

## ELECTIVES (Finance)

### MBF-530: SECURITY ANALYSIS AND INVESTMENT MANAGEMENT

**Credit: 3+0+0 = 3**

**Objective:** The objective of this course is to impart knowledge to students regarding the theory and practice of Security Analysis and Investment Decision Making Process. The focus of Security Analysis is on analysis of a company's securities by their own. It will provide the knowledge of the workings of security market.

**I. Investment** – Return and Risk Features of an investment Programme, Operations of Indian Stock market, New Issue Market, Listing of Securities, Cost of Investing in Securities.

**II. Mechanics of Investing-** Markets and Brokers, Investment Companies, Market Indices and Return, Security Credit Ratings, Objectives of Security Analysis, Investment Alternatives.

**III. Valuation Theories-** of Fixed and Variable Income Securities, The Return to Risk and the Investment Decision, Government Securities, Non Security Forms of Investment , Real Estate Investment, Investment Instruments of the Money Market.

**IV. Stock Market Analysis-** Fundamental and Technical Approach, Efficient Market Theory, Methods of raising capital, Recent Developments in the Indian Stock Market.

**V Membership of stock market-** trading procedure, special points regarding regulation of Security market, Role of Banks; Demat, E-Banking transactions.

#### Suggested Readings

1. Amling, Frederic. Investment. Englewood Cliffs. New Jersey. Prentice Hall Inc. 1983
2. Bhalia. V.K. Investment Management : Security Analysis and Portfolio Management . 8th ed. New Delhi . S. Chand. 2001
3. Fischer, Donald E. and Jorrdan, Ronald J. Security Analysis and Portfolio Management . 6th ed. New Delhi. Prentice Hall of India, 1995
4. Fuller, Russell J. and Farrell, James L. Modern Investment ands Security Analysis. New York. McGraw Hill, 1993
5. Haugen. Rovert H. Modern Investment Theory . Englewood Cliffs. New Jersey. Prentice Hall Inc. 1987.
6. Huang. Stanley S C and Randall, Maury R. Investment Analysis and Management. London. Allyn and Bacon. London, 1987
7. Sharpe. William F. Etc. Investment. New Delhi . Prentice Hall of India .1997.

## MBF-531: PORTFOLIO MANAGEMENT

**Credit: 3+0+0 = 3**

**Objective:** The Objective of this course is to give the students an in depth knowledge of the theory and practice of Portfolio Management. Portfolio Management means how the investors analyze the company's securities in comparison with other's in the security market. The course is designed with a view to develop the skills required for portfolio management so as to be able to judge the competitive position of firms in capital market and review the related business decisions.

**I. Introduction to Portfolio Management:** An optimum Portfolio Selection Problem. Markowitz Portfolio Theory, The Mean variance Criterion ( MVC) , The Nature of Investment Risk, MVC and Portfolio Selection, The investment in Liquid Assets. Portfolios of Two Risky Securities.

**II. A three Security Portfolio:** The Efficient Frontier, Tracing the Efficient Frontier, The Relationship between the Unleveraged and Leveraged Portfolio, Sharpe : Single Index Model, Application of Market Model in Portfolio Construction.

**III. Capital Asset Pricing Model:** Characteristic Lines, Factor Models and Arbitrage Pricing Theory, Constructing Efficient Frontier, Optimum Portfolios, Constructing the Optimum Portfolio, Portfolio Investment Process.

**IV. Bond Portfolio Management Strategies :** Investment Timing and Portfolio Performance Evaluation : Corporate Portfolio Management in India, International Diversification.

**V Performance evaluation of portfolio:** Risk and Return of portfolio, Forecasting of portfolio performance.

### **Suggested Reading :**

1. Alexander. Gordon J. and Sharpe. William F. Fundamentals of Investments. Englewood Cliffs. New Jersey. Prentice Hall Inc. 1989
2. Bhalia . V.K. Investment Management : Security Analysis and Portfolio Management. 8th ed. Delhi S. Chand, 2001.
3. -----Portfolio Analysis and Management. Delhi , S.Chand. 2002
4. Elton, Edwin J and Gruber. Martin J. Modern Portfolio Theory and Investment Analysis. New York John Wiley, 1984
4. Lee. Cheng F. Etc. Security Analysis and Portfolio Management. Scott. Foresman. 1990
5. Markowitz, Harry M. Mean. Variance Analysis in Portfolio Choice and Capital Markets. London. Basis Blackwell. 1987

## **MBF-532: MANAGEMENT OF FINANCIAL SERVICES**

**Credit:3+0+0 = 3**

**Objective:** The objective of this course is to help students to learn the Various financial services and their role in the overall financial system. It also enables the students to focus on strategy and application to decision making in the highly ompetitive and rapidly growing services sector

**I. Financial System and Markets;** Concept, Nature and Scope of Financial Services; Regulatory Framework for Financial services : Management of Risk in Financial Services. Debt Instruments. financial services and GDP, Reforms in financial sector, recent issues and challenges in financial services in India.

