MINOR

Subject: FINANCIAL MANAGEMENT

w.e.f. AY 2023-24

COURSE STRUCTURE

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SEMESTER-II
COURSE 1: FUNDAMENTALS OF FINANCIAL MANAGEMENT

Course Objectives:
1. To enable the students to understand the various functions of financial management.
2. To acquire knowledge on financing decisions.
3. To gain knowledge on Long term Investment decisions.
4. To impart knowledge on Short term Investment decisions.
5. To acquire knowledge on Dividend decisions.

UNIT – I: FINANCIAL MANAGEMENT

UNIT – II : COST OF CAPITAL

UNIT – III : CAPITAL BUDGETING
Nature of investment decisions; investment evaluation criteria - Accounting Rate of Return, Payback Period, Net Present value, Internal Rate of Return and Profitability Index.

UNIT – IV : WORKING CAPITAL
Meaning, significance and types of working capital; Determinants of Working Capital, Sources of working capital; Management of Inventories, Management of Cash; management of Accounts Receivables.

UNIT – V: DIVIDEND DECISIONS
Types of dividend, Dividend Models, Determinants of dividend policies, Practical aspects of dividend.
**Recommended Books:**

2. I M Pandey financial management, Vikas publications
3. Prasanna Chandra financial management, TMH publishers
4. R K Sharma & Seshi Guptha financial management, Kalyani publishers
5. Rohit Srivastav financial management, Oxford publishers
SEMESTER-III
COURSE 2: MONEY, BANKING AND FINANCIAL MARKETS

Course Objective:

1. To analyse the impact of money on some of the economy’s key variables such as interest rates, inflation, and the banking industry.
2. To expose students to the theory and functioning of the monetary and financial sectors of the economy.
3. To study the organization, structure and role of financial markets and institutions.
4. To examine interest rates, monetary management and instruments of monetary control.
5. To study the Financial and banking sector reforms and monetary policy with special reference to India.

UNIT I: MONEY

Meaning, functions and classification, Role of money in capitalist, socialist and mixed economies, theories of money supply determination. RBI approach to money supply; High powered money and money multiplier. Monetary standards – Metallic and paper standards, system of note issues in India. RBI approach to money supply; High powered money and money multiplier.

UNIT II: BANKING

Types of Banks. Functions of Commercial banks. Process of credit creation, Purpose and limitations. Liabilities and assets of banks. Commercial banking in India, Nationalization of commercial banks in India. Recent reforms in banking sector in India.

UNIT III: CENTRAL BANKING

Functions of Central Bank. Quantitative and qualitative methods of credit control- Bank rate policy, Open market operations, Cash reserve ratio and selective methods. Role and functions of the Reserve Bank of India.

UNIT IV: FINANCIAL INSTITUTIONS, MARKETS, INSTRUMENTS AND FINANCIAL INNOVATIONS

Role of financial markets and institutions, Structure of money market and capital market — Call money market. Treasury bill market, Commercial bill market including commercial
paper and certificate of deposits, Government securities market, Primary and secondary market for securities. Financial sector Reforms in India, Role of Financial Derivatives
Financial Institutions: Types; Banking and Non-Banking Financial Institutions.

UNIT V: INTEREST RATES

Interest Rates Determination; sources of interest rate differentials; theories of term structure

Recommended Books:
1. F. S. Mishkin and S. G. Eakins, Financial Markets and Institutions, Pearson Education
SEMESTER-IV
COURSE 3: DERIVATIVES & RISK MANAGEMENT

Course Objectives:

1. To understand derivatives market
2. To understand derivatives trading in India and regulatory framework.
3. To train the student with required skills for pricing of futures.
4. To train the student with required skills for pricing of options
5. To enable the student to explore hedging strategies to mitigate risk in business operations.

UNIT I: INTRODUCTION TO DERIVATIVES
Definition, types of derivatives, Uses of derivatives, Exchange-traded vs. OTC derivatives, Derivatives in India, Regulation for derivatives trading and SEBI guidelines related to derivatives trade.

