

PAPER – 6 B: FINANCIAL SERVICES AND CAPITAL MARKETS

(One paper – Three hours – 100 Marks)

Objective:

- (a) To gain knowledge of financial services rendered by intermediaries and banks and their role and activities in the financial market in general and capital markets in particular;
- (b) To acquire the ability to apply such knowledge to address issues in practical scenarios.

Contents:

1. Global Financial Markets

- (i) Introduction to Global Financial Market
- (ii) Role of Financial Market in Economic Development of a country
- (iii) Stakeholders in Financial Market (Domestic and Global)
- (iv) Indian Financial Market scenario

2. Impact of various Policies of Financial Markets

- (i) Credit Policy of RBI
- (ii) Fed Policy
- (iii) Inflation Index, CPI, WPI, etc.

3. Capital Market - Primary

- (i) New Issue Market – Domestic and Global
- (ii) Private Placement , QIP, Disinvestment
- (iii) Right Issue

4. Capital Market - Secondary

- (i) Secondary Market
- (ii) Stock Market Operations
- (iii) Indian Debt Market

5. Money Market

- (i) Basics of Money Market
- (ii) Money Market Participants
- (iii) Money Market Instruments
- (iv) Repo and Reverse Repo
- (v) CRR, SLR

- (vi) MIBOR, LIBOR
- (vii) Government Securities Market

6. Institutions and Intermediaries

- (i) Depository
- (ii) Stock and Commodity Exchanges – Indian and Global
- (iii) Intermediaries
- (iv) Institutional Investors
- (v) FPIs
- (vi) Custodians
- (vii) Clearing Houses

7. Commodity Market

- (i) What are Commodity Markets
- (ii) Role of Commodity Markets
- (iii) Commodity Market in India
- (iv) Application of Derivative in Commodities
- (v) Global Commodities Exchanges

8. Banking as source of Capital including NBFCs

- (i) Concept of Project Financing
- (ii) Working Capital Management
- (iii) Reverse Mortgage

9. Mutual Funds

- (i) Meaning
- (ii) Evolution
- (iii) Types
- (iv) Performance Measures, NAV
- (v) Mutual Fund Organisation
- (vi) Advantages and Disadvantages of Mutual Fund
- (vii) Exchange Traded Funds (ETFs)
- (viii) Real Estate Investment Trusts (REITs)
- (ix) Infrastructure Investment Trusts (Invits)

10. Private Equity

- (i) Meaning and Classification
 - a) Venture Capital
 - b) Buyouts
 - c) Special Cases
 - d) Hurdle rate
 - e) Paid in Capital
 - f) Term Sheet
 - Cost of Investing in Private Equity
 - Exit Routes
 - Valuation of Private Equity Transactions
 - Private Equity Funds (Distribution of returns in General Partner and Limited Partners)

11. Investment Banking

- (i) Concept
- (ii) Functions
- (iii) Challenges
- (iv) Developments in Investment Banking
- (v) Merchant Banking and issue management

12. Credit Rating

- (i) Introduction
- (ii) Rating Services
- (iii) Objectives and types
- (iv) Uses
- (v) Credit Rating Process
- (vi) Credit Rating Methodology
- (vii) Rating Revisions
- (viii) Credit Rating Agencies in India and abroad
- (ix) Limitations with case studies

13. Treasury Operations

- (i) Raising and Deployment of Funds

(ii) Risk Management

14. Risk Management

(i) Preventive Controls

(ii) Early Signals

(iii) Credit Risk

15. Credit Derivatives

(i) Credit Default Swaps

(ii) Collateralized Debt Obligations (CDO)

(iii) Pricing of Credit Derivative Instruments

16. Leasing Decisions

17. Factoring

18. SEBI Guidelines

Following topics are covered in the paper of Strategic Financial Management (Paper – 2) and Corporate and Economic Laws (Paper – 4) also forms the part of the syllabus

- Securitization
- Fixed Income Securities (Valuation of Bonds/ Debentures)
- Derivatives
- Interest Rate Risk
- The Securities and Exchange Board of India Act, 1992
- Legislative framework on listing agreements
- The Securities Contract (Regulation) Act, 1956
- Chapter III-D of the RBI Act, 1934