

## SEMESTER - V

### GLOBAL CAPITAL MARKET

#### Module 5.1

##### Unit - I : Impact of Globalisation on the Capital Markets

- Growing International Integration
- Role of Media & Technology in Capital mobility
- Diversification benefits of global investment
- Mergers and Acquisition

##### Unit - II : Global (International Bond Market)

- Domestic Bonds, Euro Bonds & foreign Bonds
- Participants in the global bonds markets.
- Credit rating agencies & their role
- Procedure for issuing Euro Bonds

##### Unit - III : Global Equity Markets

- Major stocks markets of the world
- Emerging stock markets
- International Equity Trading - Multiple Listing
- Depository receipts

##### Unit - IV : Obstacles to International Investments

- Information Barriers
- Foreign Exchange Risk
- Political risks, Market risks
- Taxation
- Other Regulatory Barriers

### REGULATION OF SECURITIES MARKET

#### Module 5.2

##### Unit - I : Overview of Indian Securities Market

- Nature of Savings & Investment
- Profile of Indian Investor
- Factors affecting Investments decision of an Indian Investor

##### Unit -II : Need for Regulating Securities Markets in India

- Protection to retail investor
- Vanishing companies of nineties
- Pricing of IPO's & possible economic offences

##### Unit - III : Legislations Governing the Securities Markets

- Companies Act 1956
- Securities contracts Regulation Act
- SEBI Act
- Depositors Act
- Insurance Act
- Special regulatory requirements of derivatives market

##### Unit - IV : Regulatory Bodies

- Department of Company affairs
- Department of Economics affairs
- SEBI

- RBI
- IRDA ([www.irda.gov.in](http://www.irda.gov.in))
- Need for self regulation

## **INSURANCE (FUND) MANAGEMENT**

### **Module 5.3**

#### **Unit - I : Introduction**

- The Insurance Mechanism
- Fundamental Principles of Insurance
- Importance of life & general insurance
- Growth of evolution of insurance business in India with specific reference to post liberalization

#### **Unit - II : Risk Management**

- Sources of Risk
- Risk Identification
- "Insurance Policy" as a financial product

#### **Unit - III : Organising an Insurance Business**

- Types of Organizations
- Role of IRDA
- Procedure for setting up an insurance business

#### **UNIT-IV : OPERATIONAL ASPECTS OF INSURANCE BUSINESS**

- Marketing insurance products including E-Marketing
- Actuarial role

## **DERIVATIVE MARKETS**

### **Module 5.4**

**Unit - I : Nature of Financial Derivatives including Futures & Options:** Characteristics of Derivatives, Underlying assets (Equity Bonds/Loans, Foreign currency & Commodity), Need for Derivatives, Types of Derivatives & Comparison between them, Forwards/Futures/Options, Participants in Derivatives Market (Hedgers, Speculators, Arbitrageurs).

#### **Unit-II : Principles of Trading & Hedging with Index Futures**

Terminology - Spot, future price, contract specifications, contract cycle, expiry date, settlement date, basis, mark to market, Contract specification for BSE Sensex, Tick date, types of orders, trading strategies, Hedging Strategies, Initial, Maintenance Margins, Executing & Clearing, Execution, Matching confirmation, Clearing Mechanism, Settlement price, Settlement cycle, cash vs. Physical delivery, "Open Interest" & "Trading Volumes"

#### **Unit- III : Principles of Trading & Hedging with Options**

Terminology - call, put, writer, buyer, premium, intrinsic value, time value, expiry date, settlement date, stock price, ATM, OTM & ITM, The Greeks -(Delta, Gamma, Theta, Vega)

#### **Unit - IV : Risk Management Systems & Procedures**

Types of Risks (Counter -party or credit risks, Market or price risks, liquidity risks, Legal & regulatory risks, Operating risks), Risk Identification & a measurement, Methods of risks control (Position Limits, VAR, Margins, operating Procedures & systems etc) Separation of trading, settlement, accounting & risk control functions, Internal control structure & Management Information System, Regulatory & external reporting.

