

COURSE: Financial Markets

Credits	1.50
Faculty Name	Prof. Soumya G Deb
Program	EX- MBA-Full time
Academic Year and Term	2016-17 batch Term -3

1. Introduction

Welcome to the course. This course on Financial Markets will introduce you to the structure, operation, and regulation of modern financial markets. Well-functioning financial markets are essential for the effective allocation and employment of capital. We will consider the mechanisms that have evolved in the equity and debt markets to facilitate this allocation. We shall review the basic macroeconomic environment as well as the microstructure in which these markets operate. At the end of the course you will learn how the money market provides debt claims for short-term money management; how the equity and bond markets provide issuers with long-term financing; how newly created financial assets are introduced through the primary market; and how electronic and floor-based equity markets differ. We shall also briefly discuss the concept and functioning of the derivatives and forex markets. Throughout these discussions, we will be intimately concerned with the regulation of these markets by the government; when we are through, you should have a deep appreciation of the profound influence of governmental intervention on the evolution of our markets.

2. Student Learning Outcomes :**Module I: Financial Markets :**

At the end of the course you should be able to :

- Understand the broad concepts and mechanism of functioning of various financial markets.
- Understand the regulatory and policy framework within which intermediaries and market participants evolve and operate

- Understand the concept of various financial instruments which exchange hand in financial markets and to some extent certain aspects associated with pricing of these instruments.

The two major themes of this course are:

- Unfettered financial markets will find a way to bring interested parties together. If there is a market breakdown, intermediaries arise to facilitate transaction.
- Markets typically respond in a dynamic way to government regulation. There is a dynamic interaction between markets and government whose basic steps are financial market innovation, governmental regulation, and market response. This interaction evolves almost like a system achieving equilibrium.

3. Pedagogy

Interactive class lectures, numerical problem solving, case analysis (cases could be minicases or long cases depending on the requirement), and other assigned readings. Assignments will be given to students on a regular basis after class sessions, and students would be expected to come prepared with the assignments in the next class.

4. Required Materials, Text Book , Reference Book and other required readings :

- TEXT book :** Fabozzi, Modigliani, Jones, and Ferri, Foundations of Financial Markets and Institutions, a recent edition, Prentice Hall.
- PPT slides/** other reading materials as and when made available in hard copy printouts.
- Reference Books :**
 - **Financial Markets and Institutions :** A modern Perspective by Saunders and Cornett (TMH)
 - **Financial Institutions and Markets** by F S Mishkin, and S G Eakins (Addision)
 - **Financial Markets and Institutions** by Jeff Madura (Thompson)
 - **Financial Institutions and Markets,** by L. M. Bhole (TMH)
 - **Indian Financial System** - M.Y.Khan (TMH)
- Financial Website :**
 - **Economic Times :** <http://economictimes.indiatimes.com/>
 - **The Live Mint :** www.livemint.com

- www.rbi.org.in/Scripts/financialmarketswatch.: Reserve bank of India..Financial Market Watch
- <http://www.fimmda.org/> : Fixed Income Money Market and Derivatives Association of India
- <http://www.ccilindia.com/OMHome.aspx> : Clearing Corporation of India Ltd.
- www.amfiindia.com : Association of Mutual Funds in India

e) **Calculator :**

You will need a scientific calculator for undertaking everyday exercises in class. Please get one before the sessions start and bring the same every day in class.

4.) Tentative Session Plan:

<u>Session</u>	<u>Topics Covered</u>
1	<ul style="list-style-type: none"> • Introduction • The Nature and role of Financial markets in a financial system • Types and classification of Financial Markets
2-3	<ul style="list-style-type: none"> • Money Market
4-5	<ul style="list-style-type: none"> • Bond Markets : G Sec market, Corporate Bond markets, other bond markets
6-7	<ul style="list-style-type: none"> • Equity Markets : Primary markets, secondary markets
8	<ul style="list-style-type: none"> • Derivatives markets
9	<ul style="list-style-type: none"> • FOREX Market
10	<ul style="list-style-type: none"> • Recap

5) Assignment / Group Work:

Theoretical in nature: A short paper / Article on any recent topic (Max 15 pages, A4 size, 12 New Times Roman, single spaced; soft copy and/or hard copy submission on a mutually agreed date, but before the beginning of End term)

Criteria of evaluation of the assignment :

<i>Relevance of topic</i>	10 %
<i>Sources of information</i>	15 %
<i>Description of topic</i>	20 %
<i>Analysis of topic</i>	35 %
<i>Conclusion</i>	15 %
<i>Presentation / Formatting</i>	5 %

5. Evaluation Components :

Components	Weights (%)
Quiz	20%
Assignment Project	30%
End Term	40%
Class Attendance and Participation	10%

6. Class Participation (CP):

Class-participation is an integral component of the learning process. This could be comprised of attendance, response and overall positive demeanor in class. Your active participation in class is necessary, both for you and for your classmates. Your participation score will reflect the faculty's assessment of your attendance, your contributions to class discussions, and your overall positive demeanor during class.

7. Code of Ethics

To follow the Manual of Policies

8. Feedback

I request you to give continuous feedback for improvement of the course. You may form a "focus group" (consisting of 6-7 students from the class with diverse backgrounds including the CR) that continuously interacts with the other students and informs about their problems, if any, with the course so that adequate modification can be incorporated.

Welcome to the course once again!