

MBA (Finance) – IV Semester

PAPER -XVI

INVESTMENT AND PORTFOLIO MANAGEMENT

Course Code: 37

Paper code: MBFM4001

Objectives

- To have understanding on investment and avenues of investment
- To have exposure on analysis techniques of capital market and
- To understand various theories of portfolio management

UNIT -I

Investment – Basics of Investment – Investment, Speculation and Gambling – Investment Categories – Investment avenues – Non marketable Financial Assets – Money Market Instruments – Bond/Debentures – Equity Shares – Schemes of LIC – Mutual Funds – Financial Derivatives – Real Assets – Real Estate – Art – antiques and others.

UNIT- II

Fundamental Security Analysis – Economic Analysis – significance and Interpretation of the Economic Indicators – Industry Analysis – Industry Growth Cycle - Company analysis – Marketing – Accounting policies – Profitability – Dividend Policy – Capital Structure – Financial Analysis – Operating Efficiency – Management – Fundamental Security Analysis – Changes in the Financing Patterns of Indian Companies – Debt-Equity Ratio for India Companies.

UNIT-III

Technical Analysis – Technical Tools - The Dow Theory – Primary Trend – The secondary Trend – Minor Trends – Support and Resistance Level – Indicators – Odd Lot Trading – Moving Average – Rate of Change – Charts – Technical indicators – Charting Techniques – Indicators of the Witchcraft Variety – Efficient Market Theory – Basic Concepts – Random-Walk Theory – Weak Form of EMH – Semi-strong Form – Strong Form – The Essence of the Theory – Market Inefficiencies.

UNIT-IV

Portfolio Analysis – Portfolio and Single asset Returns and Risk – Mean Variance Criterion – covariance – Beta (simple problems) – Portfolio Markowitz Model – simple Diversification – Risk and Return with Different correlation – Sharpe's Single Index Model – Sharpe's Optimal Portfolio – Construction of the Optimal Portfolio – Optimum Portfolio with short sales.

UNIT-V

Asset Pricing Model Portfolio Evaluation – Capital Asset Pricing Model (CAPM) – Security Market Line – Assumptions – Arbitrage Pricing Model (APT) – Portfolio Performance Models – Sharpe's Performance Index – Treynor's Performance Index – Jensen's Performance Index.

REFERENCES

Punithavathy Pandian, SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *Vikas Publications Pvt. Ltd, New Delhi, 2001.*

Kevin .S, SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *PHI, Delhi, 2011*

Yogesh Maheswari, INVESTMENT MANAGEMENT, *PHI, Delhi, 2011*

Bhalla V K, INVESTMENT MANAGEMENT: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *S Chand, New Delhi, 2009*

Prasanna Chandra, PORTFOLIO MANAGEMET, *Tata McGraw Hill, New Delhi, 2008.*

MBA (Finance) – IV Semester

PAPER -XVII

GLOBAL FINANCIAL MANAGEMENT

Course Code: 37

Paper code: MBFM4002

Objectives

- To have exposure on International Monetary System
- To understand about Balance of Payments and currency Exposure and
- To introduce and familiarize the International Financial Markets and Instruments.

UNIT-I

Globalisation - Implications of Globalisation – Goals of International Financial Management - scope of International Finance – International Monetary System – Bimetallism – Gold Standard – Bretton Woods System – Floating Exchange Rate Regime – European Monetary System – IMF – WTO – GATT .

UNIT-II

Balance of Payments – The Current Account – The Capital Account – significance - Balance of Payments in the World – Balance of Payments Account of India

UNIT-III

International Financial Markets – Sources of International Funds – Multilateral Development Banks – Governments/ Governmental Agencies – International Banks – Security Markets Instruments of International Financial Markets– International Equities – GDRs – ADRs - International Money Market and Bond Market Instruments – Euro Bonds – Repos – Euro Commercial Paper – Medium Term Notes – Floating Rate Notes – Loan Syndicates – Euro Deposits – Euro Issues in India.

UNIT-IV

Currency Risk and Exposure – Types of Currency Risk – Management of Currency Risk – Concept and Measurement of Transaction Exposure - Techniques of Transaction Exposure Management – Translation Exposure – methods – Transaction Exposure Vs. Translation Exposure – Exchange Risk Management – Operating Exposure – measuring and managing Operating Exposure.

