

## GENERIC ELECTIVES (GE-10): INDIAN FINANCIAL SYSTEM

### CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Indian Financial System (GE10)	4	3	1	0	Class 12	None

#### Learning Objectives

The course attempts to develop an understanding of:

- (i) the history and role of the Indian Financial System in economic development
- (ii) the role and importance of financial markets; capital, equity and money markets
- (iii) commercial banks, development banks, NBFCs - risk and NPAs; role of ARCs.
- (iv) role of financial services in credit market

#### Learning outcomes

By studying this course, students will be able to:

- Analyse the financial market processes and their factors, and make successful financial decisions at an individual as well as company level.
- Evaluate various ways of raising funds from the financial markets domestically or internationally for the company.
- Study the considerations of banking and other financial institutions in real life.
- Evaluate various financial services offered under financial system of India.

### SYLLABUS OF GE-10

#### UNIT - I: Financial System: An Introduction

(6 hours)

Financial System: meaning, characteristics, significance and components; tracing the history of the Indian financial system and its contribution to Economic Development; markets, regulators and participants in the Indian financial system; financial instruments, direct and indirect finance, scams in Indian Financial System.

#### Unit 2: Financial Markets

(18 hours)

Financial Markets – meaning, types, role, importance, and securities traded; linkages between financial markets and economy. Capital market – meaning, functions, organisation; Equity market – primary and secondary market, ways of raising funds, private equity, venture capital, introduction to debt market. Money market – meaning, functions, organisation, participants, instruments, trading mechanism, role of central bank.

#### Unit 3: Financial Institutions

(9 hours)

Commercial Banking, Nationalisation of Commercial Banks, Structure of Commercial Banks in India, Depository and Non-Depository Institutions, Universal Banking, Payments Bank, Development Banks (IFCI, IDBI, NABARD and NHB), NBFCs, Risk Management in Banks, ARCs Problem of NPAs.

#### Unit 4: Financial Services

(12 hours)

Credit Rating – Meaning, Process, Rating Methodology, Rating Symbols and Rating Agencies.  
Insurance – Meaning, Importance, Types, Seven Principles and Regulation.  
Leasing – Meaning, Features and Types of Leasing; Concept of Hire Purchase, Difference between Hire Purchase and Leasing; Factoring – Meaning, Functions, Types and Procedure; Forfaiting – Meaning, Process, Characteristics, Types, Advantages, Difference between Forfaiting and Factoring; Investment Banking – Meaning, Importance and Services Offered by Investment Bankers.

#### **Essential/recommended readings**

1. Khan, M.Y. Indian Financial System. Tata McGraw Hill.
2. Bhole, L.M. Financial Institutions and Markets. Tata McGraw Hill.
3. Varshney, P.N. and Mittal, D.K. Indian Financial System. Sultan Chand & Sons.
4. Pathak, Bharati. Indian Financial System. Pearson Publications.
5. Shahani, Rakesh. Financial Markets in India: A Research Initiative. Anamica Publishing Co.

#### **Suggestive readings**

1. Gordon, E. &Natarajan, K. Financial Markets and Services. Himalaya Publishing House.
2. Gupta, Shashi, Aggarwal, Nisha and Gupta, Neeti. Indian Financial System.Kalyani Publishers.
3. Kumar, Vinod., Gupta, Atul. andKaur, Manmeet. Financial Markets, Institutions and Services, Taxmann Publications.
4. Madura, Jeff. Financial Markets and Institutions. South Western Cengage Learning.

**Note:** Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.