

JAI HIND COLLEGE AUTONOMOUS



Syllabus for S.Y.BCom

**Course : Financial Market
(BFM)**

Semester : IV

Credit Based Semester & Grading System

With effect from Academic Year 2018-19

List of Courses

Course: Financial Market

Semester: IV

Sr. No	Course Code	Course Title	No. of Lecture / week	No. of Credits
SYBFM				
1	CBFM401	Debt Markets -2	60/4	03
2	CBFM402	Equity Markets-2	60/4	03
3	CBFM403	Portfolio Market	60/4	03
4	CBFM404	Business Law – 2	60/4	03
5	CBFM405	(FC in Financial Markets)– Foreign Exchange Markets	60/4	03
6	CBFM 406	Corporate Finance	60/4	03
7	CBFM	Business Economics	60/4	03

SYBFM – SEM IV Syllabus

Course Code CBFM401	Debt Markets -2 03 Credits/ 4 lectures/week	
Objectives	<ul style="list-style-type: none"> ➤ To introduce the concept of fixed income securities and fixed income markets. ➤ To enhance their fixed income securities analysis and portfolio management skills <p>Outcomes: This would develop good understanding of the various fixed income securities and their risk return parameters</p>	
	THEORY	
Sub Unit	Unit – I: Basic Concepts of Fixed Income Securities	15 lectures
	<ul style="list-style-type: none"> a) Features of Fixed Income Securities b) Risk and Return Analysis in Fixed Income Securities c) Type of Fixed Income Securities including hybrid instruments 	
	Unit – II: Pricing of Fixed Income Securities	15 lectures
	<ul style="list-style-type: none"> a) Valuation of fixed income securities including embedded option b) Duration and Convexity <ul style="list-style-type: none"> i. Duration ii. Convexity including modified and Maculay Duration c) Price value of basis points (PVBP) d) Spot Rate e) Forward rate f) Bootstrapping 	
	Unit – III: Tracking Fixed Income Markets	15 lectures
	<ul style="list-style-type: none"> a) Tracking bond markets b) The bond traders arsenal of economic indicators <ul style="list-style-type: none"> i. Inflation ii. Monetary policy iii. Government deficits iv. Currency valuation c) The subprime crisis and the role of debt markets in the crisis – Then and now 	

	Unit – IV: Portfolio Management- Fixed Income	15 lectures
	a) Fixed Income Portfolio Management- Domestic and International b) Bond portfolio management strategies <ul style="list-style-type: none"> i. What is a bond portfolio strategy ii. Types of bond management strategy iii. Active, passive, neutral strategy 	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 : Written Test / class activities such as presentation/ group discussions/ Quiz / case studies 20 marks