UNIT-V

Foreign Direct Investment (FDI) – Forms of FDIs – FDI in World – purpose of overseas investment – Benefits to the Host Countries – Effects of FDI – Political Risk.

REFERENCES

Joseph Anbarasu, GLOBAL FINANCIAL MANAGEMENT, *Ane, Delhi, 2010*

Kevin S, FUNDAMENTALS OF INTERNATIONAL FINANCIAL MANAGEMENT, *PHI, Delhi, 2010*

Jeff Madura, INTERNATIONAL FINANCIAL MANAGEMENT, *Cengage learning, Delhi, 2008*

MBA (Finance) – IV Semester

PAPER -XVIII INTERNATIONAL TRADE AND FINANCE

Course Code: 37

Paper code: MBFM4003

Objectives

- To make the students well aware about the formalities associated with International trade
- To make the students aware of the documentation of International Trade and
- To make the students aware of the FOREX Management and Export Promotion Schemes.

UNIT-I

International Trade –Benefits – Basis of International Trade – Foreign Trade and Economic Growth – Balance of Trade – Balance of Payment – Current Trends in India – Barriers to International Trade – Indian EXIM Policy.

UNIT-II

Export and Import Finance: Special need for Finance in International Trade – INCO Terms (FOB, CIF, etc..) – Payment Terms – Letters of Credit – Pre Shipment and Post Shipment Finance – Forfaiting – Deferred Payment Terms – EXIM Bank – ECGC and its schemes – Import Licensing – Financing methods for import of Capital goods.

UNIT-III

Foreign Exchange Markets – Spot Prices and Forward Prices – Factors influencing Exchange rates – The effects of Exchange rates in Foreign Trade – Tools for hedging against Exchange rate variations – Forward, Futures and Currency options – FEMA – Determination of Foreign Exchange rate and Forecasting – Law of one price – PPP theory – Interest Rate Parity – Exchange rate Forecasting.

UNIT-IV

Export Trade Documents: Financial Documents – Bill of Exchange – Type – Commercial Documents – Proforma, Commercial, Consular, Customs, Legalized Invoice, Certificate of Origin Certificate Value, Packing List, Weight Certificate, Certificate of Analysis and Quality, Certificate of Inspection, Health certificate. Transport Documents - Bill of Lading, Airway Bill, Postal Receipt, Multimodal Transport Document. Risk Covering Document: Insurance Policy, Insurance Cover Note. Official Document: Export Declaration Forms, GR Form, PP Form, COD Form, Softer Forms, Export Certification, GSPS – UPCDC Norms.

UNIT-V

Export Promotion Schemes – Government Organizations Promoting Exports – Export Incentives: Duty Exemption – IT Concession – Marketing Assistance – EPCG, DEPB – Advance License – Other efforts I Export Promotion – EPZ – EQU – SEZ and Export House.

REFERENCES

Jeevanandam .C, INTERNATIONAL BUSINESS, M/s Sultan & Chand, Delhi, 2008

Sumathi Varma, INTERNATIONAL BUSINESS, *Ane, Delhi, 2010*

MBA (Finance) – IV Semester

PAPER -XIX SECURITY MARKET OPERATIONS

Course Code: 37

Paper code: MBFM4004

Objectives

- To Familiarize the students about SEBI and its Rules
- To Understand the activities and procedures of Security Market and its mechanism and
- To acquaint the knowledge about funds mobilized through various sources and instruments of Financial Market.

UNIT – I

Security Markets - Legal Environment: SEBI Act, 1992, Securities Contract Regulation Act 1956, Companies Act 1956 (various provisions relating to securities), RBI rules and guidelines for FII's.

UNIT – II

Security Markets - Primary market - its role and functions - Methods of selling securities in primary market – New financial instruments – New Issues – SEBI guidelines for public issues – pricing of issue, promoters' contribution – appointment and role of merchant bankers, underwriters, brokers, registrars and managers, bankers etc - Underwriting of issues – Allotment of shares – Procedures for new issues – e-trading.

UNIT – III

Secondary Market – Role, importance, organization of stock exchanges – Listing of securities in stock exchanges – Trading mechanism – screen based system – Insider trading; Take-over's – Internet based trading.

UNIT – IV

Depository – Role and need – The Depositories Act, 1996, SEBI (Depositories and Participants Regulation) 1996 – SEBI (Custodian of Securities) Regulation 1996 – National Securities Depository Ltd. (NSDL) – Depository participant.