## **FOREIGN EXCHANGE MARKET**

### **Module 5.5**

### **Unit - I : Introduction to International Financial System & Foreign Exchange Market**

- Important terms & concepts
- Foreign Exchange & Euro currency
- Foreign Exchange dealing & quotations
- Foreign Exchange brokers & mechanism of foreign exchange transfers
- CHIPS (Clearing House Interbank Payments Systems), SWIFTS (Society for Worldwide Inter bank Financial Telecommunications).
- Triangular Arbitrage

### **Unit -II : Exchange Rate Systems**

- Gold & Bretton woods systems
- Fixed & Floating exchange rate system
- Adjustable peg system
- Crawling peg exchange rate system
- Snake in the tunnel system
- Exchange rate mechanism in India

### **Unit -III : Foreign Exchange Management**

- The risks element in foreign exchange markets
- Need & Importance of foreign exchange management
- Methods adopted (spot & forward, arbitrage, cross currency deals, swaps, options & futures)

### **Unit - IV: Foreign Exchange Market in India**

- Impact of liberalization & globalization in India's foreign exchange market, Inbound and Outbound Investments
- RBI's role in directing & controlling foreign exchange market
- The pros & cons of full convertibility of Indian currency
- FEMS & the Indian foreign exchange market
- Indian multinationals & their impact on foreign exchange

## **Portfolio Management**

### **Module 5.6**

#### **Unit- I : Introduction**

- A venues and Multiple Investments.
- Need for designing and Investment Portfolio.
- Relevance of Portfolio Management in different sectors of financial markets
- Popularity of equity portfolio management services

#### **Unit- II : Portfolio theory and application**

- Markowitz portfolio theory
- Efficient frontier and investor utility
- The Capital Asset Pricing Model - Expected Return and Risk- Security Market Line (SML).
- Arbitrage pricing theory.
- Capital Market Line

#### **Unit - III : Performance Evaluation of a Portfolio**

- Treynor Portfolio Performance Measure - Optional
- Sharpe Portfolio Performance Measure - Optional
- Factors affecting performances measures,
- Reliability of Performance measures.
- EMH ( Efficient Market Hypothesis).

#### **Unit - IV : Performance Management Services in India.**

- Portfolio management service providers in India.
- Procedure for setting up portfolio management services.
- Evaluation of present scenario and estimation of future prospects.

- Regulation of portfolio management services.

### Books for Reference

1. Portfolio Management, S. Kevin, Prentice Hall, 2004.
2. Pioneering, Portfolio Management, David F. Swenson, Free Press.
3. Taming Risk, Mark Fisher, Euro Money Books, 2005
4. Portfolio Management Formulas, Ralph Vince, John Wiley & Sons, 1990
5. The Art of Investing and Portfolio Management, Mc-Graw Hill Professional 2004.
6. Active Portfolio Management, Richard Grin hold and Ronald Kahn, Irwin, 1999
7. Investment Analysis and Portfolio Management Student Self Study Problems Manual Frank K.Reilly and Keith C.Brown South Western College Publishing, 1999

## Project - I Report Writing

### Module 5.7

## SEMESTER - VI

### Risk Management

#### Module 6.1

**Unit- I : Introduction :** Financial Risks - definition; Different Types of financial risks. Market risk, liquidity risk, credit risk, operational risk, systematic risk, exchange rate risk

**Unit-II :** Diversification and Investment risk management, Alternate investment strategies.Sensitive Analysis. Exposure and Hedging

#### Unit- III

- Hedging
- Cross Hedging, Hedge Ratio
- Statistical analysis.
- Options and future in different markets including foreign exchange market

**Unit- IV :** Popular models for managing liquidity risk and credit risk - Credit swaps - Structural Models, Integration of market risk and credit risk.

