

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
Post Graduate Diploma in Management (PGDM)

FN602: MANAGEMENT OF BANKS

CREDIT: 3 credits

SESSION DURATION: 60 Minutes

TERM: V
YEAR: 2018-19

Faculty: Dr. Santanu Das

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Office hours: 9:30 AM to 5:30 PM

Consulting hours: 4 PM to 5: 30 PM

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

Learning Outcomes:

LO1: Exposure to the Indian banking system

LO2: Advanced understanding of banking functions

LO3: Assessing credit requirement

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, 3rd edition
2. Financial Services, M.Y. Khan, TMH, 8th edition

Course Evaluation criteria:

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

Session Plan:

Session No.	Topic	Learning Outcomes	Readings/ Cases
1-4	Introduction <ul style="list-style-type: none"> • Overview of Indian financial system • The banking system in India • Narsimham Committee I & II • Concept of Money supply • Tools to control money supply – OMOs, Policy rates • Liquidity Adjustment Facility (LAF), MSF • CRR and SLR • Monetary Policy of RBI 	LO1	Class room discussion and Economic Survey 2017-18
5-8	Banking Functions & Profitability <ul style="list-style-type: none"> • Sources of funds • Lending functions (Fund based and non-fund based, pricing of loans) • Introduction to BASEL III norms • Capital adequacy ratio and Tier – I&II capital • Net Interest Margin • High Quality Liquid Assets 	LO1, LO2	
9-12	Bank Financing <ul style="list-style-type: none"> • Working Capital Financing (Tandon Committee Recommendations) • Fund based financing (Trade Finance, Export Financing) • Non-fund based financing (Bank Guarantee, LC) • Receivables financing • Priority Sector Lending (Loans to MSMEs, Agriculture) 	LO1, LO2	Coromandel: Enhancement of Short Term Finance
13-16	Term Loans and Project Financing <ul style="list-style-type: none"> • Financing fixed assets • Appraisal of term loans • Projection of financial statements • Profitability analysis • DCF method of project appraisal • Project Life Coverage Ratio and Loan Life Coverage Ratio 	LO1, LO2	
17-19	Retail Credit <ul style="list-style-type: none"> • Concept and calculation of EMI • Housing Loans (including tax treatments) • Education Loans (including tax treatments) • Car Loan 	LO2, LO3	Case: Risk Management in Wellfleet Bank: All that Glitters is not Gold

20-22	Non performing Assets <ul style="list-style-type: none"> • Meaning and classification (Gross and Net NPA) • IRAC Rules • RBI guidelines for giving loans • Prompt corrective actions 	LO2, LO3	Case: Fraud at BoB: Manage Risk or Manage Crisis
23-24	Banking Legislations <ul style="list-style-type: none"> • SARFAESI Act, 2002 • Insolvency and Bankruptcy Code, 2017 	LO2	
25-26	Factoring & Forfaiting <ul style="list-style-type: none"> • Structure and mechanism • Forms of factoring • Forfaiting Vs export finance • Factoring rules 	LO2	
27-28	Mutual Funds & Alternative Investment Funds <ul style="list-style-type: none"> • Schemes of MFs • Advertisement code • Infrastructure debt fund schemes • AIFs – definition; Angel Funds • Categories of AIF 	LO1, LO2	
29-30	Issue Management <ul style="list-style-type: none"> • Merchant Bankers and SEBI (MB) Regulations, 1992 • Underwriters, Bankers to an issue • Debenture Trustees, Portfolio Managers • Types of Issues (IPO, FPO, Rights, Bonus and Private Placement) • ASBA and Green shoe Option • Procedure to issue securities • Regulatory framework (Registration, eligibility) • Rating process • IPO Grading 	LO1, LO2	