UNIT – V

Capital Market Instruments – Equity, Secured Premium Notes, Equity Shares with detachable warrants, Sweat Equity, Non-Voting Shares, Tracking stocks, Preference Shares, Debentures, Disaster Bonds, Option Bonds, Easy Exit Bonds, Split Coupon Debentures, Floating Rate Bonds and Notes, Clip and Strip Bonds, Dual Convertible Bonds, Debt Instruments with Debt warrants, Indexed Rate Notes, Stepped Coupon Bonds, Dual Option Warrants, Extendable Notes, Commodity Bonds, Mortgage Backed Securities, Carrot and Stick Bond, Capital Indexed Bonds, Debt for Equity Swap, Zero Coupon Convertible Notes, Global Depository Receipts, Foreign Currency Convertible Bonds – New instruments of Capital Market – Pure, Hybrid and Derivatives; Money Market Instruments – Treasury bills, Commercial Bills, Commercial Paper, Participatory Notes.

REFERENCES

Dalton, John M, HOW THE STOCK MARKET WORKS, *Prentice Hall, New Delhi.*

Machi Raju, H.R, MERCHANT BANKING; *Wiley Eastern Ltd.; New Delhi.*

Chanratre, KR, CAPITAL ISSUE, SEBI & LISTING; *Bharat Publishing House, NewDelhi.*

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PAPER –XX
FINANCIAL DERIVATIVES

Course Code: 37

Paper code: MBFM4005

Objectives

- To Understand the students about the concept of Derivatives and its types
- To acquaint the knowledge of Options and Futures and
- To know about Hedging and the development position of Derivatives in India.

UNIT – I

Derivatives – Features of a Financial Derivative – Types of Financial Derivatives - Basic Financial derivatives – History of Derivatives Markets – Uses of Derivatives – Critiques of Derivatives – Forward Market: Pricing and Trading Mechanism – Forward Contract concept – Features of Forward Contract – Classification of Forward Contracts – Forward Trading Mechanism – Forward Prices Vs Future Prices.

UNIT – II

Options and Swaps – Concept of Options – Types of options – Option Valuation – Option Positions Naked and Covered Option – Underlying Assets in Exchange-traded Options – Determinants of Option Prices – Binomial Option Pricing Model – Black-Scholes Option Pricing – Basic Principles of Option Trading – SWAP: Concept, Evaluation and Features of Swap – Types of Financial Swaps – Interest Rate Swaps – Currency Swap – Debt-Equity Swap.

UNIT – III

Futures – Financial Futures Contracts – Types of Financial Futures Contract – Evolution of Futures Market in India – Traders in Futures Market in India – Functions and Growth of Futures Markets – Futures Market Trading Mechanism - Specification of the Future Contract – Clearing House – Operation of Margins – Settlement – Theories of Future prices – Future prices and Risk Aversion – Forward Contract Vs. Futures Contracts.

UNIT – IV

Hedging and Stock Index Futures – Concepts – Perfect Hedging Model – Basic Long and Short Hedges – Cross Hedging – Basis Risk and Hedging – Basis Risk Vs Price Risk – Hedging Effectiveness – Devising a Hedging Strategy – Hedging Objectives – Management of Hedge – Concept of Stock Index – Stock Index Futures – Stock Index Futures as a Portfolio management Tool – Speculation and Stock Index Futures – Stock Index Futures Trading in Indian Stock Market.

UNIT – V

Financial Derivatives Market in India – Need for Derivatives – Evolution of Derivatives in India – Major Recommendations of Dr. L.C. Gupta Committee – Equity Derivatives – Strengthening of Cash Market – Benefits of Derivatives in India – Categories of Derivatives Traded in India – Derivatives Trading at NSE/BSE – Eligibility of Stocks – Emerging Structure of Derivatives Markets in India -Regulation of Financial Derivatives in India – Structure of the Market – Trading systems – Badla system in Indian Stock Market – Regulatory Instruments.

REFERENCES

Gupta . S.L., FINANCIAL DERIVATIVES THEORY, CONCEPTS AND PROBLEMS *PHI*,
New Delhi, 2005

Kumar S.S.S. FINANCIAL DERIVATIVES, *PHI, New Delhi, 2007*

Chance, Don M: DERIVATIVES and Risk Management Basics, *Cengage Learning, New Delhi.*

Stulz M. Rene, RISK MANAGEMENT & DERIVATIVES, *Cengage Learning, New Delhi.*