## CORPORATE GOVERNANCE

#### Module 6.2

#### Unit I : The Philosophy of Corporate Governance

Corporate Governance-Introduction-Definition-Balance-Frame work.

Business Ethics-an important dimension of Corporate Governance-Fair & Unfair business practices.

#### Unit II : Genesis of Corporate Governance in India

Introduction: Principles Arthashastra & Good Governance in ancient India, Protection of Interest of Customers & Investors - Corruption & Zero Tolerance of Corruption - MRTP Act & MRTP commission

#### Unit -III : Evolution of Corporate Governance

The Cadbury committee - Code of Best Principles - Indian Experience of Corporate Governance - The C II Code - SEBI' s initiative (The Kumar Mangalam Birla Committee Report) - Corporate Governance in Globalize Economy - MNC s / TNC s & Business Ethics

#### Unit - IV : Governance in Family - Owned Business

Family- owned business- background -family business in India -Need for Professionalization & Transparency in Family Business -Case Study- Future of Corporate Governance

## COMPUTER APPLICATIONS IN FINANCIAL SERVICES

#### Module 6.3

- The topics of Unit I and Unit II are expected to provide an introduction. They should be taught mostly at conceptual level
- Unit III is expected to be taught in the light of Information Technology
- Unit IV is expected to be taught through mainly by demonstrations and support of practical

#### **Unit - I : Data Communication & Networking**

- Introduction.
- The Growth of Networking Technology: Modern Benefits of Networking , Data Sharing , Resource Sharing . The Development of Computer Networking . Life before Networking Early Connections, Modern Networking,. TCP/IP model, OSI Model.
- Data Communications Technology: Introduction to Analog and Digital Signals, Analog and Digital technology.
- Local Area Networks: Network Topologies, Point-to-point Topology, Bus Topology, Star Topology, Ring Topology, Mesh Topology, Special Topology.
- Components: Workstation, Network Interface Cards, Hubs, Peripherals.,
- Different types of Transmission Media in Networking: Twisted Pair Cabling,
- Coaxial Cable, Fiber Optic Cable, Wireless Media, Radio, and Infrared.
- Connectivity: Repeaters, Bridges, Routers, Gateways.
- Wide Area Networking: Switching Technology, Message Switching, Packet Switching Circuit Switching.

#### **Unit - II : Computer Security**

- Introduction: Security, Attacks, Computer Criminals, Method of Defence
- Security in Networks : Threats in Networks , Network Security Control , Firewalls Intrusion detection Systems, Secure E mail , Concept of Encryption & decryption
- Legal ,Privacy & Ethical Issues in Computer Crime , Privacy , Ethical Issues in Computer Society
- Network Security: Introduction & Need for Security , Authentication , Access Control, Server Logs, Virus Protection Firewalls, Intrusion Detection System & VPN
- Cyber Laws

#### **Unit - III : Databases**

- Introduction to Database Concepts: Database systems Vs Files systems, View of Data , Data models, Data abstraction, Data Independence, Three level Architecture, Database Design, Database Language - Data Definition Language (DDL), Data Manipulation Language (DML)
- E -R Model: Basic Concepts, Keys, E - R Diagram, Design of E - R Diagram Scheme (Simple Example)
- Introduction to Access, Creating Databases ,Tables (Relations) ,Rows (Tuples) ,Domains, Attribute Candidate Keys Primary Key, Queries, Forms

#### **Unit - IV : Visual Basic**

- Introduction to Visual Basic Programming
- What is Visual Basic ? Terminology ,Creating & Application, Modular Environment, Building an Application, Setting Properties of Objects, Forms, Introduction to Controls, Object - Based , Event Driven, Programming Coding
- Examining Code, Using the Object Browser, Statements & Functions, Conditional Statements in Visual Basic, Looping Statements, Overview of Debugging
- Forms : Using Forms, Multiple Forms, Order of Events, Start up & End of Applications
- Variables : Data types, Scope & Lifetime of Variables, Constants, Arrays & User Defined Types Procedures
- Introduction to Procedures, Arguments & Parameters, Named Arguments & Optional Arguments
- Controls: Using Controls, Standard Controls, Custom Controls
- Menus : Creating & Documenting Naming Standards. Custom Pop - up menus
- Error Handling : An Introduction to Error Handlers
- Record Sets: Choosing ADO or DAO, Adding Data ,Editing Data , Deleting Data