UNIT II: INTRODUCTION TO OPTIONS
Basic Hedging practices, Forward contracts, Limitations of forward markets, Introduction to futures, Stock Index futures, Commodity Futures and Currency Futures, Distinction between futures and forwards contracts, pay-offs, Cash settlement vs Physical settlement, Pricing Principles, Beta and Optimal Hedge Ratio.

UNIT III: INTRODUCTION TO OPTIONS
Option terminology and Types, Index derivatives, European and American calls and puts, Exotic and Asian Options, Strategies and Pay-offs, Option Pricing and Put-Call parity.

UNIT IV: SWAPS
Meaning, overview, interest rate swaps, currency swaps, credit risk, mechanics of swaps.

UNIT V: RISK MANAGEMENT WITH DERIVATIVES
Hedging Using Greeks (Delta-Gamma Hedging), Hedging with Futures (Strategies of hedging, speculation and arbitrage): Index Options and futures, VaR, Historical Simulations, Risk management structure and policies in India.
**Recommended Books:**

SEMESTER-IV
COURSE 4: PORTFOLIO MANAGEMENT

Course Objectives:

1. To familiarize students with recent changes and elements of portfolio management
2. To understand the various tools used in the evaluation process of investment avenues.
3. To understand the financial environment.

UNIT I: PORTFOLIO MANAGEMENT


UNIT II: RISK AND RETURNS


UNIT III: BASICS OF PORTFOLIO MANAGEMENT IN INDIA

SEBI guidelines for investor protection- Portfolio Manager- who can be a Portfolio Manager
SEBI guidelines for Portfolio Manager- Portfolio Management service and method of operation- Function of a Portfolio Manager- Career in Portfolio Management.

UNIT IV: PORTFOLIO MODELS

UNIT V:

Portfolio theory: Markowitz Theory - Portfoilo Management - Sharpe’s Model- Jensen and Treynor Model. (Simple problems)

**Recommended Books:**

2. V.K Avadhani-Security Analysis and Portfolio Management-HPH
3. Fischer and Jordan- Security Analysis and Portfolio Management-Prentice Hall
4. Prasanna Chandra- Security Analysis Investment management .
SEMESTER-V
COURSE 5: STOCK MARKET OPERATIONS

Theory Credits: 4 4 hrs/week

Course objectives:
- To make the student understand the Capital Markets’ scenario
- To make the student understand the nature and significance of stock markets
- To understand the process of listing of stocks.
- To provide an overview of the Stock Market Indices.
- To impart basics of the commodity and currency markets.

UNIT I: CAPITAL MARKETS IN INDIA

UNIT II: STOCK EXCHANGES

UNIT III: LISTING OF SECURITIES
Meaning – Merits and Demerits – Listing requirements, procedure, fee – Listing of rights issue, bonus issue, further issue – Listing conditions of BSE and NSE – Delisting.

UNIT IV: STOCK MARKET INDICES
UNIT V: COMMODITY AND CURRENCY MARKETS

Recommended Books:
2. Dr. V.A. Avadhani, Security Analysis and Portfolio Management, Himalaya Publishing House, Mumbai.
Course Objectives:

1. To enable the student to conduct preliminary screening of project.
2. To gain knowledge on conducting the studies of market, technical and operational feasibility of the Project.
3. To analyse the financial viability of the project.
4. To provide insight into implementation and abandonment of project.

UNIT I

Project Management; Meaning, Characteristics and importance project management; Classification of Projects, Project Life Cycle and its Phases - identification, formulation and implementation.

UNIT II


UNIT III

Project Financing; Project Financing Capital structure, sources of finance Margin money, promoter’s contribution, consortium lending and local syndication by banks, financing through markets and public issues, Term loans and debentures.

UNIT IV

Project Implementation and Control: Organizing human resources, systems and procedure for project implementation. Working of systems, Design of systems, project work system design, work breakdown structure, project execution plan, project control system, project diary, project control -scope/progress control, performance control, schedule control and cost control.

UNIT V

**Recommended Books:**