II. Semester End Examination (SEE)- 60 Marks

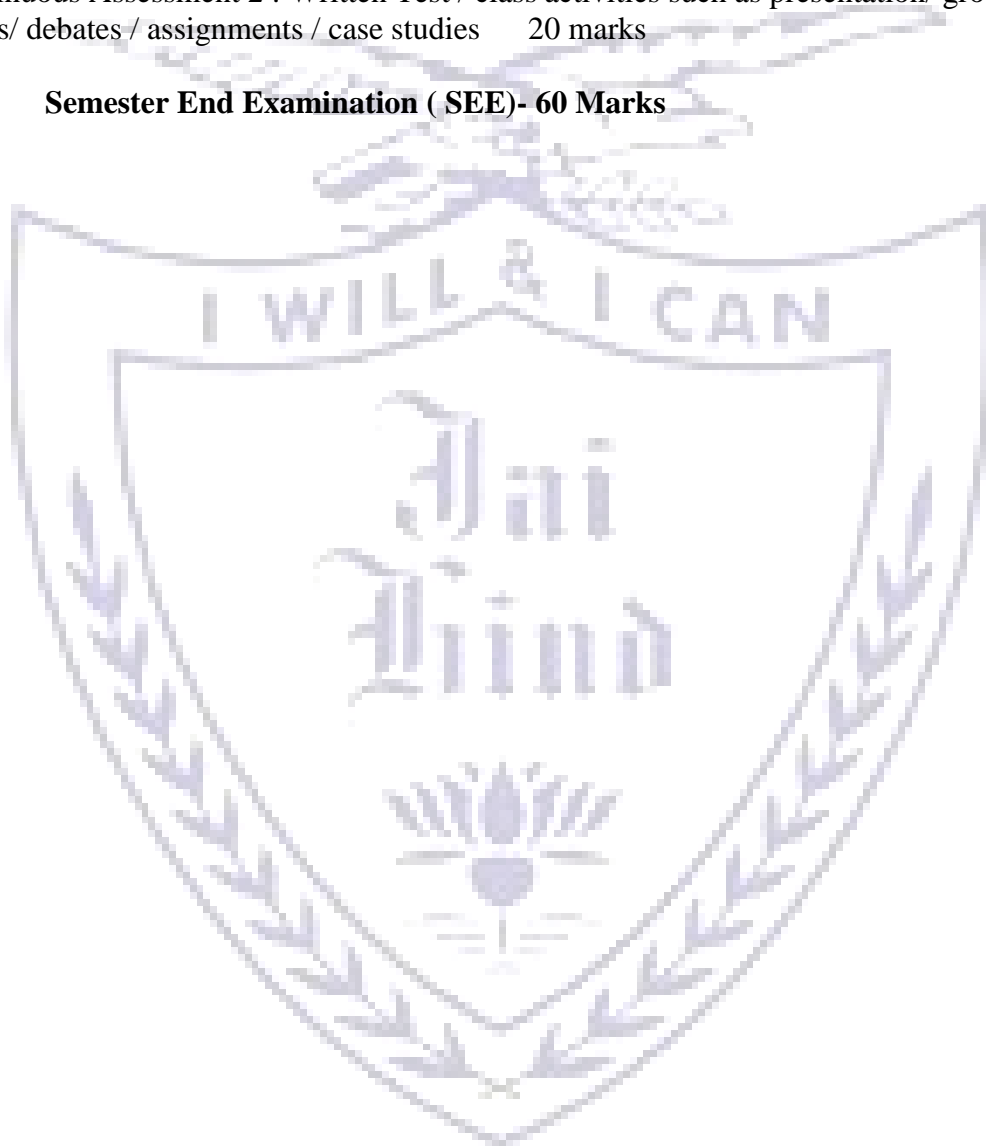
Course Code CBFM402	Equity Markets-2 03 Credits/4 lectures/week	
Objectives	<ul style="list-style-type: none"> ➤ To increase the level of understanding and analyzing of the Indian equity market ➤ To enable the students to learn the valuation of equities <p>Outcomes: This would help them develop good understanding of the various equity valuation models and the procedure for online trading of shares.</p>	
	THEORY	
Sub Unit	Unit – I: Developments in the Indian Equity Market	15 lectures
	<ul style="list-style-type: none"> i. Domestic savings & investments ii. Disinvestments, FDI & Foreign Portfolio Investment (FPI) iii. Role of Retail Investors iv. Share Price & Share Price Volatility v. Role of SEBI 	
	Unit – II: Valuation of Equities	15 lectures
	<ul style="list-style-type: none"> i. Factors affecting Share Prices ii. Balance sheet valuation iii. Dividend discount model (zero growth, constant growth & multiple growth) iv. Price earning model v. Fundamental Analysis- Economy, Industry and Company Model vi. Macro Economic factors vii. Market related factors 	
	Unit – III: Statistical Analysis of Share price movement	15 lectures
	<ul style="list-style-type: none"> i. Efficient Market Hypothesis ii. Stochastic Models iii. Security Transaction Cost (Cost Structure) iv. Long Term/Short term Capital Gains 	
	Unit – IV: Dealings in Stock Exchanges	15 lectures
	<ul style="list-style-type: none"> i. Role of Brokers ii. Stock Market Quotations iii. Procedure for buying & selling iv. BOLT - On Line Trading/ NEAT System v. Clearing & Settlement vi. Order Matching 	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 : Written Test / class activities such as presentation/ group discussions/ debates / assignments / case studies 20 marks

