

Finance
Sem III

I> Course Content:

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| Semester | III-Core |
| Subject | Financial Markets & Institutions (FMI) |
| Course Code | MMSFC301(RGCMS) |
| Credits | 4 |
| Duration | 40 hrs |

Learning Objective:

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| 1. | This coursework is designed to understand different components of the Indian Financial system and their functions |
| 2. | The scope of this coursework comprehends various products issued through different financial institutions in the primary and secondary markets. |
| 3. | The module will help the student to understand the fixed income market, the different instruments and concepts related to it. |

Module

| Sr. No. | Content | Activity | Course Outcome |
|---------|--|-----------------------------------|----------------|
| 1 | Indian financial system (IFS) Historical evolution of IFS. Different components of the financial system and their functions. Financial markets - primary and secondary markets; OTC and exchange markets; and equity and debt markets. | Lecture and classroom discussion | MMSFC301.1 |
| 2 | The Role of the Central Bank – RBI RBI's monetary policy in its proper perspective in the overall IFS. | Lecture and classroom discussion | MMSFC301.2 |
| 3 | Intermediaries: Mutual funds, insurance firms and hedge funds, commercial banks and investment Banks. | Lectures and classroom discussion | MMSFC301.2 |
| 4 | Stock Exchanges of the Country and Primary Markets. Evolution of stock exchange and their role in shaping the financial scenario of a country. | Lecture and classroom discussion | MMSFC301.3 |
| 5 | Secondary Markets: Products involved in domestic and foreign markets, institutions involved, stock and other exchanges, clearing house mechanisms and clearing corporation, broking houses and portfolio management services. | Lecture and classroom discussion | MMSFC301.3 |
| 6 | Emerging Markets and Products Alternate finance products and players, such as crowd funding, product to product finance, interest-free financial products, thematic indexes. | Lectures and classroom discussion | MMSFC301.4 |
| 7 | Derivatives: Products-Forwards, futures, options and swaps, Exotic options. Financial market activities – speculation, hedging and arbitrage. | Lecture and exercises | MMSFC301.4 |
| 8 | Fixed income securities: Bond characteristics, bond | Lecture and | MMSFC301.5 |

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| | types, coupon types, computation of different yields and bond price, relationship between yield and price, floaters and inverse floaters. | exercises | |
| 9 | Fixed income securities: Spot rates and forward rates, zero coupon yield curve, theories of term structure of interest rates. Fixed income risk measures: duration, modified duration, convexity and price value of basis point. | Lecture and exercises | MMSFC301.5 |
| 10 | Foreign Exchange Markets | Lectures and classroom discussion | MMSFC301.6 |

II> Course Outcomes

| <u>Course Code</u> | <u>Course Outcomes</u> | <u>Cognition</u> |
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| | Students will be able to: | |
| MMSFC301.1 | Understand Indian financial system and its components | Understand |
| MMSFC301.2 | Understand the role of RBI in the Indian Financial System and ability to comprehend the working of intermediaries | Understand |
| MMSFC301.3 | Understand of Stock Exchange functioning and various products issued by different financial institutions in primary market of India and Ability to understand different financial products issued in domestic and foreign markets and the working of clearing houses, broking houses, stock exchanges | Understand |
| MMSFC301.4 | Understand new markets, products and players and outline the basics of derivative products available in financial markets | Understand |
| MMSFC301.5 | Understand different concepts of fixed income securities and compute different measures of risk of fixed income securities | Apply |
| MMSFC301.6 | General understanding of currency markets and its role in the financial system | Understand |

Reference Books

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| 1. | Fabozzi, The Handbook of Fixed Income Securities. |
| 2. | Anthony Saunders, Financial Markets and Institutions. |
| 3. | Meir Kohn, Financial Institutions & Markets. |