

**Course Description:** The course aims at developing an overall understanding of the concept of Indian financial system for better financial decision making.

**Learning Objectives:**

- To understand the history of Indian financial system.
- To provide students with comprehensive understanding the significance of Indian financial system.
- To provide the knowledge on the components of financial system.
- To analyse the financial market processes and their instruments, and make successful financial decisions at an individual as well as company level.
- To analyse different credit instruments and ownership instruments.

**Pedagogy:**

Theory classes will be conducted on Indian financial system. Lectures and case studies can be used.

**Chapter – 1** Introduction to Indian financial system: Meaning, history of Indian financial system, Nature of financial system, financial system and economic development, structure of Indian financial system.

**Chapter – 2** Financial Institutions: Banking Institutions: commercial banks, cooperative banks and develop-mental banks – Meaning & definition of bank, objectives, importance of banking institutions, Characteristics & functions of bank, credit creation, NPA, Nationalization of commercial Banks. Non-Banking Institutions – LIC, GIC, UTI, SFC's, SIDC's, EXIM Bank, NABARD, etc – Meaning, objectives, and functions.

**Chapter – 3** Financial Markets: Money Market – meaning, Functions, Characteristics and role of a money market. Capital market - Primary & Secondary market - Meaning, Objectives, Functions, importance and role of new issues in raising finance, history of stock exchange in India, NSE, BSE. Foreign exchange market. Distinction between capital market and money market. Role of Financial Market in Economic Development of a country

**Chapter – 4** Financial Instruments: Capital market instruments – common stock – preference shares - Bonds – Debentures - Hybrid securities – Gold ETF – Mutual funds - Foreign exchange market – Derivatives – Money Market Instruments: call money – Treasury bills – commercial papers – certificate of deposits - Banker's Acceptance - etc. Financial Services: Fee-based Financial Services, Fund-based Financial Services and others.

**Chapter – 5** Regulators of Financial System: Securities Contracts (Regulations) Act 1956, The Securities and Exchange Board of India Act, 1992 – Objectives, Powers, functions and guidelines. IRDA – Objectives, Powers, functions and guidelines, RBI – Objectives, Powers, functions and guidelines. PFRDA, NABARD, etc.

**References:**

1. Avdhani, 1999, Investment and Securities Markets in India, Delhi, Himalaya Publications.
2. Varshney, P.N., 1999, Indian Financial System, New Delhi, Sultan Chand & Sons.
3. Srivastava R.M., 2001, Management of Indian Financial Institution, Mumbai Himalaya Publishing House.
4. Punithavathy Pandian – Financial Services and Markets, Vikas publishers
5. Gordon and Natarajan – Financial Markets and Services, Himalaya Publishing House

**Course Outcomes:** Student should be able:

CO1: To understand the financial system and its structure.

CO2: To understand the financial institutions and their functions.

CO3: To acquire knowledge of various markets in financial markets.

CO4: To understand the different financial instruments and services available.

CO5: To understand the roles of regulatory bodies in the Indian financial system.

**Evaluation Pattern:**

Theoretical examination will be conducted to evaluate the knowledge on financial Literacy.