

MB404.1: Financial Intermediation and Stock Market Development

Course Objectives:

- To introduce students to the world of Stock market functioning
- To enrich student's understanding of the fundamental concepts of security trading and regulations
- To equip students with the knowledge and skills necessary to become stock market analysts

Unit I: Indian Financial System and Financial Intermediation:

Indian financial system - An overview, Rationale of financial intermediation. Types of financial intermediaries, role and function of financial intermediaries in the Indian financial system. Services offered by financial intermediaries, role of financial intermediaries in the equity markets, economic growth and financial intermediation.

Unit II: Issue Management

Introduction to Issue management, Pre-issue activities and post issue activities. Financial intermediaries in issue management process. Pricing of issues-book building process, SEBI guidelines for issues of new shares. Listing of Shares in stock exchanges, Listing norms of SEBI. Largest IPOs in India.

Unit III: Stock Markets:

Definition and meaning of stock market, Role and functions of stock markets. Trading Mechanism-Concept of dematerialization and online trading process, SEBI guidelines for online trading. Participants in stock markets - Evolution of stock markets in India. functions, objectives, participants and market capitalization of BSE, National Stock exchange. An overview of International stock markets NYSE, NASDAQ, Tokyo stock Exchange, AMEX.

Unit IV: Stock Market Indicators:

Introduction of stock market index, Importance and purpose of stock index, Index as a barometer of the economy, Stock index valuation and basis of selection of stocks. Top performing indices- BSE- SENSEX, S&P CNX nifty, Sectoral Indices, International Indices- DJIA, Russel series. Relative strength index, Significance of RSI in technical analysis. Trends in stock indices since the last decade.

Unit V: Regulations relating to stock exchanges

Recognition of stock exchanges, objectives of regulation, surveillance of stock exchanges, Role of SEBI as a regulator, corporate governance in stock exchanges and SEBI guidelines. Investor protection, regulation of trading. Prohibition of fraudulent

and unfair trade practices, Insider trading.

Suggested Books:

1. Guruswamy, Indian Financial Markets, Tata McGraw Hill
2. HR Machiraju, The Working of Stock Exchanges in India, New Age Intl Ltd.
3. Norman G. Fosback, Stock Market Logic, Vision Books
4. Prasanna Chandra, "Investment Analysis and Portfolio Management", TMH
5. David Sutton, Basics of Stock market investing, Vision Books.

Course Outcomes :

- To have a complete overview of financial intermediaries and their role
- To acquire an understanding of various concepts related to stock markets , their functioning and regulatory role played by SEBI
- To appreciate both Indian and Global stock markets
- To understand and assess the stock market performance through indices