

Course No. COM- 204 B
INDIAN FINANCIAL SYSTEM

Marks - 80

BLOCK - 1 FINANCIAL SYSTEM AND ECONOMICS DEVELOPMENT

MARKS -16

Unit - I : Financial System: Concept, Functions, Structure of Financial System, Financial Intermediaries, Financial Market, Financial Assets/ Instruments, Financial Services, Regulatory Framework, India: Financial System - an overview.

Unit - II : Financial System and Development: Introduction, Financial System and the Economy, Economic Growth and Financial System, Economic Development and Financial System, Role of Financial Institutions, corporate Sector and Economic Development.

Unit - III: Legal and Regulatory Framework of IFS : Introduction, Company Law Regulations - Share Capital, Issue of Shares, Properties, Repurchase of Shares by Companies, Issue of debenture, Right-Issue, Allotment of Shares.

Securities Contract (Regulation) Act - Object, Regulation of Stock Exchanges, Contracts and Options in Securities, Penalties and Procedure, SEBI - Establishment, Powers and Functions, Securities Appellate, Tribunal, Ombudsman / Stipendiary, Ombudsman Regulation 2003. Buy back a securities -Companies Act. Requirements for listed companies 1998 main provisions.

BLOCK - 2**FINANCIAL MARKET****MARKS -16**

- Unit -I** : **Money Market:** Factors, Money Market Organization in India, Primary dealers, Money Market, Mutual Funds, RBI -Functions, Role of RBI as Regulator of Money and Credit.
- Unit-II** : **Capital Market :** Defenition, Types- Primary Market, Secondary Market, Functions of New Issue, Organisational Support of NIM, Primary Market Reforms, Secondary Market and Institutional Support- Brokens, Subbrokens, Trading and Clearing/ Self Clearing Members, Foreign brokers, Custodial services, Depository system. Stock Exchanges - Regulations, Functions, Role in the Capital Market, National Stock Exchange.

BLOCK - 3**FINANCIAL INTERMEDIARIES****MARKS -16**

- Unit-I** : Commercial bank, Merchant bankers and Private banks, Commercial banks - Functions and Role in Financial Market, Recent Trends in Banking sector reforms. Merchant Bankers - Regulations, Capital adequacy requirement, Obligation Private Banks : Role in IFS and the present scenario.
- Unit - II** : Development Banks and State Level Financial Corporations, Development banks : Nature and Characteristics, Function and Services Provided, Recent Trends in Development Banking, Some leading DFIs-IDBI, IFCI; Concept of universal banking. State Level Financial Corporations: Power and Functions, New Policy Framework for the SFCs.
- Unit - III** : Mutual Funds, NBFCs and Insurance Service Provider, Mutual Funds- Meaning, Types of MF, advantages of MF, Main Contents of SEBI, Mutual Fund regulations, Service Mobilization by MF.

NBFCs - Introduction, Role and Functions, Regulatory Aspects for NBFCs Insurance Service Providers - Meaning of insurance, Types of Insurance Services, Insurance Companies in India -an overview, Objectives, Investment Policy, Main Provisions of IRD Act, 1999 and the Changing scenario of the Insurance Business.

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| BLOCK - 4 | FINANCIAL INSTRUMENTS | MARKS -16 |
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Unit - I : Long term Services of Finance, Financial Instruments-Meaning, Types of Financial Instruments, Equity shares-Features, Evaluation, Performance Shares - Features, Evaluation, Debenture-Bonds-notes attributes, Valuation, Innovative debt instruments, Term Loans.

Unit - II : Short term Sources of Finance and Derivatives Instruments, Bank and Short term sources of Finance - Overdraft, Cash Credit, Working Capital Loans, Some Money Market in Instruments - Treasury bills, Commercial Papers, Certificate of Deposits. Derivative Instruments - Meaning, Types and Uses, Features, Options Swaps, Credit Derivatives, Advantages and Disadvantages of Derivatives.

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| BLOCK - 5 | FOREIGN CAPITAL FLOWS | MARKS -16 |
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Unit - I : Introduction, uses and Determinants of Foreign Capital, Forms of Foreign Capital, International Financial Instruments, Trends in Foreign Capital of in flows to India, Indian Direct Investment abroad, External Commercial Borrowings, Foreign Institutional

investors investment, Regulatory aspects of FIIs, NRI-Investment, Foreign Collaboration, Foreign Direct investment, GDR and ADR investment, Drawbacks of Foreign Capital.

Suggested Readings:

1. Khan M.Y., Indian Financial System, Tata McGraw Hill, New Delhi.
2. ICAI, Financial Services, The Institute of Chartered Accountants of India, New Delhi.
3. Bhole L.M., Financial Markets and Institutions, Tata McGraw Hill, New Delhi.
4. Gupta, Suraj B., Monetary Economics : Institutions Theory and Policy, S. Chand & Co.