**II Money and capital market:** Classification, Participants, Instruments.

**III. Stock Exchange Operations;** Mutual Funds: Merchant Banking Services; Managing of issue shares and bonds mobilizing of Fixed Deposits – Inter Corporate Loans International Finance.

**IV. Other Financial Services:** Leasing and Hire Purchase: Debt Securitization: Housing Finance; Credit Rating : Credit Cards :Banking and Insurance.

**V. Venture Capital:** Factoring for Failing, Insurance: The Tax Environment and Financial Services : Pricing Financial Services.

### **Suggested Readings**

1. Bhalla. V.K. Management of Financial Services, Anmol. New Delhi ,2001.
2. Bhalla . V K and Dilbag Singh. International Financial Centres. New Delhi. Anmool 1997.
3. Ennew. C. Trevor Watkins & Mike Wright : Marketing of Financial Services. Heinemann Professional Pub. 1990.
4. Gordan. E and K. Natrajan Emerging Scenario of Financial Services .Himalaya Publishing House. 1997
5. Meidan, Arthur Brennet. M. Option Pricing : Theory & Application .Toronto. Lexington Books, 1983
6. Kim. Suk and Kim , Seung. Global Corporate Finance : Text and Cases . 2nd ed. Miami Florida Kolb. 1993.
7. Bhatt, Anil and Chouhan, Vineet: Marketing of financial services, Himalaya Publication, 2009

## **MBF-533: FINANCIAL DERIVATIVES**

**Credit: 3+0+0 = 3**

**Objective:** The Objective of this course is to give an in depth knowledge of the functioning of derivative securities market and the institutional structure of the markets on which they are traded as well as developing the analytical tools necessary to price such instruments. The course deals with derivative instrument and their role in the modern capital markets.

**I. Introduction to Derivatives:** Brief history of derivatives, Commodity, Currency, Stocks and Interest Rate Derivatives, Structure of derivative markets, Forward Contracts; Future Contracts ; Other Derivative Securities ;Types of Traders ; Future Markets and the use of Futures for Hedging.

**II. Forward and Futures Prices ;** Interest Rate Futures ; Swaps ; Options Markets ; Properties of Stock Option Prices. Marking to market using margin accounts. Types of market quotes.

**III. Trading Strategies Involving Options ;** Black Scholes Option Model :Binomial Model ; Options on Stock Indices.

**IV. Currencies and Futures Contracts ;** General Approach to Pricing Derivatives Securities; Interest Rate Derivative Securities ; Derivatives Market in India.

**V. Risk Analysis and Risk Management-** Risk Measurement and Management Framework, Option's delta, gamma, Vega, theta, RHO, Hedging with futures. Derivatives Disclosure: Accounting Issues in Derivatives

### **Suggested Readings:**

1. Bhalla V.K. Investment Management : Security Analysis and Portfolio Management. New Delhi . S. Chand. 2001
2. -----Financial Derivatives. Delhi. S. Chand. 201
3. Brennet. M. Option Pricing : Theory & Applications. Toronto, Lexington Books, 1993
4. Cox, John C. and Rubinstein, Mark: Options Markets. Englewood Cliffs New Jersey. Prentice Hall inc., 1985.
5. Huang. Stanley S C and Randall, Maury R. Investment Analysis and Management . London Allyn and Bacon 1987
6. Hull. John C. Options, Futures and Other Derivative Securities. 2<sup>nd</sup> ed. New Delhi . Prentice Hall India . 1996
7. Sharpe. William F. Etc. Investment. New Delhi. Prentice Hall of India.1997

## **MBF-534: STRATEGIC FINANCIAL MANAGEMENT**

**Credit: 3+0+0 = 3**

**Objective:** To ensure that candidates can exercise judgement and technique to make commercial value added decisions in strategic financial management and are able to adapt to factors affecting those decisions.

**I Conceptual Framework:** Meaning of SFM, Evaluation of costs and benefits, Reasons for managing business financially, Strategy & strategist, 9-s model for SFM, Compensation Management. Need of compensation management, Types of employees & compensation strategy. Design of wage policy. Negotiations, Design and implementation of VRS, Implications of FBT.

**II Financial Aspects of Supply Chain Management strategy** with respect to following areas - Vendor management, Purchasing, Inventory control and its techniques, Distribution Management, Relationship with dealers, Product pricing , Marketing cost analysis.

