



# MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

## COURSE CONTENT

FINANCIAL INSTITUTIONS, MARKETS AND SERVICES								
III SEMESTER								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
24MB020F	Professional Elective	L	T	P	C	CIE	SEE	Total
		4	-	-	4	40	60	100
Contact Classes:60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
Prerequisite: Basic concepts of Financial Institutions, Markets and Services.								

### COURSE OVERVIEW:

This course introduces the role and functions of financial institutions, financial markets, and financial instruments in the financial system. It examines the operations of banks, non-banking financial companies (NBFCs), insurance companies, mutual funds, and other financial intermediaries. The course also covers capital markets, money markets, financial services, and regulatory frameworks governing the financial sector.

### COURSE OBJECTIVES:

- Understand the structure and importance of the financial system.
- Study the functions and types of financial institutions.
- Explain the operations of money markets and capital markets.
- Understand different financial services and financial instruments.
- Analyze the role of financial markets in economic development.

### COURSE OUTCOMES: After Completion of the course, students should be able to

1. Outline India's financial landscape, covering fund-based services, non-fund-based offerings and emerging financial products
2. Explain leasing, hire purchase, financial analysis and lease vs. buy decisions.
3. Apply factoring principles, bill discounting methods and manage financial & legal considerations
4. Examine venture capital financing, valuation, deal structuring, entry - exit strategies and India's regulatory framework.
5. Evaluate merchant banking services, regulatory requirements and market implications

### UNIT-I FINANCIAL SYSTEM:

Financial system: growing importance of financial services in financial system, classification traditional and modern view, fund based and non-fund based services, financial engineering, need for innovation, new financial products and services, an overview of Indian financial services sector

scenario.

### **UNIT-II CONCEPT OF LEASING:**

Concept of leasing: classification, rationale, advantages of leasing, legal aspects, lease documentation and contract, tax and accounting aspects of leasing, financial evaluation of leasing, net present value (NPV) and internal rate of return (IRR) approaches, break even lease rental, lease v/s buy decisions. Hire purchase concept and features, legal and tax frame work, financial evaluation of hire purchase, hire purchase mathematics, flat and effective interest rates.

### **UNIT-III FACTORING:**

Factoring concept and features, classification, functions of factor, legal aspects, financial evaluation of factoring, decision analysis for factoring, factoring scenario in India. Bill discounting, concept and characteristics, process of bill discounting, legal aspects, parties involved and their legal obligations, financial aspects, calculation of discount charges and effective interest rates.

### **UNIT-IV VENTURE CAPITAL FINANCING:**

Venture capital financing, concept and features, venture capital funding process, funding and entry strategies of venture capital financing, structuring of venture capital financing, valuation of venture capital financing conventional valuation method, first Chicago method, revenue multiplier method, exit strategies of venture capital financing, ventures capital financing scenario in India, regulatory frame work of venture capital financing.

### **UNIT-V MERCHANT BANKING:**

Merchant banking concept and evolution, functions of merchant banking, eligibility norms, lead manager, underwriter, brokers and bankers to issue, registrar, portfolio managers, new issue management process and stages involved pricing of public issues, book building process, green shoe option, initial public offering, promoter's contribution, preferential issues, SEBI guidelines relating to new issues of securities, credit rating concept and advantages of ratings, types of ratings, symbols of ratings and grades. Latest Amendments in Financial Markets.

### **TEXT BOOKS:**

1. Meir Kohn, "Financial Institutions and Markets" Oxford University Press, 2<sup>nd</sup> Edition, 2009.
2. Khan. M.Y, "Financial Services", Tata McGraw-Hill, Pvt. Ltd., New Delhi , 5<sup>th</sup> Edition,2010.
3. Gordon and Natarajan, "Financial Markets and Services", Himalaya publishing House, Mumbai ,7<sup>th</sup> Edition, 2009.

### **REFERENCE BOOKS:**

1. Vasant Desai, "Financial Markets and Financial Services", Himalaya publishing House, Mumbai, 1<sup>st</sup> Edition, 2009.
2. Punithavathy Pandian, "Financial Services and Markets", Vikas Publishing House, 3<sup>rd</sup> Edition,2009.
3. L.M. Bhole: Financial Institutions and Markets, TMH,2012

### **ELECTRONIC RESOURCES:**

1. <https://www.scribd.com/document/184434634/45790874-mba-3-sem-finance-notes- bangalore->

university.

2. <http://www.slideshare.net/venkykk/fifm-2013-final-financial-institutions-and-notes-as-per-bput-syllabus-for-mba-2nd>.
3. [http://iimsnepal.com/download/e%20book%20materials/mba%20ebook%20material/mba%203rd%20semester%20ebook%20materials/dmgt512\\_financial\\_institutions\\_and\\_services.pdf](http://iimsnepal.com/download/e%20book%20materials/mba%20ebook%20material/mba%203rd%20semester%20ebook%20materials/dmgt512_financial_institutions_and_services.pdf)

#### **MATERIALS ONLINE:**

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos

