

Lesson Plan

Course Name: BBE

Paper Name: Indian Financial Markets and Services

Semester: VI

Tentative Schedule

(1st January – 31st January)

UNIT I: FINANCIAL MARKETS IN INDIA

Role and Importance of Financial Markets, Major Instruments traded in financial markets: Equity Shares, Debentures, Bonds & Derivatives, Financial Markets vs. Capital Markets vs. Stock Markets, Linkages Between Economy and Financial Markets, Integration of Indian Financial Markets with World Markets, Players in Financial Markets, Role of Regulator (RBI and SEBI)

UNIT II: PRIMARY MARKET FOR CORPORATE SECURITIES IN INDIA

Issue of Corporate Securities: Public Issue through Prospectus, Green shoe option, Offer for sale, Private Placement Rights Issue, On-Line IPO

(1st February – 28th February)

Book Building of Shares, Disinvestment of PSU, Employees Stock Options, Preferential Issue of Shares, Venture Capital, Private Equity, Performance of Primary Market in India, Institutional Interest in Public Issues, measuring success of an IPO.
Corporate Listings: Listing and Delisting of Corporate Stocks

UNIT III: SECONDARY MARKET IN INDIA

Introduction to Stock Markets: Regional and Modern Stock Exchanges, International Stock Exchanges, Demutualization of exchanges, Competition amongst major exchanges in India, Raising of funds in International Markets : ADRs and GDRs, FCCB and Euro Issues Indian Stock Indices and their construction, free float vs. full float methodology, Classification of Securities to be included in the Index, impact of corporate actions (rights, bonus and stock split) on index
Bulls and Bears in Stock Markets, Factors influencing the movement of stock markets, indicators of maturity of stock markets.

(1st March– 31st March)

Trading of securities on a stock exchange: Selection of broker, capital and margin requirements of a broker, MTM and VaRMargins ,kinds of brokers, opening of an account to trade in securities, DEMAT System, placing an order for purchase/sale of shares, margin trading and margin adjustment , contract note, and settlement of contracts , rolling and traditional (weekly) settlement systems

UNIT IV: MONEY MARKETS & DEBT MARKET IN INDIA

Money Market: Meaning, role and participants in money markets, Segments of money markets, Call Money Markets, Repos and reverse Repo concepts, Treasury Bill Markets, Market for Commercial Paper, Commercial Bills and Certificate of Deposit. Role of STCI and DFHI in money markets Debt Market: Introduction and meaning, Market for Government/Debt Securities in India, When issued market, Secondary market for government/debt securities, Oversubscription and devolvement of Government Securities, Fiscal Responsibility Act, Government securities issued by State Governments, Municipal Bonds, Corporate Bonds vs. Government Bonds

(1st April -30th April)

UNIT V: FINANCIAL SERVICES

Banking: Recent Developments: Commercial and Development Banks: Meaning , their roles (Traditional and New /Changing roles), Challenges Ahead, Conversion of Financial Institutions into banks, Mergers and Acquisitions in the banking sector in India , Concept of Universal Banking, Non Performing Assets in the Banking Sector, the Securitization Act, Risk Management in Banks (a Brief Overview).

Housing Finance: Meaning and rise of housing finance in India, Fixing the amount of loan, factors driving demand for residential loans , repricing of a loan, floating vs. fixed rate, the rest method, problems on housing finance.

Credit Rating: Introduction, Meaning, and Methodology of rating, Credit rating and the banking sector. Credit Rating Models: Numerical Credit rating Score System, 'Z' Scoring system, Sensitivity Analysis Markov chains CIBIL & Various Credit Rating Agencies in India and their performance and Different Symbols used by them. Credit rating of Non-Debt Instruments (Country and State Ratings, Chit funds ratings, ratings for Banks &AMCs, IPO Gradings) Why equities cannot be rated, Recommendation for equities , Earnings Guidance, Shocks and Surprises.