**III Corporate Valuation:** Reasons for valuation of business enterprise, Different Approaches to enterprise valuation- a. Market Related Valuation-At replacement cost and realizable value, b. future cash flows, c. Capitalization. Economic value added approach.

**IV Overview of financial engineering:** Meaning, Benchmarking practices, Innovative sources of Finance- a. Off balance sheet, Financing, b. Versatile bonds, c. Junk Bonds, d. Vendor Finance, Co-operative federation. Funding strategies, monitoring and assessment Ethical Aspects, Ethical Dilemma faced by Financial Managers, Need for corporate social responsibility.

### **Suggested Readings**

1. Strategic Financial Management- G.P. Jakhotiya
2. Strategic Finance Case Studies- N.J. Yashaswy
3. Guide to Companies Act- Rammaiya
4. Accounting Standards and Corporate Accounting Practices- T.P. Ghosh

## **MBF-535: FINANCIAL AND FOREIGN EXCHANGE MARKET**

**Credit: 3+0+0 = 3**

**Objective :** The basic objective is to acquaint the participants with the mechanism of the foreign exchange markets, measurement of the foreign exchange exposure, and hedging against exposure risk.

**I. Foreign Exchange Markets:** Types and Transactions, Quoting foreign exchange Rates, Spread. Official and Free Market Rates. Cross Rates, Forward Rates, Quoting Forward Rates.

**II. Organization of the Foreign Exchange Markets :** Currency Futures; Currency Options; Currency Swaps; Corporate Exposure Management; Alternative Definitions of Foreign Exchange Risk.

**III. Exposure Information System:** Alternative Strategies for Exposure Management, Exposure Management Techniques, Organization of the exposure management, Function; parameters and Constraints on Exposure Management.

**IV. Theory and practice of Forecasting Exchange Rates:** Economic Fundamentals, Financial and Socio-Political Factors, Technical Analysis; Tax Treatment of Foreign Exchange Gains and Losses, FEMA (Provisions)

**V Role of International Institutions in FOREX Management:** IMF, IBRD, UNCTAD, EU.

### **Suggested Reading:**

1. Aliver, R.Z. Exchange Risk and Corporate International Finance. London. Macmillan. 1978
2. Bhalla, V K. International Financial Management. 2nd ed. New Delhi, Anmol. 2001
3. Luca Cornelius . Trading in the Global Currency Markets. NJ, Prentice Hall. 1995
4. Shapiro, A.C. International Financial Management . Boston. Allyn and Bacon. 1979
5. Sutton. W.H. Trading in Currency Options. NY. New York Institute of finance. 1987

## **MBF-536: BANK MANAGEMENT**

**Credit 3+0+0=3**

**Objective:** the basic objective of this paper is to acquaint the students about Primary and modern techniques of bank management and about the bankers role in international trade.

**I Banking Regulation and statutory provision for regulating domestic banks and foreign banks:** Basic exposure to banking regulation, Origin, primary and Secondary functions of Bank, Administration and structure with special reference to RBI, NABARD, Development Banks and cooperative Banks.

**II Statutory Provision for Regulating Negotiable Instruments:** Promissory Note, Bills of Exchange and Cheque, Parties of negotiable instruments, Paying and collecting Banker, Precaution in collecting customers Cheque.

**III Bank and customer Relationship:** Application form, Special types of Account Holder, Methods of Remittances, Circumstances under which a banker can close accounts of a customer, **Modern Technologies in Banking:** ATMs, A Study of Credit and Debit Cards, Tele Banking, Net Banking.

**IV Role of Banks in International Trade:** Post liberalization and globalization scenario. Banks contribution to International Business. Letter of Credit, Liabilities of issuing banker, Bankers Guarantee. Role of EXIM Bank, Venture Capital, Underwriting.

**V Bank Lending and Recovery Process:** Securities for advances, Monitoring the Advances, Recovery measures, Rescheduling, Compromise, Recalculation of interest, Legal Measures., Loan syndication, non performing assets. Credit Rating of Corporate units for sanction of loans.

**VI Capital adequacy norms and Basle Agreements I & II**

### **Suggested Reading:**

1. Gill, S. G. Practice and Law of Banking
2. Varshney, P. N., Banking law and Practice
3. Perry, F. E., Law and Practice Relating to Banking
4. Desai, Vasant, Banking and Financial System
5. Shekhar, K. C., Banking theory and practice.
6. Annual report on trends and progreaa of Banking- RBI Bulletin
7. Gordon, E., and Natarajan, K., Banking Theory and Law and Practice in India.
8. Lall, B. M. and Nigam, Law and Practice of Banking
9. Bhatt, Anil. K. Banking law and practice. Ramesh book, 2008
10. Bhole, L. M. Financial Institutions and Market Structure Growth and Innovation, 1992