II. Semester End Examination (SEE)- 60 Marks



Course Code CBFM403	Portfolio Management 03 Credits/ 4 lectures/week	
	<p>Objectives</p> <ul style="list-style-type: none"> ➤ To help students understand the process and Importance of Portfolio construction and Performance evaluation. ➤ To help them make Investment decisions and manage professionally their Portfolio. <p>Outcomes: This would help students have a better edge over the Investment decisions, Portfolio construction and Portfolio Performance review.</p>	
	THEORY	
Sub Unit	Unit – I: Introduction to Portfolio Management-	15 lectures
	<p>Introduction: Investment, Meaning, Characteristics, objectives, Investment V/s Speculation, Investment V/s Gambling, Types of Investors.</p> <p>Portfolio Management : Meaning, Evolution, Phases, Role of Portfolio Managers, Advantages of Portfolio Management</p>	
	Unit – II: Portfolio Analysis and Selection	15 lectures
	<p>Meaning, Definition, Components, Risk-Return Trade-off, Portfolio Selection- Meaning, Feasible Set of Portfolio, Markowitz Model, Single Index Model, Multi Index Model, CAPM, Calculation of Expected Return and Risk Calculation of Covariance Calculation of Beta Calculation of Returns (Annual, Holding Period Return)</p> <p>Measuring Security Return and Portfolio Return</p>	

	Unit – III: Portfolio Revision and Performance Management	15 lectures
	<p>Performance Revision: Meaning, Need, Measuring, Constraints and Strategies</p> <p>Performance Evaluation- Measures</p> <ul style="list-style-type: none">• Sharpe• Jensen• Treynor	
	Unit – IV: Portfolio Management Services In India	15 lectures
	<ul style="list-style-type: none">• PMS Service provides in India• Procedures for setting Portfolio• Regulations• Challenges in Indian Scenario	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 :Written Test / class activities such as presentation/ Mock Portfolio Construction 20 marks

II. Semester End Examination (SEE)- 60 Marks

Course Code CBFM404	Business Law – 2 03 Credits/ 4 lectures/week	
	Objectives ➤ To help students understand various important acts, to enable them to enhance their knowledge over business law. Outcomes: This would help students to meet the changing requirements of the legal rules and regulations and to nourish their knowledge of business law.	
	THEORY	
Sub Unit	Unit – I: Indian Companies Act, 2013	15 lectures
	a) Company and its formation : Definition and Nature of Company, Advantages and Disadvantages of a Company, Lifting of Corporate Veil with cases, Promoters and preliminary contracts (S.92-93), Types of Companies (Meaning and Concepts Only), Chartered Companies Statutory Companies, Registered companies under the Act. OPC (S. 3(1)), Companies limited by shares, Companies Limited by guarantee, Private Company, Public Company, Producer Companies (Sec581 A to 581 Z-), Formation of Companies with charitable objects (Sec. 8), Holding Company and Subsidiary company, Small Company (S. 2(85)), Dormant Company (S.455), Documents and procedure for Incorporation of Company, Effect of Incorporation.(S.9) b) Membership of a company : Who can become member, Modes of acquiring membership, Cessation of membership, Rights and Liabilities of members. d) Prospectus. Meaning (S.2), When to be issued, When not required, Various kinds of prospectus, Legal framework for issuance of Prospectus, Contents of Prospectus, Private Placements. e) Classification of Directors, Women directors, Independent Director, Small shareholder’s director, Disqualification of a director, Director Identification Number, appointment, Legal position, Powers and Duties, Position of director as key Managerial Personnel, Managing Director, manager. f) Meetings : Various types of meeting of shareholders and board, Convening and Conduct of meetings, Postal Ballot, Meetings through Video Conferencing, E-voting.	
	Unit – II: Indian Partnership Act, 1932 and Limited Liability Partnership, 2008	15 lectures
	a) Indian Partnership Act, 1932 (Sections,4,5,6,7,8,14 & 39-55) : Definition, Essentials, Types of Partnerships and Types of Partners Test of	

