



**PARVATHANENI BRAHMAYYA
SIDDHARTHA COLLEGE OF ARTS & SCIENCE**
Autonomous
Siddhartha Nagar, Vijayawada-520010
Re-accredited at 'A+' by the NAAC

Course Code				23FIMAL232			
Title of the Course				INDIAN FINANCIAL SYSTEM			
Offered to: (Programme/s)				B.Com HONS FINANCE			
L	5	T	0	P	0	C	4
Year of Introduction:		2024-25		Semester:		3	
Course Category:		MAJOR		Course Relates to:		NATIONAL	
Year of Revision:				Percentage:			
Type of the Course:				Skill Course			
Crosscutting Issues of the Course				: Employability			
Pre-requisites, if any :				Financial Management			

Course Description:

This course provides a comprehensive overview of the Indian financial system, exploring its structure, components, and role in economic development. Students will gain a deep understanding of financial institutions, markets, instruments, and services. Additionally, students will analyze the regulatory framework governing the financial system and its implications for financial stability and growth.

Course Aims and Objectives:

S.N O	COURSE OBJECTIVES
1	Introduce students to the fundamental concepts and principles of the Indian financial system.
2	Comprehensive understanding of the structure, components, and functions of the Indian money market.
3	Equip students with the knowledge and understanding the Indian capital markets.
4	Analyze current trends in primary and secondary capital markets.
5	Comprehensive understanding of the Derivatives Market in India.

Course Outcomes

At the end of the course, the student will be able to...

CO No	COURSE OUTCOME	BTL	PO	PSO
CO1	acquaint students with the structure and components of the Indian financial systems.	K2	2	2
CO2	Impart thorough knowledge about role of the financial markets and financial products in the competitive money market.	K2	2	2
CO3	Students get exposed to new financial money market implications in the existing regulatory framework.	K2	2	2
CO4	Analyze current trends in primary secondary capital markets and their impact on mobilizing investment capital.	K4	2	2
CO5	Build an idea about investors have a couple of easily accessed alternatives such as options and futures.	K4	6	2

CO-PO MATRIX

CO NO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PSO1	PSO2
CO1		2						2	
CO2		2						2	
CO3		2						2	
CO4		3						3	
CO5		3						3	

Course Structure:

Unit – 1: Introduction

(15Hrs)

Content: Meaning of financial systems - Characteristics of Indian financial system -Functions of financial system – Structure of financial system (Components – Financial Institutions, Financial Markets, Financial Instruments, Financial Services) - Role of financial system in economic development.

Exercises/Projects:

- **Exercise:** Prepare a Chart/Diagram of the Financial System.

Specific Resources: (WEB)

- <https://unacademy.com/content/railway-exam/study-material/economics/indian-financial-system/>

Unit – 2: Money Market and its Instruments

15 Hrs

Content: Meaning & Definition of Money Market – Characteristics of Indian Money Market – Defects of Indian Money Market – Money Market Instruments (Call Money Markets - Treasury Bills – Commercial Bills, Commercial Paper, Certificate of Deposits) - Role of Money Market in Economic Development.

<https://www.richmondfed.org/>

[/media/RichmondFedOrg/publications/research/special_reports/instruments_of_the_money_market/pdf/full_publication.pdf](https://www.richmondfed.org/media/RichmondFedOrg/publications/research/special_reports/instruments_of_the_money_market/pdf/full_publication.pdf)

Unit – 3: Capital Market and its Instruments

15Hrs

Meaning and Definition of Capital Market – Characteristics – Functions - Structure of Indian Capital Market - Players of Capital Market - Primary Market and Secondary Market – Differences between Primary Market and Secondary Market - Capital Market Instruments – Equity Shares, Preference Shares, Debentures - Differences between Money Market and Capital Market.

Case Study:

- **Case Study: 1** ABC Corporation is a rapidly growing manufacturing company. To sustain its growth trajectory, it requires substantial funds for both short-term and long-term purposes. This case study will

explore how ABC Corporation can utilize both the money market and capital market to meet its financial needs.

The Company's Needs

Short-term needs: ABC Corporation requires funds to meet its day-to-day operations, such as payroll, inventory purchases, and supplier payments. These funds are typically needed for a period of less than one year.

Long-term needs: The company plans to expand its production capacity by setting up a new manufacturing plant. This requires a significant amount of funds for a period of more than one year.

<http://www.jmpcollege.org/downloads/MODULE4.pdf>

Unit – 4: Stock Exchanges

15 Hrs

Meaning & Definition of Stock Exchange – Functions of Stock Exchanges – Stock Exchanges in India - NSE, BSE, ISE, OTC – Procedure for Listing of Securities in India - Trading system in Stock Exchange – SEBI Guidelines on Stock Exchanges.

<https://www.nou.ac.in/Online%20Resourses/13-7/bba3.pdf>

Unit – 5: Basics of Derivatives

15 Hrs

Content: Derivatives Market History and Evolution – Indian Derivatives Market, Market Participants, Types of Derivatives Markets – Meaning of Options, Futures, Forwards, Swaps, Significance of Derivatives, Various Risks faced by the participants in derivatives, SEBI guidelines for eligibility criteria for Membership on Derivatives segment.

<https://www.rbi.org.in/upload/publications/pdfs/60616.pdf>

Text Books:

1. Dr. S. Gurusamy, 2009, Indian Financial System, 2nd Edition, Tata McGraw Hill, New Delhi.

References:

1. M. Y. Khan, 2010, Indian Financial Systems, 6th Edition, Tata McGraw Hill, New Delhi.
2. H. R. Machiraju, 2003, Indian Financial Systems, 2nd Edition, Vikas Publishing House, New Delhi.



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SEMESTER-END MODEL QUESTION PAPER

Course Code & Title of the Course:	23FIMAL232
Title:	Indian Financial System
Offered to:	B. Com Honours
Category: Major	SEMESTER: 3
Max. Marks	70
Max. Time	3 Hrs

Section A

Answer the following

5 x 4=20

- 1 (a) Write a short note on Financial Institutions. **K1**
OR
- (b) Explain the Features of Indian Financial system. **K1**
- 2 (a) Explain any four defects of Indian Money Market. **K1**
OR
- (b) Explain the types of Commercial Paper. **K1**
- 3 (a) Explain the various kinds of Preference shares **K1**.
OR
- (b) Write the features of Primary Market. **K1**
- 4 (a) Explain the functions of BSE. **K1**
OR
- (b) Explain various types of Speculators. **K1**
- 5 (a) What are the types of Options? **K1**
OR
- (b) What is Derivatives market? **K1**

Section B:

Answer the following

5 x 10 =50

6. (a) Explain the role of financial system in economic development of the country. **K2**
OR
- (b) Explain the structure of Indian financial system. **K2**
- 7 (a) Explain the characteristics of Indian Money Market. **K2**
OR
- (b) Write about Treasury bills **K2**
- (a) Distinguish between money market and capital market. **K2**
OR
- (b) What are the functions of Indian Capital Market? **K2**
- 9 (a) What are the functions of Stock Exchange? **K2**
OR
- (b) Explain the Procedure for listing of securities in India. **K2**
- 10 (a) Explain the Risks faced by the participants in derivatives. **K2**
OR
- (b) Explain the SEBI guidelines for eligibility criteria for membership on Derivatives segment. **K2**