- Building Active X Controls: Creating A Data - Bound Control , Creating a Data Source Control, .net

## **MARKETING OF FINANCIAL SERVICES**

### **Module 6.4**

#### **Unit - I : Introduction**

- Financial Products in Services Spectrum
- Business Environment of Financial Services Sector
- Marketing Financial Products
- Transformation in Marketing Practices

#### **Unit - II : Production Management and Customer Relationship Management**

- Product concept and Product Management
- Importance of CRM in Marketing of Financial Services
- CRM and Relationship Marketing
- CRM Concept
- CRM implementation and Evaluation

#### **Unit - III : Analysing Business Markets**

- Organizational Buying Process and Participants
- Institutional and Government Markets
- Competitors : Identifying and Analysing
- Designing Competitive Strategies

#### **Unit -IV : The Global Scenario**

- Marketing Financial Product in US
- Marketing Financial Product in UK
- Marketing Financial Product in China

## **Mutual Fund Management**

### **Module 6.5**

#### **Unit - I : The Concept & Role of Mutual Funds**

- Origin & Growth of Mutual Funds in India, Role & Importance
- Types of Mutual Fund Products
- Organisational Design
- Sponsor, Trustee & AMC

#### **Unit - II : Investment in Mutual Funds**

- The Procedure & The Process
- Rights & Duties of Investors
- Do's & Don'ts' of Mutual Funds Investment

#### **Unit - III : Valuation of Mutual Fund Products**

- NAV Concepts
- Accounting
- Taxation
- Valuation Norms

#### **Unit - IV : Measuring & Evaluating Mutual Fund Performance**

- Risk & Performance Evaluation
- Measuring Returns
- Tracking Mutual Fund Performance
- Role of SEBI & AMFI

## **Customer Relationship Management in Financial Services**

## Module 6.6

### Unit - I : Introduction of Various Financial Services

- Factoring
- Forfeiting
- Securitisation
- Depositories
- Registrars
- DEMAT Services
- Merchant Banking Corporate Advisory Services
- Lease Financing
- Any Other Services

### Unit - II : Origin & Rationale of Customer Relationship Management (CRM)

- Relationship Marketing Vs Transactional Marketing
- Benefits of CRM

### Unit - III : CRM - A Vehicle for Value Creation

- Developing a Segmented Service Strategy
- Implementation

### Unit - IV : Achieving Customer Satisfaction through Service Quality

- Characteristics of financial services and difficulty in quality assurance.
- Need for Constant Research for Improving Quality
- Regular Customer Surveys
- Transaction Analysis
- E- Commerce & CRM

