

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**Post Graduate Diploma in Management (PGDM)**  
**Management of Banks and Financial Services (FN605)**  
**CREDIT: Full (three credits)**  
**SESSION DURATION: 90 Minutes**

**TERM: V**  
**YEAR: 2016-2018**  
**BATCH: II**

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**Office hours:** 9:30 AM to 5:30 PM  
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**Course Introduction:** Banking and financial services are an integral and important part of any economy. Of late, in the Indian banking sector there has been many turmoil in the system due to defaults by the borrowers and the resulting piling up of non-performing assets. This is even after the development of sophisticated credit evaluation tools. On the other hand, the financial system has also evolved with many services related to stock issues, market participants, venture capital etc. In this course, we will evaluate each of these products in the contemporary business environment.

**Course Objectives:** The basic objectives of this course are:

- Expose the students to the banking systems in India and the world
- Enabling the student to independently assess the credit management practices
- Help the students in better understanding of Basel III norms to which modern banking is converging
- Developing a basic understanding of the financial market instruments

**Course Pedagogy:** The course will be delivered through classroom discussions and small cases. Students will be expected to come prepared topic wise for a fruitful discussion and deliberation of the topics.

**Course Readings:**

1. Management of Banking & Financial Services, P. Suresh and J. Paul, Pearson, 3<sup>rd</sup> edition
2. Financial Services, M.Y. Khan, TMH, 8<sup>th</sup> edition

**Course Evaluation criteria:**

Component	Weightage
Quizzes (There will be <b>TWO</b> online quizzes of 10 marks each during the term).	20%
Assignments	10%
Mid-Term Examination	30%
End-Term Examination	40%
<b>TOTAL</b>	<b>100%</b>

**Session Plan:**

Session No.	Topic	Readings
<b>PART I: MANAGEMENT OF BANKS</b>		
1-2	<b>INTRODUCTION</b> <ul style="list-style-type: none"><li>• Overview of Indian financial system</li><li>• The banking system in India</li><li>• Narsimham Committee I &amp; II</li><li>• Concept of Money supply</li><li>• Tools to control money supply – OMOs, Policy rates</li><li>• Liquidity Adjustment Facility (LAF)</li></ul>	
3-6	<b>BANKING FUNCTIONS &amp; PROFITABILITY</b> <ul style="list-style-type: none"><li>• Sources of funds</li><li>• Lending functions (Fund based and non-fund based, pricing of loans)</li><li>• Introduction to BASEL III norms</li><li>• Capital adequacy ratio and Tier – I&amp;II capital</li><li>• Net Interest Margin</li></ul>	Case 1: Coromandel: Enhancement of Short Term Finance  Case 2: Pidilite Industries: Assessing Credit Quality
7-11	<b>MANAGING RISKS IN BANKING</b> <ul style="list-style-type: none"><li>• Elements of credit risk and its management</li><li>• VaR</li><li>• Banks' Investment Portfolio (HTM, AFS &amp; HFT category)</li></ul>	Case 1: Fraud at Bank of Baroda: Manage Risk or Manage Crisis  Case 2: Risk Management at Wellfleet Bank: All that glitters is not gold
12-13	<b>INTERNATIONAL BANKING</b> <ul style="list-style-type: none"><li>• Transfer systems</li><li>• Interbank market – Bid &amp; offer rates</li><li>• Letter of credit</li></ul>	
<b>PART II: MANAGEMENT OF FINANCIAL SERVICES</b>		
14-15	<b>FACTORING &amp; FORFAITING</b> <ul style="list-style-type: none"><li>• Structure and mechanism</li><li>• Forms of factoring</li><li>• Forfaiting Vs export finance</li><li>• Factoring rules</li></ul>	

16-17	<b>MUTUAL FUNDS &amp; ALTERNATIVE INVESTMENT FUNDS</b> <ul style="list-style-type: none"> <li>• Schemes of MFs</li> <li>• Advertisement code</li> <li>• Infrastructure debt fund schemes</li> <li>• AIFs – definition; Angel Funds</li> <li>• Categories of AIF</li> </ul>	
18-19	<b>ISSUE MANAGEMENT</b> <ul style="list-style-type: none"> <li>• Merchant Bankers and SEBI (MB) Regulations, 1992</li> <li>• Underwriters, Bankers to an issue</li> <li>• Debenture Trustees, Portfolio Managers</li> <li>• Types of Issues (IPO, FPO, Rights, Bonus and Private Placement)</li> <li>• ASBA and Green shoe Option</li> <li>• Procedure to issue securities</li> </ul>	
20	<b>CREDIT RATING</b> <ul style="list-style-type: none"> <li>• Regulatory framework (Registration, eligibility)</li> <li>• Rating process</li> <li>• IPO Grading</li> </ul>	