# GUJARAT UNIVERSITY SYLLABUS FOR S.Y BBA

## SEMESTER IV

**CC-208 INDIAN FINANCIAL SYSTEM**

**Course Objectives:**

To enable the students to acquire basic understanding of the structure, organization and functioning of the Financial System in India. The course also aims at exposing the students to new financial instruments and their implications in the existing regulatory framework.

## Number of credits: 3

**Lectures per week: 3 of one hour each 40 hours**

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| --- | --- |
| Unit | Weightage |
| Unit I | 25% |
| Unit II | 25% |
| Unit III | 25% |
| Unit IV | 25% |
| Total | 100% |

**Unit I: (7 hours): Introduction:**

1. **Financial system** : Meaning, role and functions of a financial system, Organised and unorganised financial sytem.
2. **Components:** Financial Assets, Financial Intermediaries, Financial Markets (money and capital markets in India) Relevance of various interest/return rates, Regulatory framework, Financial Instruments (in brief).

## Unit II: (13 hours): Financial institutions and regulatory bodies:

Financial Institutions: Achievements and Limitations.

1. **Money market institutions:** Meaning, Role of the Central Bank(RBI) in money markets.

Commercial banks: Meaning and Functions

Indigenous Financial Agencies: Bankers, Money lenders, Discount houses, Accepting houses(only meaning and features)

1. **Capital Market institutions:** (Meaning and functions) Merchant Banks, Investment companies, Management Investment companies, Development banks, Mutual Funds.
2. **Special Financial Institutions:** Factors for their growth (need) Objectives and functions of:
   1. IDBI (2) IFCI (3) SFCs (4) ICICI (5) EXIM Bank of India
3. **Coperative Banking Institutions:** Meaning, definition, principles, Features and Structure.
4. **Non-Banking Finance Companies:** Meaning, Role, Types of NBFC services,

Reclassification of NBFCs.

1. **SEBI:** Introduction to SEBI ACT 1992, Main Functions of the Board.

## Unit III: (10 hours) Financial Markets in India:

1. **Capital Markets:** Meaning, Role and importance, Development initiatives and reforms (in brief). Composition: Primary-Secondary
   1. **Primary Markets:** Meaning, instruments, New Issue Market:Features, objectives and functions, Constituents or players, Problems and Recent Developments including the concept of book building.

Modes of procuring long term funds: Public issue, Rights issue, Bonus issue, Private placement.

* 1. **Secondary Markets.:** Meaning, Functions of the stock exchange, Benefits to the community-investors-companies, Listing of securities and its benefits, Stock market indices, Types of dealings, types of securities traded on the Indian stock exchanges, Comparison of the three exchanges (BSE, NSE, OTCEI)

1. **Money Markets:** Meaning, features of organized and unorganised money markets Instruments: Treasury Bills, Certificate of Deposits, Commercial Paper, Call money Commerical bills, Inter-corporate deposits, Inter-bank participation certificates.

## Unit IV: (10 hours): Financial services:

1. **Venture Capital Financing:** Meaning, Steps in VCF, Methods of VCF, Disinvestment mechanism, VCF in India.
2. **Factoring:** Meaning, Types, costs and benefits of factoring, difference between factoring and For faiting.
3. **Leasing:** Meaning, Definition, advantages to lessor and lessee, types of leases (operating, finance, leveraged, sales and lease-back, leveraged and cross-border.)
4. **Underwriting:** Meaning and benefits
5. **Credit Rating Agencies**: Meaning and role of such agencies. A brief idea about : CRISIL, CARE ICRA.
6. **Others**: A brief idea about : NSDL, STCI.

## REFERENCE BOOKS:

1. The Indian financial system and Development- Vasant Desai, Himalaya Publishing House.
2. Financial Markets and Institutions-Dr. S. Gurusamy,Tata McGraw Hill.
3. The Indian Financial System-Dr. Bharti Pathak, Pearson.
4. Indian Financial System-M.Y.Khan, Mc.Graw Hill
5. Financial Management-Prasanna Chandra,
6. Financial Management-P.V.Kulkarni and Satyaprasad
7. Financial Management- I.M.Pandey, Vikas Publishing House.
8. Financial Management- M.Y.Khan and P.K.Jain :Tata McGraw Hill Education Pvt. Ltd.
9. Financial Management-Principles and Practice: C.Sudarsana Reddy, Himalaya Publishing House.
10. Financial Management : Dr. V.k. Palanivelu, S. Chand.
11. Financial Management : Sheeba Kapil, Pearson.
12. Financial Services: Thummuluri Siddaiah, Pearson.

## Allocation of marks for question paper

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| --- | --- |
| **Units** | **Marks out 70** |
| Unit 1 (A)  (B) | **17 marks**  08  09 |
| Unit 2 (A,B,C)  ( D,E,F) | **18 marks**  09  09 |
| Unit 3  (A)  (B) | **18 marks**  12  06 |
| Unit 4 (A,B,C)  ( D,E,F) | **17 marks**  09  09 |
| **Note: Question no.1 shall include MCQs such that equal weightage is given to all units and they could be from any one/two /three or all sub-units.** |  |

**Topics for Assignment :**

1. Modern Financing instruments including Hybrid instruments
2. Major issues in the Indian Financial System.
3. Role of NABARD ,DFHIL, SIDBI.
4. Resource mobilisation from international markets.
5. Special Financial Institutions: LIC, UTI

**Topics for Presentation/Seminar:**

* 1. Reforms in Indian Capital Markets and their impact.
  2. Stock exchange operations - an overview.
  3. Role of Credit Rating Agencies and their limitations.
  4. Micro-financing in India.
  5. Reforms in Banking sector.
  6. Capital Market Scams.