

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR

Post Graduate Diploma in Management (PGDM)

Financial Markets & Instruments (FN504)

CREDIT: 2 credits

SESSION DURATION: 60 Minutes

TERM: III

YEAR: 2018-2020

BATCH: I

FACULTY: Prof. Sushil Kalyani

Phone No.: 0674- 3042138

E-Mail: sushil.k@imibh.edu.in

Office hours: 9:30 AM – 5:30 PM

Course Introduction:

The core objective of this course is to familiarize students with the Financial System of an economy which consists of financial markets, financial intermediation and financial instruments or financial products. This course will give a brief introduction to the entire financial infrastructure in India. The course will introduce the banking sector which forms the bedrock of the Indian financial system, and the regulatory role and functions of the Reserve Bank of India. The financial markets in India to be covered in brief will include the money market, the Government securities market, the foreign exchange market, the capital Market and the credit market along with the major players as well as the regulatory bodies. This course will also cover the Instrument/Financial Products existing in India and the importance of these in a Risk-return scenario.

Learning Outcomes:

LO1 – Understand the role, the financial system has on the economic development and growth of a nation

LO2 – Identify the various constituents of the Financial system and understand their nature and characteristics.

LO3 – Understand the functioning of regulatory bodies and their overall importance in the financial system.

LO4 – Explain the role of Banking and Non-Banking Financial Institutions, Intermediaries and other Developmental FI's

LO5 – Understand the nature, types and characteristics of various Financial instruments and the markets they are traded in.

LO6 – Understand how risk and return framework play an important role in deciding investor preference and ultimately influence the financial markets and the types of instruments offered.

LO7 – Understand the various types of Financial services that are offered by both Banking and Non-Banking FI's.

LO8 – Ability to integrate the understanding of all components of the financial system in general and the Indian context in particular – ability to see the big picture.

LO9 – Willingness to understand the systems and processes in the financial and banking industry.

Course Readings (Essential):

1. L.M. Bhole & Jitendra Mahakud, Financial Institutions & Markets (11th ed.). TMH.

Course Evaluation criteria (%):

Quizzes	10
Midterm Exam	30
Class Participation	10
Project Report	10
End-term Exam	40
Total	100

Session Plan:

Session No.	Topic	Learning outcomes	Chapter in text book*
1, 2	Introduction: Functions & role of financial system	LO1	1
3,4	Indian financial system before & after planning, Financial sector reforms: Need & impact of major reforms	LO1	3,4
5,6	Reserve Bank of India, Banking Institutions	LO2, LO3 LO4	6, 8, 9
7,8	Role of SEBI, Important Guidelines for Capital markets	LO3	7
9, 10	Capital market: Primary & Secondary markets	LO4, LO5	19
11, 12	Risk-Return framework	LO6	
13, 14	Forex markets, Derivatives markets	LO5	20, 21
15, 16	Insurance Companies and IRDA	LO4, LO5	11
17, 18	Money market, Call money, T-Bills, Commercial bills, CPs, CDs, Discount market & financial guarantees		15,16
19	Gilt edged securities market, Debt market	LO5, LO7, LO9	18
20	Role of Small savings, Provident fund & Pension fund, Mutual funds	LO5, LO7, LO8, LO9	10

*Additional references and cases shall be provided as and when required.

Projects:

1. Study the changes in Call Rates in money market due to the changes in the Foreign Exchange Rates – Students have to collect the data* and do the analysis about the changes as to whether there is some trend or do the changes are abrupt some time.
2. Inflation in India due to changes in the economic factors affecting the world economy.

*Data Source - Bloomberg