## Project - II ( Computer Lab Based)

### Module 6.7

#### Recommended books for Semester III and IV

#### 1. Risk Management

- Credit Risks. Models and management, David Shimko, Risk Books, 2004.
- Credit Risk Measurement, Antony Saunders, John Wiley and Sons, 2002.
- The book of Risk Dan Borge, John Wiley & Sons, 2001
- Dictionary of Financial Engineering, John F. Marshall, John Wiley & Sons, 2001
- The Financial Risk Manual, John Hollowell, F.T. Prentice Hall 2000
- Equity Derivatives & Market Risk Models, Oliver Brockhaus & Michael Forkas, Risk Books, 2000.
- Managing currency risk using foreign exchange options, Alan Hicks, Cambridge University Press,
- Risk Management, Michel Crouhy, Dan Galai and Robert Mark, Irwin 2000
- Risk and risk bearing Charles Hardy, Risk Books 1999\
- Introduction to Interest Rate Risk Financial World Publishing 2000
- Risk Management & Financial Derivatives : A Guide to Mathematics, Satyajit Das, Palgrave, 1998.
- Enterprise Wide Risk Management, James Deloach, F.T. Prentice Hall, 2000
- The business of Hedging, John Stephens, F.T. Prentice Hall, 2000
- Theory and Practice of Treasury and Risk Management in Banks, Taxmanns, New Delhi, 2006
- Taxmanns Credit Risk Management, Bidani S.N. & Mitra P.k. Taxmann, New Delhi, 2004
- Cases on Risk Management, Howard W.M.
- Risk Management, IIBF, Macmillan India Ltd, 2005.
- The Complete Guide to Business Risk Management, Jaico Publishing House, Mumbai 2001.
- Managing Risk in the New Economy, Dimitris Chorafas, NYIF, 2001
- The Risk Management Process, Christopher L.Culp, John Wiley & Sons, 2001.

- Liquidity Black Holes, Avinash Persaud, Risk Books, 2003

## **2. CORPORATE GOVERNANCE**

- Kautilya 's Arthshastra
- Corporate Governance
- M.R.T.P. Act
- Management by Values , Oxford University Press,1991
- The Story of my Experiment with Truth - M.K.Gandhi, Navjivan Publishing House, A'bad.
- Corporate Governance by H. R. Machiraju

## **3. COMPUTER APPLICATIONS IN FINANCIAL SERVICES**

- Database System Concepts, Silberschartz, Abraham : Korth ,Henry F. & Sadarshen S. 4th ed McGraw - Hill International Edition
- Data communication and Networking B.A forouzan 4th ED.TMH
- Access 2000 in Easy Steps Copestake Stephen
- Firewalls & Internet Security: William R. Cheswick, Steven M. Bellovin, Avie D. Rubbin 2nd ed(LPE)
- Internet sites on Cyber Law & Ethics, HTML etc.
- Information Technology Act, 2000.
- Visual Basic 6 from Bottom to Top: A Step by Step Guide with 84 Easy to do Projects - Salokhe Rajendra

## **4. Mutual Fund Management**

- Portfolio Management of Mutual Funds, R.C.Pozen , MIT Press,1999
- The Mutual Fund Business, Robert C. Pozen, IT Press,1998
- Working of Mutual Fund Organisations in India, Peddina Mohana Rao, The Institute of International Economics, 1998
- The Economics of Mutual Funds Markets, William J. Baumol Kluwer , Academic Publishers,1989
- Power Investing with Sector Funds. St. Lucia Press ,1998
- Growth & Income, R. Bryan Stoker, Author House

## **5. Customer Relationship Management in Financial Services**

- The Financial Services Source Book: A Guide to Sources of Information of Banking , Insurance & Other Financial Services , Robert Cunnew & Alison Scanmell ,Europa Publication,2001
- The Customer Differential: The Complete Guide to CRM , Melinda Nykamp, Amacom,2001
- Data Mining Techniques, Michael Berry & Gordon Linoff, John Wiley & Sons,2003
- Customer Relationship Management, Neil Russell - Jones ,Financial World Publishing ,2002
- Customer Relationship Management : Concepts & Tools , Francis Buttle,
- Butterworth - Heinemann ,2003
- Essentials of CRM , Brayan P. Bergeron , John Wiley & Sons, 2002
- Customer Relationship Management : The Bottom Line to optimising your ROI, John Anton & Natalie Petershoff, Prentice Hall ,2002
- CRM in Financial Services , Merlin Stone & Bryan Foss, Kogan Page ,2002
- Successful Customer Relationship Marketing , Merlin Stone & Bryan Foss , Kogan Page,2001
- Electronic Customer Relationship Management: Jerry Fjermested & Nicholas C. Romano, M.E.Sharpe,2006