	<p>partnership, and Sharing of profits is not the real test of partnership (Sec6), Partnership deed, and Property of the Firm,</p> <p>b) Reconstitution of Partnership firms, Dissolution of the firm. Limited Liability Partnership, 2008 : Definitions (S.2), Body Corporate, Business, Partner -Concept, Salient features, Nature of LLP (Ss-3-10) Distinction between LLP and partnership, and LLP and LLP and Company Extent and limitation of liability of LLP and its partners (Ss. 26-31) , Conversion to LLP (Ss. 55-58), Winding up and Dissolution of the LLP (Ss. 63-65)</p>	
	Unit – III: Securities Contract Regulation Act	15 lectures
	<p>a) Securities contract Regulation Act 1956</p> <p>Terms-Recognition of stock exchange-Listing Agreement-Delisting-Security Appellate Tribunal-Cancellation of recognition-by laws- types of contracts. Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act(SARFAESI) 2002 : Objectives-Terms-process-registration-acquisition-assets reconstruction-takeover management-offences and penalties-authorities.</p> <p>Bankruptcy and Benami NCLD</p>	
	Unit – IV Security Exchange Board of India	15 lectures
	<ul style="list-style-type: none"> • SEBI : Objectives-terms-establishment-powers-functions-accounts and audit-penalties-registration. • Issues of Disclosure Investors Protection Guidelines: Pre & Post obligations-conditions for issue-Debt Security-IPO-E-IPO-Employee option-right-bonus-preferential allotment- intermediary-operational-promoter lock in period requirements-offer document 	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 :Written Test / class activities such as presentation/ group discussions/ debates / assignments / case studies 20 marks

II. Semester End Examination (SEE)- 60 Marks

Course Code CBFM405	Foreign Exchange Markets (Foundation Course in Financial Markets FC IV)– 03 Credits/4 lectures/week	
	Objectives <ul style="list-style-type: none"> ➤ To help students understand the foreign exchange markets. ➤ To nourish and nurture their knowledge on FEMA. Outcomes: It would assist students understand the operational aspects of foreign exchange market in a better way.	
	THEORY	
Sub Unit	Unit – I: Foreign Exchange Market: An Introduction	15 lectures
	FOREX trading volume, FOREX trading locations, Details about major traded currencies, Evolution of foreign exchange ,Market and Foreign Exchange System Market Participants: Banks and Financial Institutions, Merchants, other customers, speculators and hedgers, Central Bank, Forex dealers and market makers and brokers, FOREX – trading and SWIFT Robots	
	Unit – II: Introduction to Indian Foreign Exchange Market	15 lectures
	FOREX market in India: Pre-liberalization Exchange Rate Regime in India and Hawala market, Brief introduction to currency convertibility in current and Capital account. Relevant RBI circulars	
	Unit – III: Operational aspects of foreign exchange market and foreign exchange contracts	15 lectures
	a) Floating Rate, Currency Boards & Currency Basket Systems, Brief review on various exchange rate regime, Advantages of free and Fixed Exchange Rate regime, Pros & Cons of managed floating exchange rate regime, Prevalence of Currency Boards Regime, Practice of Currency Basket Regime. b) Foreign Exchange Contracts: Spot and Forward Contracts Cash, Spot trading Trade Date, Settlement PR date Spot trading roll over mechanism. Foreign Exchange Forward contracts, Fixed Maturity Contract, Partially Optional Contract, Fully Optional Contract, Non-Delivery Forward Contracts, Foreign Exchange Futures Contract ,Different Dimensions of Foreign Exchange Future, Contract specification trading at National Stock Exchange of India	

	Unit – IV: Foreign Exchange Arithmetic and Risk Management	15 lectures
	Types of Exchange Rates Direct Rate, Indirect Rate and Cross Rate Arbitrage- Geographical and triangular Interest Rate- spot Contracts, forward contracts and SWAP Points Risk Management in Foreign Exchange Market- Need and importance of foreign exchange management methods adopted (Spot and forward, arbitrage, cross currency deals, SWAPS, options and futures Purchasing Price Parity theory- PPT Fishers IRPT	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 :Written Test / class activities such as presentation/ group discussions/ debates / assignments / case studies – 20 marks

II. Semester End Examination (SEE)- 60 Marks

Course Code CBFM406	Corporate Finance 03 Credits/ 4 lectures/week	
	Objectives <ul style="list-style-type: none"> ➤ To increase the knowledge of how to raise finance for the organization. ➤ To understand the meaning of capital structure and its importance in business. Outcomes: It would enhance the knowledge of corporate finance and cost of capital, its relevance and importance in any organization.	
	THEORY	
Sub Unit	Unit – I: Corporate Finance- an overview	15 lectures
	Function of Finance in a business enterprise Emergence of corporate finance as an integral part of business finance Need for professional approach in managing corporate finance Role and functions of a Corporate Financial Manager Requirements of an efficient Corporate Financial Manager	
	Unit – II: Planning the corporate Financial Activities	15 lectures
	Theories of Capitalisation Owned Capital and borrowed Capital- Cost of Capital Break even analysis Factors affecting Capital structure- trading on equity Watered Capital, over capitalization and under capitalization Capital Structure planning	
	Unit – III: Capital Budgeting	15 lectures
	Meaning and Definition of Capital Budgeting NPV, IRR, DCF analysis and pay back period	
	Unit – IV: Sources and Methods of Raising Corporate Finance	15 lectures
	a. Leasing a s method of corporate finance & Hire purchase b. Role of commercial banks and investment banks in financing the corporate sector c. (Management of new issues including pricing of securities)	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2 :Written Test / class activities such as presentation/ group discussions/ debates / assignments / case studies 20 marks

