

GE 3: FUNDAMENTALS OF STOCK TRADING

Course Title	Total Credits	Components			Eligibility Criteria	Prerequisite if any	Department offering the course
		L	T	P			
Fundamentals of Stock Trading	4	3	1	0	Class XII Pass	NIL	Finance and Business Economics

Course Objectives: To familiarize students with the essential concepts and skills needed to be able to appropriately choose securities and operate in Stock markets.

Learning Outcomes: On successful completion of his course, the students will be able to:

- Understand the fundamentals of investments and the investment environment.
- Able to compare and evaluate different investment opportunities.
- Comprehend the structure and composition of Indian Securities market.
- Learn the mechanism involved in online stock trading.
- Grasps the concepts associated with investing in Mutual funds.

Course Contents

Unit 1: Basics of Investment & Investment Environment (12 hours)

Fundamentals of Investment, Features of Investment, Investment Environment. Principles of sound Investment. The Investment Decision Process. Modes of Investment – Direct Investing and Indirect Investing, Approaches to Investing – Active Investing and Passive Investing. Risk Return Trade Off. Types of Securities – Equity Shares, Bonds and Debentures, and Government Securities. Alternative Investments (Briefly) – Mutual Funds, Derivatives, Unit Linked Insurance Policy (ULIP), Exchange-traded funds (ETFs), Collective Investment Schemes (CIS), Real Estate Investment Trusts (REITs). Criteria for Evaluation of Investment Alternatives.

Unit 2: Indian Securities Market (16 hours)

Securities Market – Capital Market and Money Market, Difference between Capital and Money Market, Primary and Secondary Market, Difference between Primary and Secondary Market. Over the Counter (OTC) and Exchange Traded market. Modes of offering Equity Shares – Initial Public Offering (IPO), Follow-on Public Offering (FPO), Difference between IPO and FPO, Difference between Offer for sale (OFS) and Public offer (IPO/FPO). Methods of IPO Pricing – Fixed Price Method and Book Building Method, The Book Building Process, Fixed Price method v/s Book building Method. Market Participants – Issuer of Securities, Investors, and Intermediaries. Role of Stock Exchange. Stock Exchanges in India. Securities (Stock) Indices – Broad Market Indices, Sectoral Indices and Thematic Indices.

Unit 3: Online Security Trading (16 hours)

Trading Mechanism on Exchanges, Trading and Settlement at NSE – National Securities Clearing Corporation Limited (NSCCL), Clearing Mechanism, Clearing & Settlement (Equities).

Online Trading – Introduction, Online Trading Mechanism. Online Real Time Price Quotations – Bid Price, Ask Price, Bid-Ask Spread, Tick Size, LTP, ATP. Circuit Breakers – Upper Circuit, Lower Circuit, NSE rules regarding Circuit Breaks. Price Bands, Rules regarding Price Bands on NSE. Electronic Order Book. Types of Orders – Market Order, Limit Order, Stop Loss Order, Stop Loss (Limit) Order, Stop Loss (Market) Order, After Market Order (AMO). Order Conditions – Price related conditions, Time related conditions, Quantity related conditions. Placing an Order, View/Modify/Cancel an Order.

Unit 4: Investing in Mutual Funds (16 hours)

Concept of Mutual Funds, Mutual Funds are an Indirect Mode of Investment, Evolution of Mutual Funds in India, Structure of Mutual Funds (Sponsor, Board of Trustees, AMC and Custodian). Advantages of Investing in Mutual Funds, Limitations of Investing in Mutual Funds. Types of Mutual Fund Schemes – Open ended, Close ended, and Interval funds; Domestic Funds and Off-Shore funds; Growth funds, Income funds and Balanced funds; Equity Fund schemes, Debt fund schemes, Gilt Funds, Money Market Funds, Tax Saving or Equity Linked Savings Scheme (ELSS), Index schemes, Sectoral Funds, Ethical Funds, Load and No-Load Fund, Fund of Funds, Systematic Investment Plans (SIP), Systematic Withdrawal Plans (SWP), Systematic Transfer Plans (STP), and Exchange Traded Funds. Net Asset Value, Cost incurred and Return from Mutual funds, Types of Loads. Performance Evaluation of Mutual Funds. Factors affecting choice of Mutual funds. Mutual funds in India. CRISIL and their Rankings for mutual funds – Ranking Methodology and Usage of Mutual Fund Rankings.

Essential Readings:

1. Tripathi, Vanita and Panwar, Neeti: Investing in Stock Markets. Taxmann Publications.
2. Chandra, Prasanna: Investment Analysis and Portfolio Management. McGraw Hill Education.

Additional Readings:

1. Rustagi, R.P., Investment Management. Sultan Chand Publications.
2. Tripathi, Vanita: Security Analysis and Portfolio Management. Taxmann Publications.

Teaching Learning Process:

Class room lecture, Numerical Problem solving, Case study discussion, Class presentation on the assigned topic by students individually or in group, Workshop, Tutorials, Role play.

Assessment

Total Marks: 100

Internal Assessment: 25 Marks

End Semester University Exam: 75 Marks

The Internal Assessment for the course may include Class participation, Assignments, Class

tests, Projects, Field Work, Presentations, amongst others as decided by the faculty.

Key Words

Investments, Indian Securities Market, Initial Public Offer (IPO), Online Security Trading, and Investing in Mutual Funds.

GE5: ESSENTIALS OF FINANCIAL INVESTMENTS

Course Title	Total Credits	Components			Eligibility Criteria	Prerequisite if any	Department offering the course
		L	T	P			
Essentials of Financial Investments	4	3	1	0	Class XII Pass	NIL	Finance and Business Economics

Course Objectives: To familiarize students with the essential concepts and fundamentals of financial investments. The course will enable them to understand and make informed choice about the various available financial investment alternatives.

Learning Outcomes: On successful completion of his course, the students will be able to:

- Understand the fundamentals of financial investments and the investment decision process.
- Able to compute various measures of risk and return, and understand their role for evaluating investments.
- Understand and carry out security analysis using different approaches.
- Learn basic approaches to valuation of securities and carry out portfolio analysis.

Course Contents

Unit 1: Investments – An Overview (12 hours)

Concept of Investment, Financial Investment Vs. Real Investment, Investment Vs Speculation, Objectives or Features of Investment, Risk Return Trade Off, Investment Environment – Overview of Securities Market and Different Types of Financial Investment. Investment Decision Process, Direct Investing Vs Indirect Investing, Approaches to Investing – Active Vs Passive. Diversification, Hedging and Arbitrage.

Unit 2: Risk – Return Analysis (16 hours)

Concepts of Return and Risk, Types of Return - their Calculation & Utility: Absolute Return, Average Return, Expected Return, Portfolio Return, Holding Period Return, Effective Annualized Return, Risk-Adjusted Return. Causes (or Sources) and Types of Risk – Systematic and Unsystematic Risk, Components of Systematic and Unsystematic Risk, Calculation of Total, Systematic and Unsystematic Risk. Impact of Taxes and Inflation on Investment – Computation of Post Tax and Real Returns.

Unit 3: Security Analysis (16 hours)