



Dr. V. N. Bedekar Institute of Management, Thane
Teaching Plan (MMS/PGDM)
Academic Year (2017-2018)

Programme Name: PGDM

Term: IV

Name of the subject: Financial Markets and Services

Maximum marks: 100

No. of Sessions: 10

Name of the Faculty: CA Vikram Menda

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Weblink:

Learning Objectives:

- ✓ As MBA professionals specializing in Finance vertical, the class participants are expected to understand the nuances of financial markets
 - ✓ Here we will start with the basics & fundamentals of financial markets and services. And then delve into advanced concepts used in day-to-day real life.
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Reference Books:

1. Financial Markets and Institutions by Anthony Saunders - Tata McGraw Hill Publications
2. SEBI Guide Lines (available on net) on Mutual funds.
3. Handouts / Soft copies ('Excel bond') on some topics like Bond Mathematics, Portfolio Management, Evaluation of Mutual Fund performance etc will be given.



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Plan:

| Session No | Topics to be covered | Books referred/ Recommended/ References- Print/Articles/ News/Research papers/ Online database/ Software /Simulations used | Learning outcomes | Evaluation of Students understanding by MCQs, Quiz, Short Test |
|------------|---|--|----------------------|--|
| 1 | <u>Introduction to Financial Markets</u> · Money Markets · Capital Markets · Advantages of Financial Markets to investors / corporates | | | |
| 2 | <u>Determinants of Interest Rate</u> · Real and nominal Interest rates · Theory of Term structure of Interest Rates · Monetary Policy & Role played by Central Bank · Money supply and Demand · Measures of money Supply (M1 / M3) · Influence of Interest Rates in other economics on domestic interest rates | | | |
| 3 | <u>Money Markets</u> · Why money markets are needed · Various Money Market instrument | | | |
| 4 | <u>Bonds</u> · Bonds mathematics (YTM, Currency yield, duration, convexity, zero coupon yield | | | |



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|---|--|--|--|--|
| | <p>etc).Application of Duration in Risk Management</p> <ul style="list-style-type: none"> · Term Structure & Theories Behind term Structure · Determinants of interest rates –(Role played by Central Bank Monetary & Credit Policy, Effect of Globalisation (Fed watching) etc. · Government bonds & Corporate bonds (Credits Rating, Default Risk) · Interest Rate Risk Management · Introduction to FRA's / SWAPS · Introduction to Mortgage Mathematics | | | |
| 5 | <p><u>Stock Markets</u></p> <ul style="list-style-type: none"> o Introduction to Portfolio Management Theory Understanding Risk , Diversification CAPM, Systematic / Unsystematic Risks etc o Understanding - Market Efficiency o Historical returns from US Markets o Historical returns from Indian Markets o Fundamental drivers of Value of Stocks / Market (Index) o Relative Valuation Measures Like PE Ratio, P/BV Multiple and their determinants | | | |
| 6 | <ul style="list-style-type: none"> · Comparison of Indian MF industry with US Mutual fund industry. · Styles of Investment · Evaluating Fund performance on the basis of (Sharpe, Treynor, Information ratio)etc Style (Value / Growth – Momentum) Fund Manager's past performance, AMC's Reputation etc · Actual Performance of Indian MF. (Returns delivered by Indian Mutual Funds) | | | |



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|----|---|--|--|--|
| 7 | <p><u>Foreign Exchange Markets</u></p> <ul style="list-style-type: none">· Purpose served by Markets· Spot Rates / Forward Rate – Foreign Exchange Mathematic· Floating / Fixed rate – Advantages / Disadvantages | | | |
| 8 | <ul style="list-style-type: none">· Determinants of Currency Movements or Exchange rate· Real & Nominal Exchange Rates· Covered Interest Parity | | | |
| 9 | <p><u>Derivatives & Risk Management</u></p> <ul style="list-style-type: none">· Understanding Basic Purpose of Derivatives – Risk Management / Speculation· Basic features of Futures and Options· Difference between Forward and Future markets· Introduction to Arbitrage & Risk Neutral Valuation | | | |
| 10 | <p><u>Commercial Banks</u></p> <ul style="list-style-type: none">· Understanding the Balance Sheet, Capital Adequacy ratio· Understanding various Risks fixed by banks and how banks manager these risks· Understanding the profitability drivers of the Banks. <p><u>Investment Banking:</u></p> <ul style="list-style-type: none">· Role Of Merchant Bankers· Capital Structuring· Buy Back and its rationale· IPO/Rights Issue Process· ADR/GDR Issue· Important SEBI Regulations | | | |



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2. Practical Approach : Other activities (Atleast 4 distinct activities)

| Sr. No. | Activity Name | Topic Coverd | Learning outcomes | Source |
|----------------|---------------------------------------|------------------------------|--------------------------|------------------------|
| 1 | Role Play | Financial Markets | | Real life case studies |
| 2 | Industry Visit | | | |
| 3 | Academic Projects | Different kinds of services | | Finance websites |
| 4 | Book Review | | | |
| 5 | Group Discussion | Future of financial services | | Finance journals |
| 6 | Business Quiz / Business News sharing | | | |
| 7 | Videos / Simulation | | | |
| 8 | Use of Softwares and Labs | | | |
| 9 | Any other activity | | | |



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Evaluation:

I) Internal:

| Component | Details | Marks |
|------------------|----------------|--------------|
| Class Test | | |
| Presentation | | |
| Case Study | | |
| Participation | | |
| Others | | |

CA Vikram Menda

Signature of Faculty

Signature of the Co-ordinator