.Y, "Financial Services", Tata McGraw-Hill, Pvt. Ltd., New Delhi, 5<sup>th</sup> Edition, 2010.</li> <li>8. Gordon and Natarajan, "Financial Markets and Services", Himalaya Publishing House, Mumbai, 7<sup>th</sup> Edition, 2009.</li> </ol>		
<b>Reference Books:</b>		
<ol style="list-style-type: none"> <li>1. Vasant Desai, "Financial Markets and Financial Services", Himalaya publishing House, Mumbai, 1<sup>st</sup> Edition, 2009.</li> <li>2. Punithavathy Pandian, "Financial Services and Markets", Vikas Publishing House, 3<sup>rd</sup> Edition, 2009.</li> <li>3. Mishkin. F.S. and Eakins. S.G., "Financial Markets and Institutions", Pearson Education, 5<sup>th</sup> Edition, 2006.</li> <li>4. Harold L Vogel, "Financial Markets Bubble and Crashes", Cambridge, 1<sup>st</sup> Edition, 2009.</li> </ol>		
<b>Web References:</b>		
<ol style="list-style-type: none"> <li>1. <a href="https://www.scribd.com/document/184434634/45790874-mba-3-sem-finance-notes-bangalore-university">https://www.scribd.com/document/184434634/45790874-mba-3-sem-finance-notes-bangalore-university</a>.</li> <li>2. <a href="http://www.slideshare.net/venkykk/fifm-2013-final-financial-institutions-and-notes-as-per-bput-syllabus-for-mba-2nd">http://www.slideshare.net/venkykk/fifm-2013-final-financial-institutions-and-notes-as-per-bput-syllabus-for-mba-2nd</a>.</li> </ol>		
<b>E-Text books:</b>		
<ol style="list-style-type: none"> <li>1. <a href="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</a>.</li> <li>2. <a href="http://www.ddegjust.ac.in/studymaterial/mba/fm-404.pdf">http://www.ddegjust.ac.in/studymaterial/mba/fm-404.pdf</a>.</li> </ol>		