II. Semester End Examination (SEE)- 60 Marks



Course Code CBFM407	Business Economics -2 03 Credits/ 4 lectures/week	
	Objectives <ul style="list-style-type: none"> ➤ To nourish, nurture and enhance the knowledge the monetary policy, GNP and GDP. ➤ To understand various theories of international trade. Outcomes: <ul style="list-style-type: none"> • It would assist in understanding the monetary policy, fiscal policy and international trade policies in a more appropriate manner. 	
	THEORY	
Sub Unit	Unit – I: INTRODUCTION TO MACRO ECONOMICS	15 lectures
	<ul style="list-style-type: none"> •Macroeconomics: Meaning, Scope and Importance. •Circular flow of aggregate income and expenditure: closed and open economy models •The Measurement of national product: Meaning and Importance - conventional and Green GNP and NNP concepts - Relationship between National Income and Economic Welfare. •Short run economic fluctuations : Features and Phases of Trade Cycles •The Keynesian Principle of Effective Demand: Aggregate Demand and Aggregate Supply - Consumption Function - Investment function - effects of Investment Multiplier on Changes in Income and Output 	
	Unit – II: MONEY, INFLATION AND MONETARY POLICY	15 lectures
	<ul style="list-style-type: none"> •Money Supply: Determinants of Money Supply - Factors influencing Velocity of Circulation of Money •Demand for Money : Classical and Keynesian approaches and Keynes’ liquidity preference theory of interest •Money and prices : Quantity theory of money - Fisher’s equation of exchange - Cambridge cash balance approach •Inflation: Demand Pull Inflation and Cost Push Inflation - Effects of Inflation- Nature of inflation in a developing economy. •Monetary policy : Meaning, objectives and instruments, inflation targeting 	
	Unit – III: CONSTITUENTS OF FISCAL POLICY	15 lectures
	<ul style="list-style-type: none"> •Role of a Government to provide Public goods- Principles of Sound and Functional Finance •Fiscal Policy: Meaning, Objectives - Contra cyclical Fiscal Policy and Discretionary Fiscal Policy 	

	<ul style="list-style-type: none"> • Instruments of Fiscal policy : Canons of taxation - Factors influencing incidence of taxation - Effects of taxation - Significance of Public Expenditure - Low Income Support and Social Insurance Programmes - Public Debt - Types, Public Debt and Fiscal Solvency, Burden of debt finance • Union budget -Structure- Deficit concepts-Fiscal Responsibility and Budget Management Act. 	
	Unit – IV: OPEN ECONOMY : THEORY AND ISSUES OF INTERNATIONAL TRADE	15 lectures
	<ul style="list-style-type: none"> • The basis of international trade : Ricardo’s Theory of comparative cost advantage - The Heckscher – Ohlin theory of factor endowments - terms of trade - meaning and types - Factors determining terms of trade - Gains from trade - Free trade versus protection • Foreign Investment : Foreign Portfolio investment- Benefits of Portfolio capital flows-Foreign Direct Investment - Merits of Foreign Direct Investment - Role of Multinational corporations • Balance of Payments: Structure - Types of Disequilibrium - Measures to correct disequilibrium in BOP. • Foreign Exchange rate : Spot and Forward rate of Exchange - Hedging, Speculation and Arbitrage -Fixed and Flexible exchange rates- Managed flexibility 	

Evaluation Scheme

I. Continuous Assessment (C.A.) - 40 Marks

1. Continuous Assessment 1: Written Test 20 marks
2. Continuous Assessment 2: Written Test / class activities such as presentation/ group discussions/ debates / assignments / case studies 20 marks

II. Semester End Examination (SEE)- 60 Marks